



*Missouri State Auditor*

[Home](#)

[Reports](#)

[News](#)

[Contact](#)

[About Us](#)

**Audit Reports Released in 2002**

Audit	Date Issued	Audit Number
Review of 2002 Property Tax Rates	12-31-2002	2002-123
Miller County	12-31-2002	2002-122
Department of Public Safety Missouri Veterans Commission	12-31-2002	2002-121
Department of Mental Health Bellefontaine Habilitation Center	12-31-2002	2002-120
Department of Mental Health St. Louis Developmental Disabilities Treatment Centers	12-20-2002	2002-119
Gasconade County	12-20-2002	2002-118
Worth County	12-19-2002	2002-117
Village of Silex, Missouri	12-19-2002	2002-116
Osage County R-II School District	12-03-2002	2002-115
Department of Corrections	11-25-2002	2002-114
Missouri 3rd Class Counties	11-21-2002	2002-113
Division of Child Support Enforcement Management And Oversight of Child Support Enforcement Actions	11-19-2002	2002-112
Office of State Courts Administrator	11-18-2002	2002-111
Department of Public Safety Division of Fire Safety	11-18-2002	2002-110
Ozarks Technical Community College	10-04-2002	2002-109
Department of Conservation Oversight of Land Acquisition, Capital Improvements, And Related Programs	10-03-2002	2002-108
Department of Elementary And Secondary Education Parents As Teachers Program	10-01-2002	2002-107
Department of Agriculture Oversight of Manufacture And Distribution of Commercial Feed Products	10-01-2002	2002-106
Department of Mental Health Management of The Substance Abuse Traffic Offenders Program	10-01-2002	2002-105
Washington County	09-30-2002	2002-104
Scott County	09-30-2002	2002-103
Clinton County	09-30-2002	2002-102
Iron County	09-27-2002	2002-101
Andrew County	09-27-2002	2002-100
Atchison County	09-26-2002	2002-99
Christian County	09-26-2002	2002-98
University of Missouri Health System	09-26-2002	2002-97
Missouri Department of Transportation Contract Change Orders	09-26-2002	2002-96
Administration of Workers' Compensation Program	09-26-2002	2002-95
Adair County	09-25-2002	2002-94
Monroe County	09-24-2002	2002-93
Ozark County	09-17-2002	2002-92
Lincoln County	09-16-2002	2002-91
Taney County	09-13-2002	2002-90

County Employees' Retirement System	09-12-2002	2002-89
Metropolitan St. Louis Sewer District	09-12-2002	2002-88
Department of Higher Education	09-12-2002	2002-87
Dekalb County	09-10-2002	2002-86
Department of Revenue Comprehensive Continuity Planning	09-04-2002	2002-85
Rolla 31 School District	09-04-2002	2002-84
Wright County	08-30-2002	2002-83
Wayne County	08-30-2002	2002-82
Vernon County	08-30-2002	2002-81
Shelby County	08-30-2002	2002-80
Polk County	08-30-2002	2002-79
Pike County	08-30-2002	2002-78
Oregon County	08-30-2002	2002-77
Montgomery County	08-30-2002	2002-76
Mississippi County	08-30-2002	2002-75
McDonald County	08-30-2002	2002-74
Macon County	08-30-2002	2002-73
Livingston County	08-30-2002	2002-72
Linn County	08-30-2002	2002-71
Knox County	08-30-2002	2002-70
Gentry County	08-30-2002	2002-69
Chariton County	08-30-2002	2002-68
Cedar County	08-30-2002	2002-67
Carter County	08-30-2002	2002-66
Caldwell County	08-30-2002	2002-65
Bollinger County	08-30-2002	2002-64
Benton County	08-30-2002	2002-63
Bates County	08-30-2002	2002-62
Barton County	08-30-2002	2002-61
Oversight of the State's Procurement Card Program	08-29-2002	2002-60
Audrain County	08-27-2002	2002-59
Department of Elementary and Secondary Education Teacher Retention and Recruitment	08-22-2002	2002-58
Osage County	08-13-2002	2002-57
City of East Lynne, Missouri	08-13-2002	2002-56
Department of Public Safety - Office of the Director	08-12-2002	2002-55
Douglas County	08-09-2002	2002-54
Department of Public Safety Division of Liquor Control	07-30-2002	2002-53
Child Care Facilities Inspections and Licensing	07-19-2002	2002-52
City of St. George, Missouri	07-16-2002	2002-51
City of Hurdland, Missouri	07-08-2002	2002-50
City of Canalou, Missouri	07-08-2002	2002-49
Cost Containment For State Prescription Drug Expenditures	06-28-2002	2002-48
Hospital Inspection Program	06-26-2002	2002-47
Department of Elementary and Secondary Education Teacher Scholarship, Loan, and Tuition Reimbursement Programs	06-14-2002	2002-46
Department of Elementary and Secondary Education Missouri School for the Deaf	06-13-2002	2002-45



Department of Mental Health Western Missouri Mental Health Center	06-13-2002	2002-44
Department of Insurance Division of Consumer Affairs Complaint Processing	06-13-2002	2002-43
Department of Mental Health St. Louis Regional Center	06-03-2002	2002-42
Missouri Sexual Offender Registration Program	05-29-2002	2002-41
North Andrew County R-VI School District	05-20-2002	2002-40
State of Missouri Single Audit	05-16-2002	2002-39
City of Sarcoxie, Missouri	05-16-2002	2002-38
Office of Administration Missouri Ethics Commission	05-13-2002	2002-37
Office of State Treasurer	05-13-2002	2002-36
Village of Bull Creek, Missouri	05-09-2002	2002-35
Village of Jacksonville, Missouri	05-07-2002	2002-34
Review of State Tax Credits Administered by the Department of Economic Development	04-29-2002	2002-33
Comprehensive Annual Financial Report	04-22-2002	2002-32
Lonedell R-14 School District	04-22-2002	2002-31
Department of Economic Development Office of the Public Counsel	04-19-2002	2002-30
Oversight Controls in the State's Medicaid Prescription Drug Program	04-18-2002	2002-29
Review of Article X Sections 16 Through 24 Constitution of Missouri / Year Ended June 30, 2001	04-15-2002	2002-28
Missouri Investment Trust	04-04-2002	2002-27
Department of Higher Education State Guaranty Student Loan Program	03-26-2002	2002-26
Department of Revenue Division of Motor Vehicle and Drivers Licensing	03-19-2002	2002-25
Fox C-6 School District	03-18-2002	2002-24
Dallas County	03-14-2002	2002-23
Cooper County	03-13-2002	2002-22
Dade County	03-12-2002	2002-21
Review of Independent Audits of Fire Protection Districts in Greene County	03-11-2002	2002-20
Village of North Lilbourn	03-11-2002	2002-19
Compilation of 2001 Criminal Activity Forfeiture Act Seizures	02-28-2002	2002-18
City of Oak Grove	02-28-2002	2002-17
Compliance with and Enforcement of Prevailing Wage Law Requirements	02-27-2002	2002-16
H. Roe Bartle Hall	02-21-2002	2002-15
Review of Independent Audits of Fire Protection Districts in St. Louis County	02-13-2002	2002-14
Audit of Missouri Vocational Enterprises	02-13-2002	2002-13
Stone County	02-08-2002	2002-12
Office of Administration Division of Purchasing and Materials Management State Agency for Surplus Property	02-06-2002	2002-11
Consulting and Other Services Contracts	02-06-2002	2002-10
Perry County	01-30-2002	2002-09
Village of Hanley Hills, Missouri	01-29-2002	2002-08
Town of Carrollton, Missouri	01-24-2002	2002-07
Managing State Vehicles at the Department of Health	01-22-2002	2002-06
State Lottery Commission	01-15-2002	2002-05
Maries County	01-14-2002	2002-04
Sullivan County	01-11-2002	2002-03
36th Judicial Circuit Municipal Divisions	01-09-2002	2002-02
Solvency of the Missouri Unemployment Compensation Trust Fund	01-09-2002	2002-01



## **REVIEW OF 2002 PROPERTY TAX RATES**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-123  
December 31, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**The following report contains certification information on taxing authorities throughout Missouri.**

---

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of Missouri's Hancock Amendment. The following report shows whether or not a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and the State Legislature.

**IMPORTANT:** The State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo governs the appeals process for assessed valuations as they pertain to individual taxpayers.

All individual tax assessment matters are the responsibility of each county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEETS

# REVIEW OF 2002 PROPERTY TAX RATES

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS .....</b>	<b>2-5</b>
<b>APPENDIXES</b>	
I. Summary of Changes in Assessed Valuations .....	6
II. Summary of Changes in Tax Rate Ceilings .....	7
III. Percentage Change in Total Assessed Valuations from 2001 to 2002.....	8
IV. Percentage Change in Adjusted Assessed Valuations from 2001 to 2002.....	9
V. Listing of Local Governments’ Tax Rates .....	10-127
VI. Listing of Debt Service Levies.....	128-140
VII. Listing of Recent Voter Approved Levies .....	141-143
VIII. Listing of Voter Approved Increases to Existing Levies .....	144-145
IX. Listing of Schools Utilizing Article X, Section 11(b) – (Constitutional Amendment 2 Passed in November 1998).....	146-149
X. Listing of Schools with Full or Partial Sales Tax Rollback Waivers .....	150-161



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state. The primary objective of the review is to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local rates have been adjusted to ensure that property reassessments are revenue neutral. Reassessments of existing property are not intended to increase tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2002, we received substantiating data and issued a finding on 4,820 property tax rates of 2,707 taxing authorities. Nine taxing authorities levied in excess of the tax rate certified resulting in approximately \$99,000 in excess tax levies.

Property taxes are often the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund our public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness of tax and assessment practices is often eroded.

Claire McCaskill  
State Auditor

December 31, 2002

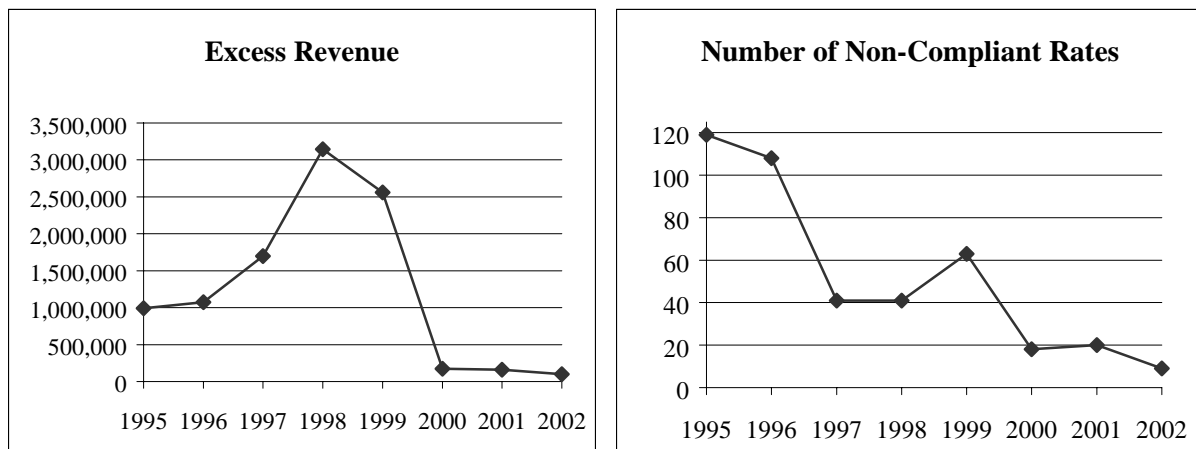
The following participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Tax Rates Supervisor:	Becky Webb
Tax Rates Analyst:	Nicki E. Russell, CPA
Tax Rate Staff:	Joyce Nielson, CPA
	Adrian Kennedy

## **RESULTS**

### **Taxing Authorities Generally Complied with State Property Tax Laws**

The State Auditor received substantiating data and reviewed 4,820 property tax rates for 2,707 taxing authorities. Of the rates reviewed, 560 were debt service levies, 93 were new property tax rates approved by voters and, 64 were for existing property tax rates that were increased by voter approval. The remaining 4,103 levies reviewed are general types of levies. Nine taxing authorities levied in excess of the tax rate certified. While varying factors contributed to these violations, increased awareness of Missouri law should help alleviate them. The following line graphs illustrate how the increased awareness has affected both the number and the revenue generated by excess tax levies.



The following Appendixes provide details for all political subdivisions regarding the tax rates levied for 2002:

- Appendix V* - Tax rate ceiling allowable under Hancock and the actual rate levied for 2002, 2001, and 2000.
- Appendix VI* - Debt service levies reviewed.
- Appendix VII* - New levies reviewed.
- Appendix VIII* - Voter approved increases to existing levies.

### **Background**

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

State law requires Auditor to review tax rates

## **Review methodology**

The 2002 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (the Hancock Amendment). The tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of the tax rate ceiling is based on the assessed valuation for the entire political subdivision and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, our review of property tax rates begins with the prior year allowed revenue. This is the maximum amount of revenue a taxing authority would have received in the prior year. Current year tax levies must be set to yield the same gross revenue as was received on property that was owned in the prior year, in addition, an adjustment is made for additional revenue permitted for assessment growth that is the lower of, (1) the actual growth rate or, (2) the inflation rate, or (3) five percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also have an effect on the tax rate ceiling calculation. The county uses this rate to collect taxes on all property including new construction and improvements.

Voters may authorize increases beyond the set limits. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. The State Auditor's Office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is generally viewed as reasonable if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

The total assessed valuation of a taxing authority that is submitted by the County Clerk or a representative of the political subdivision is used in the State Auditor's Office review of property taxes. The State Auditor's Office does not review the assessed valuation of individual pieces of property, as Section 138, RSMo governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

New legislation passed during 2002 will require a separate levy for each subclass of real property, individually, and personal property, in the aggregate. This legislation will create four separate levies to replace each current levy. There will be a separate levy for residential real estate, agricultural real estate, commercial real estate, and personal property. Implementation will begin in St. Louis County in 2003 and statewide in 2005.

## **Organization of Report Content**

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). When a taxing authority is located in more than one county, it is listed under the primary county only.



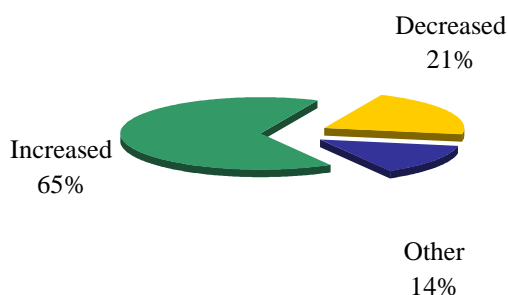
The assessed valuations presented for taxing authorities, except school districts, include all taxable locally assessed and state assessed property. The assessed valuations presented for the school districts include only taxable locally assessed property. The abated portions of property valuations that are not taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling.

The actual rate levied was cross-checked with the Department of Revenue. Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review where it appeared the district waived all or part of the rollback without voter approval to generate additional local revenues.

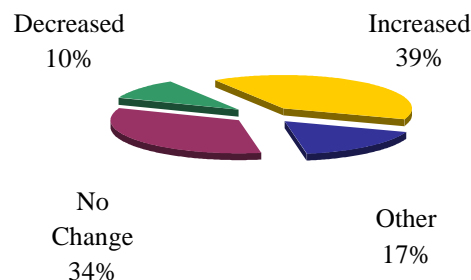
### Summary of Assessed Valuation and Tax Rate Ceiling Changes

As assessed valuations increase, tax rate ceilings generally decrease depending on the amount of the increase to produce substantially the same amount of revenue as the prior year. See *Appendix I* for a more detailed summary of the changes in assessed valuation, by type of taxing authority. In addition, see *Appendix II* for a more detailed summary of changes in tax rate ceilings, by type of taxing authority.

**Changes in Assessed Valuation**



**Changes to Tax Rate Ceilings**



The “Other” category includes levies for which only the current year’s assessed valuation was used in the computation of the 2002 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), levies with no change in assessed valuation, and dissolving levies.

### Geographic Impact of Reassessment

*Appendix III* is a map that provides a statewide geographical perspective of county valuation growth due to new construction growth and reassessment from 2001 to 2002. *Appendix IV*, however, is a map that reflects the inflationary change in each county’s valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred within the county.

## School Districts Using Amendment 2 to Increase Tax Rates

The 111 schools listed in *Appendix IX* increased taxes and revenues by \$27,669,024 without voter approval by utilizing the Constitutional Amendment No. 2 approved by voters on November 3, 1998, which allows school districts to levy a minimum of \$2.7500, per \$100 of assessed valuation, by school board vote.

111 Schools used Amendment 2 to levy \$2.7500 by school board vote

In addition, of the 522 total school districts, *Appendix X* lists the 444 schools with full or partial waivers of Proposition C (sales tax) reductions. These school districts obtained voter approval to not roll back the required amount for Proposition C. The list includes 84 schools with partial Proposition C waivers and 360 schools with full Proposition C waivers.

## Tax Rates Levied in Excess of the Tax Rate Certified

Table 1.1 lists 9 taxing authorities that levied 9 tax rates in excess of the legally permissible tax levy as provided by state law. Excess revenues collected totaled \$99,514.

**Table 1.1: Listing of Taxing Authorities Levying an Excess Tax Rate**

County	Political Subdivision	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	Excess Revenue	Levied Excess in Prior Years
Christian	City of Sparta	General Revenue	6,429,326	0.3979	0.4000	135	
Crawford	Steelville Ambulance	General Revenue	44,442,015	0.3326	0.3500	7,733	2001
Dent	Green Forest R-II School	Operating Funds	11,293,650	2.5275	2.5300	282	2001
Holt	City of Oregon	General Revenue	5,566,023	0.9335	1.0000	3,701	2001
							2000
							1999
							1998
							1997
(2) Howard	Moniteau Creek Watershed	General Revenue	7,572,292	0.0000	0.2955	22,376	2001
Jasper	Carthage Special Road	Road & Bridge	243,333,632	0.2303	0.2500	47,937	2001
St. Louis	City of Beverly Hills	General Revenue	3,893,817	0.0000	0.2280	8,878	
	Moline Fire	General Revenue	111,911,430	1.2079	1.2080	112	
	Wheaton Cook Lyndhurst Light	General Revenue	7,269,889	0.0000	0.1150	8,360	
Total						\$99,514	(3)

Source: Tax Rate Computational Forms Submitted by Taxing Entities

(1)The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority. The adequacy of any sales tax reduction was not reviewed when compiling this report. The highlighted taxing authorities are repeat non-compliers for the years indicated. The excess tax revenue is computed by multiplying the excess tax rate (actual rate levied – certified rate) by the assessed valuation and dividing by 100.

(2)The Moniteau Creek Watershed district has assessed valuation in Boone, Howard, and Moniteau Counties. The district levied a rate in Howard and Moniteau Counties but did not levy a rate in Boone County.

(3)The ballot passed by the Christian County Senior Services stated, .05 cents and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language. The correct interpretation of the ballot language is being disputed by the district. The district continued to levy 5 cents in 2002 which resulted in additional revenues of \$262,508.

## SUMMARY OF CHANGES IN ASSESSED VALUATION

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates		Assessed Value Same as Prior Year	Other (1)
			With Increases In Assessed Valuation	With Decreases In Assessed Valuation		
Ambulance Districts	105	113	91	17		5
Hospitals and Health Centers	13	13	12	1		0
Nursing Home Districts	28	30	23	5		2
Public Water Supply Districts	1	1	1	0		0
Soil and Water Conservation Subdistricts	25	25	20	3	1	1
Drainage and Levee Districts	2	2	0	2		0
Special Road Districts	233	303	199	67		37
Municipalities	851	1,484	881	430		173
Tax Supported Public Libraries	81	88	69	14		5
Townships	312	827	555	239		33
Fire Protection Districts	324	465	330	90		45
Sewer Districts	31	32	13	19		0
Street Light Maintenance Districts	5	5	1	4		0
Miscellaneous	39	43	27	12	1	3
Regional Recreational District	1	1	1	0		0
Community Improvement Districts	2	2	0	1		1
Special Road District Subdistricts	2	2	1	0		1
Transportation Development Districts	1	1	0	1		0
Junior Colleges	12	17	13	0		4
School Districts	522	883	480	58	1	344
Special School Districts	2	2	1	1		0
Counties	115	481	420	53		8
Totals	2,707	4,820	3,138	1,017	3	662
Percentage of Total Number of Tax Rates		100%	65%	21%	14%	

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2002 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore is not included in the analysis of levies that are subject to Hancock.

## SUMMARY OF CHANGES IN TAX RATE CEILINGS

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year	Ceilings Revised Upwards	Ceilings Revised Downwards	Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)	Dissolving Levies
Ambulance Districts	105	113	55	43	6	4	3	1	1
Hospitals and Health Centers	13	13	6	7	0	0	0	0	0
Nursing Home Districts	28	30	16	12	0	0	0	2	0
Public Water Supply Districts	1	1	0	0	1	0	0	0	0
Soil and Water Conservation Subdist.	25	25	11	10	3	0	0	0	1
Drainage and Levee Districts	2	2	1	1	0	0	0	0	0
Special Road Districts	233	303	129	101	36	0	34	2	1
Municipalities	851	1,484	401	794	112	4	24	145	4
Tax Supported Public Libraries	81	88	41	38	3	1	0	5	0
Townships	312	827	463	219	111	1	18	15	0
Fire Protection Districts	324	465	190	153	50	27	7	38	0
Sewer Districts	31	32	5	26	1	0	0	0	0
Street Light Maintenance Districts	5	5	1	3	1	0	0	0	0
Miscellaneous	39	43	18	20	2	0	1	0	2
Regional Recreational District	1	1	0	1	0	0	0	0	0
Community Improvement Districts	2	2	0	1	0	0	1	0	0
Special Road District Subdistricts	2	2	1	0	0	0	1	0	0
Transportation Development Dist.	1	1	1	0	0	0	0	0	0
Junior Colleges	12	17	6	5	1	1	0	4	0
School Districts	522	883	35	241	139	124	0	344	0
Special School Districts	2	2	0	2	0	0	0	0	0
Counties	115	481	233	205	30	5	4	4	0
Totals	2,707	4,820	1,613	1,882	496	167	93	560	9
		100%	34%	39%	10%	17%			

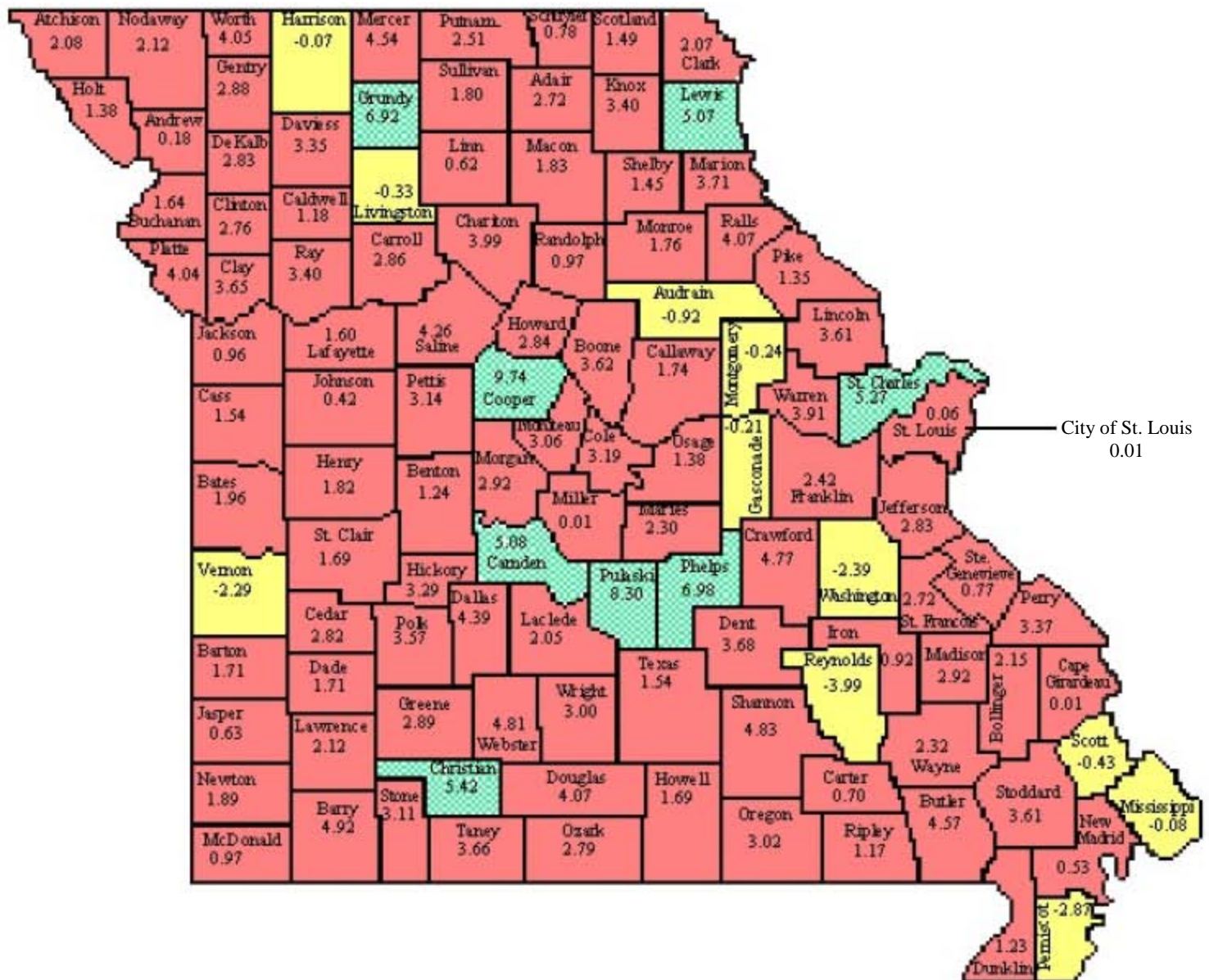
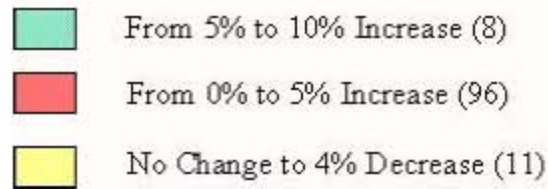
(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix VIII. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2, see Appendix IX.

(2) This column includes all newly voted levies and levies voted to replace expired levies, see Appendix VII. Also, included are levies to which adjustments were made based on information received from the taxing authorities or to rename levies for consistency purposes.

(3) See Appendix VI for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirement for general obligation bonds outstanding.

# APPENDIX III

## 2001 – 2002 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS

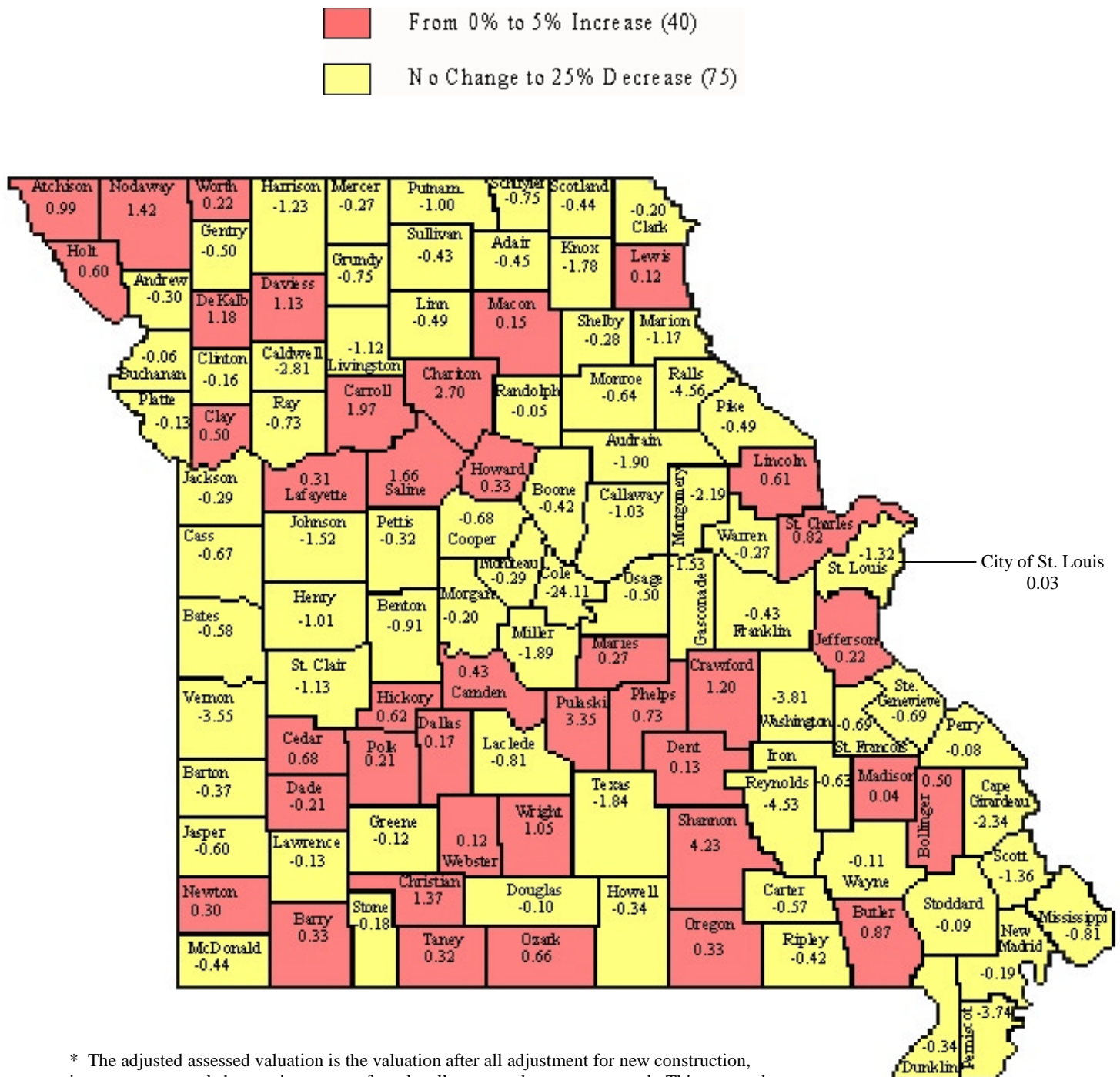


High County: Cooper: 9.74

Low County: Reynolds -3.99



## 2001- 2002 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS\*



\* The adjusted assessed valuation is the valuation after all adjustment for new construction, improvements, and changes in property from locally-assessed to state-assessed. This assessed valuation is compared to the total prior year assessed valuation in the calculation for compliance with the Hancock Amendment.

High County: Shannon 4.23

Low County: Cole -24.11

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Adair	Adair County Ambulance District	General Revenue	192,119,460	0.2000	0.2000	204,906,178	0.1997	0.1997	210,470,427	0.2000	0.2000
	Twin Pines Adult Care Center	General Revenue	188,535,923	0.1500	0.1500	201,155,598	0.1497	0.1497	206,714,186	0.1500	0.1500
	City of Brashear	General Revenue	1,075,639	1.3800	1.3800 *	1,134,338	1.3800	1.3800	1,149,518	1.3800	1.3800
		Fire	1,075,639	0.3000	0.3000	1,134,338	0.3000	0.3000	1,149,518	0.3000	0.3000
	City of Kirksville	General Revenue	120,502,357	0.6200	0.6200	128,433,238	0.6181	0.6181	135,123,628	0.6203	0.6203
		Debt Service	120,502,357	0.1500	0.1500	128,433,238	0.1500	0.1500	135,123,628	0.1561	0.1561
	City of Novinger	General Revenue	1,677,366	0.4312	0.4312	1,748,481	0.4312	0.4312	1,732,892	0.4408	0.4408
		General Revenue-Temp	1,677,366	0.3500	0.3500 *	1,748,481	0.3500	0.3500	1,732,892	0.3500	0.3500
	Village of Gibbs Village	General Revenue	356,006	0.8301	0.8301	373,893	0.8301	0.8301	391,279	0.8370	0.8370
	Adair County Public Library	General Revenue	192,119,460	0.1500	0.1500	204,906,178	0.1498	0.1498	210,470,427	0.1500	0.1500
	Adair Co. R-I School District	Operating Funds-Schools	9,937,565	3.4756	3.4756	10,742,569	3.6481	3.6400	10,929,661	3.5395	3.5395
		Debt Service	9,937,565	0.2700	0.2700	10,742,569	0.2700	0.2700	10,929,661	0.2712	0.2712
	Kirksville R-III School District	Operating Funds-Schools	149,391,355	3.2400	3.2400 *	160,901,216	3.2655	3.2354	166,589,773	3.2321	3.2321
		Debt Service	149,391,355	0.8100	0.8100	160,901,216	0.8100	0.8100	166,589,773	0.8100	0.8100
	Adair Co. R-II School District	Operating Funds-Schools	8,491,056	3.6850	3.1000	9,082,748	3.5698	3.0092	9,319,594	3.5787	2.9900
		Debt Service	8,491,056	0.5329	0.5329	9,082,748	0.6708	0.6708	9,319,594	0.6900	0.6900
	Adair County	General Revenue	192,119,460	0.3506	0.0000	204,906,178	0.3500	0.0000	210,470,427	0.3516	0.0000
		Road & Bridge	192,119,460	0.2604	0.2604	204,906,178	0.2600	0.2600	210,470,427	0.2612	0.2600
		Health	192,119,460	0.2000	0.2000	204,906,178	0.1997	0.1997	210,470,427	0.2000	0.2000
Andrew	Andrew County Ambulance District	General Revenue	126,087,063	0.3000	0.3000	144,639,117	0.2817	0.2817	145,313,870	0.2823	0.2823
	Andrew County Nursing Home District	General Revenue	131,810,077	0.1000	0.0300	152,174,232	0.0940	0.0300	152,445,698	0.0943	0.0300
	City of Bolckow	General Revenue	647,890	0.8292	0.8292	673,000	0.8315	0.8315	650,280	0.8606	0.8606
	Village of Cosby	General Revenue	499,021	0.4899	0.4899	488,573	0.5211	0.5211	502,168	0.5211	0.5211
	Village of Country Club	General Revenue	13,724,881	0.4400	0.4400	16,294,115	0.3883	0.3883	16,057,787	0.3982	0.3982
		General Revenue	611,071	0.7744	0.7744	567,307	0.8341	0.8341	564,234	0.8387	0.8387
	City of Fillmore	Debt Service	611,071	0.6675	0.6675	567,307	0.7210	0.7210	564,234	0.7089	0.7089
		General Revenue	284,112	0.3098	0.3098	313,898	0.2896	0.2896	319,965	0.3009	0.3009
	City of Rosendale	General Revenue	433,590	1.0000	1.0000	463,102	0.9672	0.9672	484,912	0.9671	0.9671
	City of Savannah	General Revenue	28,342,708	0.5800	0.5800	35,624,218	0.5005	0.5005	34,504,873	0.5167	0.5167
		Parks & Recreation	28,342,708	0.3700	0.3700	35,624,218	0.3193	0.3193	34,504,873	0.3297	0.3297
		Debt Service	28,342,708	0.1215	0.1215	35,624,218	0.0959	0.0959	34,504,873	0.1604	0.1604
	City of Amazonia	General Revenue	897,912	0.7756	0.7756	922,681	0.7832	0.7832	994,857	0.7813	0.7813
	Bolckow Fire District	General Revenue	5,277,475	0.3000	0.3000	5,324,333	0.3000	0.3000	5,568,853	0.2945	0.2945
	Rosendale Fire District	General Revenue	8,318,380	0.2500	0.2500	8,527,485	0.2500	0.2500	8,887,086	0.2500	0.2500
	Fillmore Fire Protection District	General Revenue	5,648,661	0.2800	0.2800	5,624,644	0.2885	0.2885	5,706,447	0.2885	0.2885
	Savannah Fire Protection District	General Revenue	52,941,345	0.6000	0.6000	61,096,089	0.5786	0.5786	62,709,250	0.5786	0.5786
	Village of Country Club FPD	General Revenue	13,724,881	0.8800	0.8800	16,294,115	0.7767	0.7767	16,057,787	1.0464	1.0300 *
	North Andrew Co. R-VI School Dist	Operating Funds-Schools	12,943,850	4.3458	4.3458	13,600,770	4.3427	4.3427	13,766,440	4.4180	4.4180
	Avenue City R-IX School District	Operating Funds-Schools	8,304,240	3.3966	3.1500	9,515,350	3.4606	3.3500	9,850,830	3.5359	3.3559
		Debt Service	8,304,240	0.9500	0.9500	9,515,350	0.9500	0.9500	9,850,830	0.9500	0.9500
	Savannah R-III School District	Operating Funds-Schools	90,706,470	3.3474	3.3474	109,036,619	3.1342	3.1342	105,857,699	3.2279	3.2279
	Andrew County	General Revenue	131,810,077	0.3610	0.2000	152,174,232	0.3393	0.2310	152,445,698	0.3403	0.1649



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Atchison		Johnson Grass	131,810,077	0.0300	0.0200	152,174,232	0.0282	0.0200	152,445,698	0.0283	0.0200
		Road & Bridge	131,810,077	0.2808	0.2700	152,174,232	0.2639	0.2639	152,445,698	0.2647	0.2547
		Special Road and Bridge	131,810,077	0.2500	0.2500	152,174,232	0.2500	0.2500 *	152,445,698	0.2500	0.2500
		Health	131,810,077	0.1000	0.1000	152,174,232	0.0940	0.0940	152,445,698	0.0943	0.0943
		Developmentally Disabled	131,810,077	0.0900	0.0900	152,174,232	0.0846	0.0846	152,445,698	0.0849	0.0849
		Senior Services	**	**	**	**	**	**	152,445,698	0.0300	0.0300 *
	Atchison-Holt Ambulance District	General Revenue	145,042,821	0.3000	0.3000	150,247,889	0.3000	0.3000	152,860,500	0.3000	0.3000
	Langdon Spec Road Dist Atchison Co	Special Road and Bridge	2,011,917	0.3500	0.3500	2,348,071	0.3500	0.3500 *	2,441,655	0.3487	0.3487
	Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	15,858,715	0.3500	0.3500	16,762,041	0.3437	0.3437	17,054,552	0.3437	0.3437
	Watson Spec Road Dist Atchison Co	Special Road and Bridge	3,535,571	0.3500	0.3500	3,545,293	0.3500	0.3500 *	3,575,900	0.3500	0.3500
	General Road District	Special Road and Bridge	49,601,114	0.3500	0.3500	51,415,061	0.3500	0.3500	52,513,729	0.3500	0.3500
	City of Fairfax	General Revenue	3,144,379	0.7738	0.7738	3,486,525	0.7458	0.7458	3,490,772	0.7552	0.7552
		Parks & Recreation	3,144,379	0.1910	0.1910	3,486,525	0.1841	0.1841	3,490,772	0.1864	0.1864
		Street Lights	3,144,379	0.2311	0.2311	3,486,525	0.2228	0.2228	3,490,772	0.2256	0.2256
	Village of Phelps City	General Revenue	0	0.0000	0.0000	77,164,155	0.0000	0.0000	0	0.0000	0.0000
	City of Rock Port	General Revenue	10,096,055	0.7600	0.7600	11,123,626	0.7242	0.7242	11,318,558	0.7242	0.7242
		Parks & Recreation	10,096,055	0.3800	0.3800	11,123,626	0.3621	0.3621	11,318,558	0.3621	0.3621
	City of Tarkio	General Revenue	10,218,146	0.8012	0.8012	11,209,309	0.7594	0.7594	11,303,025	0.7594	0.7594
		Parks & Recreation	10,218,146	0.3100	0.3100	11,209,309	0.2938	0.2938	11,303,025	0.2938	0.2938
		Lights	10,218,146	0.6610	0.6610	11,209,309	0.6265	0.6265	11,303,025	0.6265	0.6265
		Debt Service	10,218,146	0.6338	0.6338	11,209,309	0.5692	0.5692	11,303,025	0.6129	0.6129
	Village of Watson	General Revenue	476,699	0.5000	0.5000	439,012	0.5000	0.5000	436,369	0.5000	0.5000
		General Revenue-Temp	476,699	0.3000	0.3000	439,012	0.3000	0.3000 *	**	**	**
		General Revenue-temp	**	**	**	439,012	0.3000	0.3000 *	436,369	0.3000	0.3000
	City of Westboro	General Revenue	685,275	1.0000	1.0000	695,720	1.0000	1.0000	722,647	0.9997	0.9997
		Lights	685,275	0.2500	0.0000	695,720	0.2500	0.0000	722,647	0.2499	0.0000
		Streets	685,275	0.9000	0.9000	695,720	0.9000	0.9000	722,647	0.8997	0.8997
		Debt Service	685,275	1.6822	1.6822	695,720	2.8846	2.8846	722,647	2.6302	2.6302
	Atchison County Library	General Revenue	74,329,710	0.2000	0.2000	77,164,155	0.2000	0.2000	78,770,442	0.2000	0.2000
	Fairfax Rural Fire District	General Revenue	11,034,739	0.2500	0.2500	10,787,679	0.2500	0.2500	11,194,928	0.2500	0.2500
	Tarkio Rural Fire District	General Revenue	10,225,914	0.2414	0.2000	10,193,995	0.2428	0.2000	10,492,202	0.2414	0.2000
	West Atchison Rural Fire Prot Dist	General Revenue	18,614,300	0.2500	0.2500	19,365,471	0.2500	0.2436	19,706,120	0.2500	0.2500
	Westboro Fire Protection District	General Revenue	7,228,654	0.3273	0.3273	7,205,503	0.3293	0.3293	7,322,414	0.3293	0.3293
	Tarkio R-I School District	Operating Funds-Schools	25,015,452	3.4917	2.7500	25,968,584	3.5584	2.7500	25,015,452	3.7472	2.7500
	Rock Port R-II School District	Operating Funds-Schools	27,265,409	3.6106	3.6100	29,080,909	3.6223	3.6223	29,440,653	3.6130	3.6130
	Fairfax R-III School District	Operating Funds-Schools	12,498,088	3.6066	3.6066	12,588,819	3.6932	3.6932	12,766,968	3.6794	3.6794
		Debt Service	12,498,088	0.4900	0.4900	12,588,819	0.4291	0.4291	12,766,968	0.5056	0.5056
	Atchison County	General Revenue	74,329,710	0.4926	0.4926	77,164,155	0.4926	0.4926	78,770,442	0.4926	0.4926
		Solid Waste Landfill	74,329,710	0.1000	0.0000	77,164,155	0.1000	0.0000	78,770,442	0.1000	0.0000
		Road & Bridge	74,329,710	0.4926	0.4900	77,164,155	0.4926	0.4926	78,770,442	0.4926	0.4926
		Health	74,329,710	0.0500	0.0500	77,164,155	0.0500	0.0500	78,770,442	0.0500	0.0500
		Senate Bill 40	74,329,710	0.1000	0.1000	77,164,155	0.1000	0.1000	78,770,442	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Audrain	Van-Far Ambulance District	General Revenue	38,390,099	0.3000	0.3000	40,265,730	0.3000	0.3000	38,264,657	0.3000	0.3000
	Tri County Nursing Home District	General Revenue	40,754,891	0.2500	0.2500	43,038,724	0.2500	0.2500	40,951,428	0.2500	0.2500
	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	14,385,808	0.3500	0.3500	14,196,953	0.3500	0.3500	13,549,941	0.3500	0.3500 *
	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	4,856,629	0.3500	0.3500	5,486,856	0.3390	0.3390	5,807,544	0.3390	0.3390
	South Wilson Sp Rd Dist Audrain Co	Special Road and Bridge	0	0.0000	0.0000	**	**	**	**	**	**
	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	29,244,742	0.3500	0.3500 *	31,444,333	0.3500	0.3500	30,202,060	0.3500	0.3500
	Village of Benton City	General Revenue	595,427	0.3809	0.3809	656,872	0.3661	0.3661	656,273	0.3782	0.3782
	City of Farber	General Revenue	3,344,060	0.6800	0.6800	3,094,645	0.6800	0.6800	2,168,881	0.6800	0.6800
		Lights	3,344,060	0.2602	0.2600	3,094,645	0.2812	0.2800	2,168,881	0.3200	0.3200
	City of Laddonia	General Revenue	3,441,970	0.6907	0.6900	3,475,582	0.6907	0.6900	3,612,951	0.6907	0.6900
		Lights	3,441,970	0.4104	0.2500	3,475,582	0.4104	0.2500	3,612,951	0.4104	0.2500
	City of Martinsburg	General Revenue	2,886,167	0.4949	0.4949	3,084,567	0.4949	0.4900	3,063,723	0.5018	0.5018
	City of Mexico	General Revenue	112,469,246	0.3700	0.3700	118,847,775	0.3699	0.3699	115,793,145	0.3814	0.3814
		Parks & Recreation	112,469,246	0.1800	0.1800	118,847,775	0.1799	0.1799	115,793,145	0.1855	0.1855
		Health	112,469,246	0.1800	0.1800	118,847,775	0.1799	0.1799	115,793,145	0.1855	0.1855
	Village of Rush Hill	General Revenue	515,195	0.3759	0.3759	543,969	0.3760	0.3760	562,527	0.3759	0.3759
	City of Vandalia	General Revenue	14,387,926	0.6900	0.6900	16,233,750	0.6874	0.6874	15,567,369	0.7300	0.7300
		Parks & Recreation	14,387,926	0.1700	0.1700	16,233,750	0.1693	0.1693	15,567,369	0.1700	0.1700
	Village of Vandiver	General Revenue	2,304,116	0.4400	0.2900	2,504,153	0.4318	0.2900	2,543,414	0.4328	0.2900
	Mexico Audrain County Library Dist	General Revenue	251,018,940	0.2000	0.2000	265,927,908	0.2000	0.2000	263,475,635	0.2039	0.2039
	Little Dixie Fire District	General Revenue	67,154,296	0.3500	0.3500	72,204,011	0.3490	0.3490	74,084,004	0.3490	0.3490
	Martinsburg Area Fire Prot Dist	Fire	10,945,182	0.2000	0.2000	11,834,484	0.1992	0.1992	11,960,775	0.1999	0.1999
	Community R-VI School District	Operating Funds-Schools	21,920,198	3.5502	3.2900	22,827,493	3.5385	3.3400	23,249,651	3.5543	3.3400
		Debt Service	21,920,198	0.4900	0.4900	22,827,493	0.4500	0.4500	23,249,651	0.4500	0.4500
	Van-Far R-I School District	Operating Funds-Schools	35,023,652	2.8105	2.8100	37,384,243	2.8040	2.8040	35,147,750	3.4740	3.4740 *
		Operating Funds-Temp	35,023,652	0.6700	0.6700	37,384,243	0.6700	0.6700	**	**	**
	Mexico 59 School District	Operating Funds-Schools	143,369,954	3.2249	2.7500	158,254,214	3.1802	2.7500	156,187,742	3.2671	2.7500
		Debt Service	143,369,954	0.5000	0.5000	158,254,214	0.5000	0.5000	156,187,742	0.5000	0.5000
	Audrain County	General Revenue	251,018,940	0.3600	0.1500	265,927,908	0.3600	0.1500	263,475,635	0.3670	0.1700
		Road & Bridge	251,018,940	0.2700	0.2700	265,927,908	0.2700	0.2700	263,475,635	0.2752	0.2700
		Common Road District	59,763,015	0.3500	0.3500	63,879,137	0.3500	0.3500 *	65,466,867	0.3500	0.3500
		Hospital	251,018,940	0.1700	0.1700	265,927,908	0.1700	0.1700	263,475,635	0.1733	0.1733
		Senate Bill 40	251,018,940	0.2000	0.2000	265,927,908	0.2000	0.2000	263,475,635	0.2039	0.2039
Barry	Barry-Lawrence Co Ambulance Dist	General Revenue	154,995,778	0.1200	0.1200	161,508,460	0.1200	0.1200	166,124,081	0.1210	0.1210
	South Barry County Ambulance Dist	General Revenue	167,243,259	0.0800	0.0700	177,257,681	0.0800	0.0700	188,062,898	0.0800	0.0700
	South Barry Co Memorial Hospital	General Revenue	164,931,939	0.0900	0.0900	172,422,875	0.0900	0.0900	182,973,251	0.0900	0.0900
	Ash Special Road Dist Barry Co	Road & Bridge	3,059,364	0.1600	0.1600	3,233,832	0.1600	0.1600	3,308,757	0.1631	0.1631
		Special Road and Bridge	3,059,364	0.1300	0.1300 *	3,233,832	0.1300	0.1300	3,308,757	0.1300	0.1300
	Butterfield Sp Rd Dist Barry Co	Road & Bridge	10,191,263	0.1300	0.1300	10,357,476	0.1303	0.1303	10,396,501	0.1318	0.1318
		Special Road and Bridge	10,191,263	0.1300	0.1300 *	10,357,476	0.1300	0.1300	10,396,501	0.1300	0.1300
	Capps Creek Sp Rd Dist Barry Co	Road & Bridge	5,248,161	0.2800	0.2800	5,383,029	0.2800	0.2800	5,534,768	0.2800	0.2800

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Corsicana Special Rd Dist Barry Co	Road & Bridge	2,713,685	0.1800	0.1800	2,938,778	0.1800	0.1800	2,983,725	0.1833	0.1833
		Special Road and Bridge	2,713,685	0.1300	0.1300 *	2,938,778	0.1300	0.1300	2,983,725	0.1300	0.1300
	Crane Creek Spec Rd Dist Barry Co	Road & Bridge	4,255,800	0.2000	0.2000	4,551,379	0.2016	0.2016	4,652,155	0.2041	0.2041
	Exeter Spec Rd Dist Barry Co	Road & Bridge	11,976,877	0.1800	0.1800	12,553,270	0.1812	0.1812	12,626,404	0.1828	0.1828
		Special Road and Bridge	11,976,877	0.1300	0.1300	12,553,270	0.1300	0.1300 *	12,626,404	0.1300	0.1300
	Flat Creek Spec Rd Dist Barry Co	Road & Bridge	46,301,704	0.1400	0.1400	47,826,565	0.1406	0.1406	52,163,162	0.1406	0.1406
		Special Road and Bridge	46,301,704	0.1300	0.1300 *	47,826,565	0.1300	0.1300	52,163,162	0.1300	0.1300
	Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	1,322,103	0.1710	0.1700	1,487,153	0.1710	0.1710	1,597,954	0.1710	0.1710
		Special Road and Bridge	1,322,103	0.3500	0.3500 *	1,487,153	0.3500	0.3500	1,597,954	0.3500	0.3500
	Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	2,889,680	0.1400	0.1400	3,122,832	0.1400	0.1400	3,244,326	0.1403	0.1403
	Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	6,165,577	0.1864	0.1864	6,601,521	0.1864	0.1864	7,018,234	0.1864	0.1864
		Special Road and Bridge	6,165,577	0.1300	0.1300 *	6,601,521	0.1300	0.1300	7,018,234	0.1300	0.1300
	Liberty Common Rd Dist 34 Barry Co	Road & Bridge	683,768	0.1000	0.1000	701,482	0.1000	0.1000	700,874	0.1043	0.1043
	McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	2,681,013	0.1500	0.1500	2,928,402	0.1500	0.1500	3,114,187	0.1500	0.1500
	Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	4,929,105	0.1700	0.1700	5,340,924	0.1703	0.1703	5,734,139	0.1703	0.1703
		Special Road and Bridge	4,929,105	0.1300	0.1300 *	5,340,924	0.1300	0.1300	5,734,139	0.1300	0.1300
	Mountain Special Road District #22	Road & Bridge	1,855,937	0.1700	0.1700	2,014,254	0.1700	0.1700	2,063,979	0.1700	0.1700
	Ozark Special Road Dist Barry Co	Road & Bridge	5,036,975	0.1300	0.1300	5,231,015	0.1302	0.1300	5,554,383	0.1302	0.1302
		Special Road and Bridge	5,036,975	0.1300	0.1300 *	5,231,015	0.1300	0.1300	5,554,383	0.1300	0.1300
	Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,442,914	0.1700	0.1700	1,410,145	0.1758	0.1758	1,493,925	0.1764	0.1764
		Special Road and Bridge	1,442,914	0.1300	0.1300 *	1,410,145	0.1300	0.1300	1,493,925	0.1300	0.1300
	Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	3,293,439	0.1500	0.1500	3,541,158	0.1500	0.1500	3,687,001	0.1500	0.1500
		Special Road and Bridge	3,293,439	0.1300	0.1300 *	3,541,158	0.1300	0.1300	3,687,001	0.1300	0.1300
	Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	13,319,337	0.1900	0.1900	14,088,591	0.1900	0.1900	14,483,273	0.1900	0.1900
		Special Road and Bridge	13,319,337	0.1300	0.1300 *	14,088,591	0.1300	0.1300	14,483,273	0.1300	0.1300
	Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	13,728,024	0.1400	0.1400	14,663,847	0.1400	0.1400	15,328,668	0.1396	0.1396
	Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	17,780,209	0.1600	0.1600	18,365,736	0.1625	0.1625	19,182,309	0.1624	0.1624
	Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	8,028,735	0.1401	0.1401	8,387,953	0.1405	0.1405	8,820,439	0.1405	0.1405
		Special Road and Bridge	8,028,735	0.1300	0.1300	8,387,953	0.1300	0.1300 *	8,820,439	0.1300	0.1300
	Viola Sp Rd Dist 21 Barry Co	Road & Bridge	18,201,841	0.1300	0.1300	19,111,122	0.1300	0.1300	19,981,198	0.1300	0.1300
	Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	7,023,904	0.1700	0.1700	7,399,936	0.1708	0.1708	8,447,527	0.1708	0.1708
		Special Road and Bridge	**	**	**	**	**	**	8,447,527	0.1300	0.1300 *
	Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	8,937,244	0.1700	0.1700	9,366,957	0.1700	0.1700	9,945,676	0.1713	0.1713
		Special Road and Bridge	8,937,244	0.1300	0.1300 *	9,366,957	0.1300	0.1300	9,945,676	0.1300	0.1300
	White River Sp Rd Dist 7 Barry Co	Road & Bridge	14,562,998	0.1300	0.1300	15,111,615	0.1319	0.1319	16,272,473	0.1312	0.1312
	Monett Special Road District	Road & Bridge	75,014,235	0.1600	0.1600	76,583,491	0.1600	0.1600	78,870,622	0.1618	0.1618
	Village of Butterfield	General Revenue	1,129,797	0.4505	0.4505	1,180,408	0.4532	0.4532	1,275,599	0.4486	0.4486
	City of Cassville	General Revenue	25,745,811	0.3729	0.0000	26,550,807	0.3753	0.0000	27,911,146	0.3753	0.0000
	City of Exeter	General Revenue	3,261,140	0.4000	0.4000	3,327,918	0.4048	0.4048	3,459,376	0.4048	0.4048
	City of Purdy	General Revenue	3,409,616	0.4003	0.4003	3,506,354	0.4003	0.4003	3,562,421	0.4003	0.4003
		Debt Service	3,409,616	0.3637	0.3637	3,506,354	0.4172	0.4172	3,562,421	0.3480	0.3480
	City of Seligman	General Revenue	2,688,648	0.2617	0.2600	2,853,591	0.2632	0.2600	2,922,248	0.2632	0.2600
		Streets	2,688,648	0.1610	0.1600	2,853,591	0.1619	0.1600	2,922,248	0.1619	0.1600

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	City of Washburn	Debt Service	2,688,648	0.1968	0.1968	2,853,591	0.1900	0.1900	2,922,248	0.1900	0.1900
		General Revenue	1,863,019	0.3534	0.3534	2,060,680	0.3534	0.3534	2,108,563	0.3534	0.3534
		Debt Service	1,863,019	0.6219	0.6219	2,060,680	1.0050	1.0050	2,108,563	0.7022	0.7022
	City of Wheaton	General Revenue	2,926,096	0.4300	0.4300	3,016,561	0.4303	0.4300	3,160,506	0.4292	0.4292
		General Revenue	569,339,433	0.1770	0.1770	596,684,276	0.1771	0.1771	617,787,333	0.1771	0.1771
	Eagle Rock, Golden & Mano Fire Dist	General Revenue	27,955,101	0.2700	0.2700	29,696,239	0.3000	0.3000 *	31,608,106	0.2992	0.2992
	Central Crossing Fire Prot Dist	General Revenue	48,168,030	0.2802	0.2802	51,214,969	0.2802	0.2802	53,324,549	0.2802	0.2795
	Wheaton R-III School District	Operating Funds-Schools	12,493,353	3.5613	2.7500	13,178,236	3.5531	2.7500	13,987,777	3.5277	2.7500
		Debt Service	12,493,353	0.4000	0.4000	13,178,236	0.8500	0.8500	13,987,777	0.5357	0.5357
	Southwest Barry Co R-V School Dist	Operating Funds-Schools	21,203,975	2.7500	2.7500 *	22,256,924	2.7500	2.7500 *	23,933,644	2.7500	2.7500 *
		Debt Service	21,203,975	0.1179	0.1179	22,256,924	0.3787	0.3787	23,933,644	0.5115	0.5115
	Exeter R-VI School District	Operating Funds-Schools	9,898,165	3.6408	2.7500	10,249,725	3.7411	3.1500	10,364,582	3.6607	3.1500
	Cassville R-IV School District	Operating Funds-Schools	98,278,796	2.7500	2.7500 *	102,044,842	2.7500	2.7500 *	108,822,878	2.7500	2.7500 *
		Debt Service	98,278,796	0.5090	0.5090	102,044,842	0.5206	0.5206	108,822,878	0.5200	0.5200
	Purdy R-II School District	Operating Funds-Schools	17,061,242	2.7500	2.7500 *	18,385,921	2.7500	2.7500 *	19,189,111	2.7500	2.7500 *
		Debt Service	17,061,242	0.6893	0.6893	18,385,921	0.6884	0.6884	19,189,111	0.6902	0.6902
	Shell Knob 78 School District	Operating Funds-Schools	35,068,136	2.7836	2.7500	36,948,941	2.7802	2.7500	38,527,525	2.7674	2.7500
		Debt Service	35,068,136	0.4200	0.4200	36,948,941	0.3623	0.3623	38,527,525	0.3600	0.3600
	Monett R-I School District	Operating Funds-Schools	101,709,423	2.7500	2.7500 *	104,426,838	2.7500	2.7500 *	107,697,789	2.7500	2.7500 *
		Debt Service	101,709,423	0.5600	0.5600	104,426,838	0.5600	0.5600	107,697,789	0.5600	0.5600
	Barry County	General Revenue	290,367,944	0.2200	0.0000	302,339,191	0.2200	0.0000	317,201,947	0.2200	0.0000
		Health	290,367,944	0.0700	0.0700	302,339,191	0.0700	0.0700	317,201,947	0.0700	0.0700
		Developmentally Disabled	290,367,944	0.0700	0.0700	302,339,191	0.0700	0.0700	317,201,947	0.0700	0.0700
Barton	Barton County Ambulance District	General Revenue	120,345,607	0.1100	0.1100	124,048,590	0.1102	0.1100	126,007,058	0.1106	0.1100
		Equipment & Maintenance	120,345,607	0.0500	0.0500	124,048,590	0.0500	0.0500	126,007,058	0.0500	0.0500
	City of Golden City	General Revenue	4,504,219	0.5300	0.5300	4,585,745	0.5369	0.5369	4,626,355	0.5369	0.5369
		Parks & Recreation	4,504,219	0.1200	0.1200	4,585,745	0.1216	0.1216	4,626,355	0.1216	0.1216
		Ambulance	4,504,219	0.1500	0.1500	4,585,745	0.1519	0.1519	4,626,355	0.1519	0.1519
	City of Lamar	General Revenue	40,111,387	0.4500	0.4500	40,679,930	0.4516	0.4500	41,382,839	0.4533	0.4500
		Parks & Recreation	40,111,387	0.1400	0.1400	40,679,930	0.1405	0.1400	41,382,839	0.1410	0.1400
		Memorial Fund	40,111,387	0.1400	0.1400	40,679,930	0.1405	0.1400	41,382,839	0.1410	0.1400
	City of Liberal	General Revenue	3,207,607	0.5300	0.5300	3,292,859	0.5300	0.5300	3,265,457	0.5377	0.5300
	City of Mindenmines	Debt Service	1,636,145	0.8200	0.8200	1,075,271	1.2100	1.2100	1,096,139	1.1870	1.1870
	Town of Burgess	General Revenue	122,660	0.2500	0.0000	0	0.0000	0.0000	162,224	0.0000	0.0000
	Barton County Library	General Revenue	124,848,949	0.0700	0.0700	128,431,348	0.0701	0.0700	130,633,415	0.0704	0.0700
		Library	124,848,949	0.0800	0.0800	128,431,348	0.0801	0.0800	130,633,415	0.0804	0.0800
	Barton City Township of Barton Co	General Revenue	2,738,374	0.1000	0.1000	2,720,390	0.1000	0.1000	2,876,878	0.1000	0.1000
		Road & Bridge	2,738,374	0.2500	0.2500	2,720,390	0.2536	0.2500	2,876,878	0.2557	0.2500
		Special Road and Bridge	2,738,374	0.5000	0.5000	2,720,390	0.5000	0.5000	2,876,878	0.2500	0.2500 *
	Central Township of Barton County	General Revenue	7,262,186	0.0900	0.0900	7,552,036	0.0900	0.0900	7,794,756	0.0906	0.0900
		Road & Bridge	7,262,186	0.3500	0.3500	7,552,036	0.3500	0.3500	7,794,756	0.3525	0.3500
		Special Road and Bridge	7,262,186	0.4700	0.4700	7,552,036	0.4700	0.4700 *	7,794,756	0.4700	0.4700

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City Township of Barton County	General Revenue	40,111,387	0.0900	0.0500	40,679,930	0.0900	0.0500	41,384,189	0.0900	0.0500
		Road & Bridge	40,111,387	0.2000	0.1700	40,679,930	0.2007	0.1200	41,384,189	0.2018	0.1700
	Doylesport Township of Barton Co	General Revenue	3,689,706	0.1000	0.1000	3,629,104	0.1000	0.1000	3,619,066	0.1000	0.1000
		Road & Bridge	3,689,706	0.2600	0.2600	3,629,104	0.2646	0.2646	3,619,066	0.2692	0.2692
		Special Road and Bridge	3,689,706	0.2500	0.2500	3,629,104	0.2500	0.2500 *	3,619,066	0.2500	0.2500
	Golden City Township of Barton Co	General Revenue	9,392,900	0.0899	0.0800	9,355,750	0.0900	0.0800	9,532,870	0.0900	0.0800
		Road & Bridge	9,392,900	0.2299	0.2200	9,355,750	0.2318	0.2200	9,532,870	0.2318	0.2200
	Lamar Township of Barton County	General Revenue	20,729,763	0.0900	0.0900	22,599,854	0.0900	0.0900	23,708,846	0.0907	0.0900
		Road & Bridge	20,729,763	0.3200	0.3200	22,599,854	0.3200	0.3200	23,708,846	0.3224	0.3200
		Special Road and Bridge	20,729,763	0.2000	0.2000	22,599,854	0.2000	0.2000	23,708,846	0.2000	0.2000
	Leroy Township of Barton County	General Revenue	4,328,733	0.1000	0.1000	4,259,555	0.1000	0.1000	3,808,403	0.1000	0.1000
		Road & Bridge	4,328,733	0.3100	0.3100	4,259,555	0.3165	0.3100	3,808,403	0.3547	0.3547
		Special Road and Bridge	4,328,733	0.3500	0.3500 *	4,259,555	0.3500	0.3500	3,808,403	0.3500	0.3500
	Milford Township of Barton County	General Revenue	2,671,012	0.1000	0.0800	2,654,273	0.1000	0.0800	2,586,138	0.1000	0.0800
		Road & Bridge	2,671,012	0.2485	0.2200	2,654,273	0.2526	0.2200	2,586,138	0.2601	0.2200
	Nashville Township of Barton County	General Revenue	4,676,462	0.1000	0.1000	4,883,213	0.1000	0.1000	5,261,670	0.0950	0.0950
		Road & Bridge	4,676,462	0.3600	0.3600	4,883,213	0.3618	0.3600	5,261,670	0.3436	0.3436
		Special Road and Bridge	4,676,462	0.3700	0.3700	4,883,213	0.3700	0.3700 *	5,261,670	0.3514	0.3514
	Newport Township of Barton County	General Revenue	2,925,760	0.0996	0.0800	3,042,914	0.1000	0.1000	3,185,648	0.1000	0.1000
		Road & Bridge	2,925,760	0.2490	0.2300	3,042,914	0.2508	0.2508	3,185,648	0.2516	0.2516
		Special Road and Bridge	2,925,760	0.0996	0.0900	3,042,914	0.1000	0.1000	3,185,648	0.1000	0.1000
	North Fork Township of Barton Co	General Revenue	3,228,220	0.1000	0.0800	3,226,832	0.1000	0.0800	3,356,006	0.1000	0.1000
		Road & Bridge	3,228,220	0.2900	0.2700	3,226,832	0.2947	0.2700	3,356,006	0.2953	0.2900
		Special Road and Bridge	3,228,220	0.2000	0.2000	3,226,832	0.2000	0.2000 *	3,356,006	0.2000	0.2000
	Ozark Township of Barton County	General Revenue	6,593,823	0.0908	0.0600	6,649,609	0.0908	0.0600	6,489,151	0.0935	0.0600
		Road & Bridge	6,593,823	0.2321	0.2000	6,649,609	0.2322	0.2000	6,489,151	0.2390	0.2000
	Richland Township of Barton County	General Revenue	7,128,520	0.1000	0.1000	7,460,374	0.1000	0.1000	7,436,563	0.1000	0.1000
		Road & Bridge	7,128,520	0.4100	0.4100	7,460,374	0.4100	0.4100	7,436,563	0.4152	0.4100
		Special Road and Bridge	7,128,520	0.3900	0.3900	7,460,374	0.3900	0.3900	7,436,563	0.3900	0.3900 *
	South West Township of Barton Co	General Revenue	5,532,836	0.1000	0.1000	5,780,727	0.1000	0.1000	5,593,851	0.1000	0.1000
		Road & Bridge	5,532,836	0.3482	0.3400	5,780,727	0.3489	0.3400	5,593,851	0.3500	0.3500
	Union Township of Barton County	General Revenue	3,839,267	0.1000	0.1000	3,936,787	0.1000	0.1000	3,999,380	0.1000	0.1000
		Road & Bridge	3,839,267	0.3900	0.3900	3,936,787	0.3919	0.3900	3,999,380	0.4026	0.4000
		Special Road and Bridge	3,839,267	0.3400	0.3400	3,936,787	0.3417	0.3400	3,999,380	0.3500	0.3500 *
	Golden City Fire Protection Dist	General Revenue	14,932,218	0.1000	0.1000	15,477,046	0.1000	0.1000	15,897,870	0.1000	0.1000
	Liberal R-II School District	Operating Funds-Schools	21,852,720	3.1729	2.7700	22,529,862	3.1616	2.8700	23,103,180	3.2254	2.8750
		Debt Service	21,852,720	0.4100	0.4100	22,529,862	0.3900	0.3900	23,103,180	0.3850	0.3850
	Golden City R-III School District	Operating Funds-Schools	13,507,650	3.2500	3.2500 *	13,969,510	3.2609	3.2609	14,114,060	3.2833	3.2833
		Debt Service	13,507,650	0.3700	0.3700	13,969,510	0.3591	0.3591	14,114,060	0.3367	0.3367
	Lamar R-I School District	Operating Funds-Schools	69,927,580	2.8737	2.7500	72,508,860	3.0511	2.9000 *	75,300,270	3.0418	2.9000
		Debt Service	69,927,580	0.6500	0.6500	72,508,860	0.5000	0.5000	75,300,270	0.5000	0.5000
	Barton County	General Revenue	124,848,949	0.2900	0.0500	128,431,348	0.2905	0.0500	130,633,415	0.2916	0.0500
		Health	124,848,949	0.0800	0.0800	128,431,348	0.1500	0.1000 *	130,633,415	0.1500	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Hospital	124,848,949	0.0900	0.0900	128,431,348	0.0901	0.0900	130,633,415	0.0904	0.0900
Bates	Cornland Sp Rd Dist Bates Co	Road & Bridge	718,675	0.3160	0.3160	715,880	0.3172	0.3172	695,637	0.3349	0.3349
		Special Road and Bridge	718,675	0.1800	0.1800 *	715,880	0.1800	0.1800	695,637	0.1800	0.1800
	South Hudson Sp Rd Dist Bates Co	Road & Bridge	872,089	0.3500	0.3500	883,478	0.3500	0.3500	842,365	0.3500	0.3500
		Special Road and Bridge	872,089	0.2199	0.2199	883,478	0.2200	0.2200	842,365	0.2200	0.2200
	City of Adrian	General Revenue	9,150,107	0.5634	0.5634	9,882,475	0.5456	0.5456	9,871,193	0.5501	0.5501
		Parks & Recreation	9,150,107	0.0500	0.0500	9,882,475	0.0484	0.0484	9,871,193	0.0488	0.0488
	City of Amoret	General Revenue	732,046	0.3845	0.3845	709,954	0.3990	0.3990	725,949	0.4112	0.3990
	City of Amsterdam	General Revenue	1,173,567	1.0407	1.0407	1,230,946	1.0595	1.0595	1,260,105	1.0595	1.0595
	City of Butler	General Revenue	34,160,573	0.5901	0.5900	34,998,484	0.5901	0.5900	37,038,443	0.5837	0.5837
		Parks & Recreation	34,160,573	0.0350	0.0350	34,998,484	0.0350	0.0350	37,038,443	0.0346	0.0346
	City of Hume	Lake	34,160,573	0.0150	0.0150	34,998,484	0.0150	0.0150	37,038,443	0.0148	0.0148
		General Revenue	1,354,795	0.8998	0.8998	1,392,589	0.9014	0.9014	1,562,507	0.8750	0.8750
		Lights	1,354,795	0.3033	0.3033	1,392,589	0.3038	0.3038	1,562,507	0.2950	0.2950
		Water	1,354,795	0.3842	0.3842	1,392,589	0.3849	0.3849	1,562,507	0.3736	0.3736
	Village of Merwin	General Revenue	262,187	0.4304	0.4304	299,336	0.4333	0.4333	272,004	0.4802	0.4802
	Village of Passaic	General Revenue	202,289	1.0000	0.9400	184,576	1.0000	0.9400	199,858	1.0000	1.0000
	City of Rich Hill	General Revenue	5,240,694	0.6200	0.6200	5,593,848	0.6114	0.6114	5,874,654	0.6114	0.6114
		Parks & Recreation	5,240,694	0.2500	0.2500	5,593,848	0.2465	0.2465	5,874,654	0.2465	0.2465
		Library	5,240,694	0.2500	0.2500	5,593,848	0.2465	0.2465	5,874,654	0.2465	0.2465
		Health	5,240,694	0.1300	0.1300	5,593,848	0.1282	0.1282	5,874,654	0.1282	0.1282
	City of Rockville	General Revenue	869,334	0.7269	0.7269	946,135	0.7243	0.7243	931,285	0.7854	0.7854
		Streets	869,334	0.3533	0.3533	946,135	0.3519	0.3519	931,285	0.3815	0.3815
	Village of Foster	General Revenue	527,280	0.4754	0.4700	526,023	0.4775	0.4754	506,227	0.5019	0.4754
	Charlotte Township of Bates County	General Revenue	3,944,970	0.1000	0.1000	4,019,229	0.1000	0.1000	4,102,504	0.1000	0.1000
		Road & Bridge	3,944,970	0.2600	0.2600	4,019,229	0.2600	0.2600	4,102,504	0.2609	0.2609
		Special Road and Bridge	3,944,970	0.2200	0.2200	4,019,229	0.2200	0.2200 *	4,102,504	0.2200	0.2200
	Deepwater Township of Bates County	General Revenue	2,778,451	0.0905	0.0905	2,759,145	0.0918	0.0918	2,921,486	0.0918	0.0918
		Road & Bridge	2,778,451	0.2211	0.2211	2,759,145	0.2243	0.2243	2,921,486	0.2243	0.2243
		Special Road and Bridge	2,778,451	0.3500	0.3500	2,759,145	0.3500	0.3500	2,921,486	0.3500	0.3500
	Deer Creek Township of Bates Co	General Revenue	13,762,163	0.0700	0.0700	14,569,731	0.0695	0.0695	14,859,142	0.0699	0.0699
		Road & Bridge	13,762,163	0.2300	0.2300	14,569,731	0.2285	0.2285	14,859,142	0.2300	0.2300
	East Boone Township of Bates Co	General Revenue	4,278,747	0.0800	0.0800	4,474,277	0.0800	0.0800	4,800,366	0.0815	0.0815
		Road & Bridge	4,278,747	0.2200	0.2200	4,474,277	0.2200	0.2200	4,800,366	0.2242	0.2242
		Special Road and Bridge	4,278,747	0.3500	0.3500	4,474,277	0.3500	0.3500	4,800,366	0.3500	0.3500
	Elkhart Township of Bates County	General Revenue	3,264,662	0.0800	0.0800	3,403,618	0.0800	0.0800	3,604,724	0.0805	0.0805
		Road & Bridge	3,264,662	0.2200	0.2200	3,403,618	0.2200	0.2200	3,604,724	0.2213	0.2213
		Special Road and Bridge	3,264,662	0.1900	0.1900	3,403,618	0.1900	0.1900 *	3,604,724	0.1900	0.1900
	Grand River Township of Bates Co	General Revenue	2,366,946	0.1000	0.1000	2,529,019	0.1000	0.1000	2,701,893	0.0992	0.0992
		Road & Bridge	2,366,946	0.2600	0.2600	2,529,019	0.2600	0.2600	2,701,893	0.2580	0.2500
		Special Road and Bridge	2,366,946	0.2500	0.2500	2,529,019	0.2500	0.2500 *	2,701,893	0.2481	0.2481
	Homer Township of Bates County	General Revenue	4,771,388	0.1000	0.1000	4,377,842	0.1000	0.1000	4,007,550	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howard Township of Bates County		Road & Bridge	4,771,388	0.2645	0.2645	4,377,842	0.2891	0.2891	4,007,550	0.3209	0.3209
		General Revenue	4,717,966	0.1000	0.1000	4,592,066	0.1000	0.1000	4,583,649	0.1000	0.1000
		Road & Bridge	4,717,966	0.2926	0.2926	4,592,066	0.3047	0.3047	4,583,649	0.3082	0.3082
Hudson Township of Bates County		Special Road and Bridge	4,717,966	0.3000	0.3000	4,592,066	0.3000	0.3000	4,583,649	0.3000	0.3000
		General Revenue	3,984,471	0.1000	0.1000	4,028,465	0.1000	0.1000	4,037,438	0.1000	0.1000
		Road & Bridge	3,984,471	0.2616	0.2616	4,028,465	0.2625	0.2625	4,037,438	0.2649	0.2649
Lone Oak Township of Bates County		Special Road and Bridge	3,984,471	0.2400	0.2400	4,028,465	0.2400	0.2400 *	4,037,438	0.3500	0.3500 *
		General Revenue	3,319,848	0.0800	0.0800	3,416,292	0.0816	0.0816	3,407,224	0.0853	0.0853
		Road & Bridge	3,319,848	0.2300	0.2300	3,416,292	0.2345	0.2345	3,407,224	0.2452	0.2452
Mingo Township of Bates County		Special Road and Bridge	3,319,848	0.2100	0.2100	3,416,292	0.2100	0.2100	3,407,224	0.2100	0.2100
		General Revenue	2,484,846	0.1000	0.1000	2,449,111	0.1000	0.1000	2,574,451	0.0971	0.0971
		Road & Bridge	2,484,846	0.2661	0.2661	2,449,111	0.2723	0.2723	2,574,451	0.2643	0.2643
Mound Township of Bates County		Special Road and Bridge	2,484,846	0.2300	0.2300	2,449,111	0.2300	0.2300 *	2,574,451	0.2233	0.2233
		General Revenue	8,348,511	0.0800	0.0800	8,559,119	0.0800	0.0800	8,546,546	0.0814	0.0814
		Road & Bridge	8,348,511	0.2200	0.2200	8,559,119	0.2200	0.2200	8,546,546	0.2239	0.2239
Mount Pleasant Township of Bates Co		Special Road and Bridge	8,348,511	0.1900	0.1900	8,559,119	0.1900	0.1900	8,546,546	0.1900	0.1900
		General Revenue	44,106,354	0.0912	0.0912	45,275,645	0.0912	0.0912	47,658,882	0.0910	0.0910
		Road & Bridge	44,106,354	0.2026	0.2026	45,275,645	0.2026	0.2026	47,658,882	0.2022	0.2022
New Home Township of Bates County		General Revenue	2,842,161	0.1000	0.1000	2,839,660	0.1000	0.1000	2,934,082	0.1000	0.1000
		Road & Bridge	2,842,161	0.2400	0.2400	2,839,660	0.2408	0.2408	2,934,082	0.2408	0.2408
		Special Road and Bridge	2,842,161	0.1800	0.1800	2,839,660	0.1800	0.1800 *	2,934,082	0.1800	0.1800
Osage Township of Bates County		General Revenue	8,802,125	0.1000	0.1000	9,293,213	0.1000	0.1000	9,611,355	0.1000	0.1000
		Road & Bridge	8,802,125	0.2500	0.2500	9,293,213	0.2500	0.2500	9,611,355	0.2537	0.2537
Pleasant Gap Township of Bates Co		General Revenue	3,405,773	0.1000	0.1000	3,497,775	0.1000	0.1000	3,582,662	0.1000	0.1000
		Road & Bridge	3,405,773	0.2707	0.2707	3,497,775	0.2707	0.2707	3,582,662	0.2707	0.2707
		Special Road and Bridge	3,405,773	0.2500	0.2500	3,497,775	0.2500	0.2500	3,582,662	0.2500	0.2500
Rockville Township of Bates County		General Revenue	2,691,295	0.1000	0.1000	2,773,643	0.1000	0.1000	2,767,413	0.1000	0.1000
		Road & Bridge	2,691,295	0.2521	0.2521	2,773,643	0.2521	0.2521	2,767,413	0.2635	0.2635
Spruce Township of Bates County		General Revenue	3,244,783	0.0700	0.0700	3,144,920	0.0732	0.0732	3,262,857	0.0732	0.0732
		Road & Bridge	3,244,783	0.2100	0.2100	3,144,920	0.2197	0.2197	3,262,857	0.2197	0.2197
Summit Township of Bates County		General Revenue	3,136,989	0.0701	0.0701	3,376,678	0.0701	0.0701	3,558,006	0.0701	0.0701
		Road & Bridge	3,136,989	0.2405	0.2405	3,376,678	0.2405	0.2405	3,558,006	0.2405	0.2405
		Special Road and Bridge	3,136,989	0.3500	0.3500	3,376,678	0.3500	0.3500	3,558,006	0.3500	0.3500
Walnut Township of Bates County		General Revenue	4,860,378	0.0813	0.0813	4,760,202	0.0835	0.0835	4,018,122	0.1000	0.1000
		Road & Bridge	4,860,378	0.2235	0.2235	4,760,202	0.2295	0.2295	4,018,122	0.2758	0.2758
		Special Road and Bridge	4,860,378	0.1900	0.1900 *	4,760,202	0.1900	0.1900	4,018,122	0.1900	0.1900
West Boone Township of Bates Co		General Revenue	6,066,523	0.0712	0.0712	6,072,871	0.0718	0.0718	5,849,632	0.0771	0.0771
		Road & Bridge	6,066,523	0.2238	0.2238	6,072,871	0.2257	0.2257	5,849,632	0.2423	0.2423
		Special Road and Bridge	6,066,523	0.2100	0.2100	6,072,871	0.2100	0.2100 *	5,849,632	0.2100	0.2100
West Point Township of Bates Co		General Revenue	5,864,486	0.1000	0.1000	5,941,817	0.1000	0.1000	5,570,135	0.1000	0.1000
		Road & Bridge	5,864,486	0.2743	0.2743	5,941,817	0.2748	0.2748	5,570,135	0.2956	0.2956
		Special Road and Bridge	5,864,486	0.2200	0.2200	5,941,817	0.2200	0.2200	5,570,135	0.2200	0.2200
Prairie Township of Bates County		General Revenue	1,383,720	0.1000	0.1000	1,412,477	0.1000	0.1000	1,469,393	0.1000	0.1000



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shawnee Township of Bates County	Road & Bridge		1,383,720	0.2800	0.2800	1,412,477	0.2800	0.2800	1,469,393	0.2806	0.2806
	Special Road and Bridge		1,383,720	0.2300	0.2300 *	1,412,477	0.2300	0.2300	1,469,393	0.2300	0.2300
	General Revenue		2,883,219	0.1000	0.1000	2,951,710	0.1000	0.1000	3,035,343	0.1000	0.1000
	Road & Bridge		2,883,219	0.2800	0.2800	2,951,710	0.2800	0.2800	3,035,343	0.2800	0.2800
	Special Road and Bridge		2,883,219	0.3500	0.3500	2,951,710	0.3500	0.3500	3,035,343	0.3500	0.3500
	Operating Funds-Schools		10,468,313	3.8123	3.7500	10,676,196	3.7878	3.7500	11,083,880	3.9000	3.9000
	Ballard R-II School District	Operating Funds-Schools	6,362,077	4.2773	4.2500	6,649,324	4.2971	4.2500	6,913,485	4.2600	4.2500
	Adrian R-III School District	Operating Funds-Schools	23,994,572	2.9217	2.8500	25,268,840	2.9486	2.9000	26,511,448	3.4500	3.4500 *
	Debt Service		23,994,572	0.6300	0.6300	25,268,840	0.9000	0.9000	26,511,448	0.3500	0.3500
	Rich Hill R-IV School District	Operating Funds-Schools	16,212,956	3.3631	2.7500	17,023,134	3.4005	2.7500	17,639,949	3.4414	2.7500
	Debt Service		16,212,956	1.0876	1.0876	17,023,134	1.0906	1.0906	17,639,949	1.0732	1.0732
	Hume R-VIII School District	Operating Funds-Schools	6,080,630	3.9320	3.0510	6,349,376	3.9676	3.3000	6,363,273	4.0978	3.6900
	Debt Service		6,080,630	1.1484	1.1484	6,349,376	0.6900	0.6900	6,363,273	0.3000	0.3000
	Hudson R-IX School District	Operating Funds-Schools	5,073,853	3.7601	3.7601	5,272,950	3.8005	3.7800	5,482,270	3.8176	3.7800
	Butler R-V School District	Operating Funds-Schools	55,581,934	3.5000	3.2500	57,386,813	3.4730	3.2500	60,285,988	3.5000	3.2500
	Debt Service		55,581,934	0.1800	0.1800	57,386,813	0.1800	0.1800	60,285,988	0.1800	0.1800
	Bates County	General Revenue	147,310,775	0.2604	0.2604	150,518,525	0.2604	0.2604	153,464,855	0.2619	0.2619
	Health		147,310,775	0.0801	0.0801	150,518,525	0.0801	0.0801	153,464,855	0.0806	0.0806
	Developmentally Disabled		147,310,775	0.0700	0.0700	150,518,525	0.0700	0.0700	153,464,855	0.0700	0.0700
Benton	Warsaw-Lincoln Ambulance District	General Revenue	118,219,533	0.1900	0.1900	126,708,066	0.1900	0.1900	128,235,413	0.1900	0.1900
	Cole Camp Ambulance District	General Revenue	36,935,895	0.1712	0.1700	40,228,516	0.1704	0.1704	38,744,660	0.1794	0.1794
	Debt Service		36,935,895	0.0000	0.0000	**	**	**	**	**	**
	Lincoln Community Nursing Home Dist	Maintenance	33,433,546	0.0500	0.0500	34,766,888	0.0500	0.0500	35,691,726	0.0500	0.0500
	Good Samaritan Nursing Home Dist	General Revenue	43,995,419	0.1107	0.1100	45,691,824	0.1107	0.1107	46,680,585	0.1115	0.1115
	Brandon Special Road Dist Benton Co	Road & Bridge	1,380,700	0.3443	0.3443	1,353,939	0.3500	0.3500	1,332,432	0.3500	0.3500
	Cole Camp Sp Rd Dist Benton Co	Road & Bridge	9,893,410	0.1923	0.1923	10,035,323	0.1923	0.1923	10,029,264	0.1958	0.1958
	Ionia Special Rd Dist Benton Co	Road & Bridge	2,477,594	0.3296	0.3296	2,452,974	0.3349	0.3349	2,388,161	0.3493	0.3493
	City of Cole Camp	General Revenue	5,804,978	0.4938	0.4900	5,919,684	0.4938	0.4900	5,913,670	0.4996	0.4996
	Village of Ionia	General Revenue	466,615	0.6709	0.6709	452,117	0.7078	0.7078	456,793	0.7183	0.7183
	City of Lincoln	General Revenue	6,650,464	0.7859	0.7859	6,755,288	0.7859	0.7859	6,781,130	0.7939	0.7939
	Parks & Recreation		6,650,464	0.1511	0.1511	6,755,288	0.1511	0.1511	6,781,130	0.1526	0.1526
	City of Warsaw	General Revenue	16,557,690	0.4109	0.4100	17,354,587	0.4109	0.4109	17,368,294	0.4148	0.4148
	Parks & Recreation		16,557,690	0.1103	0.1100	17,354,587	0.1103	0.1103	17,368,294	0.1113	0.1113
	Debt Service		16,557,690	0.0000	0.0000	**	**	**	**	**	**
	Lincoln Community Fire Prot Dist	General Revenue	28,797,343	0.2415	0.2415	29,737,491	0.2415	0.2415	29,992,005	0.2478	0.2478
	Deer Creek Fire Protection District	General Revenue	13,040,204	0.3000	0.3000	13,483,818	0.3000	0.3000	13,905,794	0.3000	0.3000
	Warsaw Fire Protection District	General Revenue	64,814,347	0.3000	0.3000	68,496,762	0.3000	0.3000	70,831,494	0.3000	0.3000
	Lakeview Heights Fire Prot Dist	General Revenue	8,948,492	0.3000	0.3000	9,432,805	0.2993	0.2993	9,692,417	0.2994	0.2994
	Osage Valley Fire Protection Dist	General Revenue	6,191,770	0.3000	0.3000	9,432,805	0.2131	0.2131	7,019,238	0.3000	0.3000
	Lincoln R-II School District	Operating Funds-Schools	25,378,336	2.7500	2.7500 *	25,831,462	2.7500	2.7500 *	26,999,019	2.7500	2.7500 *
	Debt Service		25,378,336	0.5000	0.5000	25,831,462	0.5000	0.5000	26,999,019	0.5000	0.5000
	Warsaw R-IX School District	Operating Funds-Schools	85,753,270	2.7500	2.7500 *	90,326,184	2.7500	2.7500 *	93,588,784	2.7500	2.7500 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Benton County	Cole Camp R-I School District	Debt Service	85,753,270	0.3500	0.3500	90,326,184	0.3500	0.3500	93,588,784	0.4500	0.4500
		Operating Funds-Schools	32,671,305	2.6700	2.6700 *	34,267,639	2.7100	2.7100 *	35,480,122	2.7500	2.7500 *
		Debt Service	32,671,305	0.5800	0.5800	34,267,639	0.5600	0.5600	35,480,122	0.5600	0.5600
	Benton County	General Revenue	151,569,351	0.3311	0.1500	160,963,440	0.3311	0.1500	162,964,615	0.3342	0.1500
		Common Road District	137,817,651	0.2106	0.2100	147,374,656	0.2106	0.2100	149,214,757	0.2125	0.2100
		Health	151,569,351	0.4000	0.4000	160,963,440	0.4000	0.4000	162,964,615	0.4000	0.4000
Bollinger	Village of Glen Allen	General Revenue	585,635	0.3800	0.3800	597,735	0.3799	0.3700	593,977	0.3823	0.3800
	City of Marble Hill	General Revenue	9,946,747	0.4800	0.4800	11,224,592	0.4756	0.4700	11,264,283	0.4831	0.4800
		Parks & Recreation	9,946,747	0.1200	0.1200	11,224,592	0.1189	0.1100	11,264,283	0.1208	0.1200
		General Revenue	898,875	0.4500	0.4500	843,138	0.4802	0.4500	920,491	0.4802	0.4800
	Village of Sedgwickville	General Revenue	411,675	1.0923	0.8500	444,747	1.0994	0.8500	438,126	1.1161	1.0000
	Glen Allen Fire Protection District	General Revenue	9,709,204	0.2904	0.2900	10,351,994	0.2904	0.2900	10,691,950	0.2904	0.2900
	Sedgewickville Fire Protection Dist	General Revenue	11,302,821	0.2100	0.2100	11,363,418	0.2176	0.2100	12,318,422	0.2105	0.2105
	Meadow Heights R-II School District	Operating Funds-Schools	21,320,530	2.7500	2.7500 *	22,251,230	2.7500	2.7500 *	23,273,210	2.7500	2.7500 *
		Debt Service	21,320,530	0.1274	0.1274	22,251,230	0.3700	0.3700	23,273,210	0.3500	0.3500
	Leopold R-III School District	Operating Funds-Schools	5,155,515	2.7500	2.7500 *	5,430,100	3.0000	2.9500 *	5,716,540	3.0088	2.9500
	Zalma R-V School District	Operating Funds-Schools	8,678,575	2.7500	2.7500 *	8,914,090	2.7500	2.7500 *	9,038,530	2.7500	2.7500 *
	Woodland R-IV School District	Operating Funds-Schools	34,118,732	2.7500	2.7500 *	36,552,240	2.7500	2.7500 *	37,211,740	2.7500	2.7500 *
	Bollinger County	General Revenue	83,373,278	0.3500	0.1800	88,079,901	0.3500	0.1900	89,974,929	0.3500	0.2000
		Library	83,373,278	0.1000	0.1000	88,079,901	0.1000	0.1000	89,974,929	0.1000	0.1000
		Road & Bridge	83,373,278	0.2500	0.2500	88,079,901	0.2500	0.2500	89,974,929	0.2500	0.2500
		Health	83,373,278	0.2400	0.2400	88,079,901	0.2400	0.2400	89,974,929	0.2400	0.2400
		Ambulance	83,373,278	0.2000	0.2000	88,079,901	0.2000	0.2000	89,974,929	0.2000	0.2000
		Senate Bill 40	83,373,278	0.1000	0.1000	88,079,901	0.1000	0.1000	89,974,929	0.1000	0.1000
Boone	Callahan Creek Watershed Sub Dist	General Revenue	9,151,994	0.2800	0.0900	10,040,525	0.2714	0.0900	10,470,917	0.2724	0.0900
	City of Ashland	General Revenue	17,351,042	0.3000	0.3000	20,191,972	0.2906	0.2906	21,064,377	0.2906	0.2906
		Debt Service	**	**	**	20,191,972	0.2156	0.2156	21,064,377	0.4400	0.4400
	City of Centralia	General Revenue	31,297,105	0.6700	0.6700	33,359,960	0.6612	0.6580	33,874,083	0.6616	0.6616
		Parks & Recreation	31,297,105	0.3000	0.3000	33,359,960	0.2961	0.2946	33,874,083	0.2963	0.2963
		Library	31,297,105	0.3000	0.3000	32,658,412	0.2953	0.2822	33,182,309	0.2954	0.2954
		Debt Service	31,297,105	0.0900	0.0900	32,658,412	0.0900	0.0900	33,182,309	0.0900	0.0900
	City of Columbia	General Revenue	938,465,631	0.4511	0.3100	1,008,378,046	0.4481	0.4100	1,054,769,563	0.4491	0.4100
		Debt Service	938,465,631	0.1000	0.1000	**	**	**	**	**	**
	City of Hallsville	General Revenue	6,368,163	0.6800	0.6800	7,142,982	0.6568	0.6568	7,444,427	0.6547	0.6547
		Debt Service	6,368,163	0.2900	0.2900	7,142,982	0.2900	0.2900	7,444,427	0.2900	0.2900
	Town of Harrisburg	General Revenue	1,273,552	0.3300	0.3300	1,366,869	0.3284	0.3284	1,394,131	0.3284	0.3284
	Village of Hartsburg	General Revenue	690,236	0.3999	0.3999	668,189	0.4157	0.4157	729,973	0.4114	0.4114
	City of Rocheport	General Revenue	1,585,735	0.2974	0.2974	1,655,424	0.2974	0.2974	1,622,730	0.3060	0.2974
	City of Sturgeon	General Revenue	5,054,533	0.6306	0.3900	5,294,037	0.6306	0.4900	5,354,017	0.6376	0.4900
	Boone County Library	General Revenue	838,051,641	0.3200	0.3200 *	913,292,962	0.3200	0.3200	960,896,737	0.3200	0.3200
	Columbia Public Library	General Revenue	509,090,319	0.3200	0.3200	542,049,282	0.3141	0.3141	547,825,332	0.3141	0.3141

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone County	Boone County Fire Prot Dist	Debt Service	509,090,319	0.3300	0.3300	542,049,282	0.3300	0.3300	547,825,332	0.3250	0.3250
		General Revenue	341,666,831	0.6226	0.6000	372,425,653	0.6129	0.6000	380,442,921	0.6221	0.6000
		Dispatch	341,666,831	0.0300	0.0300	372,425,653	0.0295	0.0295	380,442,921	0.0299	0.0295
	Southern Boone Co Fire Prot Dist	Debt Service	341,666,831	0.2200	0.2200	372,425,653	0.2200	0.2200	380,442,921	0.2200	0.2200
		General Revenue	64,700,059	0.2200	0.2200	74,311,430	0.2181	0.2181	73,272,872	0.2274	0.2274
		Dispatch	64,700,059	0.0300	0.0300	74,311,430	0.0297	0.0297	73,272,872	0.0300	0.0300
	Columbia Special Business District	Debt Service	64,700,059	0.1600	0.1600	74,311,430	0.1600	0.1600	73,272,872	0.0508	0.0508
		General Revenue	23,889,804	0.5200	0.4300	23,988,596	0.5232	0.4300	24,354,865	0.5248	0.4300
	Southern Boone Co. R-I School Dist	Operating Funds-Schools	52,227,273	3.3572	3.3572	58,991,446	3.3236	3.3236	60,657,993	3.3163	3.3163
		Debt Service	52,227,273	1.3000	1.3000	58,991,446	1.3000	1.3000	60,657,993	1.2800	1.2800
	Boone Co. R-IV School District	Operating Funds-Schools	38,142,052	3.3716	3.3716	42,218,410	3.3808	3.3808	44,178,336	3.3603	3.3603
		Debt Service	38,142,052	0.7484	0.7484	42,218,410	0.7392	0.7392	44,178,336	0.7597	0.7597
	Sturgeon R-V School District	Operating Funds-Schools	20,490,190	3.5410	2.7500	21,565,812	3.5289	2.7500	22,658,789	3.5019	2.7500
		Debt Service	20,490,190	1.2700	1.2700	21,565,812	1.2700	1.2700	22,658,789	1.2700	1.2700
	Centralia R-VI School District	Operating Funds-Schools	58,624,104	2.8206	2.7500	63,357,108	2.7917	2.7500	65,022,585	3.0911	3.0911 *
		Debt Service	58,624,104	0.4700	0.4700	63,357,108	0.4700	0.4700	65,022,585	0.4700	0.4700
	Harrisburg R-VIII School District	Operating Funds-Schools	19,672,043	3.4696	3.1429	21,410,791	3.4791	3.1991	22,112,405	3.4513	3.1813
		Debt Service	19,672,043	1.1500	1.1500	21,410,791	1.1500	1.1500	22,112,405	1.1500	1.1500
	Columbia 93 School District	Operating Funds-Schools	1,185,615,646	4.3700	3.9681	1,281,852,353	4.3219	3.9325	1,329,506,025	4.3700	3.9525
		Debt Service	1,185,615,646	0.8219	0.8219	1,281,852,353	0.8219	0.8219	1,329,506,025	0.8019	0.8019
	Boone County	General Revenue	1,376,227,529	0.3301	0.1300	1,487,821,610	0.3272	0.1300	1,541,682,599	0.3286	0.1300
		Road & Bridge	1,376,227,529	0.2801	0.0500	1,487,821,610	0.2776	0.0500	1,541,682,599	0.2788	0.0500
		Hospital	1,376,227,529	0.1400	0.0000	1,487,821,610	0.1388	0.0000	1,541,682,599	0.1394	0.0000
		Sheltered Workshop	1,376,227,529	0.1200	0.1200	1,487,821,610	0.1189	0.1189	1,541,682,599	0.1194	0.1194
Buchanan	Village of Agency	General Revenue	3,962,780	0.6551	0.6551	4,473,095	0.6235	0.6235	4,542,644	0.6235	0.6235
	Village of DeKalb	General Revenue	1,017,205	0.8000	0.8000	1,065,212	0.8000	0.8000	1,049,205	0.8127	0.8127
	City of Easton	General Revenue	942,561	0.4229	0.4229	1,011,203	0.4202	0.4202	1,081,479	0.4244	0.4244
	Village of Lewis & Clark	General Revenue	617,770	0.4118	0.4118	699,600	0.3973	0.3973	677,560	0.4103	0.4103
		General Revenue-Temp	617,770	0.3000	0.3000 *	699,600	0.2894	0.2894	677,560	0.2989	0.2989
	Village of Rushville	General Revenue	950,994	0.5000	0.5000	1,057,930	0.4842	0.4842	1,180,200	0.4793	0.4793
	City of St. Joseph	General Revenue	705,252,979	0.6856	0.6856	764,689,218	0.6829	0.6829	779,734,718	0.6842	0.6842
		Parks & Recreation	705,252,979	0.2000	0.2000	764,689,218	0.1992	0.1992	779,734,718	0.1996	0.1996
		Library	534,344,996	0.4200	0.4200 *	571,965,659	0.4182	0.4182	575,162,086	0.4192	0.4192
		Museum	705,252,979	0.0500	0.0500	764,689,218	0.0498	0.0498	779,734,718	0.0499	0.0499
		Special Business District	6,611,900	0.8500	0.8500	6,625,610	0.8500	0.8500	6,677,240	0.8500	0.8500
		Health	705,252,979	0.2046	0.2046	764,689,218	0.2038	0.2038	779,734,718	0.2042	0.2042
		Rolling Hills Consolidated Library	General Revenue	443,779,420	0.3100	0.3100 *	515,270,188	0.3092	0.3092	497,156,079	0.3100
	Colony Hills Fire Protection Dist	General Revenue	5,458,932	0.8400	0.8400	6,198,128	0.8026	0.8026	6,591,158	0.9600	0.9600 *
	Lake Contrary Fire Protection Dist	General Revenue	3,015,741	0.8400	0.8400	3,685,977	0.8400	0.8400	3,946,120	0.8360	0.8300
		Fire	3,015,741	0.1000	0.0300	3,685,977	0.1000	0.0400	3,946,120	0.1995	0.1200 *
	Maxwell Heights Fire Prot Dist	General Revenue	29,194,346	0.8200	0.8200	19,089,831	0.8700	0.8700	16,187,100	0.8700	0.8700
		Debt Service	29,194,346	1.5572	1.5572	**	**	**	**	**	**

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Butler	Sugar Lake Fire Protection District	General Revenue	6,561,463	0.4400	0.4400 *	6,889,091	0.4383	0.4383	7,088,758	0.4383	0.4383
	S Central Buchanan Fire Prot Dist	General Revenue	41,565,705	0.2901	0.2900	46,150,282	0.2827	0.2827	47,593,222	0.2827	0.2827
	DeKalb Fire Protection District	General Revenue	12,071,760	0.2998	0.2998	13,302,435	0.2956	0.2956	13,819,340	0.2956	0.2956
	Rushville Fire Protection District	General Revenue	4,731,972	0.3000	0.3000	5,223,656	0.4464	0.4464 *	5,509,390	0.4420	0.4420
	Easton Fire Protection District	General Revenue	7,498,359	0.2585	0.2500	8,361,105	0.2521	0.2521	8,719,624	0.2491	0.2491
	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	33,793,166	4.3708	3.7208	35,520,206	4.3652	4.3652	36,581,690	4.3767	4.3767
	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	33,795,701	3.1462	3.1462	37,630,668	3.4462	3.4462 *	38,634,484	3.4625	3.4462
		Debt Service	33,795,701	0.1880	0.1880	37,630,668	0.6781	0.6781	38,634,484	0.6781	0.6781
	Buchanan County R-IV School Dist	Operating Funds-Schools	12,450,808	4.2442	4.2442	13,879,475	4.2413	4.2413	14,322,252	4.3216	4.3216
		Debt Service	12,450,808	0.4397	0.4397	13,879,475	0.4426	0.4426	14,322,252	0.4500	0.4500
	St. Joseph School District	Operating Funds-Schools	746,514,502	3.4709	2.9030	797,253,388	3.5017	2.9462	810,055,418	3.5115	2.9782
		Debt Service	746,514,502	0.3100	0.3100	797,253,388	0.3138	0.3138	810,055,418	0.3118	0.3118
	Buchanan County	General Revenue	846,315,579	0.3500	0.0517	905,062,545	0.3500	0.0732	919,872,467	0.3500	0.0739
		Road & Bridge	846,315,579	0.2722	0.2722	905,062,545	0.2722	0.2722	919,872,467	0.2724	0.2724
		Senate Bill 40	846,315,579	0.1000	0.1000	905,062,545	0.1000	0.1000	919,872,467	0.1000	0.1000
Butler	Neelyville-Naylor Ambulance Dist	General Revenue	31,282,015	0.3000	0.3000	32,013,855	0.3000	0.3000	32,460,525	0.3000	0.3000
	City of Fisk	General Revenue	1,763,800	0.6600	0.6600	1,602,779	0.7285	0.7000	1,544,113	0.7592	0.7592
	City of Neelyville	General Revenue	1,394,353	0.5700	0.5700	1,479,156	0.5700	0.5700	1,408,573	0.5986	0.5986
	City of Poplar Bluff	General Revenue	143,185,688	0.5100	0.5100	149,313,344	0.5100	0.5100	159,874,346	0.5100	0.5100
		Parks & Recreation	143,185,688	0.1500	0.0000	149,313,344	0.1500	0.1500	159,874,346	0.1500	0.0000
		Library	143,185,688	0.1500	0.1500	149,313,344	0.1500	0.1500	159,874,346	0.1500	0.1500
		Pension	143,185,688	0.1000	0.1000	149,313,344	0.1000	0.1000	159,874,346	0.1000	0.1000
	City of Qulin	General Revenue	1,688,535	0.4695	0.4600	1,663,921	0.4819	0.4819	1,655,568	0.4875	0.4875
	Butler County Fire Protection Dist	General Revenue	169,222,076	0.2600	0.2600	175,263,964	0.2600	0.2600	177,809,048	0.2600	0.2600
	Qulin Community Fire Prot Dist	General Revenue	13,740,759	0.1600	0.1600	14,010,464	0.1600	0.1600	14,043,803	0.1600	0.1600
	Three Rivers Community College	General Revenue	512,202,372	0.2400	0.2400	533,643,105	0.2400	0.2400	552,656,242	0.2400	0.2400
	Neelyville R-IV School District	Operating Funds-Schools	20,916,233	2.8801	2.7500	21,205,911	2.8400	2.8400	21,829,914	2.8845	2.8400
	Poplar Bluff R-I School District	Operating Funds-Schools	238,922,540	2.7500	2.7500 *	250,648,978	2.7500	2.7500 *	263,776,262	2.7500	2.7500 *
		Debt Service	238,922,540	0.1600	0.1600	250,648,978	0.1600	0.1600	263,776,262	0.1600	0.1600
	Twin Rivers R-X School District	Operating Funds-Schools	39,279,903	2.2553	2.1600	40,638,760	2.2246	2.1600	41,686,476	2.2236	2.1736
		Operating Funds-Temp	39,279,903	0.9100	0.9100	40,638,760	0.9100	0.9100	41,686,476	0.9100	0.9100
		Debt Service	**	**	**	40,638,760	0.1900	0.1900	41,686,476	0.1850	0.1850
	Butler County	General Revenue	325,947,176	0.3000	0.1100	338,337,063	0.3000	0.1100	353,813,779	0.3000	0.1100
		Road & Bridge	325,947,176	0.2300	0.0400	338,337,063	0.2300	0.0400	353,813,779	0.2300	0.0400
		Health	325,947,176	0.1000	0.1000	338,337,063	0.1000	0.1000	353,813,779	0.1000	0.1000
		Senate Bill 40	325,947,176	0.1000	0.0500	338,337,063	0.1000	0.1000	353,813,779	0.1000	0.1000
		Senior Services	325,947,176	0.0500	0.0500	338,337,063	0.0500	0.0500	353,813,779	0.0500	0.0500
Caldwell	Caldwell County Ambulance	General Revenue	72,964,320	0.1871	0.1871	77,652,556	0.1871	0.1871	78,566,116	0.1925	0.1925
	Golden Age Nursing Home District	General Revenue	16,691,748	0.1500	0.1500	17,260,141	0.1500	0.1500	17,087,651	0.1500	0.1400
	City of Braymer	General Revenue	4,456,353	0.6909	0.6800	4,860,507	0.6843	0.6800	5,024,570	0.6875	0.6875
	City of Breckenridge	General Revenue	1,817,389	0.8900	0.7700	2,030,929	0.8675	0.7700	2,044,548	0.8742	0.7700

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell Co	City of Cowgill	Lights	1,817,389	0.0925	0.0800	2,030,929	0.0901	0.0800	2,044,548	0.0908	0.0800
		Library	1,817,389	0.0463	0.0400	2,030,929	0.0451	0.0400	2,044,548	0.0454	0.0400
		Police	1,817,389	0.0925	0.0800	2,030,929	0.0901	0.0800	2,044,548	0.0908	0.0800
		Fire	1,817,389	0.1387	0.1200	2,030,929	0.1352	0.1200	2,044,548	0.1362	0.1200
		General Revenue	952,739	0.7500	0.7500	1,148,377	0.6431	0.6431	910,472	0.8111	0.6900
	City of Hamilton	General Revenue	9,956,601	0.7185	0.7000	10,909,518	0.7060	0.7060	10,855,349	0.7159	0.7159
		Parks & Recreation	9,956,601	0.2499	0.2499	10,909,518	0.2456	0.2456	10,855,349	0.2490	0.2490
		Lights	9,956,601	0.2083	0.2083	10,909,518	0.2047	0.2047	10,855,349	0.2076	0.2076
		Library	9,956,601	0.3020	0.3020	10,909,518	0.2968	0.2968	10,855,349	0.3009	0.3009
	City of Kidder	Debt Service	9,956,601	0.5900	0.5900	10,909,518	0.5400	0.5400	10,855,349	0.5428	0.5428
		General Revenue	1,312,701	0.8037	0.7400	1,577,538	0.7254	0.7254	1,543,757	0.7633	0.7633
		Debt Service	1,312,701	0.5764	0.5764	1,577,538	0.6200	0.6200	1,543,757	0.5864	0.5864
	City of Kingston	General Revenue	1,332,967	0.7832	0.7600	1,383,089	0.7832	0.7832	1,394,797	0.8003	0.8003
	City of Polo	General Revenue	2,888,389	0.8051	0.8051	3,373,340	0.7329	0.7329	3,366,755	0.7505	0.7505
		Debt Service	2,888,389	0.4215	0.4215	3,373,340	0.3013	0.3013	3,366,755	0.3247	0.3247
	Breckenridge Township, Caldwell Co	General Revenue	4,984,413	0.1000	0.1000	4,757,777	0.1000	0.1000	5,289,046	0.0956	0.0956
		Road & Bridge	4,984,413	0.5000	0.4400	4,757,777	0.5000	0.4400	5,289,046	0.4780	0.4400
		Special Road and Bridge	4,984,413	0.3500	0.3200	4,757,777	0.3200	0.3200 *	5,289,046	0.3059	0.3059
	Davis Township of Caldwell Co	General Revenue	8,199,767	0.0928	0.0900	8,678,310	0.0928	0.0928	8,776,632	0.0928	0.0900
		Road & Bridge	8,199,767	0.4332	0.4300	8,678,310	0.4332	0.4332	8,776,632	0.4332	0.4300
		Special Road and Bridge	8,199,767	0.1700	0.1700 *	8,678,310	0.1700	0.1700	8,776,632	0.1700	0.1700
	Fairview Township of Caldwell Co	General Revenue	2,493,340	0.1000	0.1000	2,615,616	0.1000	0.1000	2,500,889	0.1000	0.1000
		Road & Bridge	2,493,340	0.4930	0.4600	2,615,616	0.4930	0.4600	2,500,889	0.5000	0.4600
		Special Road and Bridge	2,493,340	0.3300	0.3300	2,615,616	0.3300	0.3200 *	2,500,889	0.3300	0.3200
	Gomer Township of Caldwell County	General Revenue	4,093,514	0.1000	0.0900	4,079,744	0.1000	0.0900	4,148,039	0.1000	0.0900
		Road & Bridge	4,093,514	0.4675	0.4500	4,079,744	0.4757	0.4500	4,148,039	0.4757	0.4500
		Special Road and Bridge	4,093,514	0.3500	0.3500	4,079,744	0.3500	0.3500 *	4,148,039	0.3500	0.3500
	Grant Township of Caldwell County	General Revenue	10,768,119	0.1000	0.1000	11,462,682	0.1000	0.1000	11,594,902	0.1000	0.1000
		Road & Bridge	10,768,119	0.4084	0.4084	11,462,682	0.4084	0.4084	11,594,902	0.4084	0.4084
		Special Road and Bridge	10,768,119	0.2400	0.2400	11,462,682	0.2400	0.2400	11,594,902	0.2400	0.2400
	Hamilton Township of Caldwell Co	General Revenue	14,915,131	0.0937	0.0800	16,204,678	0.0929	0.0800	16,237,219	0.0929	0.0800
		Road & Bridge	14,915,131	0.3750	0.3400	16,204,678	0.3719	0.3400	16,237,219	0.3719	0.3400
	Kidder Township of Caldwell Co	General Revenue	6,530,616	0.0931	0.0931	7,457,551	0.0918	0.0918	7,756,773	0.0897	0.0897
		Road & Bridge	6,530,616	0.3826	0.3826	7,457,551	0.3771	0.3771	7,756,773	0.3683	0.3683
		Special Road and Bridge	6,530,616	0.3300	0.3300	7,457,551	0.3253	0.3253	7,756,773	0.3177	0.3177
	Kingston Township of Caldwell Co	General Revenue	4,663,499	0.1000	0.1000	4,813,234	0.1000	0.1000	4,796,431	0.1000	0.1000
		Road & Bridge	4,663,499	0.4517	0.4400	4,813,234	0.4517	0.4517	4,796,431	0.4557	0.4517
		Special Road and Bridge	4,663,499	0.3500	0.3500	4,813,234	0.3500	0.3500	4,796,431	0.3500	0.3500
	Lincoln Township of Caldwell Co	General Revenue	4,528,898	0.1000	0.1000	4,883,235	0.0972	0.0972	4,671,166	0.1000	0.0900
		Road & Bridge	4,528,898	0.4282	0.4000	4,883,235	0.4164	0.4000	4,671,166	0.4372	0.4100
		Special Road and Bridge	4,528,898	0.3400	0.3400	4,883,235	0.3306	0.3306	4,671,166	0.3400	0.3300
	Mirabile Township of Caldwell Co	General Revenue	3,742,487	0.1000	0.1000	3,951,428	0.1000	0.1000	4,015,607	0.1000	0.1000
		Road & Bridge	3,742,487	0.4536	0.4400	3,951,428	0.4536	0.4400	4,015,607	0.4536	0.4400

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	New York Township of Caldwell Co	Special Road and Bridge	3,742,487	0.3402	0.3300	3,951,428	0.3300	0.3300 *	4,015,607	0.3300	0.3300
		General Revenue	3,073,897	0.0911	0.0911	3,142,028	0.0911	0.0911	3,323,170	0.0892	0.0892
		Road & Bridge	3,073,897	0.4354	0.4354	3,142,028	0.4354	0.4300	3,323,170	0.4263	0.4263
	Rockford Township of Caldwell Co	Special Road and Bridge	3,073,897	0.3100	0.3100	3,142,028	0.3100	0.3100	3,323,170	0.3035	0.3035
		General Revenue	4,970,639	0.0940	0.0900	5,306,273	0.0940	0.0900	5,456,242	0.0939	0.0900
		Road & Bridge	4,970,639	0.4178	0.4000	5,306,273	0.4178	0.4178	5,456,242	0.4173	0.4100
	Breckenridge R-I School District	Special Road and Bridge	4,970,639	0.3342	0.3200	5,306,273	0.3500	0.3500 *	5,456,242	0.3496	0.3400
		Operating Funds-Schools	4,425,542	5.3650	4.4500	4,444,618	5.4850	4.6700	4,459,958	5.4817	4.6517
	Hamilton R-II School District	Operating Funds-Schools	23,061,938	3.2307	3.2966	25,391,382	3.2131	3.2131	25,854,311	3.3006	3.3006
		Debt Service	23,061,938	0.3634	0.3634	25,391,382	0.6000	0.6000	25,854,311	0.5125	0.5125
	New York R-IV School District	Operating Funds-Schools	2,473,107	5.4670	3.8500	2,616,276	5.3866	3.8500	2,707,782	5.5289	3.9289
	Cowgill R-VI School District	Operating Funds-Schools	2,986,938	3.7718	3.7718	3,305,184	3.8559	3.8559	3,148,134	3.9265	3.9265
	Polo R-VII School District	Operating Funds-Schools	14,298,361	3.4221	3.4200	15,455,235	3.4152	3.4152	15,957,811	3.4020	3.4020
		Debt Service	14,298,361	0.3500	0.3500	15,455,235	0.5774	0.5774	15,957,811	0.6064	0.6064
	Mirabile C-1 School District	Operating Funds-Schools	2,850,104	4.2006	4.2006	2,856,294	4.1621	4.1621	3,215,523	4.3699	4.3699
		Debt Service	**	**	**	2,856,294	0.5816	0.5816	3,215,523	0.6778	0.6778
	Braymer C-4 School District	Operating Funds-Schools	12,932,436	3.5984	2.7500	13,737,414	3.5300	2.7500	13,951,959	3.6153	2.7500
		Debt Service	12,932,436	0.7039	0.7039	13,737,414	0.3755	0.3755	13,951,959	0.5640	0.5640
	Kingston 42 School District	Operating Funds-Schools	2,791,669	4.4780	4.4780	2,923,498	4.5736	4.5000	2,970,372	4.7254	4.7254
	Caldwell County	General Revenue	72,964,320	0.3638	0.2500	77,652,556	0.3638	0.2400	78,566,116	0.3743	0.2300
		Health	72,964,320	0.1455	0.1455	77,652,556	0.1455	0.1455	78,566,116	0.2497	0.2497 *
Callaway	Callaway County Ambulance District	General Revenue	536,059,775	0.1200	0.1200	560,369,874	0.1200	0.1200	570,144,490	0.1200	0.1200
	City of Auxvasse	General Revenue	6,065,604	0.5900	0.5900	6,520,098	0.5900	0.5900	6,692,969	0.5900	0.5900
		Debt Service	6,065,604	0.3349	0.3349	6,520,098	0.2500	0.2500	**	**	**
	City of Fulton	General Revenue	78,178,755	0.4395	0.4200	84,698,716	0.4341	0.4200	83,661,269	0.4530	0.4200
	Village of Kingdom City	General Revenue	6,449,447	0.2058	0.2058	7,045,730	0.2058	0.2058	7,274,793	0.2064	0.2064
	City of Mokane	General Revenue	1,014,515	0.6000	0.6000	1,142,672	0.6000	0.6000	1,167,633	0.6058	0.6058
		General Revenue	3,825,735	0.3100	0.3100	4,031,002	0.3169	0.3100	4,185,834	0.3183	0.3100
	City of New Bloomfield	Debt Service	3,825,735	0.6500	0.6500	4,031,002	0.7500	0.7500	4,185,834	0.8000	0.8000
		General Revenue	2,985,438	0.5100	0.5100	3,482,161	0.5003	0.5003	3,403,464	0.5119	0.5119
	Callaway County Library	General Revenue	535,881,856	0.2000	0.2000 *	560,189,335	0.2000	0.2000	569,973,034	0.2000	0.2000
	Millersburg Fire Protection Dist	General Revenue	19,462,241	0.4700	0.4600	20,637,718	0.4700	0.4600	21,869,606	0.4718	0.4600
	Central Callaway Fire Prot Dist	General Revenue	41,987,857	0.4400	0.4400	44,642,982	0.4400	0.4400	46,343,748	0.4429	0.4400
	Holts Summit Fire Protection Dist	General Revenue	63,957,312	0.2600	0.2600	68,199,705	0.2600	0.2600	70,882,018	0.2614	0.2600
	South Callaway Fire Protection Dist	General Revenue	236,389,574	0.1000	0.1000	237,507,201	0.1000	0.1000	239,954,404	0.2005	0.2000 *
	North Callaway Fire Protection Dist	General Revenue	55,913,591	0.2706	0.2706	58,588,981	0.2706	0.2706	61,467,041	0.2724	0.2724
	New Bloomfield Fire Protection Dist	General Revenue	22,150,446	0.2800	0.2800	23,259,441	0.2831	0.2831	25,204,222	0.2831	0.2831
	North Callaway Co R-I School Dist	Operating Funds-Schools	57,767,916	2.8309	2.7500	60,755,554	2.8142	2.7500	65,030,260	2.7815	2.7500
		Debt Service	57,767,916	0.5600	0.5600	60,755,554	0.5600	0.5600	65,030,260	0.5600	0.5600
	New Bloomfield R-III School Dist	Operating Funds-Schools	27,293,273	2.7500	2.7500 *	28,829,263	3.0500	3.0500 *	30,931,681	3.0510	3.0510
		Debt Service	27,293,273	1.0100	1.0100	28,829,263	0.9900	0.9900	30,931,681	0.9900	0.9900
	Fulton 58 School District	Operating Funds-Schools	118,416,266	2.9902	2.9902	127,589,600	2.9683	2.9683	128,930,082	3.0725	3.0725

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	South Callaway Co R-II School Dist Callaway County	Debt Service	118,416,266	0.7800	0.7800	127,589,600	0.7800	0.7800	128,930,082	0.7800	0.7800
		Operating Funds-Schools	233,781,375	2.1000	2.1000 *	236,555,974	2.5000	2.5000 *	237,910,529	2.5000	2.5000 *
		General Revenue	536,059,775	0.3100	0.3100	560,369,874	0.3100	0.3100	570,144,490	0.3132	0.3132
		Road & Bridge	536,059,775	0.2400	0.2400	560,369,874	0.2400	0.2400	570,144,490	0.2425	0.2425
		Senate Bill 40	536,059,775	0.1000	0.1000	560,369,874	0.1000	0.1000	570,144,490	0.1000	0.1000
Camden	CAM-MO Ambulance District	General Revenue	298,844,402	0.1261	0.1261	340,755,483	0.1218	0.1218	361,480,505	0.1218	0.1218
	Horseshoe Bend Sp Rd 1 Camden Co	Special Road and Bridge	158,157,372	0.3500	0.3500	177,828,303	0.3500	0.3500 *	191,153,726	0.3500	0.3500
	Village of Climax Springs	General Revenue	331,799	0.4323	0.4300	367,526	0.4305	0.4305	315,907	0.5008	0.5008
	City of Linn Creek	General Revenue	3,278,640	0.1598	0.0000	3,730,069	0.1570	0.0000	3,961,685	0.1570	0.0000
	City of Macks Creek	General Revenue	1,076,705	0.2465	0.2300	1,212,931	0.2465	0.2300	1,283,373	0.2472	0.2300
	City of Stoutland	General Revenue	670,471	0.7092	0.7092	721,526	0.7092	0.7092	708,912	0.7221	0.7092
	City of Sunrise Beach	General Revenue	6,051,430	0.1721	0.1700	7,593,437	0.1506	0.1500	7,889,917	0.1506	0.1500
	Camden County Library	General Revenue	814,871,205	0.1050	0.1000	921,948,971	0.1020	0.1020	968,818,135	0.1020	0.1020
	Osage Beach Fire Protection Dist	General Revenue	245,389,133	0.3200	0.3200	272,847,760	0.5126	0.5126 *	287,165,322	0.5126	0.5126
		Debt Service	245,389,133	0.0700	0.0700	272,847,760	0.0774	0.0774	287,165,322	0.0874	0.0874
	Sunrise Beach Fire Protection Dist	General Revenue	141,762,656	0.4200	0.4200 *	165,873,274	0.4039	0.4039	177,135,648	0.4039	0.4039
		Debt Service	141,762,656	0.1298	0.1200	165,873,274	0.1010	0.1010	177,135,648	0.1087	0.1087
	Mid County Fire Protection District	General Revenue	142,055,751	0.3000	0.3000 *	160,757,300	0.2933	0.2933	167,744,703	0.2933	0.2933
		Debt Service	142,055,751	0.2600	0.2600	160,757,300	0.2586	0.2586	167,744,703	0.2569	0.2569
	Northwest Fire Protection District	General Revenue	34,828,755	0.3000	0.3000	39,872,987	0.2825	0.2825	40,722,516	0.2825	0.2825
	Southwest Camden Co Fire Prot Dist	General Revenue	16,250,000	0.3000	0.3000 *	16,851,570	0.3000	0.3000	17,541,942	0.3000	0.3000
	Camden Co. R-II School District	Operating Funds-Schools	15,645,519	3.3600	2.7500	16,586,688	3.3477	2.7500	17,088,785	3.3659	2.7500
	Camdenton R-III School District	Operating Funds-Schools	539,842,411	2.7737	2.6200	615,632,451	2.6739	2.6200	645,313,701	2.6737	2.6200
		Debt Service	539,842,411	0.0800	0.0800	615,632,451	0.0800	0.0800	645,313,701	0.1700	0.1700
	Climax Springs R-IV School District	Operating Funds-Schools	48,710,625	2.7500	2.7500 *	56,362,270	2.5900	2.5900 *	58,820,207	2.6700	2.6700 *
	Macks Creek R-V School District	Operating Funds-Schools	15,491,299	3.3110	2.7500	18,220,909	3.1281	2.7500	19,513,485	3.1581	3.0000
		Debt Service	15,491,299	0.9500	0.9500	18,220,909	0.9500	0.9500	19,513,485	0.7000	0.7000
	Camden County	General Revenue	814,871,205	0.2310	0.0800	921,948,971	0.2244	0.0900	968,818,135	0.2244	0.0900
		Road & Bridge	814,871,205	0.1575	0.0900	921,948,971	0.1530	0.0900	968,818,135	0.1530	0.1000
		Senate Bill 40	814,871,205	0.0630	0.0600	921,948,971	0.0612	0.0600	968,818,135	0.0612	0.0612
		Senior Services	814,871,205	0.0500	0.0500 *	921,948,971	0.0486	0.0486	968,818,135	0.0486	0.0486
Cape Girardeau	Cape Special Road District	Road & Bridge	445,736,560	0.2700	0.2700	491,590,186	0.2639	0.2639	492,340,764	0.2681	0.2681
	City of Cape Girardeau	General Revenue	375,313,632	0.3200	0.3200	405,668,565	0.3128	0.3128	411,131,504	0.3135	0.3135
		Health	375,313,632	0.0600	0.0600	405,668,565	0.0586	0.0586	411,131,504	0.0587	0.0587
		Debt Service	375,313,632	0.1000	0.1000	405,668,565	0.1000	0.1000	411,131,504	0.1000	0.1000
	City of Delta	General Revenue	2,209,757	0.6500	0.6500	2,374,589	0.6299	0.6299	2,388,495	0.6320	0.6300
	Village of Gordonville	General Revenue	3,208,846	0.4808	0.4808	3,382,984	0.4780	0.4780	3,487,142	0.4780	0.4780
	City of Jackson	General Revenue	117,029,951	0.6200	0.6100	132,519,426	0.6055	0.6000	137,387,049	0.6055	0.6000
		Parks & Recreation	117,029,951	0.1300	0.1200	132,519,426	0.1270	0.1200	137,387,049	0.1270	0.1270
		Library	117,029,951	0.1300	0.1300	132,519,426	0.1270	0.1270	137,387,049	0.1270	0.1270
		Band	117,029,951	0.0800	0.0700	132,519,426	0.0781	0.0700	137,387,049	0.0781	0.0700



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Cemetery	117,029,951	0.0800	0.0700	132,519,426	0.0781	0.0700	137,387,049	0.0781	0.0700
	Village of Oak Ridge	General Revenue	1,079,439	0.2681	0.2681	1,144,276	0.2681	0.2681	1,176,216	0.2681	0.2681
	Village of Pocahontas	General Revenue	490,303	0.5401	0.5000	515,126	0.5375	0.5000	528,376	0.5324	0.5200
	Village of Whitewater	General Revenue	425,852	0.6707	0.6700	474,768	0.6594	0.6594	512,246	0.6595	0.6595
	Village of Old Appleton	General Revenue	523,432	0.3031	0.3000	554,655	0.2990	0.2990	539,919	0.3071	0.3071
	Town of Allenville	General Revenue	290,978	0.3699	0.2800	325,309	0.3520	0.3520	333,808	0.3513	0.3513
	Town of Dutchtown	General Revenue	490,936	0.0000	0.3200	508,853	0.3200	0.3200 *	510,464	0.3200	0.3200
	Cape Girardeau Public Library	General Revenue	345,834,883	0.1700	0.1700	373,741,044	0.1664	0.1664	378,998,328	0.1665	0.1665
	Cape Girardeau County Library	General Revenue	318,031,625	0.0801	0.0801	361,542,692	0.0790	0.0790	356,640,897	0.0832	0.0832
	East County Area Fire Prot District	General Revenue	63,125,939	0.3000	0.3000	71,778,839	0.3000	0.3000	62,494,111	0.3000	0.3000
	Delta Fire Protection District	General Revenue	10,986,497	0.3000	0.2900	11,559,141	0.2986	0.2986	11,799,767	0.2986	0.2986
	Fruitland Area Fire Protection Dist	General Revenue	50,918,400	0.3000	0.2200	57,120,524	0.2961	0.2100	58,741,424	0.2965	0.2100
	North Cape Co Rural Fire Prot Dist	General Revenue	17,471,511	0.3000	0.2500	18,401,381	0.3000	0.2500	18,530,596	0.3000	0.2500
	Gordonville Fire Protection Dist	General Revenue	38,005,219	0.2900	0.2900	41,059,137	0.2900	0.2900	42,695,730	0.2900	0.2900
	Millersville Fire Protection Dist	General Revenue	25,426,416	0.3000	0.3000	27,381,142	0.2981	0.2981	28,274,184	0.2981	0.2981
	Whitewater Fire Protection Dist	General Revenue	9,315,237	0.2900	0.2900	10,001,399	0.2871	0.2871	10,181,032	0.3890	0.3890 *
	Cape Girardeau Spec Business Dist	General Revenue	2,097,310	0.8300	0.7900	2,294,080	0.7838	0.7838	2,353,810	0.7793	0.7793
	Jackson R-II School District	Operating Funds-Schools	233,484,727	3.0117	2.7500	264,380,401	2.9546	2.7500	257,626,886	3.0892	2.7500
		Debt Service	233,484,727	0.4600	0.4600	264,380,401	0.5600	0.5600	257,626,886	0.5600	0.5600
	Delta R-V School District	Operating Funds-Schools	15,022,674	3.2188	3.0800	15,865,716	3.2132	3.1500	16,138,713	3.2424	3.2424
		Debt Service	15,022,674	0.2500	0.2500	15,865,716	0.1800	0.1800	16,138,713	0.2500	0.2500
	Oak Ridge R-VI School District	Operating Funds-Schools	13,901,687	3.4368	2.7500	14,868,083	3.3843	2.7500	15,320,696	3.3627	2.7500
		Debt Service	13,901,687	0.6000	0.6000	14,868,083	0.9000	0.9000	15,320,696	0.9000	0.9000
	Cape Girardeau 63 School District	Operating Funds-Schools	383,984,930	3.1052	3.0000	426,481,899	3.5293	3.5200 *	426,907,537	3.5867	3.4300
		Debt Service	383,984,930	0.4100	0.4100	426,481,899	0.4700	0.4700	426,907,537	0.5600	0.5600
	Nell Holcomb R-IV School District	Operating Funds-Schools	27,137,538	3.6000	2.9800	30,116,347	3.5978	3.0854	37,635,465	3.5875	3.1675
	Cape Girardeau County	General Revenue	724,287,839	0.3500	0.0000	803,218,078	0.3437	0.0000	803,290,638	0.3500	0.0000
		Road & Bridge	278,551,279	0.2308	0.2200	311,627,892	0.2284	0.2284	310,949,874	0.2369	0.2300
		Health	724,287,839	0.1000	0.1000	803,218,078	0.0982	0.0982	803,290,638	0.1000	0.1000
		Mental Health	724,287,839	0.0800	0.0800	803,218,078	0.0786	0.0786	803,290,638	0.0805	0.0805
		Senate Bill 40	724,287,839	0.0800	0.0800	803,218,078	0.0786	0.0786	803,290,638	0.0805	0.0805
		Senior Services	724,287,839	0.0500	0.0500	803,218,078	0.0491	0.0491	803,290,638	0.0500	0.0500
Carroll	Carroll County Ambulance District	General Revenue	120,215,319	0.2838	0.2838	122,165,833	0.2842	0.2842	125,659,649	0.2832	0.2800
	Big Creek Watershed Sub Dist	General Revenue	13,320,909	0.3298	0.2000	13,516,582	0.3308	0.1000	13,617,977	0.3311	0.1000
	City of Bogard	General Revenue	868,926	0.8408	0.8200	837,390	0.8725	0.8200	874,494	0.8707	0.8200
	City of Bosworth	General Revenue	1,451,713	0.8079	0.8079	1,491,703	0.8152	0.8152	1,517,178	0.8152	0.8152
	Town of Carrollton	General Revenue	25,907,550	0.6635	0.6635	26,709,437	0.6642	0.6642	27,143,158	0.6696	0.6696
		Parks & Recreation	25,907,550	0.2513	0.2513	26,709,437	0.2515	0.2515	27,143,158	0.2535	0.2535
		Library	25,907,550	0.2614	0.2614	26,709,437	0.2617	0.2617	27,143,158	0.2638	0.2638
	City of De Witt	General Revenue	358,943	0.8491	0.8000	373,461	0.8556	0.8556	420,009	0.8409	0.8409
	City of Hale	General Revenue	1,950,969	0.3355	0.3300	1,976,740	0.3362	0.3362	1,943,714	0.3428	0.3428
		Lights	1,950,969	0.2644	0.2600	1,976,740	0.2649	0.2649	1,943,714	0.2701	0.2701

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Norborne		Streets	1,950,969	0.1525	0.1500	1,976,740	0.1528	0.1528	1,943,714	0.1558	0.1558
		Debt Service	1,950,969	0.6407	0.6407	1,976,740	0.5109	0.5109	1,943,714	0.4913	0.4913
		General Revenue	5,510,351	0.6888	0.6888	5,606,263	0.6904	0.6904	5,610,218	0.6983	0.6983
		Parks & Recreation	5,510,351	0.1673	0.1673	5,606,263	0.1677	0.1677	5,610,218	0.1696	0.1696
		Library	5,510,351	0.1279	0.1279	5,606,263	0.1282	0.1282	5,610,218	0.1297	0.1297
Village of Tina		General Revenue	796,084	0.9954	0.9954	811,764	1.0000	1.0000	828,631	0.9954	0.9954
Carrollton Township of Carroll Co		General Revenue	35,571,670	0.0908	0.0600	36,456,182	0.0909	0.0600	37,502,151	0.0909	0.0600
		Road & Bridge	35,571,670	0.3832	0.3500	36,456,182	0.3838	0.3500	37,502,151	0.3838	0.3200
Cherry Valley Twsp of Carroll Co		General Revenue	1,129,366	0.1000	0.1000	1,123,890	0.1000	0.1000	1,124,915	0.1000	0.1000
		Road & Bridge	1,129,366	0.5000	0.5000	1,123,890	0.5000	0.5000	1,124,915	0.4999	0.4999
		Special Road and Bridge	1,129,366	0.3500	0.3500	1,123,890	0.3500	0.3500	1,124,915	0.3500	0.3500
De Witt Township of Carroll Co		General Revenue	6,862,677	0.1000	0.1000	6,886,141	0.1000	0.1000	7,123,341	0.0994	0.0994
		Road & Bridge	6,862,677	0.4275	0.4275	6,886,141	0.4298	0.4298	7,123,341	0.4272	0.4272
		Special Road and Bridge	6,862,677	0.3500	0.3500	6,886,141	0.3500	0.3500	7,123,341	0.3500	0.3500 *
Egypt Township of Carroll Co		General Revenue	10,448,090	0.0900	0.0900	10,723,155	0.0900	0.0900	10,564,681	0.0919	0.0919
		Road & Bridge	10,448,090	0.3300	0.3300	10,723,155	0.3300	0.3300	10,564,681	0.3369	0.3369
Eugene Township of Carroll Co		General Revenue	6,231,246	0.1000	0.1000	6,189,216	0.1000	0.1000	6,333,929	0.0994	0.0994
		Road & Bridge	6,231,246	0.5000	0.5000	6,189,216	0.5000	0.5000	6,333,929	0.4971	0.4971
		Special Road and Bridge	6,231,246	0.3500	0.3500	6,189,216	0.3500	0.3500	6,333,929	0.3480	0.3480
Fairfield Township of Carroll Co		General Revenue	2,594,559	0.0818	0.0818	2,631,036	0.0818	0.0818	2,593,708	0.0835	0.0835
		Road & Bridge	2,594,559	0.3989	0.3989	2,631,036	0.3992	0.3992	2,593,708	0.4074	0.4074
		Special Road and Bridge	2,594,559	0.3500	0.3500	2,631,036	0.3500	0.3500	2,593,708	0.3500	0.3500
Hill Township of Carroll Co		General Revenue	2,999,241	0.1000	0.1000	3,006,248	0.1000	0.1000	3,317,845	0.0939	0.0939
		Road & Bridge	2,999,241	0.4970	0.4970	3,006,248	0.5000	0.5000	3,317,845	0.4697	0.4697
		Special Road and Bridge	2,999,241	0.3500	0.3500	3,006,248	0.3500	0.3500	3,317,845	0.3288	0.3288
Hurricane Township of Carroll Co		General Revenue	6,097,965	0.0900	0.0900	6,337,678	0.0900	0.0900	6,364,167	0.0900	0.0900
		Road & Bridge	6,097,965	0.4000	0.4000	6,337,678	0.4000	0.4000	6,364,167	0.4000	0.4000
		Special Road and Bridge	6,097,965	0.3500	0.3500	6,337,678	0.3500	0.3500	6,364,167	0.3500	0.3500
Leslie Township of Carroll Co		General Revenue	3,704,294	0.0943	0.0943	3,725,919	0.0943	0.0943	3,999,261	0.0908	0.0908
		Road & Bridge	3,704,294	0.4506	0.4506	3,725,919	0.4506	0.4506	3,999,261	0.4340	0.4340
		Special Road and Bridge	3,704,294	0.3249	0.3249	3,725,919	0.3500	0.3500 *	3,999,261	0.3371	0.3371
Moss Creek Township of Carroll Co		General Revenue	5,640,973	0.1000	0.1000	5,698,702	0.1000	0.1000	5,757,751	0.1000	0.1000
		Road & Bridge	5,640,973	0.5000	0.5000	5,698,702	0.5000	0.5000	5,757,751	0.5000	0.5000
		Special Road and Bridge	5,640,973	0.3500	0.3500	5,698,702	0.3500	0.3500	5,757,751	0.3500	0.3500 *
Prairie Township of Carroll Co		General Revenue	3,409,388	0.0815	0.0815	3,437,232	0.0815	0.0815	3,485,831	0.0815	0.0815
		Road & Bridge	3,409,388	0.3873	0.3873	3,437,232	0.3873	0.3873	3,485,831	0.3873	0.3873
		Special Road and Bridge	3,409,388	0.3500	0.3500	3,437,232	0.3500	0.3500	3,485,831	0.3500	0.3500
Ridge Township of Carroll Co		General Revenue	5,213,070	0.1000	0.1000	5,310,360	0.1000	0.1000	5,489,477	0.0985	0.0985
		Road & Bridge	5,213,070	0.4749	0.4749	5,310,360	0.4749	0.4749	5,489,477	0.4679	0.4679
		Special Road and Bridge	5,213,070	0.3500	0.3500	5,310,360	0.3500	0.3500	5,489,477	0.3449	0.3449
Rockford Township of Carroll Co		General Revenue	1,938,646	0.1000	0.0900	1,962,688	0.1000	0.0900	2,102,832	0.0955	0.0955
		Road & Bridge	1,938,646	0.4216	0.2700	1,962,688	0.4216	0.2700	2,102,832	0.4028	0.2700
		Special Road and Bridge	1,938,646	0.3497	0.3400	1,962,688	0.3500	0.3400 *	2,102,832	0.3344	0.3344

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Stokes Mound Township of Carroll Co	General Revenue	3,752,733	0.1000	0.1000	3,800,562	0.1000	0.1000	3,927,316	0.1000	0.1000
		Road & Bridge	3,752,733	0.4700	0.4700	3,800,562	0.4713	0.4713	3,927,316	0.4713	0.4713
		Special Road and Bridge	3,752,733	0.3300	0.3300	3,800,562	0.3500	0.3500 *	3,927,316	0.3500	0.3500
	Sugartree Township of Carroll Co	General Revenue	1,623,607	0.1000	0.1000	1,595,466	0.1000	0.1000	1,681,904	0.0976	0.0976
		Road & Bridge	1,623,607	0.5000	0.5000	1,595,466	0.5000	0.5000	1,681,904	0.4879	0.4879
		Special Road and Bridge	1,623,607	0.3500	0.3500	1,595,466	0.3500	0.3500	1,681,904	0.3415	0.3415
	Trotter Township of Carroll Co	General Revenue	3,725,294	0.0922	0.0922	3,821,007	0.0927	0.0927	3,905,406	0.0924	0.0924
		Road & Bridge	3,725,294	0.4611	0.4611	3,821,007	0.4638	0.4638	3,905,406	0.4625	0.4625
		Special Road and Bridge	3,725,294	0.3279	0.3279	3,821,007	0.3298	0.3298	3,905,406	0.3500	0.3500 *
	Van Horn Township of Carroll Co	General Revenue	5,605,499	0.1000	0.1000	5,628,207	0.1000	0.1000	5,930,992	0.0965	0.0965
		Road & Bridge	5,605,499	0.4746	0.4746	5,628,207	0.4794	0.4794	5,930,992	0.4625	0.4625
		Special Road and Bridge	5,605,499	0.2889	0.2889	5,628,207	0.2918	0.2918	5,930,992	0.3500	0.3500 *
	Wakenda Township of Carroll Co	General Revenue	6,065,141	0.1000	0.1000	6,227,936	0.1000	0.1000	6,343,586	0.1000	0.1000
		Road & Bridge	6,065,141	0.5000	0.5000	6,227,936	0.5000	0.5000	6,343,586	0.5000	0.5000
		Special Road and Bridge	6,065,141	0.3500	0.3500	6,227,936	0.3500	0.3500	6,343,586	0.3500	0.3500 *
	Washington Township of Carroll Co	General Revenue	2,615,829	0.0929	0.0929	2,586,349	0.0950	0.0929	2,721,070	0.0934	0.0934
		Road & Bridge	2,615,829	0.4334	0.4334	2,586,349	0.4431	0.4334	2,721,070	0.4357	0.4357
		Special Road and Bridge	2,615,829	0.2993	0.2993	2,586,349	0.3500	0.2993 *	2,721,070	0.3441	0.3441
	Combs Township of Carroll Co	General Revenue	4,986,031	0.1000	0.1000	5,017,859	0.1000	0.1000	5,389,486	0.0953	0.0953
		Road & Bridge	4,986,031	0.4866	0.4866	5,017,859	0.4884	0.4884	5,389,486	0.4655	0.4655
		Special Road and Bridge	4,986,031	0.3416	0.3416	5,017,859	0.3500	0.3500 *	5,389,486	0.3336	0.3336
	North Central Carroll Fire Prot Dis	General Revenue	9,682,294	0.2906	0.2906	12,670,944	0.2906	0.2906	14,256,826	0.2672	0.2672
	Carroll County Fire Protection Dist	General Revenue	40,350,157	0.2879	0.2879	40,621,965	0.2894	0.2700	42,000,434	0.2858	0.2600
	Norborne Fire Protection District	General Revenue	16,348,403	0.3000	0.2000 *	16,696,937	0.3000	0.2000	16,567,848	0.3000	0.2000
	Hale Fire Protection District	General Revenue	10,372,681	0.3000	0.2400 *	10,810,637	0.3000	0.3000	10,840,587	0.3000	0.3000
	Hale R-I School District	Operating Funds-Schools	6,370,897	4.2647	3.3800	6,520,023	4.0884	3.3532	6,476,185	4.1564	3.4200
		Debt Service	6,370,897	0.2817	0.2817	6,520,023	0.1893	0.1893	6,476,185	0.2922	0.2922
	Tina-Avalon R-II School District	Operating Funds-Schools	6,770,824	3.5500	3.5500 *	7,003,844	3.5422	3.5422	7,142,197	3.4974	3.4825
	Bosworth R-V School District	Operating Funds-Schools	6,327,865	3.3822	3.3822	6,408,022	3.9989	3.9989 *	6,488,824	4.0522	4.0522
		Operating Funds-Temp	6,327,865	0.5913	0.5913	**	**	**	**	**	**
	Carrollton R-VII School District	Operating Funds-Schools	48,738,855	3.1206	3.1206	49,970,132	3.6200	3.6200 *	50,787,034	3.6200	3.6200
	Norborne R-VIII School District	Operating Funds-Schools	11,955,015	3.8813	3.8813	12,170,674	4.1402	4.1402 *	12,127,988	4.1402	4.1402
		Debt Service	11,955,015	0.2500	0.2500	12,170,674	0.2600	0.2600	12,127,988	0.2600	0.2600
	Carroll County	General Revenue	120,215,319	0.3644	0.2595	122,165,833	0.3649	0.2523	125,659,649	0.3636	0.2512
		Johnson Grass	120,215,319	0.0500	0.0000	122,165,833	0.0500	0.0000	125,659,649	0.0498	0.0000
		Health	120,215,319	0.1000	0.1000	122,165,833	0.1000	0.1000	125,659,649	0.0996	0.0996
		Senate Bill 40	120,215,319	0.1000	0.1000	122,165,833	0.1000	0.1000	125,659,649	0.0996	0.0996
Carter	East Carter County Ambulance Dist	General Revenue	14,492,818	0.3800	0.3800	14,926,654	0.3851	0.3851	14,842,162	0.3915	0.3915
	West Carter County Ambulance Dist	General Revenue	18,746,293	0.3900	0.3900	19,015,733	0.3982	0.3982	19,337,430	0.3987	0.3987
	City of Grandin	General Revenue	614,125	0.7064	0.7064	646,112	0.7032	0.7032	642,647	0.7260	0.7260
	Carter County Library	General Revenue	33,239,113	0.2000	0.2000	33,942,388	0.2000	0.2000	34,179,593	0.2000	0.2000
	Ellsinore Rural Fire Prot Dist	General Revenue	8,103,585	0.1500	0.1500	8,113,091	0.1500	0.1500	8,035,540	0.1500	0.1500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Eastwood Fire Protection District	General Revenue	1,456,820	0.2400	0.2400	1,479,401	0.2469	0.2469	1,471,361	0.2500	0.2500
	Fremont Fire Protection District	General Revenue	1,819,921	0.3300	0.3300	1,726,493	0.3500	0.3500	1,769,449	0.3500	0.3500
	East Carter Co R-II School District	Operating Funds-Schools	16,247,066	2.7500	2.7500 *	17,179,157	2.7500	2.7500 *	17,465,349	2.7500	2.7500 *
	Van Buren R-I School District	Operating Funds-Schools	18,184,309	2.7500	2.7500 *	18,994,319	2.7500	2.7500 *	19,454,921	2.7500	2.7500 *
	Carter County	General Revenue	33,239,113	0.3100	0.0500	33,942,388	0.3155	0.0500	34,179,593	0.3173	0.0500
		Road & Bridge	33,239,113	0.2300	0.2300	33,942,388	0.2341	0.2341	34,179,593	0.2354	0.2354
		Health	33,239,113	0.2500	0.2500	33,942,388	0.2500	0.2500	34,179,593	0.2500	0.2500
		Senate Bill 40	33,239,113	0.0800	0.0800	33,942,388	0.0814	0.0814	34,179,593	0.0819	0.0819
		Senior Services	33,239,113	0.0300	0.0300	33,942,388	0.0300	0.0300	34,179,593	0.0300	0.0300
Cass	Central Cass County Ambulance Dist	General Revenue	75,408,410	0.1404	0.1400	84,447,595	0.1372	0.1372	85,226,186	0.1382	0.1382
	Pleasant Hill Ambulance District	General Revenue	93,957,324	0.2900	0.2900	108,661,548	0.2719	0.2719	107,326,223	0.2832	0.2832
	Cass Medical Center	General Revenue	811,763,370	0.1404	0.1404	902,212,670	0.1343	0.1343	913,639,299	0.1361	0.1361
	Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	158,899,159	0.3500	0.3500	176,031,092	0.3334	0.2200	173,987,980	0.3425	0.1836
	City of Archie	General Revenue	6,601,814	0.6202	0.6200	7,090,948	0.5999	0.5999	7,171,464	0.6081	0.6081
	City of Belton	General Revenue	143,889,133	0.5404	0.5400	160,533,463	0.5090	0.5090	157,823,153	0.5266	0.5253
		Parks & Recreation	143,889,133	0.2402	0.2400	160,533,463	0.2262	0.2262	157,823,153	0.2341	0.2334
		Debt Service	143,889,133	0.6600	0.6600	160,533,463	0.4601	0.4601	157,823,153	0.4601	0.4601
	City of Cleveland	General Revenue	5,214,487	0.5335	0.5335	5,757,086	0.5125	0.5125	6,045,449	0.5093	0.5093
	City of Creighton	General Revenue	1,955,798	0.6445	0.6445	1,730,052	0.7431	0.7431	1,780,781	0.7484	0.7484
	City of Drexel	General Revenue	7,135,942	0.5825	0.5800	7,730,583	0.5632	0.5600	7,644,837	0.5770	0.5700
		Debt Service	7,135,942	0.4300	0.4300	7,730,583	0.3900	0.3900	7,644,837	0.3800	0.3800
	City of East Lynne	General Revenue	1,539,013	0.7900	0.7900	1,536,750	0.8126	0.8126	1,529,320	0.8301	0.8301
		Debt Service	1,539,013	1.2156	1.2156	1,536,750	1.2210	1.2210	1,529,320	1.6187	1.6187
	City of Freeman	General Revenue	2,912,414	0.5849	0.5700	3,245,142	0.5528	0.5500	3,321,674	0.5488	0.5488
		Debt Service	2,912,414	0.2200	0.2200	3,245,142	0.2100	0.2100	3,321,674	0.2200	0.2200
	City of Garden City	General Revenue	9,781,930	0.4116	0.4116	10,789,643	0.3937	0.3937	10,914,416	0.4006	0.4006
	City of Harrisonville	General Revenue	90,423,671	0.5303	0.5303	96,855,690	0.5160	0.5160	98,554,667	0.5190	0.5190
		Parks & Recreation	90,423,671	0.1201	0.1201	96,855,690	0.1169	0.1169	98,554,667	0.1175	0.1175
		Ambulance	90,423,671	0.1201	0.1201	96,855,690	0.1169	0.1169	98,554,667	0.1175	0.1175
	City of Lake Winnebago	General Revenue	17,598,224	0.5700	0.5700	21,158,395	0.5152	0.5152	21,799,075	0.9500	0.9500 *
		Debt Service	17,598,224	1.4446	1.4446	21,158,395	1.0245	1.0245	21,799,075	0.5471	0.5471
	City of Peculiar	General Revenue	23,000,852	0.4608	0.4600	25,588,700	0.4483	0.4483	26,678,573	0.4507	0.4507
	City of Pleasant Hill	General Revenue	48,790,720	0.4000	0.4000	56,678,439	0.3613	0.3600	56,280,130	0.3771	0.3771
		Parks & Recreation	48,790,720	0.0800	0.0800	56,678,439	0.0723	0.0700	56,280,130	0.0754	0.0754
		Health	48,790,720	0.0800	0.0800	56,678,439	0.0723	0.0700	56,280,130	0.0754	0.0754
		Road	48,790,720	0.1500	0.1500	56,678,439	0.1355	0.1355	56,280,130	0.1414	0.1414
		Debt Service	**	**	**	**	**	**	56,280,130	0.1650	0.1650
	City of Raymore	General Revenue	113,495,536	0.5200	0.5200	127,010,876	0.4982	0.4982	135,678,960	0.4915	0.4915
		Parks & Recreation	113,495,536	0.1400	0.1400	127,010,876	0.1341	0.1341	135,678,960	0.1323	0.1323
		Parks (Temp)	113,495,536	0.1400	0.0000	**	**	**	**	**	**
		Debt Service	113,495,536	0.7100	0.7100	127,010,876	0.7100	0.7100	135,678,960	0.7100	0.7100
	City of Strasburg	General Revenue	785,149	0.8516	0.8300	886,924	0.8017	0.8017	858,555	0.8438	0.8438

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of West Line	General Revenue	472,044	0.7675	0.7500	500,242	0.7501	0.7500	633,630	0.5929	0.5929
	Village of Baldwin Park	General Revenue	443,844	0.3768	0.3768	476,975	0.3766	0.3766	461,361	0.3834	0.3834
	City of Lake Annette	General Revenue	736,910	0.2000	0.2000	807,050	0.1950	0.1950	813,630	0.1952	0.1952
		Debt Service	736,910	0.1527	0.1527	807,050	1.0345	1.0345	813,630	2.2051	2.2051
	Cass County Public Library	General Revenue	811,763,370	0.1605	0.1605	902,212,670	0.1535	0.1535	913,639,299	0.1555	0.1551
	Central Cass County Fire Prot Dist	General Revenue	75,408,410	0.2507	0.2500	84,447,595	0.2449	0.2449	85,226,186	0.2467	0.2467
		Debt Service	75,408,410	0.0700	0.0700	**	**	**	**	**	**
	Garden City Fire District	General Revenue	27,942,007	0.2326	0.2326	30,843,440	0.2278	0.2278	30,795,044	0.2332	0.2332
		Ambulance	27,942,007	0.2932	0.2932	30,843,440	0.2871	0.2871	30,795,044	0.2940	0.2940
	South Metropolitan Fire Prot Dist	General Revenue	165,192,194	0.6002	0.6000	185,840,022	0.5717	0.5717	195,755,974	0.5659	0.5659
		Ambulance	165,192,194	0.4701	0.4700	185,840,022	0.4478	0.4478	195,755,974	0.4432	0.4432
		Dispatch	165,192,194	0.0500	0.0500	185,840,022	0.0476	0.0476	195,755,974	0.0472	0.0472
		Debt Service	165,192,194	0.1200	0.1200	185,840,022	0.1200	0.1200	195,755,974	0.1200	0.1200
	West Peculiar Fire Protection Dist	General Revenue	63,615,422	0.7113	0.7113	69,595,494	0.7003	0.7003	71,176,732	0.7036	0.7036
		Ambulance	63,615,422	0.2905	0.2905	69,595,494	0.2860	0.2860	71,176,732	0.2873	0.2873
		Dispatch	63,615,422	0.0500	0.0500	69,595,494	0.0492	0.0492	71,176,732	0.0495	0.0495
		Debt Service	**	**	**	**	**	**	71,176,732	0.2396	0.2396
	Creighton Fire Protection Dist	General Revenue	6,901,586	0.2329	0.2200	6,996,645	0.2353	0.2300	7,251,994	0.2403	0.2400
	Western Cass Fire Protection Dist	General Revenue	25,466,951	0.4248	0.4200	27,744,299	0.4173	0.4173	28,261,011	0.4170	0.4170
		Dispatch	25,466,951	0.0500	0.0500	27,744,299	0.0491	0.0491	28,261,011	0.0491	0.0491
	Dolan & West Dolan Fire Prot Dist	General Revenue	21,281,623	0.3000	0.3000	23,767,097	0.2828	0.2828	24,865,784	0.2773	0.2773
	East Lynne-Gunn City Fire Prot Dist	General Revenue	13,080,942	0.2900	0.2900	13,568,603	0.2900	0.2900	13,506,895	0.2993	0.2993
	Northeast Cass Fire Protection Dist	General Revenue	45,243,177	0.1500	0.1500	52,407,997	0.1463	0.1463	51,468,703	0.1500	0.1500
	Mount Pleasant Fire Protection Dist	General Revenue	47,759,663	0.3000	0.1500	51,667,047	0.2893	0.1500	51,689,451	0.2930	0.1500
	Dikeland Sewer District	General Revenue	810,794	0.7470	0.0000	880,274	0.7131	0.0000	912,407	0.7267	0.0000
	Cass Co R-V School District	Operating Funds-Schools	19,730,360	3.7225	3.3800	22,121,878	3.6181	3.3800	22,496,426	3.6645	3.4700
		Debt Service	19,730,360	0.6300	0.6300	22,121,878	0.6300	0.6300	22,496,426	0.6300	0.6300
	Strasburg C-3 School District	Operating Funds-Schools	7,070,370	3.5844	3.4800	8,538,190	3.3642	3.3642	8,696,941	4.0692	4.0615 *
		Debt Service	7,070,370	1.1400	1.1400	8,538,190	1.1400	1.1400	8,696,941	1.1380	1.1380
	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	226,828,652	3.3301	3.3301	252,807,483	3.1756	3.1756	266,806,726	3.1497	3.1497
		Debt Service	226,828,652	1.2900	1.2900	252,807,483	1.2900	1.2900	266,806,726	1.2900	1.2900
	Sherwood Cass R-VIII School Dist	Operating Funds-Schools	32,623,433	3.2696	3.0000	37,001,719	3.1068	3.0000	38,290,523	3.0276	3.0000
		Debt Service	32,623,433	0.5900	0.5900	37,001,719	1.0000	1.0000	38,290,523	1.0000	1.0000
	East Lynne 40 School District	Operating Funds-Schools	7,760,257	4.2853	3.4100	8,997,487	4.4000	3.4510	9,591,018	4.3109	3.5388
		Debt Service	7,760,257	0.6900	0.6900	8,997,487	0.3472	0.3472	9,591,018	0.4989	0.4989
	Pleasant Hill R-III School District	Operating Funds-Schools	78,904,203	3.3907	3.3907	92,029,259	3.6804	3.6804 *	93,445,143	3.7678	3.7645 #
		Debt Service	78,904,203	0.9700	0.9700	92,029,259	0.9700	0.9700	93,445,143	0.9700	0.9700
	Harrisonville R-IX School District	Operating Funds-Schools	137,271,916	4.2072	3.6400 *	149,885,119	4.0764	3.5418	152,239,685	4.0988	3.6400
		Debt Service	137,271,916	0.8700	0.8700	149,885,119	0.8700	0.8700	152,239,685	0.8700	0.8700
	Drexel R-IV School District	Operating Funds-Schools	12,677,784	4.2354	4.2200	13,857,819	4.1715	4.1715	14,165,416	4.2171	4.2171
		Debt Service	12,677,784	0.8800	0.8800	13,857,819	0.8800	0.8800	14,165,416	0.9000	0.9000
	Midway R-I School District	Operating Funds-Schools	26,871,250	5.0989	4.3841	30,687,415	4.8366	4.2338	31,352,524	4.9429	4.3516
		Debt Service	**	**	**	30,687,415	0.3800	0.3800	31,352,524	0.3800	0.3800

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cedar	Belton 124 School District	Operating Funds-Schools	189,371,378	3.5458	3.5458	207,418,178	3.4302	3.3649	209,191,694	3.4416	3.5063 #
		Debt Service	189,371,378	0.7600	0.7600	210,965,240	1.1200	1.1200	209,191,694	1.2000	1.2000
	Cass County	General Revenue	811,763,370	0.3009	0.0800	902,212,670	0.2878	0.0600	913,639,299	0.2916	0.0476
		Road & Bridge	652,864,215	0.2207	0.2200	726,181,578	0.2113	0.2113	913,639,299	0.1836	0.1836
		Senate Bill 40	811,763,370	0.0401	0.0400	902,212,670	0.0384	0.0384	913,639,299	0.0389	0.0389
	Cedar County Ambulance District	General Revenue	104,660,823	0.1000	0.1000	109,061,165	0.1000	0.1000	112,134,071	0.1000	0.1000
	Cedar County Memorial Hospital	General Revenue	104,660,823	0.1500	0.1500	109,061,165	0.1500	0.1500	112,134,071	0.1500	0.1500
	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	3,507,582	0.3500	0.3500	3,736,651	0.3500	0.3500	3,830,455	0.3500	0.3500 *
	Bell Special Road Dist Cedar Co	Special Road and Bridge	0	0.0000	0.0000	**	**	**	**	**	**
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	568,927	0.3499	0.3400	639,948	0.3499	0.3499	647,304	0.3500	0.3500 *
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	1,928,790	0.3500	0.3500	1,903,942	0.3500	0.3500	2,021,565	0.3500	0.3500 *
	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	799,291	0.3500	0.3500	795,787	0.3500	0.3500	785,769	0.3500	0.3500 *
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	882,307	0.3500	0.3500	948,581	0.3500	0.3500	946,691	0.3500	0.3500 *
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	34,210,508	0.3500	0.3500	35,725,544	0.3500	0.3500	36,254,798	0.3500	0.3500 *
	High Point Spec Rd Dist Cedar Co	Special Road and Bridge	0	0.0000	0.0000	**	**	**	**	**	**
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	789,893	0.3500	0.3500	726,995	0.3500	0.3500	721,056	0.3500	0.3500 *
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	928,409	0.3500	0.3500	858,262	0.3500	0.3500	838,039	0.3500	0.3500 *
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,241,182	0.3500	0.3500	2,303,897	0.3500	0.3500	2,459,426	0.3500	0.3500 *
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,144,881	0.3500	0.3500	1,241,640	0.3500	0.3500	1,248,049	0.3500	0.3500 *
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,283,273	0.3500	0.3500	1,398,684	0.3499	0.3499	1,415,185	0.3500	0.3500 *
	Omer Special Road Dist Cedar Co	Special Road and Bridge	931,794	0.3499	0.3400	815,715	0.3500	0.3500 *	780,845	0.3500	0.3500
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	3,620,145	0.3500	0.3500	4,016,057	0.3500	0.3500	4,230,662	0.3500	0.3500 *
	Stockton Special Road Dist Cedar Co	Special Road and Bridge	21,805,004	0.3500	0.0000	22,871,255	0.3500	0.0000	**	**	**
	Dogwood Special Road District	Common Road District	548,455	0.3500	0.3500 *	560,350	0.3500	0.3500	546,200	0.3500	0.3500
	City of El Dorado Springs	General Revenue	22,576,110	0.5400	0.5400	23,773,579	0.5400	0.5400	24,066,497	0.5400	0.5400
		Band	22,576,110	0.1300	0.1300	23,773,579	0.1300	0.1300	24,066,497	0.1300	0.1300
		Park	22,576,110	0.2000	0.2000	23,773,579	0.2000	0.2000	24,066,497	0.2000	0.2000
		Recreation	22,576,110	0.1000	0.1000	23,773,579	0.1000	0.1000	24,066,497	0.1000	0.1000
	Village of Jerico Springs	General Revenue	917,130	0.4900	0.4900	850,927	0.5000	0.5000	830,522	0.5000	0.5000
	City of Stockton	General Revenue	15,277,238	0.4200	0.4200	11,979,255	0.4192	0.4192	12,359,264	0.4169	0.4169
		Parks & Recreation	15,277,238	0.1000	0.1000	11,979,255	0.0998	0.0998	12,359,264	0.0993	0.0993
	Village of Umber View Heights	General Revenue	565,990	0.2249	0.2200	587,005	0.2250	0.2250	634,195	0.2250	0.2250
	Cedar County Library District	General Revenue	104,660,823	0.0800	0.0800	109,061,165	0.0800	0.0800	112,134,071	0.0800	0.0800
	Korth Special Road Subdistrict	Special Road and Bridge	1,815,772	0.3500	0.3500	1,934,719	0.3487	0.3487	2,094,386	0.3500	0.3500 *
	Stockton R-I School District	Operating Funds-Schools	52,330,586	2.7500	2.5200 *	55,201,152	2.5900	2.5900 *	57,298,743	2.5900	2.5900 *
		Debt Service	52,330,586	0.3700	0.3700	55,201,152	0.3700	0.3700	57,298,743	0.1523	0.1523
	El Dorado Springs R-II School Dist	Operating Funds-Schools	55,647,026	3.1229	2.7500	58,998,647	3.1297	2.7500	60,424,132	3.1844	2.7500
		Debt Service	55,647,026	0.4900	0.4900	58,998,647	0.4900	0.4900	60,424,132	0.4900	0.4900
	Cedar County	General Revenue	104,660,823	0.3200	0.0900	109,061,165	0.3200	0.1132	112,134,071	0.3200	0.1275
		Road & Bridge	104,660,823	0.2400	0.2400	109,061,165	0.2400	0.2400	112,134,071	0.2400	0.2400
Chariton	Chariton County Ambulance District	General Revenue	98,996,479	0.2600	0.2600	99,792,973	0.2600	0.2600	103,775,563	0.2572	0.2500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Brunswick	General Revenue	5,255,356	0.8636	0.8636	5,312,365	0.8636	0.8636	5,427,880	0.8636	0.8636
	Village of Dalton	General Revenue	353,633	0.5000	0.5000	347,702	0.5000	0.5000	378,123	0.4986	0.4986
	City of Keytesville	General Revenue	2,317,957	0.8231	0.8231	2,321,417	0.8274	0.8274	2,349,612	0.8274	0.8274
		Parks & Recreation	2,317,957	0.2000	0.2000	2,321,417	0.2000	0.2000	2,349,612	0.2000	0.2000
	City of Mendon	General Revenue	1,010,093	0.8232	0.8200	1,034,260	0.8416	0.8400	1,138,538	0.8211	0.8211
	Village of Rothville	General Revenue	257,678	0.7707	0.7300	263,055	0.8333	0.7300	279,297	0.8298	0.7300
	City of Salisbury	General Revenue	11,604,834	0.7100	0.7100	11,853,196	0.7100	0.7100	11,923,401	0.7128	0.7128
		Parks & Recreation	11,604,834	0.1700	0.1700	11,853,196	0.1700	0.1700	11,923,401	0.1707	0.1707
		Library	11,604,834	0.1000	0.1000	11,853,196	0.1000	0.1000	11,923,401	0.1000	0.1000
		Museum	11,604,834	0.1300	0.1300	11,853,196	0.1300	0.1300	11,923,401	0.1305	0.1305
	City of Sumner	General Revenue	771,528	0.9162	0.9162	749,136	0.9617	0.9000	766,684	0.9617	0.9617
		Streets	771,528	0.2500	0.2500 *	749,136	0.2500	0.2500	766,684	0.2500	0.2500
	City of Triplett	General Revenue	248,727	1.0000	1.0000	238,850	1.0000	1.0000	268,926	0.9585	0.9585
	Bee Branch Township of Chariton Co	Road & Bridge	3,169,037	0.5000	0.5000	3,306,851	0.5000	0.5000	3,411,627	0.5000	0.5000
		Special Road and Bridge	3,169,037	0.3500	0.3500	3,306,851	0.3500	0.3500	3,411,627	0.3500	0.3500
	Bowling Green Township, Chariton Co	Road & Bridge	4,275,970	0.3455	0.3400	4,171,223	0.3500	0.3500	4,313,290	0.3467	0.3467
		Special Road and Bridge	4,275,970	0.3400	0.3400	4,171,223	0.3400	0.3400	4,313,290	0.3368	0.3368
	Brunswick Township of Chariton Co	Road & Bridge	13,166,014	0.5000	0.5000	13,119,592	0.5000	0.5000	13,695,508	0.4924	0.4924
		Special Road and Bridge	13,166,014	0.1600	0.1600	13,119,592	0.1600	0.1600 *	13,695,508	0.1576	0.1576
	Chariton Township of Chariton Co	Road & Bridge	5,157,024	0.3500	0.3500	5,095,214	0.3500	0.3500	5,535,289	0.3316	0.3316
		Special Road and Bridge	5,157,024	0.2300	0.2300	5,095,214	0.2300	0.2300 *	5,535,289	0.2179	0.2179
	Clark Township of Chariton Co	Road & Bridge	4,452,539	0.5000	0.5000	4,472,542	0.5000	0.5000	4,547,499	0.5000	0.5000
		Special Road and Bridge	4,452,539	0.3500	0.3500	4,472,542	0.3500	0.3500	4,547,499	0.3500	0.3500 *
	Cockrell Township of Chariton Co	Road & Bridge	2,361,415	0.5000	0.5000	2,391,739	0.5000	0.5000	2,527,564	0.5000	0.5000
		Special Road and Bridge	2,361,415	0.3500	0.3500	2,391,739	0.3500	0.3500	2,527,564	0.3500	0.3500
	Cunningham Township of Chariton Co	Road & Bridge	4,821,185	0.5000	0.5000 *	4,821,765	0.5000	0.5000	4,998,734	0.4927	0.4927
		Special Road and Bridge	4,821,185	0.3000	0.3000	4,821,765	0.3000	0.3000 *	4,998,734	0.2956	0.2956
	Keytesville Township of Chariton Co	Road & Bridge	9,632,550	0.4000	0.4000	9,565,214	0.4000	0.4000	9,958,561	0.3927	0.3927
		Special Road and Bridge	9,632,550	0.3500	0.3500	9,565,214	0.3500	0.3500	9,958,561	0.3436	0.3436
	Mendon Township of Chariton Co	Road & Bridge	4,766,567	0.5000	0.5000	4,875,200	0.5000	0.5000	5,134,604	0.4889	0.4889
		Special Road and Bridge	4,766,567	0.3500	0.3500	4,875,200	0.3500	0.3500 *	5,134,604	0.3422	0.3422
	Musselfork Township of Chariton Co	Road & Bridge	4,010,766	0.3500	0.3500	4,251,029	0.3500	0.3500	4,417,533	0.3500	0.3500
		Special Road and Bridge	4,010,766	0.2300	0.2300	4,251,029	0.2300	0.2300 *	4,417,533	0.2300	0.2300
	Salisbury Township of Chariton Co	Road & Bridge	26,481,937	0.5000	0.5000	27,157,511	0.5000	0.5000	27,938,873	0.4985	0.4985
		Special Road and Bridge	26,481,937	0.1500	0.1500	27,157,511	0.1500	0.1500	27,938,873	0.1495	0.1495
	Salt Creek Township of Chariton Co	Road & Bridge	3,025,154	0.5000	0.5000	3,001,076	0.5000	0.5000	3,281,708	0.4695	0.4695
		Special Road and Bridge	3,025,154	0.3500	0.3500	3,001,076	0.3500	0.3500 *	3,281,708	0.3287	0.3287
	Triplett Township of Chariton Co	Road & Bridge	4,394,795	0.5000	0.5000	4,263,904	0.5000	0.5000	4,516,475	0.4881	0.4881
		Special Road and Bridge	4,394,795	0.3500	0.3500	4,263,904	0.3500	0.3500 *	4,516,475	0.3417	0.3417
	Wayland Township of Chariton Co	Road & Bridge	4,914,528	0.5000	0.5000	4,781,897	0.5000	0.5000	4,894,748	0.4998	0.4998
	Yellow Creek Twsp of Chariton Co	Road & Bridge	4,366,998	0.4967	0.4967	4,518,216	0.4967	0.4967	4,603,550	0.4967	0.4967
		Special Road and Bridge	4,366,998	0.3477	0.3477	4,518,216	0.3477	0.3477	4,603,550	0.3477	0.3477
	Keytesville Fire Protection Dist	General Revenue	13,587,425	0.2000	0.2000	13,401,795	0.2000	0.2000	13,924,840	0.1965	0.1965

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Mendon Fire Protection District	General Revenue	9,423,413	0.3000	0.3000	9,523,568	0.3000	0.3000	10,132,153	0.2903	0.2500
	Sumner Community Fire Prot Dist	General Revenue	4,196,609	0.3000	0.3000	4,211,308	0.3000	0.3000	4,323,508	0.2982	0.2982
	Yellow Creek Fire Protection Dist	General Revenue	3,650,122	0.2871	0.2000	3,741,147	0.2871	0.2000	3,832,891	0.2871	0.2000
	Northwestern R-I School District	Operating Funds-Schools	10,834,962	4.3500	4.3300	10,914,867	4.3238	4.3238	11,071,695	4.2753	4.2753
		Debt Service	10,834,962	0.9900	0.9900	10,914,867	0.9900	0.9900	11,071,695	0.9945	0.9945
	Brunswick R-II School District	Operating Funds-Schools	12,911,533	3.7261	3.1661	13,079,314	3.7167	3.1267	13,178,068	3.6792	3.1665
		Debt Service	12,911,533	0.3900	0.3900	13,079,314	0.3900	0.3900	13,178,068	0.2100	0.2100
	Keytesville R-III School District	Operating Funds-Schools	10,555,278	3.2762	3.2762	10,775,619	3.6455	3.6400 *	10,935,401	3.6455	3.6455
	Salisbury R-IV School District	Operating Funds-Schools	34,100,368	3.7149	3.4500	34,870,930	3.7500	3.4500	35,511,374	3.6612	3.4500
	Chariton County	General Revenue	98,996,479	0.4000	0.2900	99,792,973	0.4000	0.2900	103,775,563	0.3957	0.2900
		Health	98,996,479	0.1000	0.1000	99,792,973	0.1000	0.1000	103,775,563	0.0989	0.0989
		Senate Bill 40	98,996,479	0.1000	0.0700 *	99,792,973	0.1000	0.0700	103,775,563	0.0989	0.0700
		Township	98,996,479	0.1000	0.1000	99,792,973	0.1000	0.1000	103,775,563	0.0989	0.0989
Christian	Christian County Ambulance District	General Revenue	380,143,635	0.1500	0.1500	454,546,963	0.1397	0.1397	478,687,098	0.1397	0.1397
	Billings Spec Rd Dist Christian Co	Road & Bridge	22,028,387	0.2300	0.2300	25,177,891	0.2157	0.2000	26,825,389	0.2131	0.2000
		Special Road and Bridge	22,028,387	0.3500	0.1200	25,177,891	0.3283	0.1500	26,825,389	0.3500	0.1600 *
	Clever Spec Rd Dist Christian Co	Road & Bridge	10,574,058	0.2400	0.1500	12,243,124	0.2266	0.1500	13,360,979	0.2266	0.1500
		Special Road and Bridge	10,574,058	0.3500	0.0000	**	**	**	**	**	**
	Garrison Spec Rd Dist Christian Co	Road & Bridge	935,446	0.2421	0.0000	1,111,569	0.2239	0.0000	1,158,287	0.2231	0.0000
	Nixa Special Road Dist Christian Co	Road & Bridge	94,897,281	0.1100	0.1100	113,196,351	0.1028	0.1028	122,780,102	0.1013	0.1013
	Ozark Spec Rd Dist Christian Co	Road & Bridge	136,581,608	0.1700	0.1700	166,300,963	0.1566	0.1566	174,147,115	0.1566	0.1566
		Special Road and Bridge	136,581,608	0.3500	0.1000	**	**	**	**	**	**
	Selmore Spec Rd Dist Christian Co	Road & Bridge	7,184,187	0.2100	0.2100	8,254,015	0.1978	0.1978	9,090,535	0.1877	0.1877
	South Sparta Road Dist Christian Co	Road & Bridge	4,912,765	0.1900	0.1000	5,671,351	0.1768	0.1000	6,011,567	0.1759	0.1000
	Terrell Creek Rd Dist Christian Co	Road & Bridge	1,232,548	0.2700	0.0000	1,304,434	0.2700	0.0000	1,376,842	0.2705	0.0000
	Stoneshire Sp Rd Dist Christian Co	Road & Bridge	1,534,033	0.1612	0.0000	1,755,627	0.1493	0.0000	1,879,457	0.1488	0.0000
	City of Billings	General Revenue	6,093,029	0.6200	0.6200	7,044,955	0.5687	0.5687	7,163,526	0.5687	0.5687
		Parks & Recreation	6,093,029	0.1800	0.1800	7,044,955	0.1651	0.1651	7,163,526	0.1651	0.1651
	City of Clever	General Revenue	6,121,991	0.6700	0.6700	7,354,209	0.6256	0.6256	7,836,147	0.6256	0.6121
	City of Nixa	General Revenue	74,353,699	0.4100	0.3900	89,561,128	0.3735	0.3735	97,308,480	0.3675	0.3675
	City of Ozark	General Revenue	59,449,012	0.3189	0.3189	76,036,309	0.2781	0.2781	82,750,554	0.2738	0.2738
		Parks & Recreation	59,449,012	0.0797	0.0797	76,036,309	0.0695	0.0695	82,750,554	0.0684	0.0662
		Debt Service	59,449,012	0.1908	0.1908	76,036,309	0.1348	0.1348	82,750,554	0.0000	0.0000
	City of Sparta	General Revenue	5,079,137	0.4500	0.4500	5,848,529	0.4129	0.4100	6,429,326	0.3979	0.4000
	City of Fremont Hills	General Revenue	9,092,573	0.6800	0.1000	11,086,236	0.6418	0.1339	11,629,442	0.6418	0.2793
		Debt Service	9,092,573	0.5900	0.5900	11,086,236	0.5561	0.5561	11,629,442	0.4107	0.4107
	Christian County Library District	General Revenue	421,986,116	0.1000	0.1000	503,071,155	0.0932	0.0932	530,318,566	0.0932	0.0932
	Ozark Rural Fire Protection Dist	General Revenue	89,538,872	0.2500	0.2500	103,346,150	0.2367	0.2367	108,008,083	0.2367	0.2367
	Nixa Fire Protection District	General Revenue	164,203,117	0.3500	0.3100	195,580,397	0.3280	0.3134	205,041,398	0.3280	0.3158
		Debt Service	164,203,117	0.0873	0.0873	195,580,397	0.0866	0.0866	205,041,398	0.0842	0.0842
	Billings Fire Protection District	General Revenue	29,065,426	0.2900	0.2900	32,580,564	0.2779	0.2779	34,312,601	0.4061	0.4061 *
	Clever Fire Protection District	General Revenue	22,943,883	0.2900	0.2900	26,658,934	0.2746	0.2746	28,753,998	0.2745	0.2728



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Highlandville Fire Protection Dist	General Revenue	28,927,325	0.2797	0.2797	32,784,914	0.2692	0.2692	36,857,657	0.2634	0.2604
	Sparta Fire Protection District	General Revenue	17,161,054	0.3000	0.3000 *	21,947,162	0.2699	0.2699	20,962,557	0.2915	0.2915
	Chadwick Rural Fire Protection Dist	General Revenue	**	**	**	**	**	**	6,708,796	0.3000	0.3000 *
	Chadwick R-I School District	Operating Funds-Schools	6,190,715	3.3202	3.3202	7,359,726	3.0271	3.0271	7,681,343	3.0775	3.0775
		Debt Service	6,190,715	0.4798	0.4798	7,359,726	0.7716	0.7716	7,681,343	0.3206	0.3206
	Nixa R-II School District	Operating Funds-Schools	164,892,302	3.0421	3.0400	193,936,757	2.8749	2.8752	204,704,749	2.8617	2.8617
		Debt Service	162,662,791	0.8600	0.8600	193,936,757	1.0248	1.0248	204,704,749	1.0383	1.0383
	Sparta R-III School District	Operating Funds-Schools	17,161,303	2.9595	2.9595	20,206,610	2.8000	2.8000	20,729,215	2.8049	2.8049
		Debt Service	17,161,303	0.5900	0.5900	20,206,610	0.7000	0.7000	20,729,215	0.7019	0.7019
	Billings R-IV School District	Operating Funds-Schools	15,896,592	3.1772	2.9500	18,704,693	2.9413	2.9413	19,934,543	2.9102	2.9102
		Debt Service	15,896,592	0.6900	0.6900	18,704,693	0.6900	0.6900	19,934,543	0.6900	0.6900
	Clever R-V School District	Operating Funds-Schools	18,401,804	3.4716	3.4500	23,368,224	3.0759	3.0759	25,393,255	3.1096	3.1096
		Debt Service	18,401,804	0.5300	0.5300	23,368,224	0.5453	0.5453	25,393,255	0.4552	0.4552
	Ozark R-VI School District	Operating Funds-Schools	153,402,260	2.7500	2.7500 *	186,379,451	2.7500	2.7500 *	197,111,459	2.7500	2.7500 *
		Debt Service	153,402,260	0.6700	0.6700	186,379,451	0.9000	0.9000	197,111,459	0.9000	0.9000
	Spokane R-VII School District	Operating Funds-Schools	20,629,710	3.8100	3.8300	24,098,309	3.5509	3.7900	26,216,111	3.5532	3.5532
		Debt Service	19,497,424	0.7700	0.7700	20,629,710	0.7400	0.7400	26,216,111	0.9768	0.9768
	Christian County	General Revenue	421,986,116	0.2500	0.0000	503,071,155	0.2329	0.0000	530,318,566	0.2329	0.0000
		Health	421,986,116	0.0500	0.0500	502,308,014	0.0466	0.0466	530,318,566	0.0466	0.0466
		Senate Bill 40	421,986,116	0.0900	0.0900	502,308,014	0.0839	0.0839	530,318,566	0.0839	0.0839
		Senior Services	**	**	**	503,071,155	0.0500	0.0500 *	530,318,566	0.0005	0.0500 A
		Common #1 Road & Bridge	48,434,695	0.2100	0.0000	56,996,652	0.1979	0.0000	60,340,896	0.1979	0.0000
		Common #2 Road & Bridge	93,665,200	0.0800	0.0000	111,059,178	0.0748	0.0000	113,347,397	0.0760	0.0000
Clark	Clark County Ambulance District	General Revenue	68,905,170	0.3000	0.3000	69,219,988	0.3000	0.3000	70,652,324	0.3000	0.3000
	Clark County Nursing Home District	General Revenue	68,905,170	0.1200	0.1200	69,219,988	0.1200	0.1200	70,652,324	0.1200	0.1200
	Wayland Special Rd Dist Clark Co	Road & Bridge	8,546,848	0.3500	0.3500	8,513,698	0.3500	0.3500	8,566,774	0.3500	0.3500
	City of Alexandria	General Revenue	975,883	1.0000	0.8000	994,380	1.0000	0.8000	982,655	1.0000	0.8000
	City of Kahoka	General Revenue	12,403,371	0.7510	0.7510	12,675,033	0.7510	0.7510	12,986,641	0.7510	0.7510
		Parks & Recreation	12,403,371	0.1500	0.1500	12,675,033	0.1500	0.1500	12,986,641	0.1500	0.1500
		Library	12,403,371	0.1903	0.1903	12,675,033	0.2400	0.2400 *	12,986,641	0.2400	0.2400
	Village of Luray	General Revenue	283,382	0.5826	0.5826	286,870	0.5882	0.5882	276,009	0.6000	0.6000
	City of Wayland	General Revenue	2,542,865	0.5743	0.5743	2,472,739	0.5921	0.5921	2,474,433	0.5971	0.5971
		Streets	2,542,865	0.2217	0.2217	2,472,739	0.2286	0.2286	2,474,433	0.2305	0.2305
	City of Wyaconda	General Revenue	1,331,233	0.7715	0.7715	1,373,097	0.7714	0.7714	1,421,842	0.7756	0.7756
		Debt Service	1,331,233	0.0000	0.0000	**	**	**	**	**	**
	Village of Revere	General Revenue	459,324	1.0703	1.0703	486,748	1.0883	1.0883	499,220	1.0783	1.0783
	Clark County Library	General Revenue	56,501,801	0.1000	0.1000	56,541,059	0.1000	0.1000	57,665,684	0.1000	0.1000
	Alexandria Fire Protection Dist	General Revenue	6,125,958	0.3000	0.3000	6,151,448	0.3000	0.3000	6,204,905	0.3000	0.3000
	Wyaconda C-1 School District	Operating Funds-Schools	3,383,033	4.6312	4.6312	3,407,160	4.7129	4.7129	3,484,419	4.7500	4.7500
		Debt Service	3,383,033	0.0316	0.0316	**	**	**	**	**	**
	Revere C-3 School District	Operating Funds-Schools	5,017,350	4.7506	4.7500	5,082,293	4.7518	4.7518	5,129,191	4.9200	4.9200
	Luray 33 School District	Operating Funds-Schools	3,553,330	4.2500	4.2500	3,670,700	4.2500	4.2500	3,673,445	4.1920	4.1920

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clark County	Clark Co. R-I School District	Operating Funds-Schools	44,958,881	3.1556	2.7500	45,674,609	3.1331	2.7500	47,095,604	3.1649	2.7500
		Debt Service	44,958,881	0.7500	0.7500	45,674,609	0.7500	0.7500	47,095,604	0.7500	0.7500
		General Revenue	68,905,170	0.5000	0.3800	69,219,988	0.5000	0.3700	70,652,324	0.5000	0.3487
		Road & Bridge	60,358,322	0.3500	0.3500	60,706,288	0.3500	0.3500	62,085,549	0.3500	0.3500
		Special Road and Bridge	60,358,322	0.3500	0.3500 *	60,706,288	0.3500	0.3500	62,085,549	0.3500	0.3500
		Health	68,905,170	0.1000	0.1000	69,219,988	0.1000	0.1000	70,652,324	0.1000	0.1000
Clay	New Liberty Hospital District	General Revenue	547,264,731	0.1283	0.1020	599,515,212	0.1283	0.0968	633,847,856	0.1283	0.0968
	City of Avondale	General Revenue	3,128,497	0.4700	0.4700	3,530,588	0.4446	0.4446	3,567,253	0.4446	0.4446
		Debt Service	3,128,497	0.9740	0.9740	3,530,588	1.0602	1.0602	3,567,253	0.8166	0.8166
	Village of Birmingham	General Revenue	2,100,169	0.3033	0.2800	2,204,259	0.3033	0.2900	2,193,912	0.3048	0.3000
	Village of Claycomo	General Revenue	145,098,063	0.3300	0.3300	150,682,512	0.3300	0.3300	142,767,050	0.3300	0.3300
		Debt Service	145,098,063	0.1899	0.1899	150,682,512	0.1870	0.1870	142,767,050	0.1998	0.1998
	City of Excelsior Springs	General Revenue	92,470,169	0.5700	0.5700	108,173,799	0.5700	0.5700	109,540,868	0.5714	0.5700
		Hospital	92,470,169	0.1600	0.1600	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600
		Parks	92,470,169	0.1600	0.1600	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600
		Recreation	92,470,169	0.1600	0.1600	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600
	City of Gladstone	General Revenue	284,348,461	0.5700	0.5700	301,139,969	0.5700	0.5700	310,263,528	0.5626	0.5626
	City of Glenaire	General Revenue	4,746,968	0.6600	0.6600 *	5,147,158	0.6492	0.6492	5,168,895	0.6545	0.6545
	City of Holt	General Revenue	2,850,493	0.5100	0.5100	3,571,862	0.4791	0.4791	3,895,660	0.4618	0.4617
		Debt Service	2,850,493	0.5262	0.5262	3,571,862	0.5209	0.5209	**	**	**
	City of Kearney	General Revenue	63,796,380	0.7300	0.6300	74,549,206	0.7246	0.6300	81,087,514	0.7246	0.6300
		Debt Service	63,796,380	0.0400	0.0400	74,549,206	0.0400	0.0400	81,087,514	0.0400	0.0400
	City of Liberty	General Revenue	322,618,765	0.8500	0.8500	349,405,814	0.8413	0.8413	358,457,869	0.8459	0.8459
		Parks & Recreation	322,618,765	0.1500	0.1500	349,405,814	0.1485	0.1485	358,457,869	0.1493	0.1493
	City of Missouri City	General Revenue	1,770,171	0.8456	0.8400	1,416,018	0.9000	0.8400	1,719,206	0.9000	0.9000
	City of Mosby	General Revenue	1,441,858	0.5004	0.5000	1,675,601	0.4742	0.4742	1,652,024	0.4834	0.4834
	City of North Kansas City	General Revenue	246,109,825	0.3359	0.3200	266,384,659	0.3336	0.3200	267,499,720	0.3336	0.3200
		Parks & Recreation	246,109,825	0.1200	0.1200	266,384,659	0.1192	0.1192	267,499,720	0.1192	0.1192
		Library	246,109,825	0.1934	0.1800	266,384,659	0.1920	0.1800	267,499,720	0.1920	0.1800
		Pension	246,109,825	0.2036	0.1200	266,384,659	0.2022	0.1200	267,499,720	0.2022	0.1200
	Village of Oaks	General Revenue	1,961,789	0.4617	0.4617	2,069,110	0.4585	0.4584	1,961,459	0.4837	0.4837
		Fire	1,961,789	0.3000	0.3000	2,069,110	0.3000	0.3000 *	1,961,459	0.3000	0.3000
	Village of Oakview	General Revenue	4,301,348	0.3500	0.3500	4,710,772	0.3395	0.3395	4,805,680	0.3404	0.3404
		Fire	4,301,348	0.1300	0.1300	4,710,772	0.1261	0.1261	4,805,680	0.1264	0.1264
		Fire Temp	4,301,348	0.3000	0.3000 *	4,710,772	0.2910	0.2910	4,805,680	0.2917	0.2917
	Village of Oakwood	General Revenue	3,276,980	0.3300	0.3200	3,437,772	0.3299	0.3299	3,465,787	0.3299	0.3200
		Fire	3,276,980	0.2900	0.2800	3,437,772	0.2899	0.2800	3,465,787	0.3000	0.3000 *
		general rev-temp	3,276,980	0.2000	0.2000 *	3,437,772	0.1999	0.1900	**	**	**
		General Revenue-Temp	**	**	**	**	**	**	3,465,787	0.1800	0.1800 *
	Village of Oakwood Park	General Revenue	1,836,665	0.2900	0.2900	1,940,284	0.2843	0.2843	1,916,940	0.2878	0.2878
	City of Pleasant Valley	General Revenue	28,602,049	0.6700	0.6700	30,794,992	0.6700	0.6700	31,456,638	0.6700	0.6700
	Village of Prathersville	General Revenue	1,682,538	0.2985	0.2985	1,904,688	0.2985	0.2985	1,886,763	0.3053	0.3053

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Randolph	General Revenue	5,484,198	0.3402	0.3402	5,665,139	0.3402	0.3402	5,840,918	0.3402	0.3402
	Kearney Fire Protection District	General Revenue	142,485,313	0.2800	0.2800	162,921,735	0.2778	0.2778	172,965,193	0.2778	0.2778
		Ambulance	142,485,313	0.2800	0.2800	162,921,735	0.2778	0.2778	172,965,193	0.2778	0.2778
		Dispatch	**	**	**	162,921,735	0.0300	0.0300 *	172,965,193	0.0300	0.0300
	Holt Community Fire Protection Dist	General Revenue	47,406,561	0.2804	0.2800	50,292,850	0.2804	0.2804	51,368,944	0.2816	0.2816
		Ambulance	47,406,561	0.2804	0.2800	50,292,850	0.2804	0.2804	51,368,944	0.2816	0.2816
	Fishing River Fire Protection Dist	General Revenue	31,799,100	0.2800	0.2800	34,499,552	0.2800	0.2800	34,641,742	0.2845	0.2845
	Clay County Health Center	General Revenue	2,462,695,358	0.1000	0.1000	2,615,763,707	0.1000	0.1000	2,711,111,184	0.1000	0.1000
	Developmental Disabilities Resource	General Revenue	2,462,695,358	0.1200	0.1200	2,706,705,227	0.1195	0.1195	2,711,111,184	0.1200	0.1195
	Clay Mental Health Board	General Revenue	2,401,887,298	0.1000	0.0900	2,615,763,707	0.1000	0.1000	2,594,172,195	0.1000	0.1000
	The 210 Hwy Trans Development Dist	General Revenue	56,079,308	0.1000	0.0535	54,685,871	0.1000	0.0549	52,417,493	0.1000	0.0572
	Kearney R-I School District	Operating Funds-Schools	170,414,154	3.3488	2.7811	192,831,445	3.5900	3.0634 *	203,642,649	3.5964	3.0708
		Debt Service	170,414,154	0.9000	0.9000	192,831,445	0.9000	0.9000	203,642,649	0.9000	0.9000
	Smithville R-II School District	Operating Funds-Schools	100,895,690	3.4099	3.4099 *	114,680,511	3.5099	3.5099 *	121,653,899	3.5100	3.5099
		Debt Service	100,895,690	1.0100	1.0100	114,680,511	0.9100	0.9100	121,653,899	0.9100	0.9100
	Excelsior Springs 40 School Dist	Operating Funds-Schools	136,660,868	3.4217	3.2300	165,184,218	3.2485	3.2485	162,455,712	3.8485	3.8485 *
		Debt Service	136,660,868	0.7700	0.7700	165,184,218	0.7700	0.7700	162,455,712	0.7700	0.7700
	Liberty 53 School District	Operating Funds-Schools	375,367,417	4.7097	4.2200	420,814,238	4.7069	4.1200	462,971,419	4.6896	4.1200
		Debt Service	375,367,417	0.8900	0.8900	420,814,238	0.9900	0.9900	462,971,419	0.9900	0.9900
	Missouri City 56 School District	Operating Funds-Schools	4,618,045	4.4170	3.6736	4,917,806	4.4262	3.8283	4,995,101	4.4551	3.9234
	North Kansas City 74 School Dist	Operating Funds-Schools	1,541,944,942	3.9416	3.9216	1,651,719,001	4.2098	4.1298 *	1,681,536,077	4.2098	4.1398
		Debt Service	1,541,944,942	0.4815	0.4815	1,651,719,001	0.5207	0.5207	1,681,536,077	0.7100	0.7100
	Clay County	General Revenue	2,401,887,298	0.2735	0.0000	2,615,763,707	0.2735	0.0000	2,711,111,184	0.2735	0.0000
		Parks & Recreation	2,401,887,298	0.1000	0.0000	2,615,763,707	0.1000	0.0000	2,711,111,184	0.1000	0.0000
		Road & Bridge	2,401,887,298	0.2735	0.0000	2,615,763,707	0.2735	0.0000	2,711,111,184	0.2735	0.0000
Clinton	Cameron Ambulance District	General Revenue	69,375,421	0.1900	0.1900	72,178,363	0.1911	0.1911	75,101,147	0.1911	0.1911
	Tri-County Ambulance District	General Revenue	121,453,922	0.2095	0.2095	136,964,865	0.1845	0.1845	129,516,430	0.1845	0.1845
	Cameron Spec Rd Dist Clinton Co	Road & Bridge	40,460,364	0.2500	0.2500	42,552,978	0.2517	0.2517	43,547,408	0.2522	0.2522
		Special Road and Bridge	40,460,364	0.3400	0.3400	42,552,978	0.3500	0.3500 *	43,547,408	0.3500	0.3500 *
	Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	28,178,583	0.2615	0.2615	28,192,115	0.2676	0.2676	28,843,556	0.2676	0.2676
		Special Road and Bridge	28,178,583	0.3500	0.3500	28,192,115	0.3500	0.3500	28,843,556	0.3500	0.3500
	City of Cameron	General Revenue	50,682,128	0.4779	0.4779	51,533,829	0.5862	0.6164	53,927,688	0.5826	0.6115 #
		Parks & Recreation	50,682,128	0.1174	0.1174	51,533,829	0.1440	0.1514	53,927,688	0.1431	0.1502 #
		Library	50,682,128	0.1341	0.1341	51,533,829	0.1646	0.1731	53,927,688	0.1636	0.1717 #
		Band Revenue	50,682,128	0.0671	0.0671	51,533,829	0.0823	0.0865	53,927,688	0.0818	0.0858 #
	City of Gower	General Revenue	10,727,752	0.5300	0.5300	10,347,969	0.5531	0.5531	10,703,517	0.5531	0.5531
	City of Lathrop	General Revenue	13,570,387	0.5708	0.5700	14,985,850	0.5708	0.5708	14,801,601	0.5900	0.5900
		Parks & Recreation	13,570,387	0.1502	0.1500	14,985,850	0.1502	0.1502	14,801,601	0.1553	0.1553
		Debt Service	13,570,387	0.6492	0.6492	14,985,850	0.6949	0.6949	14,801,601	0.7587	0.7587
	City of Plattsburg	General Revenue	19,292,556	0.5805	0.5800	19,657,445	0.5841	0.5800	20,250,064	0.5841	0.5841
		Lights	19,292,556	0.2402	0.1000	19,657,445	0.2500	0.1400 *	20,250,064	0.2500	0.0665
		Police	19,292,556	0.2202	0.2200	19,657,445	0.2216	0.2200	20,250,064	0.2216	0.2216

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Band	19,292,556	0.0200	0.0200	19,657,445	0.0200	0.0200	20,250,064	0.0200	0.0200
		Cemetery	**	**	**	19,657,445	0.0200	0.0200 *	20,250,064	0.0200	0.0200
		Cemetery	19,292,556	0.0200	0.0200	**	**	**	**	**	**
		Park	19,292,556	0.1401	0.1400	19,657,445	0.1410	0.1400	20,250,064	0.1410	0.1410
		Recreation	19,292,556	0.0500	0.0500	19,657,445	0.0500	0.0500	20,250,064	0.0500	0.0500
	City of Trimble	General Revenue	3,227,688	0.3514	0.3500	3,571,043	0.3514	0.3514	4,145,349	0.3521	0.3500
		Debt Service	3,227,688	1.1500	1.1500	3,571,043	1.1500	1.1500	4,145,349	1.1500	1.1500
	Village of Turney	General Revenue	934,558	0.3433	0.3433	995,282	0.3433	0.3433	1,015,993	0.3430	0.3430
	Gower Fire Protection District	General Revenue	24,129,592	0.2605	0.2605	24,713,133	0.2605	0.2605	26,015,965	0.2597	0.2597
	Lathrop Fire Protection District	General Revenue	30,209,469	0.2702	0.2702	32,630,753	0.2702	0.2702	33,858,652	0.2702	0.2702
	Plattsburg Fire Protection District	General Revenue	37,964,450	0.2410	0.2410	39,404,080	0.2410	0.2410	40,780,154	0.2410	0.2410
	Cameron Fire Protection District	General Revenue	24,555,346	0.2700	0.2700	26,034,261	0.2712	0.2712	27,186,372	0.2727	0.2727
	Cameron R-I School District	Operating Funds-Schools	73,786,056	3.6678	3.6400	77,749,357	3.6406	3.6400	79,932,387	3.6611	3.6400
		Debt Service	73,786,056	0.4800	0.4800	77,749,357	0.4800	0.4800	79,932,387	0.4800	0.4800
	Lathrop R-II School District	Operating Funds-Schools	36,745,976	3.5938	3.1750	39,913,885	3.6056	3.2144	41,144,768	3.6362	3.6362
		Debt Service	36,745,976	0.2540	0.2540	39,913,885	0.2404	0.2404	41,144,768	0.2859	0.2859
	Clinton County R-III School Dist	Operating Funds-Schools	45,762,295	3.2173	2.8673	47,720,666	3.5483	3.2183 *	49,694,975	3.5478	3.2347
		Debt Service	45,762,295	0.7000	0.7000	47,720,666	1.0000	1.0000	49,694,975	1.0000	1.0000
	Clinton County	General Revenue	172,467,427	0.3500	0.2200	178,366,521	0.3536	0.2076	183,280,711	0.3542	0.2121
		Common Road District	102,828,480	0.2800	0.2800	107,621,428	0.2803	0.2803	110,889,747	0.2809	0.2809
		Special Road and Bridge	102,828,480	0.3500	0.3500	107,621,428	0.3500	0.3500	110,889,747	0.3500	0.3500
		Health	172,467,427	0.0900	0.0900	178,366,521	0.0909	0.0909	183,280,711	0.0910	0.0910
		Senate Bill 40	172,467,427	0.0900	0.0900	178,366,521	0.0909	0.0909	183,280,711	0.0910	0.0910
Cole	Village of Centertown	General Revenue	2,453,177	0.7100	0.7100	2,602,192	0.7055	0.7055	2,731,951	0.7089	0.7089
	City of Jefferson City	General Revenue	557,532,015	0.5711	0.4800	586,818,784	0.5711	0.4800	603,186,672	0.5711	0.4800
		Parks & Recreation	557,532,015	0.1803	0.1600	586,818,784	0.1803	0.1600	603,186,672	0.1803	0.1600
		Firemen's Retirement	557,532,015	0.1000	0.0800	586,818,784	0.1000	0.0800	603,186,672	0.1000	0.0800
	City of Lohman	General Revenue	1,414,006	0.2900	0.2900	1,514,705	0.2900	0.2900	1,589,092	0.2912	0.2912
		Debt Service	1,414,006	0.3302	0.3302	1,514,705	0.3449	0.3449	1,589,092	0.3248	0.3248
	City of Russellville	General Revenue	5,367,365	0.7700	0.7300	5,645,669	0.7700	0.7500	5,665,880	0.7749	0.7500
	City of Taos	General Revenue	6,745,952	0.2920	0.2900	7,126,486	0.2920	0.2920	7,652,243	0.2931	0.2920
	Jeff City/Cole County Library Dist	General Revenue	860,757,428	0.2000	0.2000	918,734,309	0.2000	0.2000	948,027,628	0.2000	0.2000
	Cole County Fire Protection Dist	General Revenue	120,074,255	0.2994	0.2994	131,287,637	0.2994	0.2994	137,241,808	0.2994	0.2994
	Regional West Fire Protection Dist	General Revenue	97,994,431	0.3000	0.3000	109,040,515	0.3000	0.3000	114,292,256	0.3000	0.3000
	Osage Fire Protection District	General Revenue	**	**	**	77,124,681	0.3000	0.3000 *	82,469,579	0.3000	0.3000
	Cole Co R-I School District	Operating Funds-Schools	31,008,313	3.4491	2.7500	33,497,299	3.4347	2.7500	34,856,371	3.4098	2.7500
		Debt Service	31,008,313	0.8800	0.8800	33,497,299	0.8800	0.8800	34,856,371	0.8800	0.8800
	Cole Co R-II School District	Operating Funds-Schools	46,845,652	2.9786	2.7500	51,392,902	2.9788	2.7500	54,516,199	2.9731	2.7500
		Debt Service	46,845,652	0.6100	0.6100	51,392,902	0.6100	0.6100	54,516,199	0.6100	0.6100
	Cole Co. R-V School District	Operating Funds-Schools	35,666,911	3.5060	2.9500	39,081,378	3.4424	2.9500	41,236,471	3.4467	2.9500
		Debt Service	35,666,911	0.7000	0.7000	39,081,378	0.7000	0.7000	41,236,471	0.7000	0.7000
	Jefferson City School District	Operating Funds-Schools	788,278,265	3.2679	2.8900 *	838,236,639	3.2664	2.9215	867,404,492	3.5605	3.2369 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cole County		Debt Service	788,278,265	0.2800	0.2800	838,236,639	0.2485	0.2485	867,404,492	0.2485	0.2485
		General Revenue	860,757,428	0.3500	0.3400	918,734,309	0.3500	0.3400	948,027,628	0.3500	0.3400
		Road & Bridge	860,757,428	0.2905	0.2600	918,734,309	0.2905	0.2700	948,027,628	0.2905	0.2700
		Senate Bill 40	860,757,428	0.0902	0.0900	918,734,309	0.0902	0.0902	948,027,628	0.0902	0.0902
Cooper	Cooper County Ambulance District	General Revenue	140,200,978	0.1200	0.1200	146,241,092	0.1200	0.1200	160,478,135	0.1200	0.1200
	Cooper County Memorial Hospital	General Revenue	140,200,978	0.1500	0.1500	146,241,092	0.1500	0.1500	160,478,135	0.1500	0.1500
	Cooper Co Nursing Home District	General Revenue	25,929,527	0.1400	0.1400	26,465,158	0.1400	0.1400	26,541,319	0.1425	0.1400
	City of Blackwater	General Revenue	824,809	1.0000	1.0000	900,124	0.9643	0.9643	954,248	0.9643	0.9643
		Debt Service	824,809	0.7000	0.7000	900,124	0.7763	0.7763	954,248	0.7860	0.7860
	City of Boonville	General Revenue	54,127,132	0.6566	0.6200	57,289,474	0.6494	0.6200	70,859,033	0.6494	0.6200
	City of Bunceton	General Revenue	1,498,451	0.9814	0.9800	1,502,095	0.9814	0.9814	1,519,746	0.9944	0.9944
	City of Otterville	General Revenue	2,321,739	0.8000	0.8000	2,406,168	0.8000	0.8000	2,393,647	0.8079	0.8079
		Debt Service	2,321,739	0.9174	0.9174	2,406,168	0.2140	0.2140	**	**	**
	City of Pilot Grove	General Revenue	3,762,865	0.6900	0.6900	3,801,960	0.6910	0.6910	4,059,593	0.6930	0.6930
	City of Prairie Home	General Revenue	1,056,555	0.4836	0.4800	1,090,172	0.4835	0.4800	1,169,083	0.4932	0.4835
	Village of Wooldridge	General Revenue	158,510	0.6199	0.6199	156,873	0.6266	0.6266	168,245	0.6267	0.6267
	Cooper Co Fire Protection Dist	General Revenue	36,089,831	0.4800	0.4800	38,185,865	0.4800	0.4800	38,321,771	0.4909	0.4909
	Otterville Fire Protection District	General Revenue	1,680,552	0.3000	0.3000 *	9,173,008	0.3000	0.3000	9,309,801	0.3000	0.3000
	Prairie Home Rural Fire Prot Dist	General Revenue	**	**	**	5,742,517	0.2600	0.2600 *	6,408,953	0.2600	0.2600
	Blackwater R-II School District	Operating Funds-Schools	5,675,002	3.4649	3.2300	5,906,003	3.4715	3.2300	6,143,044	3.4783	3.2300
	Cooper Co. R-IV School District	Operating Funds-Schools	6,143,609	4.5912	4.4400	6,155,054	4.4999	4.4999	6,420,539	4.4246	4.4246
		Debt Service	6,143,609	0.8900	0.8900	6,155,054	0.7671	0.7671	6,420,539	0.8770	0.8770
		Operating Funds-Schools	7,284,601	3.9836	3.9800	7,582,705	3.9781	3.9781	8,051,815	4.0399	4.0399
	Prairie Home R-V School District	Debt Service	7,284,601	0.5700	0.5700	7,582,705	0.5283	0.5283	8,051,815	0.4683	0.4683
		Operating Funds-Schools	8,790,897	3.5064	3.5064	9,216,688	3.6659	3.6659	9,394,297	3.7609	3.7609
	Otterville R-VI School District	Debt Service	8,790,897	0.9210	0.9210	9,216,688	0.7985	0.7985	9,394,297	0.8005	0.8005
		Operating Funds-Schools	11,589,785	3.3509	3.0000	12,023,695	3.3764	3.0000	12,486,364	3.3231	3.0000
	Pilot Grove C-4 School District	Operating Funds Temp	11,589,785	0.7000	0.7000	12,023,695	0.7000	0.7000	12,486,364	0.7000	0.7000
		Debt Service	**	**	**	12,023,695	0.6300	0.6300	12,486,364	0.6300	0.6300
		Operating Funds-Schools	75,156,390	3.4927	3.1400	80,444,814	3.4194	3.3700	95,363,585	3.4620	3.4620
	Boonville R-I School District	Debt Service	75,156,390	0.6600	0.6600	80,444,814	0.5800	0.5800	95,363,585	0.4800	0.4800
		General Revenue	140,200,978	0.4200	0.2050	146,241,092	0.4200	0.1000	160,478,135	0.4229	0.1000
	Cooper County	Road & Bridge	140,200,978	0.3100	0.3100	146,241,092	0.3100	0.3100	160,478,135	0.3121	0.3121
		Senate Bill 40	140,200,978	0.2000	0.2000	146,241,092	0.2000	0.2000	160,478,135	0.2000	0.2000
Crawford	North Crawford Co Ambulance Dist	General Revenue	107,516,393	0.2907	0.2907	120,759,478	0.2789	0.2789	124,980,941	0.2790	0.2790
	Steelville Ambulance District	General Revenue	38,474,165	0.3418	0.3418	42,529,530	0.3326	0.3500	44,442,015	0.3326	0.3500
	City of Bourbon	General Revenue	7,480,338	0.6148	0.5800	8,446,519	0.5753	0.5753	8,777,568	0.5761	0.5753
		Parks & Recreation	7,480,338	0.0938	0.0900	8,446,519	0.0878	0.0878	8,777,568	0.0879	0.0878
		Police	7,480,338	0.2918	0.2600	8,446,519	0.2730	0.2730	8,777,568	0.2734	0.2730
	Village of Leasburg	General Revenue	1,064,536	0.4900	0.4900	1,174,089	0.4649	0.4649	1,162,541	0.4695	0.4695
	City of Steelville	General Revenue	9,048,787	0.3562	0.3562	10,371,179	0.3328	0.3328	10,721,817	0.3500	0.3500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Crawford	Crawford County Library District	General Revenue	155,613,357	0.1000	0.1000	173,670,063	0.0964	0.0964	180,281,100	0.0964	0.0964
	Bourbon Fire District	General Revenue	28,206,546	0.3000	0.3000	31,801,883	0.2885	0.2885	32,985,016	0.2885	0.2885
	Steelville Fire Protection Dist	General Revenue	43,225,888	0.2100	0.2100	47,639,504	0.2044	0.2044	49,694,835	0.2044	0.2044
	Crawford Co R-I School District	Operating Funds-Schools	36,466,463	2.8261	2.7500	40,753,676	2.7500	2.7500 *	42,068,948	2.7500	2.7500 *
		Debt Service	36,466,463	0.7300	0.7300	40,753,676	0.7300	0.7300	42,068,948	0.7961	0.7961
	Crawford Co R-II School District	Operating Funds-Schools	64,748,388	3.2132	2.7500	71,921,853	3.0421	2.7500	74,487,651	3.0550	2.7500
		Debt Service	64,748,388	0.6100	0.6100	71,921,853	0.6100	0.6100	74,487,651	0.6100	0.6100
	Steelville R-III School District	Operating Funds-Schools	31,811,646	3.4773	3.4773	35,973,800	3.3294	3.3294	37,675,734	3.3133	3.3133
	Crawford County	General Revenue	165,938,922	0.3105	0.0790	182,678,396	0.3021	0.0749	191,384,782	0.3021	0.0821
		Road & Bridge	165,938,922	0.2203	0.2203	182,678,396	0.2143	0.2143	191,384,782	0.2143	0.2143
		Senate Bill 40	165,938,922	0.1000	0.1000	182,678,396	0.0973	0.0973	191,384,782	0.0973	0.0973
		Senior Services	165,938,922	0.0500	0.0500 *	182,678,396	0.0486	0.0486	191,384,782	0.0486	0.0486
Dade	Dade County Ambulance District	General Revenue	69,895,265	0.0900	0.0900	71,790,091	0.0900	0.0900	73,015,203	0.0902	0.0902
	Dade County Nursing Home	General Revenue	48,651,004	0.1300	0.1300	52,220,002	0.1305	0.1305	53,307,570	0.1307	0.1307
	Good Shepherd Nursing Home Dist	General Revenue	21,244,260	0.1500	0.1500	19,981,639	0.1606	0.1500	19,693,255	0.1648	0.1648
		Debt Service	21,244,260	0.3800	0.3800	19,981,639	0.3800	0.3800	19,693,255	0.3800	0.3800
	Bona Special Road Dist Dade Co	Road & Bridge	484,349	0.4324	0.4300	497,770	0.4323	0.4323	506,187	0.4319	0.4319
	Dry Bone Special Road Dist Dade Co	Road & Bridge	298,418	0.3001	0.3000	313,657	0.3054	0.3054	334,899	0.3000	0.3000
	Maze Creek Spec Road Dist Dade Co	Road & Bridge	323,893	0.5000	0.5000	345,287	0.5000	0.5000	365,555	0.4853	0.4853
	Sac Special Road Dist #1 Dade Co	Road & Bridge	414,531	0.3969	0.3900	500,031	0.3538	0.3538	571,292	0.3541	0.3541
	Sac Special Road Dist #2 Dade Co	Road & Bridge	747,541	0.2301	0.2300	841,817	0.2416	0.2416	818,328	0.2509	0.2509
	Shannon Valley Spec Rd Dist Dade Co	Road & Bridge	536,844	0.2395	0.2300	352,830	0.3645	0.3645	538,003	0.2869	0.2869
	Southeast Special Road Dist Dade Co	Road & Bridge	229,754	0.3699	0.3600	247,375	0.3749	0.3749	256,476	0.3755	0.3755
	Birchwood Special Road District	Road & Bridge	559,450	0.3185	0.3100	604,670	0.3184	0.3184	680,340	0.2961	0.2961
		Special Road and Bridge	559,450	0.2500	0.2500 *	604,670	0.2500	0.2500	680,340	0.2325	0.2325
	Village of Dadeville	General Revenue	1,036,543	0.4675	0.4600	1,105,554	0.4675	0.4675	1,127,386	0.4659	0.4659
	City of Everton	General Revenue	1,236,273	1.0267	1.0200	1,285,637	1.0267	1.0267	1,329,063	1.0203	1.0203
		Parks & Recreation	1,236,273	0.0821	0.0800	1,285,637	0.0821	0.0821	1,329,063	0.0816	0.0816
	City of Greenfield	General Revenue	8,721,420	0.4704	0.4700	9,033,728	0.4740	0.4740	9,039,432	0.4781	0.4781
		Parks & Recreation	8,721,420	0.1501	0.1500	9,033,728	0.1512	0.1512	9,039,432	0.1525	0.1525
		Streets	8,721,420	0.1902	0.1900	9,033,728	0.1916	0.1916	9,039,432	0.1932	0.1932
	Village of South Greenfield	General Revenue	473,746	0.5075	0.5000	490,492	0.5075	0.5075	535,925	0.5074	0.5074
	City of Lockwood	General Revenue	5,459,218	0.6000	0.6000	5,588,215	0.6000	0.6000	5,524,483	0.6143	0.6143
		Parks & Recreation	5,459,218	0.1600	0.1600	5,588,215	0.1600	0.1600	5,524,483	0.1638	0.1638
		Library	5,459,218	0.1900	0.1900	5,588,215	0.1900	0.1900	5,524,483	0.1946	0.1946
	Dade County Library District	General Revenue	64,436,045	0.1000	0.1000	66,225,041	0.1000	0.1000	67,516,598	0.1000	0.1000
	Cedar Township of Dade Co	Road & Bridge	3,412,747	0.3700	0.3700	3,450,104	0.3731	0.3731	3,562,238	0.3791	0.3791
		Special Road and Bridge	3,412,747	0.1300	0.1300	3,450,104	0.1300	0.1300	3,562,238	0.1300	0.1300
	Center Township of Dade Co	Road & Bridge	15,936,217	0.3400	0.3400	16,476,766	0.3418	0.3418	16,606,734	0.3441	0.3441
	Ernest Township of Dade Co	Road & Bridge	1,180,715	0.3900	0.3900	1,110,536	0.4150	0.4150	1,077,629	0.4278	0.4278
	Grant Township of Dade Co	Road & Bridge	3,680,332	0.3500	0.3500	3,697,289	0.3528	0.3528	3,669,543	0.3557	0.3557
	Lockwood Township of Dade Co	Road & Bridge	10,195,363	0.3300	0.3300	10,623,091	0.3300	0.3300	10,704,117	0.3316	0.3316

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Marion Township of Dade Co	Road & Bridge	3,247,930	0.3700	0.3700	3,396,072	0.3700	0.3700	3,498,264	0.3649	0.3649
	North Morgan Township of Dade Co	Road & Bridge	1,192,406	0.2450	0.2400	1,188,741	0.2476	0.2476	1,232,001	0.2427	0.2427
	North Township of Dade Co	Road & Bridge	3,053,977	0.3900	0.3900	3,081,150	0.3963	0.3963	3,015,109	0.4174	0.4174
	Pilgrim Township of Dade Co	Road & Bridge	1,689,192	0.3300	0.3300	1,707,661	0.3300	0.3300	1,672,825	0.3396	0.3396
		Special Road and Bridge	1,689,192	0.2300	0.2300	1,707,661	0.2300	0.2300	1,672,825	0.2300	0.2300
	Polk Township of Dade Co	Road & Bridge	4,077,291	0.3400	0.3400	4,274,853	0.3400	0.3400	4,505,809	0.3441	0.3441
		Special Road and Bridge	4,077,291	0.3300	0.3300	4,274,853	0.3300	0.3300	4,505,809	0.3300	0.3300
	Rock Prairie Township of Dade Co	Road & Bridge	7,487,055	0.3600	0.3600	7,418,095	0.3656	0.3656	7,867,655	0.3656	0.3656
		Special Road and Bridge	7,487,055	0.2300	0.2300	7,418,095	0.2300	0.2300	7,867,655	0.2300	0.2300
	Sac Township of Dade Co	Road & Bridge	2,275,322	0.2741	0.2700	2,362,039	0.2805	0.2805	2,379,869	0.2969	0.2969
	Smith Township of Dade Co	Road & Bridge	1,810,351	0.4300	0.4300	1,856,603	0.4300	0.4300	1,843,644	0.4335	0.4335
		Special Road and Bridge	1,810,351	0.2500	0.2500	1,856,603	0.2500	0.2500 *	1,843,644	0.2500	0.2500
	South Township of Dade Co	Road & Bridge	2,292,970	0.3800	0.3800	2,325,236	0.3865	0.3865	2,312,070	0.3913	0.3913
		Special Road and Bridge	2,292,970	0.3500	0.3500	2,325,236	0.3400	0.3400 *	2,312,070	0.3400	0.3400
	South Morgan Township of Dade Co	Road & Bridge	2,323,541	0.3401	0.3400	2,024,819	0.3959	0.3959	2,424,039	0.3972	0.3972
	Washington Township of Dade Co	Road & Bridge	2,628,292	0.3300	0.3300	2,636,087	0.3300	0.3300	2,673,913	0.3300	0.3300
	Dadeville Rural Fire Prot Dist	General Revenue	6,072,732	0.2000	0.2000 *	6,387,964	0.2000	0.2000	6,500,591	0.2000	0.2000
	Dade Co R-4 Rural Fire Prot Dist	General Revenue	28,101,315	0.2000	0.2000 *	28,949,619	0.2000	0.2000	29,476,720	0.2000	0.2000
	Lockwood R-I School District	Operating Funds-Schools	18,826,490	3.1903	3.1900	19,544,080	3.1965	3.1965	19,875,335	3.2901	3.2901
		Debt Service	18,826,490	0.5500	0.5500	19,544,080	0.5500	0.5500	19,875,335	0.5500	0.5500
	Dadeville R-II School District	Operating Funds-Schools	6,114,445	4.3519	3.2200	6,511,465	4.3373	3.3173	6,716,085	4.4035	3.3235
		Debt Service	6,114,445	0.4000	0.4000	**	**	**	**	**	**
	Everton R-III School District	Operating Funds-Schools	6,221,451	3.5119	3.3100	6,525,112	3.4029	3.1500	6,793,150	3.5383	3.2500
		Debt Service	6,221,451	0.5000	0.5000	6,525,112	0.7000	0.7000	6,793,150	0.7000	0.7000
	Greenfield R-IV School District	Operating Funds-Schools	23,737,620	2.7500	2.7500 *	25,346,272	2.7500	2.7500 *	25,512,738	2.7500	2.7500 *
		Debt Service	23,737,620	0.8000	0.8000	25,346,272	0.9000	0.9000	25,512,738	0.9000	0.9000
	Dade County	General Revenue	69,895,265	0.2700	0.1400	71,790,091	0.2700	0.1400	73,015,203	0.2706	0.1200
		Health	69,895,265	0.1000	0.1000	71,790,091	0.1000	0.1000	73,015,203	0.1000	0.1000
		Township Tax	69,895,265	0.1000	0.1000	71,790,091	0.1000	0.1000	73,015,203	0.1000	0.1000
Dallas	City of Buffalo	General Revenue	21,598,906	0.5300	0.5300	22,384,009	0.5300	0.5300	23,121,503	0.5339	0.5300
	City of Urbana	General Revenue	2,034,750	0.5513	0.5513	2,337,845	0.5420	0.5420	2,290,910	0.5653	0.5653
		Debt Service	2,034,750	0.0000	0.0000	2,337,845	0.2146	0.2146	2,290,910	0.2724	0.2724
	Dallas County Library	General Revenue	104,053,054	0.1000	0.1000	108,964,824	0.1000	0.1000	113,743,493	0.1000	0.1000
	Southern Dallas Co Fire Prot Dist	General Revenue	13,792,551	0.2985	0.2900	14,350,893	0.2989	0.2900	15,149,010	0.2989	0.2900
	Dallas Co R-I School District	Operating Funds-Schools	76,143,567	2.7500	2.7500 *	76,366,850	2.7500	2.7500 *	82,116,534	2.7500	2.7500 *
		Debt Service	76,143,567	0.0000	0.0000	**	**	**	**	**	**
	Dallas County	General Revenue	104,053,054	0.3561	0.0100	108,964,824	0.3561	0.0100	113,743,493	0.3561	0.0100
		Road & Bridge	104,053,054	0.2645	0.2600	108,964,824	0.2645	0.2600	113,743,493	0.2645	0.2600
		Health	104,053,054	0.1000	0.1000	108,964,824	0.1000	0.1000	113,743,493	0.1000	0.1000
Daviess	Community Ambulance District	General Revenue	59,275,368	0.3427	0.3427	60,550,106	0.3435	0.3435	62,516,188	0.3435	0.3435
	West Fork of Big Creek Watershed	Main & Op	683,890	0.3000	0.1500	746,880	0.2873	0.1500	786,050	0.2787	0.1500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Jamesport Spec Rd Dist Daviess Co	Road & Bridge	5,540,968	0.4119	0.4100	5,652,203	0.4119	0.4119	5,841,276	0.4137	0.4137
		Special Road and Bridge	5,540,968	0.2713	0.2700	5,652,203	0.2700	0.2700 *	5,841,276	0.2700	0.2700
	Lock Springs Special Road District	Road & Bridge	1,936,324	0.3684	0.3684	1,978,186	0.3691	0.3691	2,028,975	0.3691	0.3691
		Special Road and Bridge	1,936,324	0.3286	0.3286	1,978,186	0.3500	0.3500 *	2,028,975	0.3500	0.3500
	Daviess County Special Rd Dist #1	Road & Bridge	8,664,464	0.3200	0.3200	8,909,539	0.3200	0.3200	9,469,928	0.3180	0.3180
		Special Road District	8,664,464	0.3500	0.3500 *	8,909,539	0.3500	0.3500	9,469,928	0.3478	0.3478
		Debt Service	8,664,464	0.7090	0.7090	8,909,539	0.7369	0.7369	9,469,928	0.7351	0.7351
	Village of Altamont	General Revenue	594,104	0.6500	0.6500	633,050	0.6500	0.6500	620,255	0.6500	0.6500
	City of Coffey	General Revenue	393,552	1.0000	1.0000	402,536	1.0000	1.0000	416,349	1.0000	1.0000
	City of Gallatin	General Revenue	10,772,388	0.5938	0.5938	10,853,486	0.5968	0.5968	11,123,983	0.5968	0.5968
		Parks & Recreation	10,772,388	0.2113	0.2113	10,853,486	0.2124	0.2124	11,123,983	0.2124	0.2124
		Band	10,772,388	0.0200	0.0200	10,853,486	0.0200	0.0200	11,123,983	0.0200	0.0200
	City of Jamesport	General Revenue	2,249,145	0.7651	0.7600	2,252,703	0.7651	0.7651	2,332,742	0.7754	0.7754
		Parks & Recreation	2,249,145	0.1812	0.1800	2,252,703	0.1812	0.1812	2,332,742	0.1836	0.1836
	Village of Jameson	General Revenue	372,536	0.5000	0.5000	375,811	0.5000	0.5000	381,598	0.5000	0.5000
	Village of Lock Springs	General Revenue	216,264	0.5000	0.4100	230,911	0.4997	0.4100	211,958	0.5000	0.4100
	City of Pattonsburg	General Revenue	1,600,715	0.9706	0.9700	1,646,331	0.9723	0.9723	1,795,232	0.9970	0.9970
	Village of Winston	General Revenue	827,663	0.4744	0.4744	843,469	0.4744	0.4744	804,526	0.5000	0.5000
		Streets	827,663	0.3000	0.3000 *	843,469	0.2999	0.2999	804,526	0.3000	0.3000
	Daviess County Library	General Revenue	69,609,983	0.2000	0.2000	70,927,605	0.2000	0.2000	73,304,129	0.1982	0.1982
	Benton Township of Daviess Co	General Revenue	3,975,226	0.1000	0.1000	3,930,796	0.1000	0.1000	4,061,985	0.1000	0.1000
		Road & Bridge	3,975,226	0.4960	0.4960	3,930,796	0.5000	0.5000	4,061,985	0.5000	0.5000
	Colfax Township of Daviess Co	General Revenue	3,800,962	0.1000	0.1000	3,885,530	0.1000	0.1000	3,891,504	0.1000	0.1000
		Road & Bridge	3,800,962	0.4900	0.4900	3,885,530	0.4949	0.4949	3,891,504	0.5000	0.5000
		Special Road and Bridge	3,800,962	0.2500	0.2500	3,885,530	0.2500	0.2500	3,891,504	0.2500	0.2500
	Grand River Township of Daviess Co	General Revenue	3,223,212	0.1000	0.1000	3,179,965	0.1000	0.1000	3,214,514	0.1000	0.1000
		Road & Bridge	3,223,212	0.5000	0.5000	3,179,965	0.5000	0.5000	3,214,514	0.5000	0.5000
		Special Road and Bridge	3,223,212	0.3500	0.3500	3,179,965	0.3500	0.3500	3,214,514	0.3500	0.3500
	Harrison Township of Daviess Co	General Revenue	1,606,178	0.0998	0.0998	1,630,076	0.0998	0.0998	1,678,200	0.0996	0.0996
		Road & Bridge	1,606,178	0.4893	0.4893	1,630,076	0.4893	0.4893	1,678,200	0.4882	0.4882
		Special Road and Bridge	1,606,178	0.3495	0.3495	1,630,076	0.3500	0.3500 *	1,678,200	0.3492	0.3492
	Jackson Township of Daviess Co	General Revenue	4,961,768	0.1000	0.1000	5,053,370	0.1000	0.1000	5,155,536	0.1000	0.1000
		Road & Bridge	3,025,444	0.4903	0.4903	3,075,184	0.4903	0.4903	3,126,561	0.4903	0.4903
		Special Road and Bridge	3,025,444	0.3500	0.3500	3,075,184	0.3500	0.3500	3,126,561	0.3500	0.3500
	Jamesport Township of Daviess Co	General Revenue	5,540,968	0.1000	0.1000	5,652,203	0.1000	0.1000	5,841,276	0.1000	0.1000
	Jefferson Township of Daviess Co	General Revenue	3,192,646	0.1000	0.1000	3,352,849	0.1000	0.1000	3,506,114	0.1000	0.1000
		Road & Bridge	3,192,646	0.4426	0.4400	3,352,849	0.4426	0.4426	3,506,114	0.4427	0.4427
		Special Road and Bridge	3,192,646	0.3500	0.3500	3,352,849	0.3500	0.3500	3,506,114	0.3500	0.3500
	Liberty Township of Daviess Co	General Revenue	11,262,630	0.0900	0.0900	11,637,092	0.0900	0.0900	12,204,276	0.0900	0.0900
		Road & Bridge	2,600,338	0.5000	0.5000	2,727,553	0.5000	0.5000	2,734,408	0.5000	0.5000
	Lincoln Township of Daviess Co	General Revenue	3,391,630	0.1000	0.1000	3,472,639	0.1000	0.1000	3,431,613	0.1000	0.1000
		Road & Bridge	3,391,630	0.5000	0.5000	3,472,639	0.5000	0.5000	3,431,613	0.5000	0.5000
		Special Road and Bridge	3,391,630	0.3500	0.3500	3,472,639	0.3500	0.3000	3,431,613	0.3500	0.2000



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Marion Township of Daviess Co	General Revenue	3,232,201	0.1000	0.1000	3,164,168	0.1000	0.1000	3,340,067	0.0991	0.0991
		Road & Bridge	3,232,201	0.4936	0.4936	3,164,168	0.5000	0.5000	3,340,067	0.4954	0.4954
		Special Road and Bridge	3,232,201	0.3500	0.3500	3,164,168	0.3500	0.3500	3,340,067	0.3467	0.3467
	Monroe Township of Daviess Co	General Revenue	1,890,816	0.1000	0.1000	1,932,837	0.1000	0.1000	2,014,422	0.1000	0.1000
		Road & Bridge	1,890,816	0.4719	0.4700	1,932,837	0.4747	0.4747	2,014,422	0.4747	0.4747
		Special Road and Bridge	1,890,816	0.3500	0.3500	1,932,837	0.3500	0.3500	2,014,422	0.3500	0.3500
		Debt Service	1,890,816	0.7500	0.7500	1,932,837	0.6778	0.6778	2,014,422	0.6778	0.6778
	Salem Township of Daviess Co	General Revenue	4,045,304	0.1000	0.1000	4,042,313	0.1000	0.1000	4,261,005	0.0974	0.0974
		Road & Bridge	4,045,304	0.4681	0.4681	4,042,313	0.4720	0.4720	4,261,005	0.4598	0.4598
		Special Road and Bridge	4,045,304	0.3298	0.3298	4,042,313	0.3500	0.3500 *	4,261,005	0.3410	0.3410
	Sheridan Township of Daviess Co	General Revenue	2,715,470	0.1000	0.1000	2,781,757	0.1000	0.1000	3,107,158	0.0964	0.0964
		Road & Bridge	2,715,470	0.4604	0.4604	2,781,757	0.4643	0.4643	3,107,158	0.4478	0.4478
		Special Road and Bridge	2,715,470	0.2402	0.2402	2,781,757	0.3500	0.3500 *	3,107,158	0.3376	0.3376
		Special Road-Temp	2,715,470	0.1000	0.1000	2,781,757	0.1000	0.0000	**	**	**
	Union Township of Daviess Co	General Revenue	14,456,886	0.0904	0.0500	14,805,387	0.0907	0.0500	15,131,508	0.0907	0.0500
		Road & Bridge	14,456,886	0.3817	0.3000	14,805,387	0.3829	0.3000	15,131,508	0.3829	0.2500
	Washington Township of Daviess Co	General Revenue	2,314,086	0.1000	0.1000	2,404,390	0.1000	0.1000	2,464,951	0.1000	0.1000
		Road & Bridge	2,314,086	0.5000	0.5000	2,404,390	0.5000	0.5000	2,464,951	0.5000	0.5000
		Special Road and Bridge	2,314,086	0.3500	0.3500	2,404,390	0.3500	0.3500 *	2,464,951	0.3500	0.3500
	KAW Fire Protection District	General Revenue	15,821,935	0.5000	0.5000	16,810,328	0.5000	0.5000	17,417,484	0.5000	0.5000
	Jameson Fire Protection District	General Revenue	3,846,895	0.3000	0.3000	3,739,327	0.3000	0.3000	3,957,861	0.2995	0.2995
	Coffey Fire Protection District	General Revenue	3,399,328	0.3000	0.3000	3,488,706	0.3000	0.3000	3,653,354	0.3000	0.3000
	Pattonsburg Rescue & Fire Prot Dist	General Revenue	8,214,700	0.3000	0.3000	9,043,038	0.3000	0.3000	9,237,813	0.3000	0.3000
	Gallatin Fire Protection District	General Revenue	**	**	**	18,802,968	0.3000	0.3000 *	18,754,328	0.3000	0.3000
	Pattonsburg R-II School District	Operating Funds-Schools	8,842,149	4.5123	4.5123	8,986,848	4.5336	4.5336	9,492,116	4.4790	4.4790
		Debt Service	8,842,149	0.7093	0.7093	8,986,848	0.6412	0.6412	9,492,116	0.6070	0.6070
	Winston R-VI School District	Operating Funds-Schools	10,185,054	3.9307	3.9307	10,596,946	3.9520	3.9520	11,380,035	3.9015	3.9015
		Debt Service	10,185,054	0.2000	0.2000	10,596,946	0.2002	0.2002	11,380,035	0.2507	0.2507
	North Daviess R-III School District	Operating Funds-Schools	6,867,645	5.4500	5.4500	6,848,146	5.4500	5.4500	7,069,088	5.4500	5.4500
	Gallatin R-V School District	Operating Funds-Schools	24,174,224	3.9856	3.8056	24,823,423	4.0321	3.8021	25,369,287	4.0573	3.8073
	Tri-County R-VII School District	Operating Funds-Schools	9,556,221	4.2424	4.2424	9,848,401	4.3777	4.3777	10,310,292	4.3929	4.3929
	Daviess County	General Revenue	69,609,983	0.3846	0.2900	70,927,605	0.3858	0.2900	73,304,129	0.3858	0.2900
		Health	69,609,983	0.1000	0.1000	70,927,605	0.2600	0.2600 *	73,304,129	0.2600	0.2600
		Senate Bill 40	69,609,983	0.1000	0.1000	70,927,605	0.1000	0.1000	73,304,129	0.1000	0.1000
De Kalb	DeKalb-Clinton Ambulance Dist No 1	General Revenue	54,304,891	0.2404	0.2404	54,897,359	0.2430	0.2430	55,865,847	0.2430	0.2430
	Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	18,963,910	0.1568	0.1568	19,844,700	0.1568	0.1568	20,536,380	0.1568	0.1568
	Village of Amity	General Revenue	295,256	0.3918	0.3918	281,147	0.4134	0.4134	305,584	0.4178	0.4178
	City of Clarksdale	General Revenue	1,310,960	0.6413	0.6413	1,293,516	0.6635	0.6635	1,339,114	0.6634	0.6634
		Lights	1,310,960	0.2004	0.2004	1,293,516	0.2073	0.2073	1,339,114	0.2073	0.2073
		Streets	1,310,960	0.2204	0.2204	1,293,516	0.2280	0.2280	1,339,114	0.2280	0.2280
		Debt Service	1,310,960	0.7012	0.7012	1,293,516	0.5807	0.5807	1,339,114	1.5402	1.5402
	City of Maysville	General Revenue	6,815,178	0.7815	0.7815	6,851,338	0.7987	0.7987	6,856,245	0.8114	0.8114

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Stewartsville	General Revenue	4,108,191	0.5421	0.5421	4,269,702	0.5421	0.5421	4,375,111	0.5421	0.5421
		Lights	4,108,191	0.1305	0.1305	4,269,702	0.1305	0.1305	4,375,111	0.1305	0.1305
	City of Union Star	General Revenue	1,789,182	0.3901	0.3900	1,860,313	0.3902	0.3902	1,830,423	0.3986	0.3986
		Lights	1,789,182	0.3301	0.3300	1,860,313	0.3301	0.3301	1,830,423	0.3372	0.2500
		Streets	1,789,182	0.3001	0.3000	1,860,313	0.3001	0.3001	1,830,423	0.3066	0.3066
		Debt Service	1,789,182	0.4270	0.4270	1,860,313	0.3032	0.3032	1,830,423	0.4661	0.4661
	Village of Weatherby	General Revenue	424,037	0.4216	0.4216	446,109	0.4217	0.4217	444,631	0.4253	0.4253
		General Revenue-Temp	424,037	0.3000	0.3000 *	446,109	0.2999	0.2999	444,631	0.3000	0.3000
	City of Osborn	General Revenue	2,674,446	0.7312	0.7312	2,859,468	0.7381	0.7381	2,842,911	0.7482	0.7482
	Adams Township of DeKalb Co	General Revenue	5,553,645	0.1000	0.1000	5,538,172	0.1000	0.1000	5,536,924	0.1000	0.1000
		Road & Bridge	5,553,645	0.3600	0.3600	5,538,172	0.3681	0.3681	5,536,924	0.3745	0.3745
		Special Road and Bridge	5,553,645	0.1400	0.1400	5,538,172	0.1400	0.1400	5,536,924	0.1400	0.1400
	Camden Township of DeKalb Co	General Revenue	13,378,714	0.1000	0.1000	13,658,879	0.1000	0.1000	13,942,900	0.1000	0.1000
		Road & Bridge	13,378,714	0.3502	0.3502	13,658,879	0.3514	0.3514	13,942,900	0.3530	0.3530
	Colfax Township of DeKalb Co	General Revenue	6,809,047	0.1000	0.1000	7,108,392	0.1000	0.1000	7,075,113	0.1000	0.1000
		Road & Bridge	6,809,047	0.4009	0.4009	7,108,392	0.4064	0.4064	7,075,113	0.4135	0.4135
	Dallas Township of DeKalb Co	General Revenue	3,216,032	0.1000	0.1000	3,176,510	0.1000	0.1000	3,109,757	0.1000	0.1000
		Road & Bridge	3,216,032	0.3966	0.3966	3,176,510	0.4031	0.4031	3,109,757	0.4154	0.4154
		Special Road and Bridge	3,216,032	0.3500	0.3500	3,176,510	0.3500	0.3500	3,109,757	0.3500	0.3500 *
	Grand River Township of DeKalb Co	General Revenue	26,628,260	0.1000	0.1000	27,183,116	0.1000	0.1000	28,976,602	0.0977	0.0977
		Road & Bridge	26,628,260	0.3600	0.3600	27,183,116	0.3617	0.3617	28,976,602	0.3533	0.3533
	Grant Township of DeKalb Co	General Revenue	3,784,614	0.1000	0.1000	2,778,937	0.1000	0.1000	3,760,705	0.1000	0.1000
		Road & Bridge	3,784,614	0.4202	0.4202	2,778,937	0.5000	0.5000	3,760,705	0.5000	0.5000
		Special Road and Bridge	**	**	**	2,778,937	0.3500	0.3500 *	3,760,705	0.3500	0.3500
	Polk Township of DeKalb Co	General Revenue	6,936,494	0.1000	0.1000	7,145,673	0.1000	0.1000	7,170,856	0.1000	0.1000
		Road & Bridge	6,936,494	0.3800	0.3800	7,145,673	0.3800	0.3800	7,170,856	0.3819	0.3819
		Special Road and Bridge	6,936,494	0.3300	0.3300	**	**	**	**	**	**
	Sherman Township of DeKalb Co	General Revenue	5,497,032	0.1000	0.1000	5,602,934	0.1000	0.1000	5,617,150	0.1000	0.1000
		Road & Bridge	5,497,032	0.3800	0.3800	5,602,934	0.3852	0.3852	5,617,150	0.3892	0.3892
		Special Road and Bridge	5,497,032	0.3500	0.3500 *	5,602,934	0.3500	0.3500	5,617,150	0.3500	0.3500
	Washington Township of DeKalb Co	General Revenue	13,604,823	0.0901	0.0901	13,991,264	0.0904	0.0904	14,459,945	0.0904	0.0904
		Road & Bridge	13,604,823	0.3404	0.3404	13,991,264	0.3415	0.3415	14,459,945	0.3415	0.3415
	Osborn Fire Protection District	General Revenue	8,590,753	0.2407	0.2407	8,615,483	0.2456	0.2456	8,768,481	0.2456	0.2456
	Stewartsville Fire Protection Dist	General Revenue	13,156,235	0.1300	0.1300	13,523,884	0.1301	0.1301	13,877,496	0.1301	0.1301
	Central DeKalb Co Fire Prot Dist	General Revenue	25,145,397	0.2503	0.2503	25,509,611	0.2515	0.2515	25,732,784	0.2525	0.2525
	Clarksdale Fire Protection District	General Revenue	7,143,625	0.2401	0.2401	7,536,200	0.2408	0.2408	7,670,662	0.2408	0.2408
	Union Star Fire Protection District	General Revenue	7,785,660	0.2800	0.2800	8,070,128	0.2800	0.2800	8,087,880	0.2805	0.2805
	Osborn R-O School District	Operating Funds-Schools	6,827,211	4.7527	4.1400	7,312,814	4.7218	4.1900	7,372,457	4.7705	4.2500
		Debt Service	6,827,211	0.6000	0.6000	7,312,814	0.5000	0.5000	7,372,457	0.4400	0.4400
	Maysville R-I School District	Operating Funds-Schools	30,909,256	2.7500	2.7500 *	32,356,213	2.7707	2.7707	32,817,183	2.7913	2.7913
	Union Star R-II School District	Operating Funds-Schools	7,181,038	4.7598	4.0803	7,485,183	4.7751	3.9789	7,384,033	4.9865	4.1798
	Stewartsville C-2 School District	Operating Funds-Schools	9,536,086	3.9627	2.9227	9,911,223	3.9683	2.9083	10,048,454	4.0745	2.9945
		Debt Service	9,536,086	0.3585	0.3585	9,911,223	0.3926	0.3926	10,048,454	0.4368	0.4368

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dent	DeKalb County	General Revenue	85,408,584	0.3001	0.0500	87,183,826	0.3022	0.0700	89,650,811	0.3022	0.0500
		Senate Bill 40	85,408,584	0.0900	0.0900	87,183,826	0.0900	0.0900	89,650,811	0.0900	0.0900
		Senior Services	85,408,584	0.0300	0.0300 *	87,183,826	0.0300	0.0300	89,650,811	0.0300	0.0300
	Salem Memorial Hospital District	General Revenue	154,979,882	0.2500	0.2500	152,625,013	0.2500	0.2500	159,523,672	0.2500	0.2500
		General Revenue	34,788,230	0.6645	0.6200	36,205,290	0.6678	0.6200	37,246,832	0.6684	0.6200
		Library	34,788,230	0.2920	0.2920	36,205,290	0.2934	0.2934	37,246,832	0.2937	0.2937
	Dent County Fire Protection Dist	General Revenue	65,441,610	0.2419	0.2418	68,053,840	0.2431	0.2431	70,439,270	0.2431	0.2431
		Operating Funds-Schools	47,785,696	2.5100	2.5100 *	49,621,950	2.7500	2.7500 *	51,229,540	2.7500	2.7500 *
		Debt Service	47,785,696	0.6800	0.6800	49,621,950	0.6800	0.6800	51,229,540	0.6800	0.6800
	Salem R-80 School District	Operating Funds-Schools	8,381,125	2.8509	2.8000	8,781,810	3.2587	3.1900 *	9,125,405	3.2591	3.1900
		Operating Funds-Schools	10,363,290	2.5000	2.5000 *	10,723,300	2.5075	2.5100	11,293,650	2.5275	2.5300
		Operating Funds-Temp	10,363,290	0.2500	0.2500	10,723,300	0.2500	0.2500	11,293,650	0.2500	0.2500
	Oak Hill R-I School District	Operating Funds-Schools	17,130,640	2.7500	2.7500 *	17,608,535	2.7500	2.7500 *	18,773,315	2.7500	2.7500 *
		Operating Funds-Schools	11,723,420	2.7500	2.7500 *	12,205,563	2.7931	2.7900	12,453,100	2.8174	2.8174
		General Revenue	105,255,260	0.3832	0.0350	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350
	Green Forest R-II School District	Road & Bridge	105,255,260	0.2824	0.2550	108,160,220	0.2850	0.2550	112,145,861	0.2850	0.2550
		Health	105,255,260	0.1000	0.1000	108,160,220	0.1000	0.1000	112,145,861	0.1000	0.1000
		Senate Bill 40	105,255,260	0.1815	0.1600	108,160,220	0.1831	0.1600	112,145,861	0.1831	0.1600
	Dent-Phelps R-III School District	Senior Services	105,255,260	0.0500	0.0500	108,160,220	0.0500	0.0500	112,145,861	0.0500	0.0500
		Operating Funds-Schools	105,255,260	0.3832	0.0350	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350
		Operating Funds-Schools	105,255,260	0.3832	0.0350	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350
	North Wood R-IV School District	General Revenue	105,255,260	0.3832	0.0350	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350
		Road & Bridge	105,255,260	0.2824	0.2550	108,160,220	0.2850	0.2550	112,145,861	0.2850	0.2550
		Health	105,255,260	0.1000	0.1000	108,160,220	0.1000	0.1000	112,145,861	0.1000	0.1000
	Dent County	Senate Bill 40	105,255,260	0.1815	0.1600	108,160,220	0.1831	0.1600	112,145,861	0.1831	0.1600
		Senior Services	105,255,260	0.0500	0.0500	108,160,220	0.0500	0.0500	112,145,861	0.0500	0.0500
		Operating Funds-Schools	105,255,260	0.3832	0.0350	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350
Douglas	Ava Ambulance District	General Revenue	63,026,982	0.1103	0.1103	68,929,254	0.1105	0.1105	72,253,621	0.1108	0.1108
		General Revenue	85,474,401	0.0802	0.0802	92,190,584	0.0807	0.0807	95,938,461	0.0808	0.0808
		Operating Funds-Schools	5,767,580	2.7100	2.7100 *	6,167,859	2.7500	2.7500 *	6,292,226	2.7500	2.7500 *
	Douglas County Library	Operating Funds-Schools	3,739,223	2.8322	2.8322	3,886,802	2.8942	2.8942	4,092,348	2.8528	2.8528
		Operating Funds-Schools	56,074,613	2.6800	2.6800 *	61,151,652	2.6800	2.6800 *	63,905,821	2.6800	2.6800 *
		General Revenue	85,474,401	0.2907	0.0907	92,190,584	0.2924	0.1020	95,938,461	0.2927	0.1020
	Skyline R-II School District	Road & Bridge	85,474,401	0.2105	0.2105	92,190,584	0.2118	0.2118	95,938,461	0.2120	0.2120
		Health	85,474,401	0.2305	0.2000	92,190,584	0.2319	0.2000	95,938,461	0.2321	0.2000
		Senate Bill 40	85,474,401	0.0802	0.0802	92,190,584	0.0807	0.0807	95,938,461	0.0808	0.0808
	Plainview R-VIII School District	General Revenue	85,474,401	0.2907	0.0907	92,190,584	0.2924	0.1020	95,938,461	0.2927	0.1020
		Operating Funds-Schools	56,074,613	2.6800	2.6800 *	61,151,652	2.6800	2.6800 *	63,905,821	2.6800	2.6800 *
Dunklin	Ava R-I School District	General Revenue	85,474,401	0.2907	0.0907	92,190,584	0.2924	0.1020	95,938,461	0.2927	0.1020
		Road & Bridge	85,474,401	0.2105	0.2105	92,190,584	0.2118	0.2118	95,938,461	0.2120	0.2120
		Health	85,474,401	0.2305	0.2000	92,190,584	0.2319	0.2000	95,938,461	0.2321	0.2000
	Douglas County	Senate Bill 40	85,474,401	0.0802	0.0802	92,190,584	0.0807	0.0807	95,938,461	0.0808	0.0808
		Operating Funds-Schools	56,074,613	2.6800	2.6800 *	61,151,652	2.6800	2.6800 *	63,905,821	2.6800	2.6800 *
		General Revenue	85,474,401	0.2907	0.0907	92,190,584	0.2924	0.1020	95,938,461	0.2927	0.1020
	City of Arbyrd	General Revenue	2,842,000	0.7324	0.7300	2,934,681	0.7324	0.7324	3,082,996	0.7351	0.7351
		General Revenue	7,793,452	0.6100	0.0000	8,081,748	0.6100	0.0000	7,987,178	0.6211	0.0000
		General Revenue	2,865,670	0.4600	0.4600	2,968,302	0.4600	0.4600	2,938,180	0.4688	0.4688
	City of Campbell	Streets	2,865,670	0.1400	0.1400	2,968,302	0.1400	0.1400	2,938,180	0.1427	0.1427
		Debt Service	2,865,670	1.6317	1.6317	2,968,302	1.7299	1.7299	2,938,180	1.7322	1.7322
		General Revenue	4,162,465	0.6105	0.6105	4,193,172	0.6111	0.6111	4,238,148	0.6145	0.6145
	City of Clarkton	General Revenue	3,037,004	0.6100	0.6000	3,151,583	0.6100	0.6100	2,983,383	0.6469	0.6469
		General Revenue	3,244,047	0.6914	0.6914	3,324,430	0.6914	0.6914	3,337,473	0.6931	0.6931
		Debt Service	3,244,047	0.1881	0.1881	**	**	**	**	**	**
	City of Holcomb	General Revenue	75,509,932	0.5323	0.5300	77,449,009	0.5323	0.5300	79,449,679	0.5356	0.5300
		Parks & Recreation	75,509,932	0.1500	0.1500	77,449,009	0.1500	0.1500	79,449,679	0.1500	0.1500
		Special Park	75,509,932	0.1000	0.1000	77,449,009	0.1000	0.1000	79,449,679	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Malden	General Revenue	25,877,859	0.6320	0.6320	27,373,451	0.6320	0.6320	27,754,827	0.6320	0.6320
	City of Senath	General Revenue	8,328,665	0.6219	0.5700	8,461,351	0.6219	0.5700	8,720,915	0.6253	0.5700
		Health	8,328,665	0.1605	0.1000	8,461,351	0.1605	0.1000	8,720,915	0.1614	0.1000
	Buffalo Township of Dunklin Co	General Revenue	10,128,615	0.1000	0.1000	10,282,449	0.1000	0.1000	10,222,440	0.1000	0.1000
		Road & Bridge	10,128,615	0.2600	0.2600	10,282,449	0.2600	0.2600	10,222,440	0.2632	0.2632
	Clay Township of Dunklin Co	General Revenue	16,834,799	0.1000	0.1000	16,885,568	0.1000	0.1000	16,616,433	0.1000	0.1000
		Road & Bridge	16,834,799	0.2912	0.2912	16,885,568	0.2919	0.2919	16,616,433	0.2980	0.2980
	Cotton Hill Township of Dunklin Co	General Revenue	37,896,421	0.1000	0.1000	39,030,565	0.1000	0.1000	39,440,288	0.1000	0.1000
		Road & Bridge	37,896,421	0.2801	0.2801	39,030,565	0.2801	0.2801	39,440,288	0.2801	0.2801
	Freeborn Township of Dunklin Co	General Revenue	9,573,114	0.1000	0.1000	9,520,230	0.1000	0.1000	9,678,765	0.1000	0.1000
		Road & Bridge	9,573,114	0.2504	0.2504	9,520,230	0.2534	0.2534	9,678,765	0.2550	0.2550
	Holcomb Township of Dunklin Co	General Revenue	11,414,104	0.0900	0.0900	11,565,935	0.0900	0.0900	11,412,788	0.0916	0.0900
		Road & Bridge	11,414,104	0.2200	0.2200	11,565,935	0.2200	0.2200	11,412,788	0.2238	0.2200
	Independence Township of Dunklin Co	General Revenue	96,629,597	0.1000	0.1000	100,387,733	0.1000	0.1000	102,962,251	0.1000	0.1000
		Road & Bridge	96,629,597	0.2404	0.2404	100,387,733	0.2404	0.2400	102,962,251	0.2421	0.2421
	Salem Township of Dunklin Co	General Revenue	23,222,047	0.1000	0.1000	23,531,361	0.1000	0.1000	24,174,953	0.1000	0.1000
		Road & Bridge	23,222,047	0.2700	0.2700	23,531,361	0.2700	0.2700	24,174,953	0.2708	0.2708
	Union Township of Dunklin Co	General Revenue	45,058,523	0.0900	0.0900	57,260,933	0.0900	0.0900	57,254,692	0.0904	0.0900
		Road & Bridge	45,058,523	0.3100	0.3100	57,260,933	0.3100	0.3100	57,254,692	0.3112	0.3100
	Malden R-I School District	Operating Funds-Schools	37,372,472	3.7500	3.1000	38,523,503	3.7425	3.1000	38,964,371	3.7500	3.1000
	Campbell R-II School District	Operating Funds-Schools	38,107,364	3.7781	2.9100 *	38,217,074	3.7900	2.9100	49,975,183	2.9575	2.9100
		Debt Service	38,107,364	0.7900	0.7900	38,217,074	0.7900	0.7900	49,975,183	0.4500	0.4500
	Holcomb R-III School District	Operating Funds-Schools	16,271,576	2.9633	2.9633	17,008,107	2.9351	2.9351	17,631,210	2.9153	2.9150
		Debt Service	**	**	**	17,008,107	0.4900	0.4900	17,631,210	0.4900	0.4900
	Clarkton C-4 School District	Operating Funds-Schools	9,476,812	2.9153	2.9153	10,229,849	2.9065	2.9065	10,259,745	2.9538	2.9538
	Senath-Hornersville C-8 School Dist	Operating Funds-Schools	37,284,098	3.4780	3.0000	37,492,921	3.4673	3.0000	37,843,250	3.4483	3.0400
		Debt Service	37,284,098	0.2000	0.2000	37,492,921	0.2400	0.2400	37,843,250	0.1994	0.1994
	Southland C-9 School District	Operating Funds-Schools	12,899,975	3.0931	2.9500	13,105,807	3.0864	2.9500	13,237,495	3.0918	3.0700
	Kennett 39 School District	Operating Funds-Schools	76,248,229	2.7500	2.7500 *	78,322,652	2.7500	2.7500 *	80,573,442	2.7500	2.7500 *
		Debt Service	76,248,229	0.3794	0.3794	78,322,652	0.3900	0.3900	80,573,442	0.4000	0.4000
	Dunklin County	General Revenue	250,757,220	0.2700	0.1000	268,465,595	0.2700	0.1000	271,762,610	0.2709	0.1000
		Library	250,757,220	0.2500	0.2500	268,465,595	0.2500	0.2500	271,762,610	0.2500	0.2500
		Johnson Grass	250,757,220	0.0500	0.0000	268,465,595	0.0500	0.0000	271,762,610	0.0500	0.0000
		Health	250,757,220	0.1000	0.1000	268,465,595	0.1000	0.1000	271,762,610	0.1000	0.1000
		Ambulance	250,757,220	0.1300	0.1300	268,465,595	0.1300	0.1300	271,762,610	0.1304	0.1304
		Senate Bill 40	250,757,220	0.1000	0.0800	268,465,595	0.1000	0.0800	271,762,610	0.1000	0.1000
Franklin	Gerald Ambulance District	General Revenue	71,168,313	0.2947	0.2947	79,609,882	0.2947	0.2947	79,366,972	0.3000	0.3000
	Meramec Ambulance District	General Revenue	313,872,755	0.2900	0.2900	344,463,617	0.2870	0.2800	352,103,844	0.2885	0.2800
		Dispatch	**	**	**	344,463,617	0.0300	0.0300 *	352,103,844	0.0300	0.0300
	St Clair Ambulance District	General Revenue	130,809,004	0.2510	0.2509	145,928,878	0.3473	0.3473 *	149,493,602	0.3493	0.3493
	Union Ambulance District	General Revenue	178,976,490	0.1800	0.1800	201,546,223	0.1797	0.1797	208,563,582	0.1800	0.1800
	Washington Area Ambulance District	General Revenue	271,452,276	0.1815	0.1815	298,160,219	0.1810	0.1810	305,768,071	0.1821	0.1821

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	New Haven Ambulance District	General Revenue	55,768,576	0.3000	0.3000	61,603,614	0.3000	0.3000	63,539,666	0.3000	0.3000
	City of Berger	General Revenue	1,097,729	1.0000	1.0000	1,341,709	0.9270	0.9270	1,295,898	0.9606	0.9606
	City of Gerald	General Revenue	12,025,435	0.9003	0.8000	13,243,211	0.9003	0.8000	13,168,781	0.9158	0.8000
		Parks & Recreation	12,025,435	0.2500	0.2200	13,243,211	0.2500	0.2200	13,168,781	0.2500	0.2200
	Village of Leslie	General Revenue	545,902	0.6000	0.4800	703,658	0.5915	0.4800	571,828	0.6000	0.4800
	City of New Haven	General Revenue	19,685,701	0.5432	0.5400	23,267,770	0.5430	0.5400	24,747,529	0.5430	0.5400
		Parks & Recreation	19,685,701	0.2665	0.2600	23,267,770	0.2664	0.2600	24,747,529	0.2664	0.2600
	Village of Oak Grove	General Revenue	5,695,775	0.2134	0.1700	6,181,634	0.2134	0.1700	6,200,574	0.2166	0.1700
	City of Pacific	General Revenue	68,708,121	0.4012	0.4000	78,787,835	0.3960	0.3960	80,583,445	0.3960	0.3960
	Village of Parkway	General Revenue	1,983,859	0.5000	0.5000	2,147,365	0.4915	0.4915	2,329,848	0.4945	0.4945
	City of St Clair	General Revenue	43,475,110	0.4823	0.4823	48,813,034	0.4667	0.4667	49,263,183	0.4697	0.4697
		Parks & Recreation	43,475,110	0.1507	0.1507	48,813,034	0.1458	0.1458	49,263,183	0.1467	0.1467
		Debt Service	43,475,110	0.2551	0.2551	48,813,034	0.1971	0.1971	49,263,183	0.3136	0.3136
	City of Sullivan	General Revenue	47,448,974	0.4605	0.4605	51,731,025	0.4467	0.4467	52,579,772	0.4514	0.4514
		Library	46,640,862	0.1200	0.1200	50,860,487	0.1161	0.1161	51,747,605	0.1173	0.1173
	City of Union	General Revenue	89,378,997	0.5444	0.5400	100,008,804	0.5444	0.5400	103,647,853	0.5491	0.5491
		Parks & Recreation	89,378,997	0.1311	0.1300	100,008,804	0.1311	0.1300	103,647,853	0.1322	0.1322
	City of Washington	General Revenue	193,807,900	0.6062	0.6062 *	212,891,878	0.6055	0.5396	217,809,847	0.6090	0.4766
	Franklin County Library District	General Revenue	920,992,300	0.1000	0.0979	1,027,532,142	0.0995	0.0965	1,054,516,941	0.0999	0.0999
	Washington Public Library	General Revenue	115,983,344	0.0905	0.0905	124,270,358	0.0900	0.0900	125,073,662	0.0906	0.0906
	Beaufort Leslie Fire Prot District	General Revenue	34,498,255	0.2800	0.2800	37,985,814	0.2800	0.2800	38,285,707	0.2800	0.2800
	Boles Fire Protection District	General Revenue	167,153,914	0.2900	0.2900	184,122,447	0.2900	0.2900	187,590,632	0.2911	0.2911
	Pacific Fire Protection District	General Revenue	144,578,716	0.5002	0.5002	159,658,656	0.4912	0.4910	162,822,102	0.4912	0.4910
		Pension	144,578,716	0.0500	0.0500	159,658,656	0.0491	0.0490	162,822,102	0.0491	0.0490
		Joint Dispatch	144,578,716	0.0500	0.0500	159,658,656	0.0491	0.0490	162,822,102	0.0491	0.0490
		Debt Service	144,578,716	0.1153	0.1153	159,658,656	0.0950	0.0950	162,822,102	0.0920	0.0920
	St Clair Fire Protection District	General Revenue	135,391,021	0.3114	0.3114	150,938,856	0.6071	0.6071 *	154,533,584	0.6114	0.6114
	Sullivan Fire Protection District	General Revenue	113,351,889	0.3944	0.3826	126,192,150	0.3900	0.3900	128,870,184	0.3935	0.3935
		Debt Service	113,351,889	0.0233	0.0233	**	**	**	**	**	**
	Union Fire Protection District	General Revenue	173,821,410	0.2925	0.2925	197,223,188	0.2894	0.2894	202,556,043	0.2930	0.2930
	Gerald-Rosebud Fire Prot District	General Revenue	43,895,559	0.2427	0.2427	49,105,950	0.2427	0.2427	48,617,458	0.2488	0.2488
	New Haven-Berger Fire Prot Dist	General Revenue	64,030,346	0.2500	0.2500	70,317,550	0.2500	0.2500	71,994,365	0.2500	0.2500
	Gray Summit Sewer District	General Revenue	1,185,034	0.6801	0.6801	1,379,818	0.6091	0.6091	1,384,128	0.6091	0.6091
	Beauty View Sewer District	General Revenue	370,060	0.7623	0.7623	406,808	0.7623	0.7623	407,462	0.7622	0.7622
	Crestview Sewer District	General Revenue	845,714	0.5310	0.5310	856,216	0.5310	0.5310	844,607	0.5384	0.5384
	St Clair Sewer District	General Revenue	4,234,802	0.3811	0.3811	4,826,532	0.3651	0.3651	4,938,742	0.3667	0.3667
	Sylvan Manor Sunset Acres Sew Dist	General Revenue	968,757	0.7600	0.7600	1,175,652	0.6546	0.6546	1,191,559	0.6583	0.6583
	Calvey Creek Sewer District	General Revenue	9,308,125	0.4500	0.4500	10,293,232	0.4350	0.4350	10,524,960	0.4368	0.4368
	East Central College	General Revenue	961,342,710	0.3828	0.3820	1,071,603,634	0.3784	0.3781	1,103,080,649	0.3802	0.3788
		Debt Service	961,342,710	0.0660	0.0660	1,071,603,634	0.0745	0.0745	1,103,080,649	0.0752	0.0752
	Franklin Co R-II School District	Operating Funds-Schools	12,421,945	3.1303	3.1300	15,358,084	3.1294	3.1294	15,837,670	3.1092	3.1092
		Debt Service	12,421,945	0.6400	0.6400	15,358,084	0.4303	0.4303	15,837,670	0.4444	0.4444
	Meramec Valley R-III School Dist	Operating Funds-Schools	193,640,656	2.9400	2.9400 *	214,230,582	2.9318	2.9310	217,387,940	2.9066	2.8730

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin County	Union R-XI School District	Debt Service	193,640,656	0.6900	0.6900	214,230,582	0.6900	0.6900	217,387,940	0.6900	0.6900
		Operating Funds-Schools	158,217,548	3.0125	2.7500	178,444,674	3.0221	2.7500	187,447,909	2.9920	2.7500
		Debt Service	158,217,548	0.7200	0.7200	178,444,674	0.7200	0.7200	187,447,909	0.7200	0.7200
	Lonedell R-XIV School District	Operating Funds-Schools	19,972,285	3.3694	3.3500	22,592,416	3.3786	3.3500	23,877,306	3.3311	3.3200
		Debt Service	19,972,285	0.3100	0.3100	22,592,416	0.3100	0.3100	23,877,306	0.3400	0.3400
	Spring Bluff R-XV School District	Operating Funds-Schools	12,331,495	2.8729	2.8729	14,010,799	2.8915	2.8915	14,709,243	2.8276	2.8276
		Debt Service	12,331,495	0.5100	0.5100	14,010,799	0.4500	0.4500	14,709,243	0.4500	0.4500
	Franklin County R-XVI School Dist	Operating Funds-Schools	6,753,539	3.1720	3.1720	7,422,801	3.1634	3.1634	7,584,660	3.1606	3.1606
	St. Clair R-XIII School District	Operating Funds-Schools	90,342,234	2.7500	2.6000 *	101,706,813	2.6000	2.6000 *	104,683,646	2.6000	2.6000 *
		Debt Service	90,342,234	0.5500	0.5500	101,706,813	0.6200	0.6200	104,683,646	0.6200	0.6200
	Sullivan C-2 School District	Operating Funds-Schools	95,209,524	2.7500	2.7500 *	106,627,967	3.0900	3.0900 *	109,595,820	3.1207	3.1070
		Debt Service	95,209,524	0.7200	0.7200	106,627,967	0.9700	0.9700	109,595,820	0.9700	0.9700
	New Haven School District	Operating Funds-Schools	21,426,449	3.6353	3.5300	23,582,846	3.6229	3.6229	25,325,013	4.1229	3.8700 *
		Debt Service	21,426,449	0.5500	0.5500	23,582,846	0.5000	0.5000	**	**	**
	Washington School District	Operating Funds-Schools	411,012,546	3.2848	3.2848	455,270,011	3.2915	3.2863	474,419,709	3.4731	3.4731 *
		Debt Service	411,012,546	0.3292	0.3292	455,270,011	0.3300	0.3300	474,419,709	0.1300	0.1300
	Franklin County	General Revenue	1,088,551,609	0.3121	0.0992	1,210,245,014	0.3104	0.1345	1,239,472,954	0.3118	0.1292
		Road & Bridge	1,088,551,609	0.2316	0.2095	1,210,245,014	0.2304	0.2253	1,239,472,954	0.2314	0.2314
		Senate Bill 40	1,088,551,609	0.1000	0.0929	1,210,245,014	0.0995	0.0924	1,239,472,954	0.0999	0.0999
Gasconade	Owensville Ambulance District	General Revenue	63,959,616	0.2920	0.2920	68,607,782	0.2920	0.2920	67,648,763	0.3000	0.3000
		Dispatch	63,959,616	0.0300	0.0300	68,607,782	0.0300	0.0300	67,648,763	0.0300	0.0300
	Hermann Area Ambulance District	General Revenue	87,871,820	0.3000	0.3000	96,801,979	0.2930	0.2930	96,593,580	0.2969	0.2969
	Hermann Area Hospital District	General Revenue	69,181,702	0.7500	0.7500 *	90,380,454	0.7266	0.7266	90,467,391	0.7305	0.7305
	Morrison Levee Dist Gasconade Co	General Revenue	74,950	0.7058	0.7058	74,180	0.7131	0.7131	73,480	0.7199	0.7199
	Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	3,732,550	0.2800	0.2800	3,843,557	0.2800	0.2800	3,970,868	0.2800	0.2800
		General Revenue	2,818,043	0.8914	0.8914	3,347,238	0.8402	0.8402	3,388,546	0.8454	0.8454
	City of Bland	Parks & Recreation	2,818,043	0.2384	0.2384	3,347,238	0.2247	0.2247	3,388,546	0.2261	0.2261
		Debt Service	2,818,043	0.6950	0.6950	3,347,238	0.5861	0.5861	3,388,546	0.5653	0.5653
		General Revenue	1,125,129	0.6300	0.6300	1,155,606	0.6300	0.6300	1,243,823	0.6314	0.6314
	City of Gasconade	General Revenue	25,249,084	0.3830	0.3800	27,304,141	0.3753	0.3753	26,875,999	0.3833	0.3833
	City of Hermann	Parks & Recreation	25,249,084	0.0100	0.0100	27,304,141	0.0098	0.0098	26,875,999	0.0100	0.0100
		Band	25,249,084	0.0200	0.0100	27,304,141	0.0196	0.0100	26,875,999	0.0200	0.0100
	City of Morrison	General Revenue	891,827	0.5700	0.5700	883,628	0.5746	0.5746	855,882	0.5932	0.5932
	City of Owensville	General Revenue	28,265,650	0.2707	0.2700	29,816,264	0.2707	0.2700	28,790,655	0.2834	0.2800
		Parks & Recreation	28,265,650	0.2707	0.2700	29,816,264	0.2707	0.2700	28,790,655	0.2834	0.2800
	City of Rosebud	General Revenue	2,605,301	0.4734	0.4734	2,859,709	0.4619	0.4619	2,856,167	0.4693	0.4693
	Gasconade County Library District	General Revenue	147,885,574	0.1000	0.1000	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000
	Bland Fire Protection District	General Revenue	**	**	**	**	**	**	13,135,474	0.2500	0.2500 *
	Gasconade Co R-II School District	Operating Funds-Schools	98,664,601	3.3713	2.7500	107,645,156	3.3938	2.9800	107,869,550	3.3926	2.9800
		Debt Service	98,664,601	1.1000	1.1000	107,645,156	0.8700	0.8700	107,869,550	0.8700	0.8700
	Gasconade County R-I School Dist	Operating Funds-Schools	74,805,687	3.1108	2.9800	81,229,102	3.0451	3.0184	81,906,905	3.0574	3.0500
		Debt Service	74,805,687	0.7500	0.7500	81,229,102	0.7500	0.7500	81,906,905	0.7500	0.7500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Gasconade County	General Revenue	147,885,574	0.3716	0.1465	159,405,518	0.3708	0.1496	159,071,937	0.3766	0.1603
		Common Road District	144,153,023	0.2713	0.2713	155,561,962	0.2706	0.2706	155,101,070	0.2750	0.2750
		Health	147,885,574	0.1000	0.1000	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000
		Mental Health	147,885,574	0.1000	0.1000	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000
		Senate Bill 40	147,885,574	0.1000	0.1000	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000
	Grand River Regional Ambulance Dist	General Revenue	81,319,574	0.1800	0.1800	81,562,855	0.1800	0.1800	82,320,953	0.1800	0.1800
		General Revenue	11,070,098	0.6124	0.6124	11,304,934	0.6137	0.6137	11,826,108	0.6163	0.6163
		Parks & Recreation	11,070,098	0.2711	0.2711	11,304,934	0.2717	0.2717	11,826,108	0.2729	0.2729
		Library	11,070,098	0.3100	0.3100	11,304,934	0.3100	0.3100	11,826,108	0.3100	0.3100
		Health	11,070,098	0.1707	0.1707	11,304,934	0.1711	0.1711	11,826,108	0.1718	0.1718
	Village of Darlington	General Revenue	334,551	0.5000	0.5000	177,032	0.5000	0.5000	237,075	0.5000	0.5000
	Village of Gentry	General Revenue	223,216	0.5000	0.5000	209,317	0.5000	0.5000	210,902	0.5000	0.5000
	City of King City	General Revenue	4,715,575	0.6908	0.6900	4,715,245	0.6966	0.6900	4,788,114	0.6966	0.6900
		Parks & Recreation	4,715,575	0.1702	0.1700	4,715,245	0.1716	0.1700	4,788,114	0.1716	0.1700
		Health	4,715,575	0.1702	0.1700	4,715,245	0.1716	0.1700	4,788,114	0.1716	0.1700
		General Revenue-Temp	4,715,575	0.1500	0.1500	4,715,245	0.1500	0.1500	**	**	**
		Police	**	**	**	**	**	**	4,788,114	0.1500	0.1500 *
	City of McFall	General Revenue	549,433	0.5449	0.5449	522,513	0.5835	0.5835	530,797	0.5913	0.5913
	City of Stanberry	General Revenue	7,004,873	0.6100	0.5900	7,118,156	0.6105	0.6105	7,184,402	0.6163	0.6105
		Parks & Recreation	7,004,873	0.1700	0.1700	7,118,156	0.1700	0.1700	7,184,402	0.1700	0.1700
		Streets	7,004,873	0.3600	0.3600	7,118,156	0.3603	0.3603	7,184,402	0.3637	0.3637
		General Revenue	48,129,859	0.2000	0.2000	47,816,505	0.2000	0.2000	49,026,187	0.2000	0.2000
	Gentry County Library Dist	Debt Service	48,129,859	0.1000	0.1000	47,816,505	0.1000	0.1000	49,026,187	0.1000	0.1000
		General Revenue	16,147,658	0.1000	0.1000	16,423,219	0.1000	0.1000	17,103,213	0.1000	0.1000
		Road & Bridge	16,147,658	0.3801	0.3801	16,423,219	0.3809	0.3809	17,103,213	0.3820	0.3820
		Special Road District	**	**	**	16,423,219	0.2000	0.2000 *	17,103,213	0.2000	0.2000
	Bogle Township of Gentry Co	Special Road and Bridge	16,147,658	0.2500	0.2500 *	16,423,219	0.2500	0.2500	17,103,213	0.2500	0.2500
		General Revenue	4,615,443	0.1000	0.1000	4,593,987	0.1000	0.1000	4,560,487	0.1000	0.1000
		Road & Bridge	4,615,443	0.5000	0.5000	4,593,987	0.5000	0.5000	4,560,487	0.5000	0.5000
		Special Road and Bridge	4,615,443	0.3200	0.3200 *	4,593,987	0.3200	0.3200	4,560,487	0.3200	0.3200
		Gravel	4,615,443	0.3500	0.3500 *	4,593,987	0.3500	0.3500	4,560,487	0.3500	0.3500
	Cooper Township of Gentry Co	Gravel & Maintenance	4,615,443	0.4500	0.4500	4,593,987	0.4500	0.4500	4,560,487	0.4500	0.4500 *
		General Revenue	12,655,091	0.1000	0.1000	12,615,691	0.1000	0.1000	13,068,190	0.1000	0.1000
		Road & Bridge	12,655,091	0.4500	0.4500	12,615,691	0.4547	0.4547	13,068,190	0.4583	0.4583
		Special Road and Bridge	12,655,091	0.1500	0.1500 *	12,615,691	0.1500	0.1500	13,068,190	0.1500	0.1500
	Howard Township of Gentry Co	General Revenue	1,663,539	0.1000	0.1000	1,660,030	0.1000	0.1000	1,720,906	0.1000	0.1000
		Road & Bridge	1,663,539	0.4900	0.4900	1,660,030	0.4935	0.4935	1,720,906	0.4935	0.4935
		Special Road and Bridge	1,663,539	0.3000	0.3000 *	1,660,030	0.3000	0.3000	1,720,906	0.3000	0.3000
		Other	1,663,539	0.4500	0.4500	1,660,030	0.4500	0.4500	1,720,906	0.4500	0.4500
	Huggins Township of Gentry Co	General Revenue	2,169,145	0.1000	0.1000	2,040,531	0.1000	0.1000	2,169,033	0.1000	0.1000
		Road & Bridge	2,169,145	0.5000	0.5000	2,040,531	0.5000	0.5000	2,169,033	0.5000	0.5000
		Special Road and Bridge	2,169,145	0.3300	0.3300 *	2,040,531	0.3300	0.3300	2,169,033	0.3300	0.3300

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Jackson Township of Gentry Co	General Revenue	10,605,425	0.1000	0.1000	10,652,625	0.1000	0.1000	11,030,981	0.1000	0.1000
		Road & Bridge	10,605,425	0.4500	0.4500	10,652,625	0.4547	0.4547	11,030,981	0.4547	0.4547
		Special Road and Bridge	10,605,425	0.1200	0.1200 *	10,652,625	0.1200	0.1200	11,030,981	0.1200	0.1200
		Other	10,605,425	0.2500	0.2500	10,652,625	0.2500	0.2500	11,030,981	0.2500	0.2500
	Miller Township of Gentry Co	General Revenue	7,791,040	0.1000	0.1000	7,769,875	0.1000	0.1000	7,827,030	0.1000	0.1000
		Road & Bridge	7,791,040	0.4900	0.4900	7,769,875	0.4949	0.4949	7,827,030	0.5000	0.5000
		Special Road and Bridge	7,791,040	0.3500	0.3500	7,769,875	0.3500	0.3500	7,827,030	0.3500	0.3500
		General Road & Bridge	**	**	**	7,769,875	0.2900	0.2900 *	7,827,030	0.2900	0.2900
		Other	7,791,040	0.2900	0.2900	**	**	**	**	**	**
	Wilson Township of Gentry Co	General Revenue	3,334,260	0.1000	0.1000	3,261,551	0.1000	0.1000	3,240,242	0.1000	0.1000
		Road & Bridge	3,334,260	0.4800	0.4800	3,261,551	0.4909	0.4909	3,240,242	0.5000	0.5000
		Special Road and Bridge	3,334,260	0.2900	0.2900	3,261,551	0.2900	0.2900 *	3,240,242	0.2900	0.2900
	Albany Community Fire Prot District	General Revenue	26,691,437	0.1600	0.1600	26,624,263	0.1612	0.1612	27,545,488	0.1616	0.1616
		Fire	26,691,437	0.1500	0.1500	26,624,263	0.1512	0.1512	27,545,488	0.1516	0.1516
	Stanberry Fire Protection Dist	General Revenue	16,985,885	0.1000	0.1000	17,082,222	0.1000	0.1000	17,529,304	0.1000	0.1000
		General Revenue-Temp	16,985,885	0.2000	0.2000	17,082,222	0.2000	0.2000	17,529,304	0.3000	0.2000 *
	McFall Fire Protection District	General Revenue	2,616,716	0.3000	0.3000	2,593,522	0.3000	0.3000	2,668,328	0.3000	0.3000
	King City Fire Protection District	General Revenue	17,449,955	0.2923	0.2923	17,673,333	0.2989	0.2989	18,231,518	0.2987	0.2987
	King City R-I School District	Operating Funds-Schools	18,009,377	4.2811	3.6600	18,371,759	4.2885	3.6500	18,692,051	4.3029	3.6500
		Debt Service	18,009,377	0.5000	0.5000	18,371,759	0.5100	0.5100	18,692,051	0.5100	0.5100
	Stanberry R-II School District	Operating Funds-Schools	15,532,470	4.0697	3.9000	15,604,175	4.0560	4.0000	16,227,007	4.0861	4.0000
		Debt Service	15,532,470	0.2000	0.2000	15,604,175	0.1000	0.1000	16,227,007	0.1000	0.1000
	Albany R-III School District	Operating Funds-Schools	25,178,536	3.7496	3.7496	25,125,911	3.7500	3.7500	26,089,753	3.7500	3.7500
	Gentry County	General Revenue	58,981,601	0.3300	0.3300	59,017,509	0.3325	0.3300	60,720,082	0.3342	0.3300
		General Revenue-Temp	58,981,601	0.1900	0.1700	59,017,509	0.1900	0.1900	60,720,082	0.1900	0.1900
Greene	City of Ash Grove	General Revenue	8,706,582	0.5600	0.5600	10,284,576	0.5309	0.5309	10,216,018	0.5431	0.5431
	City of Battlefield	General Revenue	15,050,750	0.3313	0.3300	17,527,900	0.3205	0.3205	22,814,510	0.3208	0.3208
		Debt Service	15,050,750	0.6900	0.6900	17,527,900	0.6734	0.6734	22,814,510	0.2047	0.2047
	Village of Brookline	General Revenue	3,437,166	0.4300	0.3800	4,022,182	0.4162	0.4100	4,326,523	0.4190	0.4100
	City of Fair Grove	General Revenue	6,696,315	0.5700	0.5700	8,535,747	0.5197	0.5197	8,877,733	0.5248	0.5248
		Debt Service	6,696,315	0.7734	0.7734	8,535,747	0.6881	0.6881	8,877,733	0.7382	0.7382
	City of Republic	General Revenue	56,334,306	0.5200	0.5200	60,631,770	0.5200	0.5200	65,189,015	0.5200	0.5200
		Parks & Recreation	56,334,306	0.1400	0.1400	60,631,770	0.1400	0.1400	65,189,015	0.1400	0.1400
		Lights	56,334,306	0.0800	0.0800	60,631,770	0.0800	0.0800	65,189,015	0.0800	0.0800
	City of Springfield	Parks & Recreation	1,675,488,112	0.1906	0.1800	1,880,819,781	0.1866	0.1800	1,919,170,356	0.1873	0.1800
		Health	1,675,488,112	0.1300	0.1100	1,880,819,781	0.1273	0.1100	1,919,170,356	0.1278	0.1100
		Art Museum	1,675,488,112	0.0400	0.0400	1,880,819,781	0.0392	0.0392	1,919,170,356	0.0393	0.0393
		General Revenue-Temp	**	**	**	1,880,819,781	0.2700	0.2700 *	1,919,170,356	0.2700	0.2700
		Debt Service	1,675,488,112	0.2700	0.2700	**	**	**	**	**	**
	City of Strafford	General Revenue	11,530,103	0.4404	0.4404	13,293,935	0.4086	0.4086	15,027,402	0.4086	0.4086
		Debt Service	11,530,103	0.3018	0.3018	13,293,935	0.0000	0.0000	**	**	**
	City of Walnut Grove	General Revenue	3,777,792	0.5600	0.5600	4,428,672	0.5509	0.5509	4,448,317	0.5543	0.5543



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Debt Service	3,777,792	0.3789	0.3789	4,428,672	0.3590	0.3590	**	**	**
	City of Willard	General Revenue	18,453,591	0.4900	0.4900	21,676,881	0.4597	0.4597	23,948,803	0.4597	0.4597
		Parks & Recreation	18,453,591	0.1500	0.1500	21,676,881	0.1407	0.1407	23,948,803	0.1407	0.1407
	Springfield Greene County Library	General Revenue	2,527,550,941	0.2100	0.2100	2,885,450,822	0.2045	0.2045	2,968,918,637	0.2547	0.2547 *
	Battlefield Fire Protection Dist	General Revenue	256,895,228	0.2700	0.2700	299,940,846	0.2611	0.2611	315,105,420	0.2611	0.2611
	Strafford Fire Protection District	General Revenue	63,018,451	0.2600	0.2600	73,819,475	0.2498	0.2498	84,266,743	0.2498	0.2498
	Fair Grove Fire Protection District	General Revenue	33,927,863	0.1900	0.1900	40,770,748	0.1807	0.1800	41,877,818	0.1820	0.1820
	Brookline Fire Protection District	General Revenue	53,542,773	0.2700	0.2700	66,062,605	0.2575	0.2575	69,549,771	0.2593	0.2593
	Logan-Rogersville Fire Prot Dist	General Revenue	193,423,158	0.2600	0.2600	223,607,618	0.2523	0.2523	244,322,365	0.2539	0.2539
	Willard Fire Protection District	General Revenue	73,438,469	0.2700	0.2700	88,181,588	0.2573	0.2573	89,101,370	0.2641	0.2641
	Walnut Grove Fire Protection Dist	General Revenue	23,433,438	0.3000	0.3000 *	26,813,755	0.2929	0.2929	27,507,008	0.2929	0.2929
	West Republic Fire Protection Dist	General Revenue	14,442,429	0.2800	0.2800	17,123,173	0.2645	0.2645	17,318,071	0.2657	0.2657
	Ebenezer Fire Protection District	General Revenue	60,623,686	0.1500	0.1500	72,845,897	0.2919	0.2919 *	73,815,528	0.2933	0.2933
	Bois D'Arc Fire Protection District	General Revenue	12,794,282	0.2000	0.2000	15,997,681	0.3853	0.3853 *	16,347,459	0.3853	0.3853
	Ash Grove Fire Protection District	General Revenue	15,883,574	0.2700	0.2700	19,264,697	0.2521	0.2521	19,305,949	0.2558	0.2558
	Pleasant View Fire Protection Dist	General Revenue	**	**	**	22,560,650	0.3000	0.3000 *	23,000,500	0.3000	0.3000
	Springfield Spec Parking District	General Revenue	3,342,000	0.2000	0.1600	3,196,230	0.2000	0.0000	0	0.0000	0.0000
	C and E Community Improvement Dist	General Revenue	**	**	**	**	**	**	5,762,520	3.0000	3.0000 *
	Ozarks Technical Community College	General Revenue	3,048,218,829	0.1000	0.1000	3,482,349,601	0.0972	0.0972	3,597,769,794	0.0972	0.0972
		General Revenue-Temp	3,048,218,829	0.0500	0.0500	3,482,349,601	0.0486	0.0486	3,597,769,794	0.0486	0.0486
	Willard R-II School District	Operating Funds-Schools	152,682,220	2.8104	2.7500	185,497,408	2.8728	2.7500	188,307,220	2.9222	2.7500
		Debt Service	152,658,220	0.3900	0.3900	185,497,408	0.3900	0.3900	188,307,220	0.4400	0.4400
	Republic R-III School District	Operating Funds-Schools	122,185,561	1.8500	1.8500 *	144,565,048	1.8682	1.8682 *	151,340,613	1.8614	1.8614 *
		Building-Temp	122,185,561	0.4900	0.4900	144,565,048	0.4801	0.4801	151,340,613	0.4838	0.4838
		Buildings-Temp	122,185,561	0.4100	0.4100	144,565,048	0.4017	0.4017	151,340,613	0.4048	0.4048
		Debt Service	122,185,561	0.3400	0.3400	144,565,048	0.6500	0.6500	151,340,613	0.6500	0.6500
	Ash Grove R-IV School District	Operating Funds-Schools	31,087,260	3.2003	2.7500	37,977,070	2.9988	2.7500	38,489,700	3.0306	2.7500
		Debt Service	31,087,260	0.3803	0.3803	37,977,070	0.5000	0.5000	38,489,700	0.5000	0.5000
	Walnut Grove R-V School District	Operating Funds-Schools	11,422,480	3.0468	3.0468	13,289,140	2.8932	2.8932	13,527,890	3.0198	3.0198
	Strafford R-VI School District	Operating Funds-Schools	78,254,636	2.7500	2.7500 *	94,353,985	2.7500	2.7500 *	114,085,619	2.7500	2.7500 *
		Debt Service	78,254,636	0.6700	0.6700	94,353,985	0.6700	0.6700	114,085,619	0.7000	0.7000
	Greene Co R-VIII School District	Operating Funds-Schools	103,978,998	2.7500	2.7500 *	118,198,969	2.7500	2.7500 *	122,804,195	2.7500	2.7500 *
		Debt Service	103,978,998	0.4400	0.4400	118,198,969	0.4400	0.4400	122,804,195	0.7900	0.7900
	Springfield R-XII School District	Operating Funds-Schools	2,001,525,330	2.9401	2.9401	2,227,110,440	2.8706	2.8706	2,276,379,010	2.8892	2.8892
		Debt Service	2,001,525,330	0.3300	0.3300	2,227,110,440	0.3300	0.3300	2,276,379,010	0.3300	0.3300
	Fair Grove R-X School District	Operating Funds-Schools	32,530,860	3.0310	3.0310	37,855,280	2.8459	2.8459	40,824,895	2.8990	2.7500
		Debt Service	32,530,860	0.4100	0.4100	37,855,280	0.4100	0.4100	40,824,895	0.4068	0.4068
	Greene County	General Revenue	2,527,550,941	0.2700	0.0848	2,885,450,822	0.2629	0.1072	2,968,918,637	0.2632	0.1050
		Road & Bridge	2,527,550,941	0.2700	0.0848	2,885,450,822	0.2629	0.1072	2,968,918,637	0.2632	0.1050
		Senate Bill 40	2,527,550,941	0.0500	0.0500	2,885,450,822	0.0487	0.0487	2,968,918,637	0.0488	0.0488
Grundy	Grundy County Nursing Home District	General Revenue	79,485,098	0.1500	0.1500	82,592,933	0.1500	0.1500	88,309,632	0.1500	0.1500
	Spickard Special Road District	Special Road and Bridge	1,085,260	0.3499	0.3499	1,110,634	0.3498	0.3498	1,132,120	0.3500	0.3500 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of Brimson	General Revenue	127,914	0.2290	0.2200	128,377	0.2290	0.2290	122,179	0.2406	0.2406
	City of Galt	General Revenue	699,979	1.0000	1.0000	818,109	1.0000	1.0000	716,787	1.0000	1.0000
	City of Laredo	General Revenue	721,202	0.6100	0.6100	736,686	0.6099	0.6099	705,703	0.6367	0.6367
		Streets	**	**	**	736,686	0.3000	0.3000 *	705,703	0.3000	0.3000
		General Revenue-Temp	721,202	0.3000	0.3000	**	**	**	**	**	**
	City of Spickard	General Revenue	941,199	1.0000	1.0000	959,053	1.0000	1.0000	964,009	1.0000	1.0000
		Debt Service	941,199	1.0600	1.0600	959,053	1.0427	1.0427	964,009	0.7469	0.7469
	City of Tindall	General Revenue	365,723	0.4410	0.4410	323,531	0.4500	0.4500	400,877	0.4500	0.4500
	City of Trenton	General Revenue	38,535,900	0.7547	0.7547	40,956,629	0.7494	0.7494	44,887,411	0.7556	0.7556
		Parks & Recreation	38,535,900	0.2918	0.2918	40,956,629	0.2897	0.2897	44,887,411	0.2921	0.2921
	Grundy Co Jewett Norris Library	General Revenue	79,485,098	0.2000	0.2000	82,592,933	0.2000	0.2000	88,309,632	0.2000	0.2000
	Franklin Township of Grundy Co	General Revenue	3,115,474	0.1000	0.1000	3,222,401	0.1000	0.1000	3,321,174	0.1000	0.1000
		Road & Bridge	3,115,474	0.4300	0.4300	3,222,401	0.4300	0.4300	3,321,174	0.4318	0.4318
		Special Road and Bridge	2,030,214	0.3500	0.3500	2,111,767	0.3500	0.3500	2,189,054	0.3485	0.3485
	Harrison Township of Grundy Co	General Revenue	1,659,231	0.1000	0.1000	1,703,662	0.1000	0.1000	1,700,145	0.1000	0.1000
		Road & Bridge	1,659,231	0.5000	0.5000 *	1,703,662	0.5000	0.5000	1,700,145	0.5000	0.5000
		Special Road and Bridge	1,659,231	0.3500	0.3500	1,703,662	0.3500	0.3500 *	1,700,145	0.3500	0.3500
	Jackson Township of Grundy Co	General Revenue	2,926,506	0.1000	0.1000	2,988,315	0.1000	0.1000	3,001,892	0.1000	0.1000
		Road & Bridge	2,926,506	0.3843	0.3843	2,988,315	0.3843	0.3843	3,001,892	0.3881	0.3881
		Special Road and Bridge	2,926,506	0.3500	0.3500	2,988,315	0.3500	0.3500	3,001,892	0.3500	0.3500
	Jefferson Township of Grundy Co	General Revenue	3,894,369	0.1000	0.1000	4,003,103	0.1000	0.1000	4,055,422	0.1000	0.1000
		Road & Bridge	3,894,369	0.2800	0.2800	4,003,103	0.2811	0.2811	4,055,422	0.2811	0.2811
		Special Road and Bridge	3,894,369	0.3500	0.3500	4,003,103	0.3500	0.3500	4,055,422	0.3500	0.3500
	Liberty Township of Grundy Co	General Revenue	2,822,265	0.1000	0.1000	3,023,506	0.1000	0.1000	3,121,087	0.1000	0.1000
		Road & Bridge	2,822,265	0.5000	0.5000	3,023,506	0.5000	0.5000	3,121,087	0.5000	0.5000
		Special Road and Bridge	2,822,265	0.3500	0.3500	3,023,506	0.3500	0.3500 *	3,121,087	0.3500	0.3500
	Lincoln Township of Grundy Co	General Revenue	4,957,295	0.1000	0.1000	5,122,733	0.1000	0.1000	5,402,271	0.1000	0.1000
		Road & Bridge	4,957,295	0.3000	0.3000	5,122,733	0.3000	0.3000	5,402,271	0.3006	0.3006
		Special Road and Bridge	4,957,295	0.3500	0.3500	5,122,733	0.3500	0.3500 *	5,402,271	0.3500	0.3500
	Madison Township of Grundy Co	General Revenue	4,672,689	0.1000	0.1000	4,666,458	0.1000	0.1000	5,503,401	0.1000	0.1000
		Road & Bridge	4,672,689	0.5000	0.5000	4,666,458	0.5000	0.5000	5,503,401	0.5000	0.5000
		Special Road and Bridge	4,672,689	0.3500	0.3500	4,666,458	0.3500	0.3500	5,503,401	0.3500	0.3500
	Marion Township of Grundy Co	General Revenue	3,301,646	0.1000	0.1000	3,472,664	0.1000	0.1000	3,435,203	0.1000	0.1000
		Road & Bridge	3,301,646	0.4664	0.4664	3,472,664	0.4713	0.4713	3,435,203	0.4804	0.4804
		Special Road and Bridge	3,301,646	0.3500	0.3500	3,472,664	0.3500	0.3500	3,435,203	0.3500	0.3500
		Debt Service	3,301,646	0.1878	0.1878	3,472,664	0.1353	0.1353	3,435,203	0.1543	0.1543
	Myers Township of Grundy County	General Revenue	1,598,669	0.1000	0.1000	1,631,763	0.1000	0.1000	1,707,956	0.1000	0.1000
		Road & Bridge	1,598,669	0.5000	0.5000	1,631,763	0.5000	0.5000	1,707,956	0.5000	0.5000
		Special Road and Bridge	1,598,669	0.3500	0.3500	1,631,763	0.3500	0.3500	1,707,956	0.3500	0.3500
	Taylor Township of Grundy Co	General Revenue	1,383,426	0.1000	0.1000	1,428,357	0.1000	0.1000	1,429,069	0.1000	0.1000
		Road & Bridge	1,383,426	0.3936	0.3900	1,428,357	0.3936	0.3936	1,429,069	0.4003	0.4003
		Special Road and Bridge	1,383,426	0.3500	0.3500	1,428,357	0.3500	0.3500 *	1,429,069	0.3500	0.3500
	Trenton Township of Grundy Co	General Revenue	45,034,582	0.1000	0.1000	47,139,964	0.0995	0.0995	51,418,857	0.1000	0.0995

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Wilson Township of Grundy Co	Road & Bridge	45,034,582	0.2919	0.2900	47,139,964	0.2905	0.2905	51,418,857	0.2930	0.2905
		General Revenue	3,091,116	0.0917	0.0917	3,123,046	0.0935	0.0935	3,133,066	0.0960	0.0960
		Road & Bridge	3,091,116	0.4583	0.4583	3,123,046	0.4674	0.4674	3,133,066	0.4799	0.4799
	Washington Township of Grundy Co	Special Road and Bridge	3,091,116	0.3500	0.3500	3,123,046	0.3500	0.3500	3,133,066	0.3500	0.3500
		General Revenue	1,027,829	0.1000	0.1000	1,066,964	0.1000	0.1000	1,079,882	0.1000	0.1000
		Road & Bridge	1,027,829	0.4400	0.4400	1,066,964	0.4422	0.4422	1,079,882	0.4422	0.4422
	Grundy County Rural Fire Prot Dist	Special Road and Bridge	1,027,829	0.3500	0.3500 *	1,066,964	0.3500	0.3500	1,079,882	0.3500	0.3500
		General Revenue	21,724,492	0.2900	0.2500	21,774,955	0.2912	0.2500	23,319,962	0.2930	0.2500
		Laredo Fire Protection District	7,289,293	0.2834	0.2834	7,559,375	0.2834	0.2800	7,579,282	0.2873	0.2800
	Spickard Fire Protection District	General Revenue	8,728,770	0.3000	0.3000	8,947,910	0.3000	0.3000	9,130,974	0.3000	0.3000
	North Central Missouri College	General Revenue	57,835,970	0.3813	0.3813	60,060,653	0.3813	0.3813	65,453,570	0.3841	0.3841
	Grundy Co R-V School District	Operating Funds-Schools	9,530,264	4.3368	3.5800	9,865,858	4.3400	4.3400	10,034,671	4.2833	4.2800
		Debt Service	9,530,264	0.9000	0.9000	9,865,858	0.9000	0.9000	10,034,671	0.9896	0.9896
	Spickard R-II School District	Operating Funds-Schools	2,951,930	3.9770	3.9770	3,010,193	3.7215	3.7215	3,188,936	3.7744	3.7744
		Debt Service	2,951,930	0.6565	0.6565	3,010,193	0.3758	0.3758	3,188,936	0.3225	0.3225
	Pleasant View R-VI School District	Operating Funds-Schools	4,771,172	4.5820	4.5820	4,809,023	4.5822	4.5822	5,026,287	4.5492	4.5492
	Laredo R-VII School District	Operating Funds-Schools	3,521,351	4.3744	4.3744	3,710,974	4.4772	4.4772	3,862,782	4.5149	4.5149
	Trenton R-IX School District	Operating Funds-Schools	52,243,807	3.4179	2.7500	54,308,724	3.4213	2.7500	60,072,592	3.4127	2.7500
		Debt Service	52,243,807	0.9600	0.9600	54,308,724	0.9900	0.9900	60,072,592	0.9600	0.9600
	Grundy County	General Revenue	79,485,098	0.3718	0.1200	82,592,933	0.3718	0.0871	88,309,632	0.3746	0.0871
		Health	79,485,098	0.3000	0.3000 *	82,592,933	0.3000	0.3000	88,309,632	0.3000	0.3000
		Developmentally Disabled	79,485,098	0.1000	0.1000	82,592,933	0.1000	0.1000	88,309,632	0.1000	0.1000
Harrison	North Harrison Co Ambulance Dist	General Revenue	25,039,952	0.5000	0.5000	24,590,627	0.5000	0.5000	24,120,234	0.5000	0.5000
	Noel Adams Ambulance District	General Revenue	56,998,572	0.2708	0.2708	58,522,962	0.2708	0.2708	59,421,733	0.2708	0.2708
	Harrison County Hospital District	General Revenue	78,704,568	0.4932	0.4800	79,555,107	0.4941	0.4700	79,499,154	0.5000	0.4700
	Panther Creek Watershed Sub Dist	General Revenue	1,255,900	0.2690	0.2690	1,303,500	0.2713	0.2713	1,416,430	0.2721	0.2721
	West Fork of Big Creek Sub Dist	General Revenue	8,539,756	0.3800	0.3800	8,718,125	0.3813	0.3813	8,812,673	0.3843	0.3843
	East Fork of Big Creek Subdistrict	General Revenue	3,509,989	0.4000	0.4000	3,619,118	0.4000	0.4000	3,518,450	0.4000	0.4000
	City of Bethany	General Revenue	22,890,424	0.4692	0.4692	23,160,665	0.4727	0.4727	24,212,910	0.4730	0.4730
		Parks & Recreation	22,890,424	0.1734	0.1734	23,160,665	0.1747	0.1747	24,212,910	0.1748	0.1748
		Road	22,890,424	0.2652	0.2652	23,160,665	0.2672	0.2672	24,212,910	0.2674	0.2674
	Village of Blythedale	General Revenue	679,883	0.7015	0.7015	624,354	0.7655	0.7655	645,929	0.7933	0.7933
	City of Cainsville	General Revenue	1,579,596	0.6289	0.5000	1,512,869	0.6588	0.5000	1,480,034	0.6778	0.5000
		Fire	1,579,596	0.2130	0.2000	1,512,869	0.2232	0.0000	1,480,034	0.2297	0.0000
		General Revenue-Temp	1,579,596	0.3000	0.3000	1,512,869	0.3000	0.3000	1,480,034	0.3000	0.3000
		Gravel	1,579,596	0.9536	0.5000	1,512,869	0.9989	0.5000	1,480,034	1.0277	0.5000
		Debt Service	1,579,596	0.3981	0.3981	1,512,869	0.4051	0.4051	1,480,034	0.4051	0.4051
	City of Gilman City	General Revenue	1,299,972	0.4735	0.4700	1,318,750	0.4740	0.4740	1,348,279	0.4740	0.4740
		Parks & Recreation	1,299,972	0.0500	0.0500	1,318,750	0.0500	0.0500	1,348,279	0.0500	0.0500
		Streets	1,299,972	0.1713	0.1713	1,318,750	0.1715	0.1715	1,348,279	0.1716	0.1716
	Village of Mount Moriah	General Revenue	495,576	0.4996	0.4996	453,524	0.5000	0.5000	446,164	0.5000	0.5000
	City of New Hampton	General Revenue	1,050,364	0.6673	0.6673	1,070,866	0.6673	0.6673	1,051,623	0.6973	0.6973

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ridgeway		Lights	1,050,364	0.1335	0.1335	1,070,866	0.1334	0.1334	1,051,623	0.1394	0.1394
		Streets	1,050,364	0.3000	0.3000	1,070,866	0.3000	0.3000	1,051,623	0.3000	0.3000
		General Revenue	1,896,961	0.8792	0.8792	1,825,573	0.9143	0.9143	1,900,546	0.9313	0.9313
		Parks & Recreation	1,896,961	0.0500	0.0500	1,825,573	0.0500	0.0500	1,900,546	0.0500	0.0500
Adams Township of Harrison Co		General Revenue	2,019,421	0.1000	0.1000	1,945,162	0.1000	0.1000	1,966,553	0.1000	0.1000
		Road & Bridge	2,019,421	0.5000	0.5000	1,945,162	0.5000	0.5000	1,966,553	0.5000	0.5000
		Special Road and Bridge	2,019,421	0.3500	0.3500	1,945,162	0.3500	0.3500	1,966,553	0.3500	0.3500
Bethany Township of Harrison County		General Revenue	26,796,167	0.1000	0.1000	27,282,281	0.1000	0.1000	28,786,841	0.1000	0.1000
		Road & Bridge	26,796,167	0.2949	0.2900	27,282,281	0.2955	0.2955	28,786,841	0.2961	0.2961
Butler Township of Harrison Co		General Revenue	1,692,673	0.1000	0.1000	1,578,152	0.1000	0.1000	1,607,482	0.1000	0.1000
		Road & Bridge	1,692,673	0.3857	0.3857	1,578,152	0.4147	0.4147	1,607,482	0.4149	0.4149
		Special Road and Bridge	1,692,673	0.3500	0.3500	1,578,152	0.3500	0.3500	1,607,482	0.3500	0.3500
Clay Township of Harrison Co		General Revenue	2,387,152	0.1000	0.1000	2,379,469	0.1000	0.1000	2,270,107	0.1000	0.1000
		Road & Bridge	2,387,152	0.4200	0.4200	2,379,469	0.4309	0.4309	2,270,107	0.4517	0.4517
		Special Road and Bridge	2,387,152	0.3500	0.3500	2,379,469	0.3500	0.3500	2,270,107	0.3500	0.3500
Colfax Township of Harrison Co		General Revenue	5,069,207	0.1000	0.1000	4,890,582	0.1000	0.1000	4,756,950	0.1000	0.1000
		Road & Bridge	5,069,207	0.4140	0.4140	4,890,582	0.4328	0.4328	4,756,950	0.4458	0.4458
		Special Road and Bridge	5,069,207	0.3500	0.3500	4,890,582	0.3500	0.3500	4,756,950	0.3500	0.3500
Cypress Township of Harrison Co		General Revenue	1,688,990	0.1000	0.1000	1,698,285	0.1000	0.1000	1,811,428	0.1000	0.1000
		Road & Bridge	1,688,990	0.3700	0.3700	1,698,285	0.3719	0.3719	1,811,428	0.3725	0.3725
		Special Road and Bridge	1,688,990	0.3500	0.3500	1,698,285	0.3500	0.3500	1,811,428	0.3500	0.3500
Dallas Township of Harrison Co		General Revenue	1,696,657	0.1000	0.1000	1,713,393	0.1000	0.1000	1,690,898	0.1000	0.1000
		Road & Bridge	1,696,657	0.3913	0.3913	1,713,393	0.3923	0.3923	1,690,898	0.3984	0.3984
		Special Road and Bridge	1,696,657	0.3500	0.3500	1,713,393	0.3500	0.3500	1,690,898	0.3500	0.3500
Fox Creek Township of Harrison Co		General Revenue	1,536,742	0.1000	0.1000	1,567,183	0.1000	0.1000	1,637,845	0.1000	0.1000
		Road & Bridge	1,536,742	0.4101	0.4100	1,567,183	0.4138	0.4138	1,637,845	0.4145	0.4145
		Special Road and Bridge	1,536,742	0.3500	0.3500	1,567,183	0.3500	0.3500	1,637,845	0.3500	0.3500
Grant Township of Harrison Co		General Revenue	3,149,759	0.1000	0.1000	3,125,102	0.1000	0.1000	3,159,961	0.1000	0.1000
		Road & Bridge	3,149,759	0.4418	0.4418	3,125,102	0.4461	0.4461	3,159,961	0.4536	0.4536
		Special Road and Bridge	3,149,759	0.3500	0.3500	3,125,102	0.3500	0.3500	3,159,961	0.3500	0.3500
Hamilton Township of Harrison Co		General Revenue	2,408,892	0.1000	0.1000	2,326,802	0.1000	0.1000	2,238,856	0.1000	0.1000
		Road & Bridge	2,408,892	0.4300	0.4300	2,326,802	0.4457	0.4457	2,238,856	0.4689	0.4689
		Special Road and Bridge	2,408,892	0.3500	0.3500	2,326,802	0.3500	0.3500	2,238,856	0.3500	0.3500
Jefferson Township of Harrison Co		General Revenue	2,915,229	0.1000	0.1000	2,859,101	0.1000	0.1000	2,960,640	0.1000	0.1000
		Road & Bridge	2,915,229	0.3972	0.3972	2,859,101	0.4140	0.4140	2,960,640	0.4140	0.4140
		Special Road and Bridge	2,915,229	0.3500	0.3500	2,859,101	0.3500	0.3500	2,960,640	0.3500	0.3500
Lincoln Township of Harrison Co		General Revenue	1,723,445	0.1000	0.1000	1,680,544	0.1000	0.1000	1,685,388	0.1000	0.1000
		Road & Bridge	1,723,445	0.4600	0.4600	1,680,544	0.4766	0.4766	1,685,388	0.4934	0.4934
		Special Road and Bridge	1,723,445	0.3500	0.3500	1,680,544	0.3500	0.3500	1,685,388	0.3500	0.3500
Madison Township of Harrison Co		General Revenue	4,102,337	0.1000	0.1000	4,029,389	0.1000	0.1000	3,977,891	0.1000	0.1000
		Road & Bridge	4,102,337	0.4140	0.4100	4,029,389	0.4242	0.4242	3,977,891	0.4371	0.4371
		Special Road and Bridge	4,102,337	0.3500	0.3500	4,029,389	0.3500	0.3500	3,977,891	0.3500	0.3500
Marion Township of Harrison Co		General Revenue	4,260,367	0.0905	0.0900	4,332,833	0.0925	0.0925	4,164,676	0.0964	0.0964

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison Co	Sherman Township of Harrison Co	Road & Bridge	4,260,367	0.3721	0.3700	4,332,833	0.3803	0.3803	4,164,676	0.3964	0.3964
		Special Road and Bridge	4,260,367	0.3500	0.3500	4,332,833	0.3500	0.3500	4,164,676	0.3500	0.3500
		General Revenue	2,912,306	0.1000	0.1000	2,686,419	0.1000	0.1000	2,625,710	0.1000	0.1000
	Sugar Creek Township of Harrison Co	Road & Bridge	2,912,306	0.4500	0.4500	2,686,419	0.4896	0.4896	2,625,710	0.5000	0.5000
		Special Road and Bridge	2,912,306	0.3500	0.3500	2,686,419	0.3500	0.3500	2,625,710	0.3500	0.3500
		General Revenue	2,941,538	0.1000	0.1000	3,005,434	0.1000	0.1000	3,048,761	0.1000	0.1000
	Trail Creek Township of Harrison Co	Road & Bridge	2,941,538	0.3500	0.3500	3,005,434	0.3591	0.3591	3,048,761	0.3597	0.3597
		Special Road and Bridge	2,941,538	0.3500	0.3500	3,005,434	0.3500	0.3500 *	3,048,761	0.3500	0.3500
		General Revenue	2,703,804	0.1000	0.1000	3,976,497	0.1000	0.1000	2,654,191	0.1000	0.1000
	Union Township of Harrison Co	Road & Bridge	2,703,804	0.3700	0.3700	3,976,497	0.5000	0.5000	2,654,191	0.5000	0.5000
		Special Road and Bridge	2,703,804	0.3500	0.3500	3,976,497	0.3500	0.3500	2,654,191	0.3500	0.3500
		General Revenue	3,287,450	0.1000	0.1000	3,195,306	0.1000	0.1000	3,276,127	0.1000	0.1000
	Washington Township of Harrison Co	Road & Bridge	3,287,450	0.4426	0.4426	3,195,306	0.4643	0.4643	3,276,127	0.4701	0.4701
		Special Road and Bridge	3,287,450	0.3500	0.3500	3,195,306	0.3500	0.3500	3,276,127	0.3500	0.3500
		General Revenue	1,801,102	0.1000	0.1000	1,755,703	0.1000	0.1000	1,752,068	0.1000	0.1000
	White Oak Township of Harrison Co	Road & Bridge	1,801,102	0.4300	0.4300	1,755,703	0.4431	0.4431	1,752,068	0.4475	0.4475
		Special Road and Bridge	1,801,102	0.3500	0.3500	1,755,703	0.3500	0.3500	1,752,068	0.3500	0.3500
		General Revenue	3,611,330	0.1000	0.1000	3,527,470	0.1000	0.1000	3,426,781	0.1000	0.1000
	Ridgeway Fire Protection District	Road & Bridge	3,611,330	0.4100	0.4100	3,527,470	0.4198	0.4198	3,426,781	0.4366	0.4366
		Special Road and Bridge	3,611,330	0.3500	0.3500	3,527,470	0.3500	0.3500	3,426,781	0.3500	0.3500
		General Revenue	6,244,713	0.2747	0.2747	7,641,458	0.3000	0.3000	6,193,147	0.3000	0.3000
	Gilman City Fire Protection Dist	General Revenue	7,278,476	0.2998	0.2998	8,054,838	0.2860	0.2860	7,848,664	0.2984	0.2984
	New Hampton Fire Protection Dist	General Revenue	7,761,671	0.2858	0.2858	7,785,707	0.2861	0.2861	7,772,936	0.2901	0.2901
	North Harrison Fire Protection Dist	Fire	13,550,903	0.2823	0.2800	12,133,646	0.3000	0.3000	13,172,493	0.2852	0.2852
	Cainsville Fire Protection District	General Revenue	**	**	**	6,783,161	0.3000	0.3000 *	6,846,301	0.3000	0.3000
	Cainsville R-I School District	Operating Funds-Schools	4,673,627	5.4306	4.8306	4,551,129	5.4961	5.0061	4,636,185	5.5958	5.1058
	South Harrison Co R-II School Dist	Operating Funds-Schools	44,753,408	3.3097	3.3097	44,800,361	3.4186	3.4186	46,718,538	3.4660	3.4660
	North Harrison Co R-III School Dist	Operating Funds-Schools	12,181,300	4.1062	4.1062	12,222,421	4.1380	4.1380	12,458,130	4.1965	4.1965
	Gilman City R-IV School District	Operating Funds-Schools	7,499,569	4.6000	4.6000	7,699,068	4.6214	4.6214	7,725,546	4.7513	4.7513
	Ridgeway R-V School District	Operating Funds-Schools	5,565,950	5.0850	4.2400	6,867,870	5.1449	4.2400	5,643,360	5.5000	4.7724
	Harrison County	General Revenue	78,704,568	0.3523	0.3523	79,555,107	0.3529	0.3529	79,499,154	0.3573	0.3573
		Health	78,704,568	0.1400	0.1400	79,555,107	0.1400	0.1400	79,499,154	0.1400	0.1400
Henry	Windsor Ambulance District	General Revenue	35,534,071	0.2900	0.2900	37,306,228	0.2900	0.2900	37,584,194	0.2928	0.2928
	Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	1,916,995	0.6096	0.6096	2,012,966	0.6096	0.6096	2,002,939	0.6100	0.6100
	Deerfield Creek SRD, Henry Co	Road & Bridge	2,765,521	0.7518	0.2000	2,979,807	0.7505	0.2000	2,956,034	0.7653	0.2000
	Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	18,545,090	0.2323	0.2323	19,067,521	0.2323	0.2323	19,573,400	0.2424	0.2424
	Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	1,424,149	0.3699	0.3699	1,726,539	0.3446	0.3446	1,673,957	0.3563	0.3563
	Montrose Spec Rd Dist Henry Co	Road & Bridge	2,743,303	0.2981	0.2800	2,861,596	0.2981	0.2800	2,854,238	0.3070	0.3070
	Mt Hope Spec Rd Dist Henry Co	Road & Bridge	981,875	0.4900	0.4900	581,672	0.4900	0.4900	1,062,056	0.4900	0.4900
	Osage Spec Rd Dist #1 Henry Co	Road & Bridge	3,719,476	0.3353	0.3000	3,929,698	0.3349	0.3349	4,010,239	0.3395	0.3395
	Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	3,119,082	0.4703	0.3500	3,187,544	0.4703	0.3500	3,182,404	0.4862	0.2500
	Wagner Spec Rd Dist Henry Co	Road & Bridge	505,942	0.4773	0.4600	501,460	0.4834	0.4834	500,067	0.5000	0.5000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Windsor Spec Rd Dist Henry Co	Road & Bridge	25,015,323	0.2815	0.2815	26,499,822	0.2815	0.2815	26,064,210	0.2896	0.2896
	Clinton Country Club Spec Rd Dist	Special Road and Bridge	649,049	0.3500	0.3500 *	708,938	0.3500	0.3500	723,718	0.3500	0.3500
	City of Blairstown	General Revenue	575,135	0.9979	0.9979	637,470	0.9791	0.9791	596,125	1.0000	1.0000
		Streets	575,135	0.5000	0.5000 *	637,470	0.4907	0.4907	596,125	0.5000	0.5000
	Village of Brownington	General Revenue	347,193	0.6328	0.5000	384,852	0.6236	0.5000	351,496	0.6843	0.6843
	City of Calhoun	General Revenue	1,603,782	0.5666	0.5666	1,619,071	0.5689	0.5689	1,642,001	0.5814	0.5814
		Police	**	**	**	1,619,071	0.2500	0.2500 *	1,642,001	0.2500	0.2500
		Fire	1,603,782	0.2000	0.2000	1,619,071	0.2000	0.2000 *	1,642,001	0.2000	0.2000
		General Revenue-Temp	1,603,782	0.2500	0.2500	**	**	**	**	**	**
		General Revenue	91,546,619	0.5000	0.5000	93,385,966	0.5000	0.5000	95,877,649	0.5010	0.5010
	City of Clinton	Parks & Recreation	91,546,619	0.1400	0.1400	93,385,966	0.1400	0.1400	95,877,649	0.1403	0.1403
		General Revenue	2,043,808	0.9004	0.9004	2,033,084	0.9130	0.9004	2,177,680	0.9279	0.9004
	City of Deepwater	Lights	2,043,808	0.1315	0.1315	2,033,084	0.1334	0.1315	2,177,680	0.1356	0.1315
		Cemetery	2,043,808	0.1000	0.1000	2,033,084	0.1000	0.1000	2,177,680	0.1000	0.1000
	City of Montrose	General Revenue	2,186,969	0.6348	0.6348	2,294,714	0.9548	0.9548 *	2,329,986	0.9648	0.9648
		Fire/General	2,186,969	0.3200	0.3200	**	**	**	**	**	**
		Debt Service	2,186,969	0.7334	0.7334	2,294,714	0.6641	0.6641	2,329,986	0.5991	0.5991
	City of Urich	General Revenue	2,467,944	0.9522	0.9522	2,573,733	0.9522	0.9522	2,593,817	0.9666	0.9522
		Parks & Recreation	2,467,944	0.2938	0.2938	2,573,733	0.2938	0.2938	2,593,817	0.2983	0.2938
	City of Windsor	General Revenue	18,954,263	0.5900	0.5900	19,729,571	0.5900	0.5900	19,864,074	0.5981	0.5900
		Library	18,954,263	0.1200	0.1200	19,729,571	0.1200	0.1200	19,864,074	0.1200	0.1200
		Park	18,954,263	0.2300	0.2300	19,729,571	0.2300	0.2300	19,864,074	0.2332	0.2300
		Pool	18,954,263	0.1200	0.1200	19,729,571	0.1200	0.1200	19,864,074	0.1200	0.1200
		Recreation	18,954,263	0.0600	0.0600	19,729,571	0.0600	0.0600	19,864,074	0.0600	0.0600
		General Revenue	199,611,012	0.2000	0.2000	206,944,887	0.2000	0.2000	210,970,926	0.2000	0.2000
	Bear Creek Township of Henry Co	General Revenue	2,771,706	0.2000	0.2000	2,770,266	0.2000	0.2000	2,743,088	0.2000	0.2000
		Road & Bridge	2,771,706	0.3423	0.3423	2,770,266	0.3427	0.3427	2,743,088	0.3500	0.3500
		Special Road and Bridge	2,771,706	0.2600	0.2600	2,770,266	0.2600	0.2600	2,743,088	0.2600	0.2600 *
	Bethlehem Township of Henry County	General Revenue	7,163,355	0.1210	0.1210	8,037,325	0.1210	0.1210	7,970,405	0.1257	0.1210
		Road & Bridge	5,099,837	0.2671	0.2671	5,883,127	0.2665	0.2665	5,847,164	0.2804	0.2665
	Bogard Township of Henry Co	General Revenue	6,074,780	0.1733	0.1733	6,578,760	0.1733	0.1733	6,906,149	0.1761	0.1761
		Road & Bridge	6,074,780	0.3568	0.3568	6,578,760	0.3568	0.3568	6,906,149	0.3625	0.3625
		Special Road and Bridge	6,074,780	0.2500	0.2500	6,578,760	0.2500	0.2500	6,906,149	0.2500	0.2500 *
	Clinton Township of Henry Co	General Revenue	77,409,315	0.1403	0.1000	78,704,403	0.1403	0.1000	80,876,967	0.1405	0.1000
		Road & Bridge	77,409,315	0.2807	0.2000	78,704,403	0.2807	0.2000	80,876,967	0.2811	0.2000
	Davis Township of Henry Co	General Revenue	7,478,819	0.2000	0.0300	7,022,357	0.2000	0.0500	7,939,109	0.2000	0.0300
		Road & Bridge	7,478,819	0.5000	0.5000	7,022,357	0.5000	0.4500	7,939,109	0.5000	0.5000
	Deepwater Township of Henry Co	General Revenue	5,614,181	0.1637	0.1637	5,912,523	0.1637	0.1637	5,846,156	0.1694	0.1694
		Road & Bridge	1,383,061	0.3855	0.3855	1,427,355	0.3855	0.3855	1,429,795	0.3961	0.3961
	Deer Creek Township of Henry Co	General Revenue	4,564,846	0.1507	0.1507	4,978,167	0.1507	0.1507	4,835,449	0.1560	0.1507
		Road & Bridge	3,133,703	0.4348	0.4348	3,452,299	0.4348	0.4348	3,309,077	0.4560	0.4348
	Fairview Township of Henry Co	General Revenue	5,470,579	0.1522	0.1400	5,602,419	0.1522	0.1400	5,791,559	0.1553	0.1400
		Road & Bridge	5,470,579	0.3247	0.3100	5,602,419	0.3247	0.3100	5,791,559	0.3313	0.3100

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Fields Creek Township of Henry Co	General Revenue	28,970,729	0.1305	0.1200	30,340,778	0.1305	0.1200	30,486,367	0.1361	0.1361
		Road & Bridge	8,588,735	0.3100	0.3000	9,251,612	0.3100	0.3000	8,879,889	0.3100	0.3100
	Honey Creek Township of Henry Co	General Revenue	2,527,780	0.1825	0.1400	2,820,340	0.1757	0.1500	2,730,062	0.1823	0.1500
		Road & Bridge	1,103,631	0.5000	0.2500	1,093,801	0.5000	0.1000	1,056,105	0.5000	0.1000
	Leesville Township of Henry Co	General Revenue	9,986,586	0.1310	0.1310	10,520,280	0.1304	0.1304	11,111,794	0.1304	0.1304
		Road & Bridge	9,986,586	0.2620	0.2620	10,520,280	0.2609	0.2609	11,111,794	0.2609	0.2609
	Osage Township of Henry Co	General Revenue	6,889,719	0.1313	0.0800	7,177,790	0.1313	0.0800	7,316,607	0.1326	0.0800
		Road & Bridge	3,170,243	0.2809	0.2800	3,248,092	0.2809	0.2800	3,306,368	0.2823	0.2800
	Shawnee Township of Henry Co	General Revenue	5,564,637	0.1630	0.0500	5,732,892	0.1630	0.0500	5,817,200	0.1666	0.0500
		Road & Bridge	2,445,555	0.4159	0.4100	2,545,348	0.4159	0.4100	2,634,796	0.4190	0.4100
	Springfield Township of Henry Co	General Revenue	2,783,640	0.1407	0.1407	2,826,601	0.1407	0.1407	2,900,217	0.1408	0.1408
		Road & Bridge	2,783,640	0.3215	0.3215	2,826,601	0.3216	0.3216	2,900,217	0.3218	0.3218
	Tebo Township of Henry Co	General Revenue	6,216,484	0.1729	0.1729	6,528,400	0.1729	0.1729	6,514,178	0.1779	0.1779
		Road & Bridge	6,216,484	0.3764	0.3764	6,528,400	0.3764	0.3764	6,514,178	0.3874	0.3874
		Special Road and Bridge	6,216,484	0.1800	0.1800	6,528,400	0.1800	0.1800	6,514,178	0.1800	0.1800 *
	Walker Township of Henry Co	General Revenue	3,940,747	0.2000	0.2000	3,973,005	0.2000	0.2000	4,156,223	0.1982	0.1982
		Road & Bridge	3,940,747	0.5000	0.5000	3,973,005	0.5000	0.5000	4,156,223	0.4954	0.4954
		Special Road and Bridge	3,940,747	0.1500	0.1500 *	3,973,005	0.1500	0.1500	4,156,223	0.1486	0.1486
	White Oak Township of Henry Co	General Revenue	5,634,935	0.1835	0.1835	5,874,510	0.1835	0.1835	5,897,769	0.1879	0.1879
		Road & Bridge	5,634,935	0.3874	0.3874	5,874,510	0.3874	0.3874	5,897,769	0.3966	0.3966
	Windsor Township of Henry Co	General Revenue	25,015,323	0.1407	0.1407	26,502,822	0.1407	0.1407	26,064,210	0.1448	0.1448
	Big Creek Township of Henry Co	General Revenue	3,923,861	0.1604	0.1604	4,076,602	0.1604	0.1604	4,179,607	0.1605	0.1605
		Road & Bridge	3,923,861	0.2607	0.2607	4,076,602	0.2607	0.2607	4,179,607	0.2609	0.2609
	Tightwad Fire Protection District	General Revenue	9,986,586	0.3000	0.1000	10,520,280	0.2987	0.2000	11,111,794	0.2987	0.2000
	Henry County R-I School District	Operating Funds-Schools	31,846,343	3.2063	2.7500	33,098,228	3.2428	2.7500	34,420,489	3.2380	2.7500
		Debt Service	31,846,343	0.5000	0.5000	33,098,228	0.5000	0.5000	34,420,489	0.5000	0.5000
	Shawnee R-III School District	Operating Funds-Schools	5,766,289	3.1302	3.0000	6,035,749	3.9932	3.8500 *	6,321,075	3.9932	3.8500
		Debt Service	5,766,289	0.7000	0.7000	6,035,749	0.6900	0.6900	6,321,075	0.6900	0.6900
	Calhoun R-VIII School District	Operating Funds-Schools	6,567,205	3.9560	3.6600	6,997,377	4.0127	3.6600	7,031,388	3.9685	3.6600
	Leesville R-IX School District	Operating Funds-Schools	9,394,991	3.0733	3.0700	9,946,333	3.0495	3.0495	10,538,608	3.0902	3.0902
	Davis R-XII School District	Operating Funds-Schools	10,053,105	3.5600	3.5600 *	9,712,154	3.5600	3.5600	10,730,811	3.5600	3.5600
	Montrose R-XIV School District	Operating Funds-Schools	7,230,363	4.4223	3.9323	7,518,755	4.4423	3.9297	7,681,759	4.3987	3.8247
	Clinton School District	Operating Funds-Schools	113,986,744	3.4337	3.3900	118,029,699	3.4091	3.3900	121,055,632	3.4292	3.3900
		Debt Service	113,986,744	0.4600	0.4600	118,029,699	0.4600	0.4600	121,055,632	0.2600	0.2600
	Henry County	General Revenue	218,002,022	0.2518	0.0200	225,981,240	0.2518	0.0100	230,083,116	0.2544	0.0100
		Health	218,002,022	0.1000	0.1000	225,981,240	0.1000	0.1000	230,083,116	0.1000	0.1000
Hickory	Village of Cross Timbers	General Revenue	662,043	0.4601	0.4000	678,760	0.4610	0.3500	687,554	0.4611	0.3500
	City of Hermitage	General Revenue	3,673,079	0.5100	0.5000	3,676,644	0.5161	0.5000	3,860,736	0.5166	0.5000
		Debt Service	3,673,079	0.2968	0.2968	3,676,644	0.3169	0.3169	3,860,736	0.2452	0.2452
	City of Weaubleau	General Revenue	1,880,891	0.3600	0.3600	1,857,747	0.3646	0.3646	1,842,837	0.3735	0.3735
	City of Wheatland	General Revenue	1,793,531	0.3604	0.3604	1,708,855	0.3789	0.3789	1,764,256	0.3792	0.3792
	Hickory County Library District	General Revenue	68,621,181	0.1400	0.1400	71,293,759	0.1400	0.1400	73,636,028	0.1400	0.1400

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Hickory Co. R-I School District	Operating Funds-Schools	24,808,490	2.7500	2.7500 *	25,910,319	2.7500	2.7500 *	26,604,123	2.7500	2.7500 *
		Debt Service	24,808,490	0.8000	0.8000	25,910,319	0.8000	0.8000	26,604,123	0.8000	0.8000
	Wheatland R-II School District	Operating Funds-Schools	19,071,149	3.1538	3.1000	19,808,741	3.1543	3.1543	20,202,897	3.1403	3.1403
		Debt Service	19,071,149	0.3478	0.3478	19,808,741	0.3500	0.3500	20,202,897	0.3629	0.3629
	Weaubleau R-III School District	Operating Funds-Schools	14,490,891	2.7500	2.7500 *	15,148,014	2.7500	2.7500 *	15,475,493	2.7500	2.7500 *
		Debt Service	14,490,891	0.8238	0.8238	15,148,014	0.8400	0.8400	15,475,493	0.8400	0.8400
	Hermitage R-IV School District	Operating Funds-Schools	23,551,992	2.6000	2.6000 *	24,335,720	2.6000	2.6000 *	25,218,963	2.7500	2.7500 *
		Debt Service	23,551,992	0.4200	0.4200	24,335,720	0.5130	0.5130	25,218,963	0.5076	0.5076
	Hickory County	General Revenue	68,621,181	0.3400	0.1700	71,293,759	0.3400	0.1700	73,636,028	0.3400	0.1639
		Road & Bridge	68,621,181	0.2600	0.2600	71,293,759	0.2600	0.2600	73,636,028	0.2600	0.2594
		Health	68,621,181	0.0800	0.0800	71,293,759	0.0800	0.0800	73,636,028	0.0800	0.0800
Holt	Corning Special Road Dist Holt Co	Special Road and Bridge	2,185,194	0.3500	0.3500	2,197,737	0.3500	0.3500	2,265,629	0.3500	0.3500
		Special Road District	**	**	**	**	**	**	2,265,629	0.3500	0.0000 *
	South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	2,075,081	0.3377	0.3377	2,002,555	0.3500	0.3500 *	2,005,278	0.3500	0.3500
	Village of Bigelow	General Revenue	254,977	0.7028	0.5000	244,570	0.7327	0.5000	261,179	0.7321	0.5000
	Village of Corning	General Revenue	153,377	0.4095	0.4000	147,907	0.4246	0.4200	145,274	0.4323	0.4323
		Lights	153,377	0.2100	0.2100	147,907	0.2177	0.2100	145,274	0.2217	0.2217
	City of Craig	General Revenue	1,150,952	0.9926	0.9926	1,170,037	0.9926	0.9926	1,224,334	0.9926	0.9926
		Motor Fuel	1,150,952	0.4000	0.4000	1,170,037	0.4000	0.4000	1,224,334	0.4000	0.4000
		Debt Service	1,150,952	1.3670	1.3670	1,170,037	1.2493	1.2493	1,224,334	1.8102	1.8102
	City of Forest City	General Revenue	1,961,802	0.8933	0.8900	2,015,625	0.8933	0.8933	2,024,046	0.8956	0.8933
		Debt Service	1,961,802	0.3200	0.3200	2,015,625	0.3200	0.3200	2,024,046	0.3200	0.3200
	Village of Fortescue	General Revenue	245,644	0.6930	0.6930	237,729	0.7000	0.7000	238,770	0.6998	0.6998
	City of Maitland	General Revenue	1,731,310	0.8600	0.8600	1,587,149	0.9381	0.9381	1,681,505	0.9381	0.9381
		Lights	1,731,310	0.3300	0.3300	1,587,149	0.3500	0.3500	1,681,505	0.3500	0.3500
		Health	1,731,310	0.1500	0.1500	1,587,149	0.1500	0.1500	1,681,505	0.1500	0.1500
		General Revenue-temp	**	**	**	1,587,149	0.1400	0.1400 *	1,681,505	0.1400	0.1400
	City of Mound City	General Revenue	8,559,410	0.7111	0.7100	8,959,468	0.7111	0.7100	9,146,237	0.7111	0.7110
		Parks & Recreation	8,559,410	0.2540	0.2500	8,959,468	0.2540	0.2500	9,146,237	0.2540	0.2540
		Lights	8,559,410	0.2946	0.2900	**	**	**	**	**	**
		Library	8,559,410	0.2540	0.2500	8,959,468	0.2540	0.2500	9,146,237	0.2540	0.2540
		Health	8,559,410	0.1524	0.1500	8,959,468	0.1524	0.1500	9,146,237	0.1524	0.1524
		General Revenue-temp	**	**	**	8,959,468	0.3000	0.2700 *	9,146,237	0.3000	0.3000
		Debt Service	8,559,410	0.3200	0.3200	8,959,468	0.3000	0.3000	9,146,237	0.2821	0.2821
	City of Oregon	General Revenue	5,272,675	0.9335	1.0000	5,368,683	0.9335	1.0000	5,566,023	0.9335	1.0000
		Library	5,272,675	0.2409	0.2400	5,368,683	0.2409	0.2400	5,566,023	0.2409	0.2400
		Health	5,272,675	0.1706	0.1700	5,368,683	0.1706	0.1700	5,566,023	0.1706	0.1700
		Debt Service	5,272,675	0.8900	0.8900	5,368,683	0.8900	0.8900	5,566,023	0.8900	0.8900
	Village of Big Lake	General Revenue	2,860,872	0.2728	0.2728	2,876,515	0.2728	0.2728	3,065,563	0.2728	0.2728
		Health	2,860,872	0.1212	0.1212	2,876,515	0.1212	0.1212	3,065,563	0.1212	0.1212
	Mound City Rural Fire Prot Dist	General Revenue	22,263,804	0.2212	0.2212	22,614,086	0.2212	0.2212	23,270,410	0.2212	0.2212
	Southern Fire Protection District	General Revenue	24,957,058	0.2301	0.2300 *	25,429,294	0.2301	0.2301	26,414,689	0.2295	0.2295



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Holt	Northwest Holt Co Fire Prot Dist	General Revenue	8,347,131	0.4577	0.4577	8,396,233	0.4602	0.4602	8,610,419	0.4602	0.4602
	Craig R-III School District	Operating Funds-Schools	11,376,090	4.1021	4.1021	11,378,153	4.0849	4.0840	11,716,772	4.1544	4.1544
	Mound City R-2 School District	Operating Funds-Schools	19,258,763	3.4398	3.4398	19,950,627	3.3793	3.3793	20,286,061	3.3634	3.3634
	South Holt Co R-I School District	Operating Funds-Schools	21,240,527	3.3993	2.7500	21,563,701	3.3537	3.3537	22,020,259	3.3590	3.3590
		Debt Service	21,240,527	0.4202	0.4202	21,563,701	0.2850	0.2850	22,020,259	0.4116	0.4116
	Holt County	General Revenue	70,713,111	0.4309	0.3270	73,083,734	0.4309	0.3320	74,090,058	0.4309	0.3220
		Johnson Grass	70,713,111	0.0500	0.0500	73,083,734	0.0500	0.0500	74,090,058	0.0500	0.0300
		Road & Bridge	70,713,111	0.4309	0.4300	73,083,734	0.4309	0.4300	74,090,058	0.4309	0.4300
Howard	Howard County Ambulance District	General Revenue	80,386,642	0.2900	0.2900	83,714,480	0.2900	0.2900	86,094,500	0.2900	0.2900
	Moniteau Creek Watershed Sub Dist	General Revenue	11,629,950	0.2967	0.2967	12,521,664	0.2924	0.2924	12,862,149	0.2955	0.2955
	Armstrong Spec Rd Dist Howard Co	Special Road and Bridge	5,796,089	0.3500	0.3500	5,916,253	0.3500	0.3500 *	6,396,683	0.3396	0.3396
	Glasgow Spec Rd Dist #60 Howard Co	Special Road and Bridge	14,569,204	0.2300	0.2300	15,052,553	0.2300	0.2300 *	15,919,030	0.2255	0.2255
	City of Armstrong	General Revenue	1,276,368	0.9835	0.9835	1,278,176	0.9836	0.9836	1,415,036	0.9108	0.9108
	City of Fayette	General Revenue	12,263,310	0.5600	0.5600	12,884,657	0.5552	0.5552	13,316,058	0.5552	0.5552
	City of Franklin	General Revenue	481,750	0.9718	0.9300	480,992	0.9734	0.9300	445,000	1.0000	1.0000
	City of New Franklin	General Revenue	5,348,777	0.6300	0.6300	5,611,727	0.6266	0.6266	5,679,753	0.6266	0.6266
	City of Glasgow	General Revenue	8,885,534	0.5131	0.5131	9,204,756	0.5131	0.5131	9,385,055	0.5129	0.5129
		Parks & Recreation	8,885,534	0.2414	0.2414	9,204,756	0.2414	0.2414	9,385,055	0.2413	0.2413
		Library	8,885,534	0.2500	0.2500	9,204,756	0.2500	0.2500	9,385,055	0.2499	0.2499
		Debt Service	8,885,534	0.5500	0.5500	9,204,756	0.5500	0.5500	9,385,055	0.0000	0.0000
	Howard County Library	General Revenue	71,625,673	0.1000	0.1000	74,612,037	0.1000	0.1000	76,836,057	0.1000	0.1000
	Howard Co Fire Protection District	General Revenue	45,569,857	0.2900	0.2900	47,445,558	0.2900	0.2900	48,012,676	0.2938	0.2938
	Armstrong Fire Protection District	General Revenue	10,413,324	0.2000	0.2000	10,872,781	0.2000	0.2000	11,455,152	0.1949	0.1949
	Glasgow Fire Protection District	General Revenue	20,533,558	0.3000	0.3000	20,818,682	0.3000	0.3000	22,196,912	0.2904	0.2904
	New Franklin R-I School District	Operating Funds-Schools	16,818,522	3.3455	3.2814	17,637,893	3.3544	3.3544	18,025,392	3.3365	3.3300
		Debt Service	16,818,522	0.5886	0.5886	17,637,893	0.4711	0.4711	18,025,392	0.5400	0.5400
	Fayette R-III School District	Operating Funds-Schools	31,917,354	3.4866	3.4866	33,586,885	3.5000	3.5000	34,590,931	3.4738	3.4723
		Debt Service	31,917,354	0.3900	0.3900	33,586,885	0.6500	0.6500	34,590,931	0.6500	0.6500
	Howard Co R-II School District	Operating Funds-Schools	17,109,158	3.4505	3.0000	17,839,440	4.0427	3.2500 *	18,153,448	4.0427	3.3500
		Debt Service	17,109,158	0.6000	0.6000	17,839,440	0.3500	0.3500	18,153,448	0.2500	0.2500
	Howard County	General Revenue	80,386,642	0.4000	0.2500	83,714,480	0.4000	0.2477	86,094,500	0.4000	0.2563
		Road & Bridge	80,386,642	0.2700	0.2700	83,714,480	0.2700	0.2700	63,311,482	0.2882	0.2882
		Senate Bill 40	80,386,642	0.1000	0.0900	83,714,480	0.1000	0.0900	86,094,500	0.1000	0.0900
Howell	South Howell Co Ambulance District	General Revenue	194,122,209	0.1900	0.1900	213,866,429	0.1875	0.1875	217,144,130	0.1882	0.1882
	Willow Springs Ambulance District	General Revenue	42,982,729	0.2700	0.2700	43,713,741	0.2739	0.2700	47,076,626	0.2739	0.2700
	Mountain-View Summersville Amb Dist	General Revenue	51,237,631	0.1700	0.1700	54,349,921	0.1700	0.1700	53,621,112	0.1737	0.1737
	City of Mountain View	General Revenue	18,547,297	0.5200	0.0000	19,527,426	0.5213	0.0000	17,320,198	0.5935	0.0000
		Library	18,547,297	0.1300	0.0000	19,527,426	0.1303	0.0000	17,320,198	0.1483	0.0000
	City of West Plains	General Revenue	93,783,902	0.2713	0.2400	107,009,188	0.2650	0.2650	105,185,878	0.2725	0.2700
		Library	93,783,902	0.2211	0.2211	107,009,188	0.2159	0.2159	105,185,878	0.2221	0.2221
	City of Willow Springs	General Revenue	12,564,929	0.4700	0.4700	12,547,253	0.4752	0.4752	13,640,780	0.4793	0.4793

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howell		Library	12,564,929	0.1500	0.1500	12,547,253	0.1517	0.1517	13,640,780	0.1530	0.1530
	Howell County Rural Fire Dist. #1	General Revenue	55,741,899	0.2600	0.2600	36,501,794	0.3000	0.2600	63,499,664	0.2585	0.2585
	Pomona Fire Protection District	General Revenue	11,303,336	0.2700	0.2700	11,753,322	0.2710	0.2700	13,198,659	0.2705	0.2705
	Howell Valley R-I School District	Operating Funds-Schools	14,848,590	3.2913	3.2900	15,954,920	3.2660	3.2600	16,373,780	3.2694	3.2600
		Debt Service	14,848,590	0.0135	0.0135	**	**	**	**	**	**
	Mountain View-Birch Tree R-III SD	Operating Funds-Schools	45,103,947	2.7500	2.7500 *	48,039,280	2.7500	2.7500 *	46,990,207	2.7500	2.7500 *
	Willow Springs R-IV School District	Operating Funds-Schools	38,575,329	2.7100	2.7100 *	38,884,320	2.7500	2.7500 *	41,843,908	2.7500	2.7500 *
	Richards R-V School District	Operating Funds-Schools	20,531,370	2.7100	2.7100 *	22,074,930	2.7100	2.7100 *	23,501,388	2.7100	2.7100 *
	West Plains R-VII School District	Operating Funds-Schools	99,619,310	3.4184	2.7500	111,881,220	3.3655	2.7500	110,491,988	3.3738	2.7500
	Glenwood R-VIII School District	Operating Funds-Schools	13,246,150	2.7500	2.7500 *	14,538,020	2.7500	2.7500 *	15,122,031	2.7574	2.7500
		Operating Funds-Temp	**	**	**	14,538,020	0.2000	0.2000 *	15,122,031	0.2000	0.1000
		Debt Service	13,246,150	0.2500	0.2500	14,538,020	0.0500	0.0500	15,122,031	0.1500	0.1500
	Junction Hill C-12 School District	Operating Funds-Schools	9,854,530	2.7500	2.7500 *	10,686,460	2.9900	2.9900 *	11,156,150	3.0033	2.9900
	Fairview R-XI School District	Operating Funds-Schools	23,367,370	2.7000	2.7000 *	25,045,520	2.7000	2.7000 *	26,297,410	2.7000	2.7000 *
	Howell County	General Revenue	265,208,652	0.2500	0.0000	287,258,252	0.2500	0.0000	292,122,587	0.2508	0.0000
		Road & Bridge	265,208,652	0.1900	0.0000	287,258,252	0.1900	0.0000	292,122,587	0.1906	0.0000
		Senate Bill 40	265,208,652	0.0900	0.0500	287,258,252	0.0900	0.0500	292,122,587	0.0903	0.0500
Iron	Iron County Ambulance District	General Revenue	151,126,682	0.1500	0.1500	145,832,489	0.1500	0.1500	147,170,348	0.1500	0.1500
	Road District #1	Road & Bridge	151,126,682	0.2709	0.2709	145,832,489	0.2836	0.2836	147,170,348	0.2854	0.2854
	City of Annapolis	General Revenue	9,546,922	0.2100	0.2100	9,686,248	0.2100	0.2100	9,683,408	0.2107	0.2107
	City of Arcadia	General Revenue	3,816,601	0.5116	0.5116	3,820,930	0.5142	0.5142	3,900,810	0.5165	0.5165
	Village of Des Arc	General Revenue	579,278	0.3603	0.3603	619,139	0.3603	0.3603	598,467	0.3728	0.3728
	City of Ironton	General Revenue	10,377,687	0.5647	0.5647	10,808,013	0.5639	0.5639	10,594,670	0.5753	0.5753
		Parks & Recreation	10,377,687	0.1614	0.1614	10,808,013	0.1612	0.1612	10,594,670	0.1645	0.1645
	City of Pilot Knob	General Revenue	5,287,248	0.3315	0.3315	4,613,927	0.3851	0.3851	4,691,028	0.3863	0.3863
	City of Viburnum	General Revenue	15,979,365	0.9833	0.9400	15,198,692	1.0000	0.9400	15,490,418	1.0000	0.9400
		Parks & Recreation	15,979,365	0.2300	0.2000	15,198,692	0.2300	0.2000	15,490,418	0.2300	0.1900
		Solid Waste Landfill	15,979,365	0.1000	0.0700	15,198,692	0.1000	0.0700	15,490,418	0.1000	0.0700
		Health	15,979,365	0.2000	0.1900	15,198,692	0.2000	0.1900	15,490,418	0.2000	0.1800
		Debt Service	15,979,365	0.8000	0.8000	15,198,692	0.8500	0.8500	15,490,418	0.8700	0.8700
	Iron County Library District	General Revenue	151,126,682	0.1000	0.1000	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000
	Quad County Fire Protection Dist	General Revenue	66,890,923	0.2000	0.2000	60,939,877	0.2000	0.2000	63,894,335	0.2000	0.2000
	Southern Iron County Fire Prot Dist	General Revenue	**	**	**	34,240,734	0.2500	0.2500 *	34,897,068	0.2500	0.2500
	South Iron Co R-I School District	Operating Funds-Schools	36,923,919	3.2000	2.8300	37,192,933	3.2000	2.7600	36,018,922	3.2000	2.8300
	Arcadia Valley R-II School District	Operating Funds-Schools	33,256,355	2.7200	2.7200 *	34,564,542	2.7500	2.7500 *	34,592,890	2.7500	2.7500 *
		Debt Service	33,256,355	0.4800	0.4800	34,564,542	0.4466	0.4466	34,592,890	0.3568	0.3568
	Bellevue R-III School District	Operating Funds-Schools	6,420,010	2.7500	2.7500 *	6,640,574	2.7500	2.7500 *	6,849,530	2.7500	2.7500 *
	Iron Co C-4 School District	Operating Funds-Schools	63,410,471	2.8000	2.8000	63,359,360	2.8000	2.8000	60,528,559	2.8000	2.7500
	Iron County	General Revenue	151,126,682	0.3813	0.2950	145,832,489	0.3992	0.2753	147,170,348	0.4017	0.3100
		Health	151,126,682	0.1000	0.1000	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000
		Senate Bill 40	151,126,682	0.1000	0.1000	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	Public Water Sup Dist 17 Jackson Co	General Revenue	57,616,412	0.0679	0.0679	68,633,806	0.0660	0.0660	77,630,903	0.0655	0.0655
	City of Blue Springs	General Revenue	499,936,229	0.6006	0.6000	524,819,981	0.6006	0.6000	544,607,843	0.6023	0.6023
		Debt Service	499,936,229	0.1500	0.1500	524,819,981	0.1500	0.1500	544,607,843	0.1500	0.1500
	City of Buckner	General Revenue	16,757,138	0.6100	0.6100	18,037,246	0.6006	0.6006	18,396,381	0.6069	0.6069
	City of Grain Valley	General Revenue	53,213,281	0.6652	0.6538	62,120,492	0.6571	0.6406	70,572,030	0.6557	0.6376
		Parks & Recreation	53,213,281	0.1390	0.1366	62,120,492	0.1373	0.1339	70,572,030	0.1370	0.1332
		Health	53,213,281	0.1589	0.0496	62,120,492	0.1570	0.0496	70,572,030	0.1567	0.0533
		Debt Service	53,213,281	0.9300	0.9300	62,120,492	0.9300	0.9300	70,572,030	0.9300	0.9300
	City of Grandview	General Revenue	225,526,248	1.0000	1.0000	229,844,558	1.0000	1.0000	224,651,407	1.0000	1.0000
		Parks & Recreation	225,526,248	0.1200	0.1200	229,844,558	0.1200	0.1200	224,651,407	0.1200	0.1200
		Debt Service	225,526,248	0.3800	0.3800	229,844,558	0.3800	0.3800	224,651,407	0.3800	0.3800
	City of Greenwood	General Revenue	36,427,037	0.4947	0.4900	41,024,963	0.4840	0.4839	42,829,063	0.4840	0.4840
		GR-Fire Temp	36,427,037	0.6900	0.6700 *	41,024,963	0.6750	0.6750	42,829,063	0.6750	0.6750
	City of Independence	General Revenue	747,181,162	0.5100	0.5100	786,157,367	0.5100	0.5100	822,272,178	0.5100	0.5100
		Indep. Sq. Spec. Benefit	4,724,728	0.4600	0.4600	5,194,764	0.4322	0.4322	4,741,180	0.4736	0.4736
		Public Health & Recreatio	747,181,162	0.2400	0.2400	786,157,367	0.2400	0.2400	822,272,178	0.2400	0.2400
	City of Kansas City	General Revenue	5,196,528,132	0.6700	0.6700	5,503,021,519	0.6700	0.6700	5,460,339,388	0.6867	0.6800
		Museum	5,196,528,132	0.0200	0.0200	5,503,021,519	0.0200	0.0200	5,460,339,388	0.0200	0.0200
		Health	5,196,528,132	0.4900	0.4900	5,503,021,519	0.4900	0.4900	5,460,339,388	0.5000	0.5000
		Debt Service	5,196,528,132	0.1700	0.1700	5,503,021,519	0.1400	0.1400	5,460,339,388	0.1400	0.1400
	City of Lake Lotawana	General Revenue	27,360,629	0.4100	0.4100	31,183,215	0.3772	0.3770	31,335,192	0.4035	0.4035
	City of Lake Tapawingo	General Revenue	10,803,315	0.4000	0.4000 *	11,697,403	0.3837	0.3837	11,669,185	0.3871	0.3871
		Debt Service	10,803,315	0.4721	0.4721	11,697,403	0.4702	0.4702	11,669,185	0.4285	0.4285
	City of Levasy	General Revenue	1,211,786	0.7815	0.7100	1,030,282	0.9192	0.7815	997,760	0.9491	0.7815
	City of Lone Jack	General Revenue	5,481,535	0.9200	0.9200	6,044,213	0.8995	0.8995	6,998,874	0.8429	0.8429
		Debt Service	5,481,535	0.8151	0.8151	6,044,213	0.8000	0.8000	6,998,874	1.0000	1.0000
	City of Oak Grove	General Revenue	49,739,878	0.6687	0.6500	54,907,318	0.6599	0.6500	59,575,969	0.6586	0.6500
		Debt Service	49,739,878	0.2300	0.2300	54,907,318	0.2300	0.2300	59,575,969	0.2300	0.2300
	City of Raytown	General Revenue	278,338,622	0.3432	0.3100	281,632,580	0.3432	0.3432	284,415,144	0.3432	0.3432
		Parks & Recreation	278,338,622	0.1716	0.1600	281,632,580	0.1716	0.1716	284,415,144	0.1716	0.1716
	Village of Sibley	General Revenue	2,217,463	0.5000	0.3400	2,293,500	0.5000	0.3400	2,198,434	0.5000	0.3400
	City of Sugar Creek	General Revenue	42,825,234	0.9533	0.9533	42,495,869	0.9623	0.9623	43,916,714	0.9623	0.9623
		Health	42,825,234	0.1300	0.1300	42,495,869	0.1300	0.1300	43,916,714	0.1300	0.1300
	City of Lee's Summit	General Revenue	915,305,192	0.9600	0.9600	987,112,909	0.9600	0.9600	1,071,882,858	0.9600	0.9600
		Parks & Recreation	915,305,192	0.1700	0.1700	987,112,909	0.1700	0.1700	1,071,882,858	0.1700	0.1700
		Debt Service	915,305,192	0.4800	0.4800	987,112,909	0.4800	0.4800	1,071,882,858	0.4800	0.4800
	Village of River Bend	General Revenue	**	**	**	**	**	**	786,973	0.5000	0.5000 *
	Mid Continent Public Library	General Revenue	7,742,015,544	0.3400	0.3300	8,190,045,556	0.3400	0.3300	8,507,862,542	0.3400	0.3300
	Kansas City Public Library	General Revenue	2,598,421,694	0.5000	0.5000	2,712,577,186	0.5000	0.5000	2,614,989,953	0.5000	0.5000
	Central Jackson Co Fire Prot Dist	General Revenue	594,974,967	0.7500	0.7500	636,141,470	0.7500	0.7500	664,438,384	1.0981	1.0981 *
		Dispatch	594,974,967	0.0200	0.0200	636,141,470	0.0200	0.0200	664,438,384	0.0200	0.0200
		Debt Service	594,974,967	0.0900	0.0900	636,141,470	0.0900	0.0900	664,438,384	0.0900	0.0900
	Lone Jack Community Fire Prot Dist	General Revenue	35,757,330	0.6300	0.6300	40,602,425	0.5938	0.5938	42,200,818	0.5977	0.5938

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Prairie Township Fire Prot District	General Revenue	58,728,414	0.7100	0.7100	66,218,461	0.7100	0.7100	69,540,507	0.7100	0.7100
	Raytown Fire Protection District	General Revenue	276,725,955	0.5330	0.5330	284,686,290	0.5330	0.5330	282,769,291	0.5386	0.5386
		Pension	276,725,955	0.0500	0.0500	284,686,290	0.0500	0.0500	282,769,291	0.0500	0.0500
	Lotawana Fire Protection District	General Revenue	42,395,984	0.5600	0.5600	46,376,127	0.5380	0.5380	47,016,182	0.6893	0.6880 *
	Fort Osage Fire Protection District	General Revenue	106,662,918	0.6900	0.6900	112,631,931	0.8630	0.8630 *	116,528,616	0.8680	0.8680
		Ambulance	106,662,918	0.4900	0.4900	112,631,931	0.4851	0.4851	116,528,616	0.4879	0.4879
		Dispatch	106,662,918	0.0300	0.0300	112,631,931	0.0297	0.0297	116,528,616	0.0299	0.0299
	Inter City Fire Protection District	General Revenue	6,311,149	0.4151	0.4100	6,759,341	0.6092	0.6092 *	7,038,322	0.5975	0.5975
	Metropolitan Community College Dist	General Revenue	9,424,047,402	0.2304	0.2300	9,862,962,217	0.2304	0.2300	10,018,157,391	0.2304	0.2304
	Fort Osage R-I School District	Operating Funds-Schools	184,725,803	4.0986	3.6700	193,274,427	4.1035	3.6635	199,617,103	4.1171	3.7160
		Debt Service	184,725,803	0.7500	0.7500	193,274,427	0.7500	0.7500	199,617,103	0.7500	0.7500
	Blue Springs R-IV School District	Operating Funds-Schools	766,711,466	4.2014	3.6436	842,843,279	4.1963	3.6699	896,688,440	4.1940	3.6934
		Debt Service	766,711,466	0.9564	0.9564	842,843,279	0.9301	0.9301	896,688,440	0.9566	0.9566
	Grain Valley R-V School District	Operating Funds-Schools	95,747,571	3.2919	3.2919	111,421,063	3.1980	3.1980	123,129,207	3.1841	3.1841
		Debt Service	95,747,571	0.9500	0.9500	111,421,063	1.0420	1.0420	123,129,207	1.0578	1.0578
	Oak Grove R-VI School District	Operating Funds-Schools	75,063,103	3.9796	3.1300	83,177,337	3.8754	3.0621	89,256,521	3.8762	3.0809
		Debt Service	75,063,103	0.9000	0.9000	83,177,337	0.9400	0.9400	89,256,521	0.9400	0.9400
	Lee's Summit R-VII School District	Operating Funds-Schools	904,052,487	4.6678	4.3200	971,233,789	4.6706	4.3200	1,049,205,302	4.9170	4.5700 *
		Debt Service	904,052,487	1.0700	1.0700	971,233,789	1.0700	1.0700	1,049,205,302	1.0700	1.0700
	Hickman Mills C-1 School District	Operating Funds-Schools	404,843,533	4.3328	4.2300	399,480,769	4.3993	4.3993	396,616,105	4.4391	4.4391
		Debt Service	404,843,533	0.3100	0.3100	399,480,769	0.3100	0.3100	396,616,105	0.3100	0.3100
	Raytown C-2 School District	Operating Funds-Schools	540,983,028	3.8090	3.8090	545,652,250	4.0407	4.0407 *	554,347,804	4.0413	4.0413
		Debt Service	540,983,028	0.5300	0.5300	545,652,250	0.9400	0.9400	554,347,804	0.9400	0.9400
	Grandview C-4 School District	Operating Funds-Schools	322,346,325	4.4336	4.4300	330,901,239	4.9333	4.9300 *	328,156,266	4.9333	4.9300
		Debt Service	322,346,325	0.5000	0.5000	330,901,239	0.5000	0.5000	328,156,266	0.5000	0.5000
	Lone Jack C-6 School District	Operating Funds-Schools	24,196,735	3.1692	3.1692	27,128,187	2.9834	2.9834	28,627,322	2.9825	2.9825
		Debt Service	24,196,735	1.2000	1.2000	27,128,187	1.3671	1.3671	28,627,322	1.3675	1.3675
	Independence 30 School District	Operating Funds-Schools	625,129,708	3.7061	3.7000	638,090,560	4.2253	4.2100 *	648,175,277	4.2309	4.2309
		Debt Service	625,129,708	0.7600	0.7600	638,090,560	0.7600	0.7600	648,175,277	0.7591	0.7591
	Kansas City 33 School District	Operating Funds-Schools	2,515,693,295	2.6266	4.9500	2,631,687,746	2.7500	4.9500 *	2,529,420,308	2.7500	4.9500 B
	Center 58 School District	Operating Funds-Schools	364,668,906	4.3760	4.2497	368,176,385	4.3788	4.2690	363,351,063	4.4500	4.4500
		Debt Service	364,668,906	0.4003	0.4003	368,176,385	0.6500	0.6500	363,351,063	0.8600	0.8600
	Jackson County	General Revenue	7,006,584,978	0.2900	0.1700	7,313,582,131	0.2900	0.1800	7,383,498,399	0.2908	0.1800
		Parks & Recreation	7,006,584,978	0.1600	0.0900	7,313,582,131	0.1600	0.0900	7,383,498,399	0.1600	0.0900
		Road & Bridge	7,006,584,978	0.2900	0.1400	7,313,582,131	0.2900	0.1400	7,383,498,399	0.2908	0.1400
		Health	7,006,584,978	0.3100	0.1600	7,313,582,131	0.3100	0.1600	7,383,498,399	0.3109	0.1600
		Developmentally Disabled	7,006,584,978	0.1000	0.0800	7,313,582,131	0.1000	0.0800	7,383,498,399	0.1000	0.0800
		Mental Health	7,006,584,978	0.1330	0.1330	7,313,582,131	0.1330	0.1330	7,383,498,399	0.1330	0.1330
Jasper	Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	47,020,943	0.2600	0.2600	62,370,472	0.2110	0.2110	63,147,781	0.2155	0.2100
	Cartersville Sp Road Dist Jasper Co	Road & Bridge	33,263,473	0.3300	0.3300	39,190,504	0.2950	0.2950	38,575,275	0.3022	0.3022
	Carthage Sp Rd Dist Jasper Co	Road & Bridge	201,885,274	0.2609	0.2600	248,579,531	0.2233	0.2500	243,333,632	0.2303	0.2500
	Jasper Spec Rd Dist Jasper Co	Road & Bridge	10,344,015	0.3300	0.3300	13,175,117	0.2726	0.2726	12,563,257	0.2884	0.2884

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	La Russell Spec Rd Dist Jasper Co	Road & Bridge	5,364,739	0.3200	0.3200	5,705,628	0.3113	0.3113	6,000,911	0.3133	0.3100
	Sarcoxie Spec Rd Dist Jasper Co	Road & Bridge	18,416,796	0.2700	0.2700	23,804,206	0.2184	0.2184	23,107,217	0.2304	0.2304
	Webb City Spec Rd Dist Jasper Co	Road & Bridge	72,149,062	0.2348	0.2300	93,475,178	0.1955	0.1955	94,384,958	0.2012	0.2045 #
	Joplin Road Dist Newton & Jasper Co	Road & Bridge	721,410,537	0.2200	0.2200	879,063,590	0.1978	0.1978	846,279,941	0.2079	0.2079
	City of Alba	General Revenue	2,311,173	0.7200	0.7200	3,250,428	0.5564	0.5564	3,259,887	0.5634	0.5675 #
		Parks & Recreation	2,311,173	0.1900	0.1900	3,250,428	0.1468	0.1468	3,259,887	0.1487	0.1498 #
	City of Asbury	General Revenue	1,031,366	0.5920	0.5900	1,425,605	0.4469	0.4469	3,427,281	0.4684	0.4684
	Village of Avilla	General Revenue	950,300	0.1800	0.1800	1,133,979	0.1575	0.1575	1,122,235	0.1613	0.1613
	City of Carl Junction	General Revenue	36,115,208	0.6100	0.6000	49,045,256	0.4873	0.4873	50,596,039	0.4977	0.5045 #
		Debt Service	36,115,208	0.5000	0.5000	49,045,256	0.4000	0.4000	50,596,039	0.2500	0.2500
	City of Cartersville	General Revenue	5,238,904	0.6701	0.6700	7,135,343	0.5234	0.5234	6,964,734	0.5411	0.5512 #
		Debt Service	**	**	**	7,135,343	0.5352	0.5352	6,964,734	0.5804	0.5804
	City of Carthage	General Revenue	68,224,565	0.4468	0.4400	95,445,312	0.3347	0.3347	91,553,439	0.3549	0.3549
		Parks & Recreation	68,224,565	0.1929	0.1900	95,445,312	0.1445	0.1445	91,553,439	0.1532	0.1532
		Library	68,224,565	0.2234	0.2200	95,445,312	0.1674	0.1674	91,553,439	0.1775	0.1775
		Health	68,224,565	0.1016	0.1000	95,445,312	0.0761	0.0761	91,553,439	0.0807	0.0807
	City of Duenweg	General Revenue	5,683,832	0.7500	0.7500	4,496,741	0.7500	0.7500	5,779,188	0.7500	0.7500
	City of Jasper	General Revenue	5,763,207	0.7600	0.7600	7,189,131	0.6377	0.6377	6,886,675	0.6736	0.6700
	City of La Russell	General Revenue	463,510	0.3273	0.2000	642,131	0.2440	0.2000	644,000	0.2466	0.2000
	City of Neck City	General Revenue	516,531	0.2600	0.2600	723,688	0.2329	0.2329	783,852	0.2329	0.2329
	City of Oronogo	General Revenue	3,972,830	0.4400	0.4400	5,689,235	0.3400	0.3400	6,189,218	0.3458	0.3475 #
		Streets	3,972,830	0.2100	0.2100	5,689,235	0.1623	0.1623	6,189,218	0.1651	0.1659 #
	City of Purcell	General Revenue	1,373,061	0.4000	0.4000	1,987,242	0.2985	0.2985	1,946,234	0.3059	0.3059
	Village of Reeds	General Revenue	459,606	0.2399	0.2100	636,220	0.1811	0.1811	626,247	0.1937	0.1937
	City of Sarcoxie	General Revenue	6,510,922	0.6800	0.6800	8,754,032	0.5265	0.6800	8,724,240	0.5380	0.5380
		Parks & Recreation	6,510,922	0.1300	0.1300	8,754,032	0.1007	0.1300	8,724,240	0.1029	0.1029
		Health	6,510,922	0.1600	0.1600	8,754,032	0.1239	0.1600	8,724,240	0.1266	0.1266
	City of Waco	General Revenue	426,707	0.2500	0.2500	569,155	0.1992	0.1992	573,028	0.2024	0.2024
	City of Webb City	General Revenue	44,689,925	0.5405	0.5400	62,237,896	0.4122	0.4122	61,928,029	0.4247	0.4289 #
		Parks & Recreation	44,689,925	0.1224	0.1200	62,237,896	0.0933	0.0933	61,928,029	0.0962	0.0939
		Library	44,689,925	0.1734	0.1700	62,237,896	0.1322	0.1322	61,928,029	0.1363	0.1330
	City of Joplin	Parks & Recreation	346,033,485	0.0600	0.0500	443,425,961	0.0489	0.0407	434,496,295	0.0506	0.0423
		Library	346,033,485	0.1800	0.1800	426,696,751	0.1518	0.1474	434,496,295	0.1535	0.1525
		Health	346,033,485	0.0600	0.0500	443,425,961	0.0489	0.0407	434,496,295	0.0506	0.0423
		Garbage	346,033,485	0.0600	0.0300	443,425,961	0.0489	0.0245	434,496,295	0.0506	0.0261
	Carthage Fire Protection District	General Revenue	85,106,285	0.3100	0.3000	105,420,626	0.2673	0.2673	106,039,874	0.2715	0.2700
	Duenweg Fire Protection District	General Revenue	55,561,968	0.3000	0.3000	66,881,066	0.2670	0.2670	64,939,108	0.2804	0.2804
	Carl Junction Fire Protection Dist	General Revenue	100,149,932	0.2900	0.2900	165,974,752	0.2398	0.2398	128,413,880	0.3000	0.3000
	Oronogo Fire Protection District	General Revenue	12,606,852	0.2572	0.2572	17,604,131	0.3000	0.3000 *	18,209,776	0.3000	0.3000
	Central Jasper Co Fire Prot Dist	General Revenue	6,994,843	0.2800	0.2800	9,018,390	0.2313	0.2313	9,096,712	0.2337	0.2313
	Tri-Cities Fire Protection District	Fire	13,176,765	0.1500	0.1500	18,274,286	0.1171	0.1171	19,093,306	0.1179	0.1179
	Asbury Fire Protection District	General Revenue	5,013,921	0.3000	0.2000	7,765,402	0.2495	0.2495	8,287,317	0.2524	0.2524
	Carl Junction R-I School District	Operating Funds-Schools	99,757,245	2.7500	2.7500 *	167,535,880	2.7500	2.7500 *	165,129,950	2.7500	2.7500 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper County		Debt Service	99,757,245	0.8900	0.8900	167,535,880	0.6100	0.6100	165,129,950	0.6100	0.6100
	Avilla R-XIII School District	Operating Funds-Schools	10,565,930	3.2129	2.7500	13,059,420	2.7708	2.7500	13,541,150	2.8238	2.7500
	Jasper County R-V School District	Operating Funds-Schools	23,810,020	3.7000	3.2100	30,669,628	3.1073	2.7500	29,741,470	3.3132	2.7500
	Sarcoxie R-II School District	Operating Funds-Schools	21,786,305	2.7000	2.7000 *	29,227,519	2.7500	2.7500 *	28,509,129	2.7500	2.7500 *
		Debt Service	21,786,305	0.6300	0.6300	29,227,519	0.5500	0.5500	28,509,129	0.5500	0.5500
	Carthage R-IX School District	Operating Funds-Schools	181,906,620	3.1645	2.7500	229,849,640	2.7500	2.7500 *	226,957,990	2.7500	2.7500 *
		Debt Service	181,906,620	0.5600	0.5600	229,849,640	0.5600	0.5600	226,957,990	0.5600	0.5600
	Webb City R-VII School District	Operating Funds-Schools	109,476,340	2.7500	2.7500 *	140,448,330	2.7500	2.7500 *	142,626,910	2.7500	2.7500 *
		Debt Service	109,476,340	0.5200	0.5200	140,448,330	0.5200	0.5200	142,626,910	0.5200	0.5200
	Joplin R-VIII School District	Operating Funds-Schools	603,463,451	2.8103	2.8103	707,947,842	2.7500	2.7500 *	711,945,935	2.7500	2.7500 *
		Debt Service	603,463,451	0.1100	0.1100	707,947,842	0.2100	0.2100	711,945,935	0.2100	0.2100
	Jasper County	General Revenue	978,512,813	0.3300	0.1000	1,237,566,067	0.2813	0.0825	1,234,823,525	0.2887	0.0886 #
		Common Road District	72,166,512	0.2600	0.2600	91,102,825	0.2197	0.2197	94,765,774	0.2247	0.2277 #
		Mental Health	978,512,813	0.0900	0.0900	1,237,566,067	0.0767	0.0767	1,234,823,525	0.0788	0.0804 #
		Senate Bill 40	978,512,813	0.0900	0.0900	1,237,566,067	0.0767	0.0767	1,234,823,525	0.0788	0.0804 #
Jefferson	Big River Ambulance District	General Revenue	193,141,206	0.4300	0.4300	205,646,834	0.4271	0.4271	209,329,541	0.4271	0.4271
	Joachim-Plattin Ambulance District	General Revenue	482,797,229	0.1800	0.1800	505,173,726	0.1800	0.1800	521,717,556	0.3300	0.3300 *
	No Jefferson Co Ambulance District	General Revenue	207,932,713	0.3000	0.3000	225,752,060	0.2947	0.2947	234,309,697	0.2947	0.2947
	Valle Ambulance District	General Revenue	236,344,334	0.2100	0.2100	250,424,932	0.2095	0.2095	257,049,106	0.2095	0.2095
	Rock Township Ambulance District	General Revenue	684,969,613	0.2300	0.2300	760,212,110	0.2246	0.2246	781,651,109	0.2246	0.2246
	Festus Spec Rd Dist Jefferson Co	Road & Bridge	**	**	**	298,294,826	0.1900	0.1900	305,881,131	0.1900	0.1900
	Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	**	**	**	15,303,394	0.1901	0.1901	15,179,982	0.1928	0.1928
	City of Arnold	General Revenue	227,063,245	0.4600	0.4600	254,831,489	0.4502	0.4500	256,893,444	0.4511	0.4511
	Village of Cedar Hill Lakes	General Revenue	1,324,339	0.2514	0.2500	1,414,984	0.2452	0.2452	1,476,545	0.2459	0.2459
	City of Crystal City	General Revenue	48,129,474	0.5300	0.5300	51,823,967	0.5275	0.5275	53,385,891	0.5275	0.5275
		Parks & Recreation	48,129,474	0.1400	0.1400	51,823,967	0.1393	0.1393	53,385,891	0.1393	0.1393
		Library	48,129,474	0.1400	0.1400	51,823,967	0.1393	0.1393	53,385,891	0.1393	0.1393
	City of De Soto	General Revenue	43,475,760	0.4700	0.4700	46,756,618	0.4609	0.4609	47,539,080	0.4611	0.4611
		Parks & Recreation	43,475,760	0.1200	0.1100	46,756,618	0.1177	0.1177	47,539,080	0.1177	0.1177
		Library	43,475,760	0.2000	0.2000	46,756,618	0.1961	0.1961	47,539,080	0.1962	0.1962
	City of Festus	General Revenue	82,941,096	0.4200	0.1400	89,207,960	0.4160	0.1400	93,002,226	0.4160	0.1500
		Parks & Recreation	82,941,096	0.1200	0.1100	89,207,960	0.1189	0.1100	93,002,226	0.1189	0.1100
		Library	82,941,096	0.1200	0.1200	89,207,960	0.1189	0.1100	93,002,226	0.1189	0.1100
		Health	82,941,096	0.0900	0.0900	89,207,960	0.0891	0.0800	93,002,226	0.0891	0.0800
	City of Herculanum	General Revenue	44,202,553	0.6900	0.6900	43,198,536	0.7238	0.7238	43,732,563	0.7293	0.7293
		General Revenue-Temp	44,202,553	0.1400	0.1400	43,198,536	0.1400	0.1400	43,732,563	0.1400	0.1400
	City of Hillsboro	General Revenue	14,986,417	0.4900	0.4900	15,953,637	0.4900	0.4900	15,789,940	0.5018	0.5018
		Parks & Recreation	14,986,417	0.0900	0.0900	15,953,637	0.0900	0.0900	15,789,940	0.0900	0.0900
	City of Kimmswick	General Revenue	1,110,414	0.3094	0.0000	1,295,936	0.2825	0.0000	1,317,427	0.2907	0.0000
	City of Olympian Village	General Revenue	3,024,373	0.2500	0.2500	3,178,836	0.2467	0.2467	3,305,391	0.2467	0.2467
		Parks & Recreation	3,024,373	0.1300	0.1300	3,178,836	0.1283	0.1283	3,305,391	0.1283	0.1283
		Road	3,024,373	0.1300	0.1300	3,178,836	0.1283	0.1283	3,305,391	0.1283	0.1283

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Debt Service	3,024,373	1.5000	1.5000	3,178,836	1.5000	1.5000	3,305,391	1.5000	1.5000
	Village of Parkdale	General Revenue	1,129,925	0.1000	0.0000	1,203,365	0.0987	0.0987	1,251,142	0.0990	0.0987
	City of Pevely	General Revenue	60,513,540	0.7944	0.7944	60,341,665	0.8141	0.8141	61,830,077	0.8141	0.8141
		Debt Service	60,513,540	0.3453	0.3453	60,341,665	0.3457	0.3457	61,830,077	0.2731	0.2731
	Village of Scotsdale	General Revenue	1,659,037	0.3700	0.3700	1,805,373	0.3700	0.3700	1,853,652	0.3700	0.3700
	City of Byrnes Mill	General Revenue	15,609,285	0.4900	0.4900	17,381,100	0.4751	0.4751	18,125,291	0.4751	0.4751
	Northwest Library Subdistrict	General Revenue	371,912,040	0.2000	0.2000	405,638,582	0.1973	0.1973	411,296,322	0.1993	0.1993
	Windsor-Fox Library Subdistrict	General Revenue	668,784,114	0.1900	0.1900	738,345,522	0.1855	0.1855	765,241,528	0.1855	0.1855
	Antonia Fire Protection District	General Revenue	110,520,758	0.7000	0.7000	119,432,740	0.6872	0.6872	124,174,502	0.9358	0.7691 *
		Pension	110,520,758	0.0500	0.0500	119,432,740	0.0491	0.0491	124,174,502	0.0490	0.0490
		Dispatch	110,520,758	0.0300	0.0300	119,432,740	0.0295	0.0295	124,174,502	0.0294	0.0294
		Debt Service	**	**	**	119,432,740	0.2300	0.2300	124,174,502	0.2300	0.2300
	Cedar Hill Fire Protection District	General Revenue	109,036,056	0.5900	0.5900	117,095,981	0.5853	0.5853	119,162,352	0.8700	0.8700 *
		Pension	109,036,056	0.0500	0.0500	117,095,981	0.0496	0.0496	119,162,352	0.0496	0.0496
		Debt Service	109,036,056	0.1300	0.1300	117,095,981	0.1300	0.1300	119,162,352	0.1300	0.1300
	Dunklin Fire Protection District	General Revenue	95,358,215	0.4200	0.4200	98,226,525	0.4200	0.4200	100,855,821	0.4200	0.4200
	Goldman Fire Protection District	General Revenue	42,876,995	0.3908	0.3908	41,755,622	0.4000	0.4000	43,166,313	0.5518	0.5518 *
		Dispatch	42,876,995	0.0500	0.0400	41,755,622	0.0500	0.0500	43,166,313	0.0500	0.0500
		Debt Service	42,876,995	0.0975	0.0975	41,755,622	0.0934	0.0934	**	**	**
	Hematite Fire Protection District	General Revenue	50,275,548	0.5100	0.5100	50,789,644	0.5100	0.5100	49,390,656	0.5100	0.5100
	High Ridge Fire Protection District	General Revenue	253,635,242	0.8300	0.8300	274,561,604	0.8171	0.8171	284,023,593	0.8171	0.8171
		Pension	253,635,242	0.0800	0.0800	274,561,604	0.0788	0.0788	284,023,593	0.0788	0.0788
		Dispatch	253,635,242	0.0500	0.0500	274,561,604	0.0492	0.0492	284,023,593	0.0492	0.0492
		Debt Service	253,635,242	0.1300	0.1300	274,561,604	0.1613	0.1613	284,023,593	0.1031	0.1031
	Hillsboro Fire Protection District	General Revenue	72,634,033	0.3601	0.3600	76,567,842	0.3601	0.3600	78,725,614	0.5101	0.5101 *
	Jefferson R7 Fire Prot Dist	General Revenue	95,379,295	0.3000	0.3000	103,809,255	0.2995	0.2995	111,473,562	0.3000	0.3000
	Rock Community Fire Prot Dist	General Revenue	458,854,452	0.8500	0.8000	511,716,242	0.8267	0.8267	525,763,237	0.8267	0.8267
		Pension	458,854,452	0.0500	0.0500	511,716,242	0.0486	0.0486	525,763,237	0.0686	0.0686 *
		Communications	458,854,452	0.0500	0.0500	511,716,242	0.0486	0.0486	525,763,237	0.0486	0.0486
	Shady Valley Fire Prot Dist	General Revenue	42,140,119	1.1400	1.1400 *	42,996,136	1.1400	1.1400	45,920,202	1.0956	1.0956
		Dispatch	42,140,119	0.0500	0.0500	42,996,136	0.0500	0.0500	45,920,202	0.0481	0.0481
	Springdale Fire Protection District	General Revenue	85,398,003	0.9700	0.9700	98,455,915	1.1021	1.1021 *	97,321,231	1.2163	1.2163 *
		Pension	85,398,003	0.1000	0.1000	98,455,915	0.0982	0.0982	97,321,231	0.1000	0.1000
		Dispatch	85,398,003	0.0300	0.0300	98,455,915	0.0294	0.0294	97,321,231	0.0300	0.0300
		Debt Service	85,398,003	0.3900	0.3900	98,455,915	0.3900	0.3900	97,321,231	0.3900	0.3900
	De Soto Rural Fire Protection Dist	General Revenue	127,810,490	0.3000	0.3000	135,071,457	0.3488	0.3488 *	139,671,375	0.3988	0.3988 *
		Debt Service	127,810,490	0.1600	0.1600	135,071,457	0.1576	0.1576	139,671,375	0.1286	0.1286
	Mapaville Fire Protection District	General Revenue	24,034,933	0.3000	0.3000 *	29,714,458	0.2970	0.2970	31,539,360	0.3970	0.3970 *
	Jefferson College	General Revenue	1,823,590,730	0.1800	0.1800	1,966,628,995	0.1783	0.1783	2,023,398,430	0.2983	0.2983 *
		Debt Service	1,823,590,730	0.0500	0.0500	1,966,628,995	0.0500	0.0500	2,023,398,430	0.0500	0.0500
	Northwest R-I School District	Operating Funds-Schools	341,274,318	3.5527	3.5500	376,662,781	3.4965	3.4965	383,673,423	3.5361	3.5361
		Debt Service	341,274,318	0.4500	0.4500	376,662,781	0.4500	0.4500	383,673,423	0.4500	0.4500
	Grandview R-II School District	Operating Funds-Schools	32,455,557	2.7500	2.7500 *	34,763,570	2.7500	2.7500 *	35,140,988	3.4500	3.4500 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Debt Service	32,455,557	1.3500	1.3500	34,763,570	1.3500	1.3500	35,140,988	1.3500	1.3500
	Hillsboro R-III School District	Operating Funds-Schools	144,428,635	3.4300	3.4300	153,351,750	3.4286	3.4286	159,605,361	3.4058	3.4058
		Debt Service	144,428,635	0.6600	0.6600	153,351,750	0.6614	0.6614	159,605,361	0.6842	0.6842
	Dunklin R-V School District	Operating Funds-Schools	110,737,543	3.5114	3.0711	106,686,170	3.7113	3.1600	111,613,981	3.6762	3.1979
		Debt Service	110,737,543	0.5500	0.5500	106,686,170	0.5500	0.5500	111,613,981	0.5500	0.5500
	Festus R-VI School District	Operating Funds-Schools	137,583,497	2.9620	2.8500	146,992,687	2.9184	2.8500	149,336,697	2.9258	2.8700
		Debt Service	137,583,497	0.8100	0.8100	146,992,687	0.8100	0.8100	149,336,697	0.7900	0.7900
	Jefferson Co R-VII School District	Operating Funds-Schools	90,275,585	3.3516	3.2545	97,949,261	3.3496	3.2559	106,504,834	3.3553	3.2829
		Debt Service	90,275,585	0.3955	0.3955	97,949,261	0.3941	0.3941	106,504,834	0.3671	0.3671
	Sunrise R-IX School District	Operating Funds-Schools	19,392,543	3.2543	2.7500	21,303,929	3.1740	2.7500	22,018,081	3.1509	2.7500
		Debt Service	19,392,543	0.5000	0.5000	21,303,929	0.5000	0.5000	22,018,081	0.6500	0.6500
	Windsor C-1 School District	Operating Funds-Schools	127,323,785	3.3523	3.3523	141,985,747	3.2420	3.2420	149,073,114	3.2393	3.2393
		Debt Service	127,323,785	1.0000	1.0000	141,985,747	1.0000	1.0000	149,073,114	1.0000	1.0000
	Fox C-6 School District	Operating Funds-Schools	507,202,227	3.2857	3.2857	560,719,909	3.2202	3.2202	584,540,791	3.2294	3.2294
		Debt Service	507,202,227	0.2800	0.2800	560,719,909	0.2800	0.2800	584,540,791	0.2800	0.2800
	Crystal City 47 School District	Operating Funds-Schools	40,570,092	3.5578	3.1013	42,447,879	3.5471	3.3013	43,573,726	3.5491	3.4412
		Debt Service	40,570,092	0.4378	0.4378	42,447,879	0.7756	0.7756	43,573,726	0.8000	0.8000
	DeSoto 73 School District	Operating Funds-Schools	121,554,496	3.7216	2.9196	130,133,539	3.6926	2.8976	133,836,416	3.7000	2.9445
		Debt Service	121,554,496	0.2088	0.2088	130,133,539	0.1630	0.1630	133,836,416	0.2815	0.2815
	Jefferson County	General Revenue	1,853,776,292	0.2000	0.0000	1,998,168,397	0.1981	0.0000	2,054,734,294	0.1981	0.0000
		Parks & Recreation	1,853,776,292	0.0300	0.0300	1,998,168,397	0.0297	0.0297	2,054,734,294	0.0297	0.0297
		Road & Bridge	1,853,776,292	0.2000	0.1654	1,684,216,623	0.2253	0.1938	1,734,060,585	0.2253	0.1992
		Health	1,853,776,292	0.0800	0.0800	1,998,168,397	0.0792	0.0792	2,054,734,294	0.0792	0.0792
		Developmentally Disabled	1,853,776,292	0.1000	0.1000	1,998,168,397	0.0991	0.0991	2,054,734,294	0.0991	0.0991
		Mental Health	1,853,776,292	0.1000	0.1000	1,998,168,397	0.0991	0.0991	2,054,734,294	0.0991	0.0991
Johnson	Johnson County Ambulance District	General Revenue	**	**	**	**	**	**	389,316,806	0.3000	0.3000 *
	Western Missouri Medical Center	General Revenue	363,493,474	0.1500	0.1500	392,759,476	0.1497	0.1497	394,406,070	0.1520	0.1497
	South Fork of Blackwater Watershed	General Revenue	13,403,452	0.0800	0.0800	15,387,498	0.0786	0.0786	25,609,989	0.0786	0.0786
	City of Centerview	General Revenue	871,973	0.8302	0.8300	965,702	0.8213	0.8213	946,273	0.8443	0.8213
	City of Chilhowee	General Revenue	1,273,646	0.9857	0.9857	1,427,396	0.9772	0.9772	1,377,054	1.0000	1.0000
	City of Holden	General Revenue	14,790,206	0.6800	0.6800	15,923,477	0.6730	0.6730	15,683,239	0.6960	0.6960
		Library	14,790,206	0.1500	0.1500	15,923,477	0.1484	0.1484	15,683,239	0.1535	0.1535
		Debt Service	14,790,206	0.1324	0.1324	15,923,477	0.1044	0.1044	15,683,239	0.1053	0.1053
	City of Kingsville	General Revenue	5,205,918	0.6727	0.6727	5,489,096	0.6709	0.6709	5,470,465	0.6777	0.6777
	City of Knob Noster	General Revenue	13,612,455	0.6500	0.6500	14,390,897	0.6456	0.6456	14,395,702	0.6597	0.6597
		Fire	13,612,455	0.3000	0.3000	14,390,897	0.3000	0.3000 *	14,395,702	0.3000	0.3000
		Debt Service	13,612,455	0.0189	0.0189	14,390,897	0.2811	0.2811	**	**	**
	Village of La Tour	General Revenue	213,257	0.5000	0.5000	193,265	0.5000	0.5000	192,409	0.5000	0.5000
	City of Leeton	General Revenue	2,638,049	0.7860	0.7860	2,867,609	0.7860	0.7860	2,729,750	0.8257	0.8257
	City of Warrensburg	General Revenue	129,747,279	0.3500	0.3500	137,399,058	0.3500	0.3500	139,202,311	0.3522	0.3522
		Parks & Recreation	129,747,279	0.1900	0.1900	137,399,058	0.1900	0.1900	139,202,311	0.1912	0.1912
	Trails Consolidated Library	General Revenue	595,509,120	0.2200	0.2200	655,252,997	0.2140	0.2140	661,574,816	0.2153	0.2153



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Fire District #2 of Johnson County	General Revenue	63,880,748	0.3700	0.3700	72,125,821	0.3653	0.3653	74,101,540	0.3688	0.3688
	Johnson County Fire Prot Dist	General Revenue	133,304,381	0.1600	0.1600	145,138,719	0.3590	0.3590 *	147,359,139	0.3600	0.3600
	Kingsville R-I School District	Operating Funds-Schools	15,070,418	2.7300	2.7300 *	16,079,215	3.2500	3.2500 *	16,975,469	3.2527	3.2500
		Debt Service	15,070,418	0.9433	0.9433	16,079,215	0.9433	0.9433	16,975,469	0.9433	0.9433
	Holden R-III School District	Operating Funds-Schools	53,798,270	3.6882	3.6882	59,626,943	3.6399	3.6334	62,531,913	3.6100	3.6100
	Chilhowee R-IV School District	Operating Funds-Schools	6,414,149	4.1002	4.0500 *	6,766,560	4.0847	4.0800	6,949,030	3.9765	3.9765
		Debt Service	6,414,149	0.4450	0.4450	6,766,560	0.5000	0.5000	6,949,030	0.4400	0.4400
	Johnson Co R-VII School District	Operating Funds-Schools	22,192,273	2.7500	2.7500 *	23,795,669	2.7500	2.7500 *	24,687,573	2.7500	2.7500 *
		Debt Service	22,192,273	0.8000	0.8000	23,795,669	0.8000	0.8000	24,687,573	0.8000	0.8000
	Knob Noster R-VIII School District	Operating Funds-Schools	34,605,342	2.7500	2.7500 *	37,011,810	2.7500	2.7500 *	37,522,773	2.7500	2.7500 *
	Leeton R-X School District	Operating Funds-Schools	10,585,049	3.7169	3.4064	11,965,037	3.6845	3.6845	11,787,564	3.6618	3.6618
		Debt Service	10,585,049	0.6436	0.6436	11,965,037	0.2506	0.2506	11,787,564	0.3000	0.3000
	Warrensburg R-VI School District	Operating Funds-Schools	173,075,941	3.1964	3.0700	181,876,923	3.1504	3.1504	185,600,880	3.7002	3.7000 *
		Debt Service	173,075,941	0.7200	0.7200	181,876,923	0.7200	0.7200	185,600,880	0.7000	0.7000
	Johnson County	General Revenue	363,493,474	0.3200	0.0800	392,759,476	0.3194	0.0900	394,406,070	0.3243	0.0900
		Road & Bridge	363,493,474	0.2400	0.2300	392,759,476	0.2396	0.2300	394,406,070	0.2433	0.2300
		Health	363,493,474	0.1000	0.1000	392,759,476	0.0998	0.0998	394,406,070	0.1000	0.1000
		Senate Bill 40	363,493,474	0.1200	0.1200	392,759,476	0.1198	0.1198	394,406,070	0.1200	0.1200
Knox	Knox County Ambulance District	General Revenue	51,659,616	0.3500	0.3500	52,373,039	0.3500	0.3500	54,154,473	0.3500	0.3500
		Dispatch	51,659,616	0.0300	0.0300	52,373,039	0.0300	0.0300	54,154,473	0.0300	0.0300
	Knox County Nursing Home District	General Revenue	50,940,125	0.1500	0.1500	51,668,823	0.1500	0.1500	53,436,572	0.1500	0.1500
	City of Baring	General Revenue	754,656	0.7600	0.7600	817,036	0.7599	0.7599	825,382	0.7623	0.7600
	City of Edina	General Revenue	8,526,793	0.7400	0.7400	8,669,306	0.7400	0.7400	8,945,972	0.7585	0.7585
		Lights	8,526,793	0.1400	0.1400	8,669,306	0.1400	0.1400	8,945,972	0.1435	0.1435
	City of Hurdland	General Revenue	693,101	0.7299	0.6900	752,234	0.7344	0.7344	742,085	0.7459	0.7459
		Fire	693,101	0.2700	0.2500	752,234	0.2716	0.2500	742,085	0.2759	0.2759
		Debt Service	693,101	0.6500	0.6500	752,234	0.7484	0.7484	742,085	0.4658	0.4658
	City of Knox City	General Revenue	1,060,531	0.9768	0.9768	1,113,021	0.9771	0.9678	1,144,996	0.9770	0.9770
		Streets	1,060,531	0.1500	0.1500 *	1,113,021	0.1500	0.1500	1,144,996	0.1500	0.1500
		Debt Service	1,060,531	0.6716	0.6716	1,113,021	0.6622	0.6622	1,144,996	0.0000	0.0000
	Village of Newark	General Revenue	498,138	0.4429	0.4429	490,737	0.4624	0.4624	486,659	0.4662	0.4662
	Village of Novelty	General Revenue	622,101	1.0295	1.0295	651,607	1.0396	1.0396	649,415	1.0610	1.0610
	Knox County Library	General Revenue	51,659,616	0.1000	0.1000	52,373,039	0.1000	0.1000	54,154,473	0.1000	0.1000
	Knox Co R-I School District	Operating Funds-Schools	41,634,068	3.6002	3.6000	42,183,629	3.6701	3.6700	44,021,249	3.7000	3.7000
		Debt Service	41,634,068	0.0100	0.0100	42,183,629	0.0100	0.0100	44,021,249	0.0100	0.0100
	Knox County	General Revenue	51,659,616	0.4000	0.2904	52,373,039	0.4042	0.2553	54,154,473	0.4115	0.2800
		Road & Bridge	51,659,616	0.2900	0.2900	52,373,039	0.2931	0.2931	54,154,473	0.2984	0.2931
		Special Road and Bridge	51,659,616	0.3500	0.3500	52,373,039	0.3500	0.3500	54,154,473	0.3500	0.3500
		Health	51,659,616	0.1000	0.1000	52,373,039	0.1000	0.1000	54,154,473	0.1000	0.1000
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	175,902,112	0.2000	0.2000	180,970,341	0.2000	0.2000	184,390,873	0.2000	0.1000 *
		Rd & Bridge (County)	175,902,112	0.3300	0.3300	180,970,341	0.3300	0.3300	184,390,873	0.3343	0.3343

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Laclede	Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	10,246,572	0.2600	0.2600	10,694,040	0.2646	0.2646	10,968,415	0.2646	0.2646
		Special Road and Bridge	10,246,572	0.2300	0.2300	10,694,040	0.2300	0.2300	10,968,415	0.2300	0.2300 *
	Laclede County Road District	Road & Bridge	90,577,417	0.2105	0.0000	95,053,248	0.2105	0.0000	97,117,353	0.2110	0.0000
	Conway Spec Road Dist #2 Laclede Co	Road & Bridge	8,119,307	0.2303	0.2303	8,289,647	0.2310	0.2310	8,583,540	0.2310	0.2310
		Special Road and Bridge	8,119,307	0.3500	0.3500 *	8,289,647	0.3500	0.3500	8,583,540	0.3500	0.3500
	City of Conway	General Revenue	3,299,554	0.0611	0.0000	3,381,513	0.0611	0.0000	3,497,120	0.0600	0.0000
	City of Lebanon	General Revenue	141,519,895	0.2459	0.0000	145,683,870	0.2459	0.2400	148,530,827	0.2496	0.2400
		Parks & Recreation	141,519,895	0.2459	0.2400	145,683,870	0.2459	0.2400	148,530,827	0.2496	0.2400
	Village of Phillipsburg	General Revenue	871,101	0.4301	0.4301	927,435	0.4251	0.4251	920,319	0.4351	0.4351
	Town of Twin Bridges	Building Maintenance	833,798	0.2679	0.2679	834,925	0.2714	0.2714	707,476	0.3000	0.3000 *
		Fire Equipment	833,798	0.2679	0.2679	834,925	0.2714	0.2714	707,476	0.3000	0.3000 *
		Fire Truck	833,798	0.2679	0.2679	834,925	0.2714	0.2714	**	**	**
		Police Truck	833,798	0.2679	0.2679	834,925	0.2714	0.2714	707,476	0.3000	0.3000 *
		Police Truck #2	833,798	0.2679	0.2679	834,925	0.2714	0.2714	707,476	0.3000	0.3000 *
		Pumper Truck	833,798	0.2679	0.2679	834,925	0.2714	0.2714	**	**	**
		Fire Truck Maintenance	**	**	**	**	**	**	707,476	0.3000	0.3000 *
		Pumper Fire Truck	**	**	**	**	**	**	707,476	0.3000	0.3000 *
	Lebanon-Laclede County Library	General Revenue	284,845,404	0.1301	0.1301	295,007,274	0.1301	0.1301	301,059,881	0.1312	0.1312
	Lebanon Rural Fire Protection Dist	General Revenue	74,984,346	0.1803	0.1800	78,675,685	0.1803	0.1800	80,744,180	0.1803	0.1800
	Bennett Spring Fire Protection Dist	General Revenue	6,961,596	0.2807	0.2807	7,374,695	0.2807	0.2807	7,240,425	0.2940	0.2940
	Lebanon Special Business District	General Revenue	3,517,410	0.6603	0.6500	3,648,540	0.6576	0.6500	3,646,610	0.6585	0.6500
	Laclede Co. R-I School District	Operating Funds-Schools	22,926,785	2.7500	2.7500 *	23,858,281	2.7500	2.7500 *	24,719,350	2.7500	2.7500 *
		Debt Service	22,926,785	0.1800	0.1800	**	**	**	**	**	**
	Gasconade C-4 School District	Operating Funds-Schools	5,326,046	3.5520	2.7600	5,862,901	3.4798	3.0000	6,156,901	3.4842	3.0000
	Lebanon R-III School District	Operating Funds-Schools	209,643,016	2.5500	2.5500 *	217,231,068	2.5500	2.5500 *	222,238,996	2.5500	2.5500 *
		Debt Service	209,643,016	0.4600	0.4600	217,231,068	0.4700	0.4700	222,238,996	0.4700	0.4700
	Laclede Co C-5 School District	Operating Funds-Schools	18,958,144	2.7696	2.7500	20,724,346	2.7832	2.7500	20,955,348	2.8286	2.7500
	Laclede County	General Revenue	284,845,404	0.2902	0.0325	295,007,274	0.2902	0.0644	301,059,881	0.2926	0.0840
		Health	284,845,404	0.1000	0.1000	295,007,274	0.1000	0.1000	301,059,881	0.1000	0.1000
		Senate Bill 40	284,845,404	0.0650	0.0650	295,007,274	0.0650	0.0650	301,059,881	0.0655	0.0655
		Senate Bill 40-LEEP	284,845,404	0.0650	0.0590	295,007,274	0.0650	0.0600	301,059,881	0.0655	0.0600
Lafayette	Little Sni A Bar Watershed Sub Dist	General Revenue	3,339,626	0.1101	0.1101	4,334,638	0.0902	0.0902	4,536,479	0.0902	0.0902
	Tabo Creek Watershed Sub District	General Revenue	9,429,401	0.1000	0.1000	11,845,881	0.0829	0.0829	11,844,355	0.0832	0.0832
	Wellington Napoleon Sub District	General Revenue	2,724,470	0.1100	0.1100	3,513,373	0.0894	0.0894	3,566,417	0.0894	0.0894
	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	7,603,286	0.3100	0.3100	8,098,303	0.3021	0.3021	8,665,064	0.2932	0.2932
	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	6,157,717	0.3000	0.3000	6,569,762	0.3000	0.3000 *	7,007,957	0.2898	0.2898
	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	30,358,748	0.3500	0.3500	34,011,666	0.3301	0.3301	34,310,732	0.3301	0.3301
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	6,048,438	0.3500	0.3500 *	6,465,920	0.3425	0.3425	6,462,022	0.3473	0.3473
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	36,904,270	0.1500	0.1500 *	43,297,287	0.1358	0.1358	44,366,419	0.1357	0.1357
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	9,047,071	0.2500	0.2500	10,055,749	0.2350	0.2350	10,362,427	0.2350	0.2350
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	73,283,936	0.2400	0.2400	81,193,008	0.2304	0.2304	83,191,877	0.2304	0.2304
		Debt Service	73,283,936	0.0377	0.0377	**	**	**	**	**	**

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	11,544,415	0.2400	0.2400	11,936,531	0.2400	0.2400	12,259,291	0.2379	0.2379
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	15,030,621	0.3000	0.3000	18,146,552	0.2611	0.2500	18,239,195	0.2659	0.2500
	City of Alma	General Revenue	2,424,330	0.6541	0.6541	2,851,665	0.5744	0.5744	2,944,679	0.5744	0.5744
		General Revenue-Temp	2,424,330	0.3000	0.3000	2,851,665	0.2635	0.2635	2,944,679	0.3000	0.3000 *
	Village of Aullville	General Revenue	429,129	0.3951	0.3900	515,492	0.3672	0.3672	507,399	0.3731	0.3731
	Village of Bates City	General Revenue	1,880,521	0.3638	0.3638	2,296,457	0.3077	0.3077	2,341,139	0.3077	0.3077
	City of Concordia	General Revenue	19,920,530	0.5600	0.5600	22,873,377	0.5252	0.5252	23,349,480	0.5252	0.5252
	City of Corder	General Revenue	1,948,998	0.6568	0.6568	2,168,685	0.6167	0.6167	2,215,707	0.6133	0.6133
		Parks & Recreation	1,948,998	0.1617	0.1617	2,168,685	0.1519	0.1519	2,215,707	0.1511	0.1511
	Village of Dover	General Revenue	482,250	0.2599	0.2599	565,330	0.2358	0.2358	536,049	0.2487	0.2487
	City of Higginsville	General Revenue	27,353,231	0.4906	0.4900	32,132,806	0.4429	0.4429	32,943,620	0.4412	0.4412
		Parks & Recreation	27,353,231	0.3905	0.3900	32,132,806	0.3525	0.3525	32,943,620	0.3511	0.3511
		Library	22,449,257	0.2000	0.2000	26,331,869	0.1805	0.1805	27,016,045	0.1805	0.1805
	City of Lexington	General Revenue	28,619,326	0.5908	0.5900	35,301,233	0.5508	0.5508	34,824,039	0.5630	0.5630
		Parks & Recreation	28,619,326	0.3000	0.3000	35,301,233	0.2797	0.2797	34,824,039	0.2859	0.2859
		Health	28,619,326	0.1602	0.1600	35,301,233	0.1493	0.1493	34,824,039	0.1526	0.1526
		Debt Service	28,619,326	0.0452	0.0452	35,301,233	0.0494	0.0494	34,824,039	0.0478	0.0478
	City of Mayview	General Revenue	941,690	0.7112	0.7112	1,060,216	0.6537	0.6537	1,125,971	0.6422	0.6422
	City of Napoleon	General Revenue	1,195,018	1.0000	1.0000	1,585,377	0.7786	0.7786	1,563,869	0.8343	0.8343
	City of Odessa	General Revenue	36,824,510	0.5300	0.5300	39,407,060	0.5257	0.5257	40,392,686	0.5257	0.5257
		Parks & Recreation	36,824,510	0.1400	0.1400	39,407,060	0.1389	0.1389	40,392,686	0.1389	0.1389
	City of Waverly	General Revenue	4,822,947	0.5248	0.5248	5,032,677	0.5318	0.5318	5,175,734	0.5278	0.5278
		Streets	4,822,947	0.2119	0.2119	5,032,677	0.2147	0.2147	5,175,734	0.2131	0.2131
	City of Wellington	General Revenue	4,254,997	0.5735	0.5735	5,587,936	0.4611	0.4611	5,560,230	0.4704	0.4704
	City of Lake Lafayette	General Revenue	1,669,092	1.0000	0.9700	1,720,942	1.0000	1.0000	1,755,990	1.0000	1.0000
	Corder Fire Protection District	General Revenue	10,393,669	0.3500	0.3500	11,394,199	0.3345	0.3345	11,795,914	0.3332	0.3332
	Sni Valley Fire Protection District	General Revenue	102,676,919	0.5229	0.5229	115,505,257	0.4999	0.4999	122,741,387	0.4999	0.4999
		Debt Service	102,676,919	0.0682	0.0682	115,505,257	0.0588	0.0588	122,741,387	0.0685	0.0685
	Concordia Fire Protection District	General Revenue	37,051,218	0.3000	0.3000	41,129,736	0.2845	0.2845	41,287,287	0.2852	0.2852
	Alma Fire Protection District	General Revenue	9,625,032	0.5500	0.5500	10,163,913	0.5406	0.5406	10,766,247	0.5265	0.5265
	Wellington-Napoleon Fire Prot Dist	General Revenue	17,494,930	0.3000	0.3000	21,097,228	0.2622	0.2622	21,163,641	0.2668	0.2668
		Ambulance	17,494,930	0.1000	0.1000	21,097,228	0.0874	0.0874	21,163,641	0.0889	0.0889
	Odessa Fire Protection District	General Revenue	70,614,011	0.4700	0.4700	77,839,765	0.4525	0.4525	79,865,722	0.4525	0.4525
	Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	18,257,723	0.2000	0.2000 *	22,231,302	0.1742	0.1742	22,542,335	0.1755	0.1755
	Concordia R-II School District	Operating Funds-Schools	31,823,158	3.6387	3.4700	36,349,665	3.4090	3.3500	37,084,152	3.4299	3.4000
		Debt Service	31,823,158	0.4000	0.4000	36,349,665	0.4629	0.4629	37,084,152	0.4629	0.4629
	Lafayette Co C-I School District	Operating Funds-Schools	42,731,561	3.6326	3.4800	50,486,239	3.2850	3.1613	51,156,094	3.3272	3.1613
		Debt Service	42,731,561	1.0000	1.0000	50,486,239	1.0000	1.0000	51,156,094	1.0000	1.0000
	Odessa R-VII School District	Operating Funds-Schools	86,527,319	3.1191	3.1100	97,962,530	2.9859	2.9800	100,676,553	3.7100	3.7100 *
		Debt Service	86,527,319	0.8300	0.8300	97,962,530	0.8300	0.8300	100,676,553	0.8300	0.8300
	Santa Fe R-X School District	Operating Funds-Schools	20,871,023	3.7500	3.0600	22,156,667	3.7500	3.3600	22,214,424	3.7500	3.5400
		Debt Service	20,871,023	0.3600	0.3600	22,156,667	0.3600	0.3600	22,214,424	0.1800	0.1800
	Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	15,710,513	4.4467	3.5600	19,626,500	3.8316	3.1516	20,024,158	3.8447	3.1147

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette County	Lexington R-V School District	Debt Service	15,710,513	0.7500	0.7500	19,626,500	0.7500	0.7500	20,024,158	0.7500	0.7500
		Operating Funds-Schools	39,927,334	3.6940	3.2900	45,544,783	3.4687	3.1800	45,356,700	3.5741	3.2737
		Debt Service	39,927,334	0.7300	0.7300	45,544,783	0.7300	0.7300	45,356,700	0.7309	0.7309
	Lafayette County	General Revenue	269,268,590	0.3209	0.1100	304,786,137	0.3003	0.1200	309,676,782	0.3003	0.1200
		Johnson Grass	269,268,590	0.0301	0.0030	304,786,137	0.0282	0.0282	309,676,782	0.0282	0.0001
		Road & Bridge	269,268,590	0.2407	0.2400	304,786,137	0.2252	0.2252	309,676,782	0.2252	0.2252
		Health	269,268,590	0.0802	0.0802	304,786,137	0.0750	0.0750	309,676,782	0.0750	0.0750
		Senate Bill 40	269,268,590	0.0702	0.0702	304,786,137	0.0657	0.0657	309,676,782	0.0657	0.0657
		2-W Common Road Dist	21,247,646	0.2900	0.2900	26,165,188	0.2561	0.2561	**	**	**
		I-E Common Road District	9,399,857	0.3500	0.3500 *	10,574,760	0.3239	0.3239	10,465,292	0.3320	0.3320
Lawrence	Mt Vernon Ambulance District	General Revenue	101,590,139	0.1402	0.1402	105,695,526	0.1402	0.1402	106,348,111	0.1426	0.1402
	Lawrence County Nursing Home Dist	General Revenue	285,638,706	0.1101	0.1101	294,345,085	0.1101	0.1101	300,585,386	0.1102	0.1102
	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	72,844,723	0.1700	0.1700	75,025,735	0.1700	0.1700 *	77,330,984	0.1700	0.1700
	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	24,776,638	0.3100	0.3100	25,022,311	0.3100	0.3100	25,891,916	0.3100	0.3100 *
	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,434,017	0.3500	0.3500	6,493,178	0.3500	0.3500	6,395,263	0.3500	0.3500
	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	5,259,068	0.2200	0.2200	5,538,839	0.2200	0.2200 *	6,454,098	0.2200	0.2200
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,648,653	0.2400	0.2400	1,579,614	0.2400	0.2400	1,475,450	0.2400	0.2400 *
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	12,974,727	0.1900	0.1900	13,114,900	0.1900	0.1900	14,015,693	0.1900	0.1900 *
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,436,795	0.2000	0.2000	3,502,582	0.2000	0.2000	3,564,933	0.2000	0.2000 *
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	66,957,664	0.1600	0.1600	69,929,288	0.1600	0.1600	69,008,279	0.1600	0.1600 *
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	16,434,711	0.1900	0.1900	17,219,569	0.1900	0.1900 *	17,819,089	0.1900	0.1900
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,920,777	0.2000	0.2000	3,854,705	0.2000	0.2000	3,968,666	0.2000	0.2000 *
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	17,342,366	0.1900	0.1900	16,249,030	0.1900	0.1900	16,447,410	0.1900	0.1900 *
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	2,827,492	0.2200	0.2200	2,786,915	0.2200	0.2200 *	2,803,072	0.2200	0.2200
	City of Aurora	General Revenue	41,923,862	0.3671	0.3671	43,014,739	0.3671	0.3671	43,672,284	0.3671	0.3671
		Parks & Recreation	41,923,862	0.1428	0.1428	43,014,739	0.1428	0.1428	43,672,284	0.1428	0.1428
		Debt Service	41,923,862	0.1975	0.1975	43,014,739	0.1983	0.1983	43,672,284	0.1678	0.1678
	Village of Freistatt	General Revenue	832,935	0.2400	0.2400	884,939	0.2399	0.2399	857,205	0.2477	0.2477
	City of Marionville	General Revenue	9,293,079	0.6000	0.6000	9,042,280	0.6225	0.6200	9,217,490	0.6225	0.6225
	City of Miller	General Revenue	3,992,380	0.4909	0.4909	3,669,334	0.5409	0.5409	3,700,749	1.0000	1.0000 *
	City of Pierce City	General Revenue	6,667,217	0.4600	0.4600	6,941,385	0.4600	0.4600	7,074,557	0.4600	0.4600
		Parks & Recreation	6,667,217	0.1200	0.1200 *	6,941,385	0.1200	0.1200	7,074,557	0.1200	0.1200
		Library	6,667,217	0.1200	0.1200	**	**	**	**	**	**
		Fire	6,667,217	0.1200	0.1200	6,941,385	0.1200	0.1200	7,074,557	0.1200	0.1200
	City of Stotts City	General Revenue	691,107	0.4410	0.4410	751,139	0.4411	0.4411	778,613	0.4406	0.4406
	City of Verona	General Revenue	5,407,187	0.4669	0.4669	4,161,361	0.6124	0.4669	4,608,309	0.6124	0.5400
	Miller R-II School District	Operating Funds-Schools	28,357,960	3.3829	2.7500	29,048,960	3.3172	2.7500	31,257,770	3.3111	2.7500
	Pierce City R-VI School District	Operating Funds-Schools	24,285,374	2.7500	2.7500 *	25,944,498	2.7500	2.7500 *	26,656,128	2.7500	2.7500 *
		Debt Service	24,285,374	0.2000	0.2000	25,944,498	0.6600	0.6600	26,656,128	0.6600	0.6600
		Operating Funds-Schools	24,025,836	2.8717	2.7500	24,481,278	2.8843	2.7500	25,476,269	2.8878	2.7500
	Marionville R-IX School District	Debt Service	24,025,836	0.5000	0.5000	24,481,278	0.5000	0.5000	25,476,269	0.5000	0.5000
	Mt. Vernon R-V School District	Operating Funds-Schools	69,929,100	2.7500	2.7500 *	74,045,830	2.7500	2.7500 *	74,254,310	2.7500	2.7500 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lawrence County	Aurora R-VIII School District	Debt Service	69,929,100	0.5700	0.5700	74,045,830	0.5700	0.5700	74,254,310	0.5700	0.5700
		Operating Funds-Schools	76,338,275	2.7500	2.7500 *	79,337,237	2.7500	2.7500 *	81,776,516	2.7500	2.7500 *
	Verona R-VII School District	Debt Service	76,338,275	0.6200	0.6200	79,337,237	0.5702	0.5702	81,776,516	0.5702	0.5702
		Operating Funds-Schools	15,943,940	3.0613	2.7500	14,715,691	3.3689	2.7500	14,956,293	3.3739	2.7500
	Lawrence County	Debt Service	15,943,940	0.4841	0.4841	14,715,691	0.5264	0.5264	14,956,293	0.6239	0.6239
		General Revenue	285,638,706	0.2903	0.0900	294,345,085	0.2903	0.0900	300,585,386	0.2907	0.0900
		Road & Bridge	285,638,706	0.2102	0.0700	294,345,085	0.2102	0.0700	300,585,386	0.2105	0.0700
		Developmentally Disabled	285,638,706	0.0901	0.0700	294,345,085	0.0901	0.0800	300,585,386	0.0902	0.0800
		Senior Services	285,638,706	0.0500	0.0500	294,345,085	0.0500	0.0500	300,585,386	0.0500	0.0500
		Common #1 Road Dist	20,069,930	0.2000	0.2000	21,008,885	0.2000	0.2000	**	**	**
		Common #2 Road Dist	8,366,368	0.2100	0.2100	8,744,980	0.2100	0.2100	**	**	**
		COMMON I ROAD DISTRICT	**	**	**	**	**	**	21,793,402	0.2000	0.2000 *
		COMMON II ROAD DISTRICT	**	**	**	**	**	**	8,730,444	0.2100	0.2100 *
Lewis	Lewis County Ambulance District	General Revenue	80,473,787	0.2500	0.2500	82,393,860	0.2500	0.2500	86,571,725	0.2500	0.2500
	Lewis County Nursing Home	General Revenue	80,473,787	0.1500	0.1500	82,393,860	0.1500	0.1500	86,571,725	0.1500	0.1500
	Buck & Doe Run Creeks Sub District	General Revenue	2,076,440	0.3705	0.3705	1,923,969	0.4000	0.4000	2,114,540	0.3716	0.3716
	Durgens Creek Watershed Sub Dist	General Revenue	1,998,975	0.3912	0.3912	2,097,845	0.3988	0.3988	2,137,105	0.4000	0.4000
	Troublesome Watershed Sub District	General Revenue	6,448,963	0.4000	0.4000	6,899,107	0.3986	0.3986	7,261,804	0.3986	0.3986
	Grassey Creek Watershed Sub Dist	General Revenue	4,085,580	0.4000	0.4000	4,508,045	0.4000	0.4000	4,607,145	0.4000	0.4000
	Canton Spec Rd Dist Lewis Co	Road & Bridge	20,249,430	0.2602	0.2500	20,368,934	0.2607	0.2500	21,018,061	0.2607	0.2500
	Dickerson Spec Road Dist Lewis Co	Road & Bridge	762,691	0.3100	0.3100	735,701	0.3214	0.3200	790,529	0.3240	0.3240
	La Grange Spec Rd Dist Lewis Co	Road & Bridge	12,312,506	0.3002	0.3000	13,149,711	0.3002	0.3000	16,557,396	0.3007	0.3000
	City of Canton	General Revenue	13,154,012	0.6719	0.6700	12,997,558	0.6850	0.6800	13,492,721	0.6850	0.6850
		Parks & Recreation	13,154,012	0.2000	0.2000	12,997,558	0.2000	0.2000	13,492,721	0.2000	0.2000
		Library	13,154,012	0.2500	0.2500	12,997,558	0.2500	0.2500	13,492,721	0.2500	0.2500
		Levee	13,154,012	0.2000	0.2000	12,997,558	0.2000	0.2000	13,492,721	0.2000	0.2000
		Debt Service	13,154,012	0.0500	0.0500	**	**	**	**	**	**
	City of Ewing	General Revenue	2,177,836	0.6300	0.6300	2,224,581	0.6360	0.6300	2,276,995	0.6360	0.6300
		Debt Service	2,177,836	0.2962	0.2962	2,224,581	0.2600	0.2600	**	**	**
	City of La Belle	General Revenue	3,151,903	0.7229	0.7200	3,395,997	0.7254	0.7200	3,453,995	0.7274	0.7200
		Streets	3,151,903	0.1000	0.1000	3,395,997	0.1000	0.1000 *	3,453,995	0.1000	0.1000
		Streets-Temp	3,151,903	0.3500	0.3500	3,395,997	0.3500	0.3500	3,453,995	0.3500	0.3500
	City of La Grange	General Revenue	7,016,565	0.5002	0.4900	7,809,107	0.5002	0.4900	11,294,323	0.5002	0.4900
		Streets	7,016,565	0.2779	0.2700	7,809,107	0.2779	0.2700	11,294,323	0.2779	0.2700
		Cemetery	7,016,565	0.1390	0.1300	7,809,107	0.1390	0.1300	11,294,323	0.1390	0.1300
	City of Lewistown	General Revenue	2,870,946	0.6012	0.6012	3,032,128	0.6068	0.6068	3,096,225	0.6090	0.6090
		Debt Service	2,870,946	0.4371	0.4371	3,032,128	0.4123	0.4123	3,096,225	0.4139	0.4139
	Village of Monticello	General Revenue	752,910	0.5302	0.5302	725,840	0.5501	0.5500	783,117	0.5536	0.5500
	Lewis County Library	General Revenue	67,294,923	0.1000	0.1000	69,370,531	0.1000	0.1000	73,054,364	0.1000	0.1000
	Canton R-V Fire Protection District	General Revenue	22,462,148	0.2407	0.2407	22,566,051	0.2418	0.2418	23,086,632	0.2423	0.2423
		Debt Service	22,462,148	0.0627	0.0627	22,566,051	0.0624	0.0624	23,086,632	0.0610	0.0610
	Ewing-Maywood R-4 Fire Prot Dist	General Revenue	14,801,168	0.4400	0.3900	15,458,392	0.4400	0.3900	16,196,449	0.4380	0.4380

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lincoln	La Belle Fire Protection District	General Revenue	12,142,590	0.4300	0.2500	12,365,142	0.4300	0.2900	12,608,796	0.4300	0.3100
	Canton R-V School District	Operating Funds-Schools	23,623,547	2.7500	2.7500 *	23,979,070	2.7500	2.7500 *	24,657,901	2.7500	2.7500 *
		Debt Service	23,623,547	0.5500	0.5500	23,979,070	0.5500	0.5500	24,657,901	0.5500	0.5500
	Lewis Co C-1 School District	Operating Funds-Schools	46,664,343	3.1260	3.1200	49,332,388	3.1394	3.1394	53,124,133	3.1708	3.1708
	Lewis County	General Revenue	80,473,787	0.4000	0.2650	82,393,860	0.4021	0.2487	86,571,725	0.4021	0.2501
		Road & Bridge	47,149,157	0.2700	0.2700	48,139,510	0.2728	0.2728	48,205,740	0.2747	0.2747
		Special Road and Bridge	47,149,157	0.2100	0.2100	48,139,510	0.2100	0.2100 *	48,205,740	0.2100	0.2100
		Health	80,473,787	0.1000	0.1000	82,393,860	0.1000	0.1000	86,571,725	0.1000	0.1000
	Lincoln County Ambulance	General Revenue	376,344,888	0.2800	0.2800	407,014,829	0.2800	0.2800	421,718,937	0.2800	0.2800
	City of Elsberry	General Revenue	10,477,792	0.5060	0.5060	10,802,826	0.5060	0.5060	10,989,078	0.5086	0.5086
		Cemetery	10,477,792	0.1518	0.1518	10,802,826	0.1518	0.1518	10,989,078	0.1526	0.1526
	City of Foley	General Revenue	752,925	0.6307	0.6307	755,660	0.6321	0.6321	757,246	0.6385	0.6385
	City of Hawk Point	General Revenue	2,906,429	0.3502	0.3502	2,826,490	0.3618	0.3618	2,808,188	0.3690	0.3690
	City of Moscow Mills	General Revenue	10,326,223	0.2402	0.2402	12,391,396	0.2343	0.2343	14,655,811	0.2385	0.2385
		GR-Waterworks	10,326,223	0.4705	0.4705	12,391,396	0.4590	0.4590	14,655,811	0.4671	0.4671
	City of Old Monroe	General Revenue	2,283,607	0.4209	0.4209	2,498,173	0.4209	0.4209	2,577,110	0.4229	0.4229
	Village of Silex	General Revenue	1,092,918	0.2510	0.2510	1,171,263	0.2510	0.2510	1,234,973	0.2531	0.2531
	City of Troy	General Revenue	116,288,386	0.3100	0.3100	128,471,203	0.3077	0.3077	127,085,074	0.3167	0.3167
	City of Winfield	General Revenue	3,992,906	0.4203	0.4203	4,476,456	0.4203	0.4203	5,017,471	0.4203	0.4203
	Village of Truxton	General Revenue	283,955	0.4745	0.4745	309,966	0.4827	0.4827	328,178	0.5000	0.4900
	Village of Chain of Rocks	General Revenue	472,860	0.4908	0.4908	605,390	0.4179	0.4179	648,350	0.4245	0.4245
Linn	Village of Fountain 'N Lakes	General Revenue	169,000	0.5000	0.5000 *	173,270	0.5000	0.5000	196,810	0.4995	0.4995
	Winfield-Foley Fire Protection Dist	General Revenue	45,071,291	0.2618	0.2618	51,293,625	0.2559	0.2559	55,024,270	0.2559	0.2559
	Lincoln County Fire Protection Dist	General Revenue	217,388,416	0.3000	0.2800	239,716,066	0.3000	0.3000	247,435,375	0.3000	0.3000
	Elsberry Fire Protection District	General Revenue	33,040,241	0.3000	0.3000	35,790,277	0.2954	0.2954	36,918,312	0.2954	0.2954
	Silex R-I School District	Operating Funds-Schools	18,643,763	3.2807	3.2600	19,443,771	3.2812	3.2600	20,313,004	3.2568	3.2568
		Debt Service	18,643,763	0.6600	0.6600	19,443,771	0.6600	0.6600	20,313,004	0.6600	0.6600
	Elsberry R-II School District	Operating Funds-Schools	28,731,350	2.7500	2.7500 *	29,868,610	2.7630	2.7500	31,228,115	2.7783	2.7500
		Debt Service	28,731,350	1.0500	1.0500	29,868,610	1.0500	1.0500	31,228,115	1.0500	1.0500
	Troy R-III School District	Operating Funds-Schools	229,851,927	3.0024	2.7500	251,977,283	3.0073	2.7500	260,069,502	2.9877	2.7500
		Debt Service	229,851,927	0.7400	0.7400	251,977,283	0.7400	0.7400	260,069,502	0.7400	0.7400
	Winfield R-IV School District	Operating Funds-Schools	51,893,237	3.3512	3.2500	54,974,739	3.3349	3.3000	58,033,926	3.3154	3.3000
		Debt Service	51,893,237	0.7500	0.7500	54,974,739	0.7500	0.7500	58,033,926	0.7500	0.7500
	Lincoln County	General Revenue	376,344,888	0.3400	0.1340	407,014,829	0.3400	0.1368	421,718,937	0.3400	0.1277
		Road & Bridge	376,344,888	0.2600	0.2600	407,014,829	0.2600	0.2600	421,718,937	0.2600	0.2600
		Health	376,344,888	0.2000	0.1300 *	407,014,829	0.2000	0.2000	421,718,937	0.2000	0.2000
		Hospital	376,344,888	0.1700	0.1700	407,014,829	0.1700	0.1700	421,718,937	0.1700	0.1700
		Senate Bill 40	376,344,888	0.1000	0.1000	407,014,829	0.1000	0.1000	421,718,937	0.1000	0.1000
		Debt Service	376,344,888	0.2298	0.2298	407,014,829	0.2300	0.2300	421,718,937	0.2200	0.2200
	Linn County Ambulance District	General Revenue	107,552,585	0.2900	0.2900	118,040,330	0.2847	0.2847	118,766,423	0.2861	0.2861
	East Yellow Creek Watershed	General Revenue	5,978,370	0.4000	0.4000 *	7,000,300	0.3575	0.3575	7,106,090	0.3575	0.3575

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Marceline Spec Rd Dist Linn Co	General Revenue	15,663,451	0.1000	0.1000	17,852,622	0.0986	0.0986	18,087,548	0.0991	0.0991
		Road & Bridge	15,663,451	0.3456	0.3400	17,852,622	0.3406	0.3406	18,087,548	0.3424	0.3424
	Purdin Special Road Dist Linn Co	General Revenue	1,332,874	0.1000	0.0000	1,448,816	0.0997	0.0000	1,446,111	0.1000	0.0000
		Road & Bridge	1,332,874	0.4773	0.0000	1,448,816	0.4758	0.0000	1,446,111	0.4845	0.0000
		Special Road and Bridge	1,332,874	0.3500	0.0000	1,448,816	0.3489	0.0000	1,446,111	0.3500	0.0000
	City of Brookfield	General Revenue	33,726,279	0.6600	0.6600	36,389,442	0.6600	0.6600	36,754,772	0.6641	0.6600
		Parks & Recreation	33,726,279	0.1900	0.1900	36,389,442	0.1900	0.1900	36,754,772	0.1912	0.1900
		Library	33,726,279	0.3400	0.3400	36,389,442	0.3400	0.3400	36,754,772	0.3421	0.3400
		Cemetery	33,726,279	0.1000	0.1000	36,389,442	0.1000	0.1000	36,754,772	0.1000	0.1000
	City of Browning	General Revenue	734,928	1.0000	1.0000	822,625	0.9979	0.9979	812,696	1.0000	1.0000
	City of Bucklin	General Revenue	2,856,236	0.9952	0.9952	3,063,427	0.9749	0.9749	3,098,620	0.9761	0.9761
		Streets	2,856,236	0.4677	0.4677	3,063,427	0.4582	0.4582	3,098,620	0.4588	0.4588
	City of Laclede	General Revenue	1,522,947	0.8519	0.8519	1,898,707	0.7455	0.7455	1,954,662	0.7482	0.7482
		Cemetery	1,522,947	0.1000	0.1000	1,898,707	0.0875	0.0875	1,954,662	0.0878	0.0878
	City of Linneus	General Revenue	1,229,735	0.5406	0.5406	1,385,329	0.5048	0.5048	1,345,717	0.5318	0.5318
		Streets	1,229,735	0.3704	0.3704	1,385,329	0.3459	0.3459	1,345,717	0.3644	0.3644
	City of Marceline	General Revenue	15,346,244	0.4662	0.4662	17,444,877	0.4604	0.4604	17,674,989	0.4628	0.4628
		Library	15,346,244	0.2100	0.2100	17,444,877	0.2074	0.2074	17,674,989	0.2085	0.2085
		Debt Service	15,346,244	0.1268	0.1268	17,444,877	0.1916	0.1916	17,674,989	0.0000	0.0000
	City of Meadville	General Revenue	1,957,892	0.3803	0.3500	2,112,181	0.3740	0.3740	2,174,464	0.3750	0.3750
	City of Purdin	General Revenue	600,956	0.8336	0.8336	666,801	0.8294	0.8294	714,541	0.8473	0.8473
	Baker Township of Linn Co	General Revenue	2,820,349	0.1000	0.1000	3,167,597	0.0948	0.0948	3,024,188	0.0995	0.0995
		Road & Bridge	2,820,349	0.5000	0.5000	3,167,597	0.4742	0.4742	3,024,188	0.4976	0.4976
		Special Road and Bridge	2,820,349	0.3500	0.3500	3,167,597	0.3319	0.3319	3,024,188	0.3483	0.3483
	North Benton Township of Linn Co	General Revenue	1,635,074	0.1000	0.1000	1,604,024	0.1000	0.1000	1,772,220	0.0969	0.0969
		Road & Bridge	1,635,074	0.4949	0.4949	1,604,024	0.5000	0.5000	1,772,220	0.4842	0.4842
		Special Road and Bridge	1,635,074	0.3500	0.3500	1,604,024	0.3500	0.3500	1,772,220	0.3390	0.3390
	Brookfield Township of Linn Co	General Revenue	42,173,688	0.0995	0.0995	45,625,209	0.0989	0.0989	46,025,813	0.0995	0.0995
		Road & Bridge	42,173,688	0.3680	0.3680	45,625,209	0.3657	0.3657	46,025,813	0.3681	0.3681
	Bucklin Township of Linn Co	General Revenue	6,816,066	0.0988	0.0988	7,395,343	0.0959	0.0959	7,186,145	0.0995	0.0995
		Road & Bridge	6,816,066	0.4544	0.4544	7,395,343	0.4410	0.4410	7,186,145	0.4578	0.4578
		Special Road and Bridge	6,816,066	0.3457	0.3457	7,395,343	0.3355	0.3355	7,186,145	0.3483	0.3483
	Clay Township of Linn Co	General Revenue	3,150,414	0.1000	0.1000	3,266,132	0.1000	0.1000	3,491,011	0.0955	0.0955
		Road & Bridge	3,150,414	0.4955	0.4955	3,266,132	0.4955	0.4955	3,491,011	0.4732	0.4732
		Special Road and Bridge	3,150,414	0.3500	0.3500	3,266,132	0.3500	0.3500	3,491,011	0.3342	0.3342
	Enterprise Township of Linn Co	General Revenue	1,414,498	0.1000	0.1000	1,506,422	0.1000	0.1000	1,498,608	0.1000	0.1000
		Road & Bridge	1,414,498	0.5000	0.5000	1,506,422	0.4999	0.4999	1,498,608	0.5000	0.5000
		Special Road and Bridge	1,414,498	0.3500	0.3500	1,506,422	0.3500	0.3500	1,498,608	0.3500	0.3500
	Grantsville Township of Linn Co	General Revenue	2,408,144	0.1000	0.1000	2,662,843	0.0972	0.0972	2,744,570	0.0979	0.0979
		Road & Bridge	2,408,144	0.5000	0.5000	2,662,843	0.4863	0.4863	2,744,570	0.4897	0.4897
		Special Road and Bridge	2,408,144	0.3500	0.3500	2,662,843	0.3404	0.3404	2,744,570	0.3428	0.3428
	Jackson Township of Linn Co	General Revenue	2,577,214	0.1000	0.1000	2,642,419	0.1000	0.1000	2,648,512	0.1000	0.1000
		Road & Bridge	2,577,214	0.5000	0.5000	2,642,419	0.5000	0.5000	2,648,512	0.5000	0.5000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn Co	Jefferson Township of Linn Co	Special Road and Bridge	2,577,214	0.3500	0.3500	2,642,419	0.3500	0.3500	2,648,512	0.3500	0.3500
		Debt Service	2,577,214	0.7324	0.7324	2,642,419	0.7399	0.7399	2,648,512	0.7353	0.7353
		General Revenue	7,080,145	0.0965	0.0900	8,026,910	0.0908	0.0908	8,194,080	0.0909	0.0909
		Road & Bridge	7,080,145	0.3764	0.3700	8,026,910	0.3542	0.3542	8,194,080	0.3545	0.3545
		Special Road and Bridge	7,080,145	0.3378	0.3300	8,026,910	0.3179	0.3179	8,194,080	0.3182	0.3182
	Locust Creek Township of Linn Co	Debt Service	7,080,145	0.5500	0.5500	8,026,910	0.3524	0.3524	8,194,080	0.1622	0.1622
		General Revenue	4,540,544	0.1000	0.1000	5,150,909	0.0951	0.0951	5,046,890	0.0978	0.0978
		Road & Bridge	4,540,544	0.4907	0.4907	5,150,909	0.4665	0.4665	5,046,890	0.4798	0.4798
		Special Road and Bridge	4,540,544	0.3500	0.3500	5,150,909	0.3327	0.3327	5,046,890	0.3422	0.3422
		Debt Service	4,540,544	0.3105	0.3105	5,150,909	0.3165	0.3165	5,046,890	0.3405	0.3405
	Marceline Township of Linn Co	General Revenue	3,580,536	0.1000	0.1000	3,877,013	0.0964	0.0964	3,776,279	0.0993	0.0993
		Road & Bridge	3,580,536	0.4700	0.4700	3,877,013	0.4529	0.4529	3,776,279	0.4668	0.4668
		Special Road and Bridge	3,580,536	0.3500	0.3500	3,877,013	0.3373	0.3373	3,776,279	0.3476	0.3476
	North Salem Township of Linn Co	General Revenue	1,699,459	0.1000	0.1000	1,803,206	0.0990	0.0990	1,854,938	0.0997	0.0997
		Road & Bridge	1,699,459	0.5000	0.5000	1,803,206	0.4949	0.4949	1,854,938	0.4983	0.4983
		Special Road and Bridge	1,699,459	0.3500	0.3500	1,803,206	0.3464	0.3464	1,854,938	0.3488	0.3488
	Parson Creek Township of Linn Co	General Revenue	5,959,407	0.1000	0.1000	6,566,415	0.0966	0.0966	6,682,702	0.0970	0.0970
		Road & Bridge	5,959,407	0.4690	0.4690	6,566,415	0.4529	0.4529	6,682,702	0.4550	0.4550
		Special Road and Bridge	5,959,407	0.3500	0.3500	6,566,415	0.3380	0.3380	6,682,702	0.3395	0.3395
	Yellow Creek Township of Linn Co	General Revenue	4,700,722	0.1000	0.1000	5,444,450	0.0953	0.0953	5,286,808	0.0988	0.0988
		Road & Bridge	4,700,722	0.3500	0.3500	5,444,450	0.3337	0.3337	5,286,808	0.3460	0.3460
		Special Road and Bridge	4,700,722	0.3500	0.3500	5,444,450	0.3337	0.3337	5,286,808	0.3460	0.3460
	Laclede Community Fire Prot Dist	General Revenue	7,080,145	0.2510	0.2510	8,026,910	0.2362	0.2362	8,194,080	0.2364	0.2364
	Linneus Fire Protection District	General Revenue	5,571,050	0.2725	0.2725	5,741,244	0.2725	0.2725	5,560,854	0.2848	0.2848
	Linn Co R-I School District	Operating Funds-Schools	12,300,953	4.3460	3.6000	13,432,511	4.1359	3.4259	13,574,444	4.2455	3.5273
	Bucklin R-II School District	Operating Funds-Schools	8,396,002	3.7291	3.7200	9,052,884	3.4390	3.4390	9,139,192	3.6897	3.6897
	Meadville R-IV School District	Operating Funds-Schools	10,692,945	4.9551	3.6600	11,503,782	4.8320	3.6600	11,556,915	4.7971	3.6600
	Marceline R-V School District	Debt Service	10,692,945	0.9200	0.9200	11,503,782	0.9200	0.9200	11,556,915	0.9200	0.9200
		Operating Funds-Schools	25,009,531	4.1821	3.1826	27,517,610	4.1881	3.2226	27,901,942	4.1798	3.2789
		Debt Service	25,009,531	0.7525	0.7525	27,517,610	0.7525	0.7525	27,901,942	0.7525	0.7525
	Brookfield R-III School District	Operating Funds-Schools	45,889,474	3.4277	2.9715	50,811,854	3.4260	3.0094	51,548,207	3.3889	2.9651
		Debt Service	45,889,474	0.3900	0.3900	50,811,854	0.3900	0.3900	51,548,207	0.3900	0.3900
		General Revenue	107,552,585	0.3600	0.0800	118,040,330	0.3534	0.0725	118,766,423	0.3551	0.0650
	Linn County	Health	107,552,585	0.2400	0.2100	118,040,330	0.2356	0.2000	118,766,423	0.2368	0.2000
		Senate Bill 40	107,552,585	0.2000	0.2000	118,040,330	0.1963	0.1963	118,766,423	0.1973	0.1973
Livingston	Livingston County Ambulance Dist	General Revenue	126,750,255	0.2952	0.2200	137,215,606	0.2873	0.2000	136,759,138	0.2906	0.2000
	Livingston County Nursing Home Dist	General Revenue	126,750,255	0.1500	0.1500	137,215,606	0.1460	0.1460	136,759,138	0.1477	0.1477
	City of Chillicothe	General Revenue	70,130,659	0.6519	0.6519	78,209,948	0.6182	0.6182	77,905,448	0.6256	0.6256
		Parks & Recreation	70,130,659	0.1833	0.1833	78,209,948	0.1738	0.1738	77,905,448	0.1759	0.1759
		Temp Gen Indus Imp	70,130,659	0.2852	0.0000	78,209,948	0.2704	0.0000	77,905,448	0.2737	0.0000
		General Revenue	773,859	1.0665	1.0665	792,006	1.0665	1.0665	785,407	1.0924	1.0924
	City of Chula	General Revenue	773,859	1.0665	1.0665	792,006	1.0665	1.0665	785,407	1.0924	1.0924
		General Revenue	784,820	0.6551	0.6551	825,699	0.6550	0.6550	788,791	0.6856	0.6856



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of Mooresville	General Revenue	499,638	0.5300	0.5300	531,954	0.5299	0.5299	513,936	0.5300	0.5300
	City of Wheeling	General Revenue	915,746	0.5984	0.5984	919,002	0.6074	0.6074	961,686	0.6168	0.6168
	Livingston County Memorial Library	General Revenue	126,750,255	0.2646	0.2646	137,215,606	0.2575	0.2575	136,759,138	0.2604	0.2604
	Blue Mound Township Livingston Co	General Revenue	4,192,749	0.1000	0.1000	4,317,121	0.1000	0.1000	4,391,503	0.1000	0.1000
		Road & Bridge	4,192,749	0.4600	0.4600	4,317,121	0.4600	0.4600	4,391,503	0.4618	0.4618
		Special Road and Bridge	4,192,749	0.3300	0.3300	4,317,121	0.3300	0.3300	4,391,503	0.3300	0.3300
	Chillicothe Township, Livingston Co	General Revenue	81,450,911	0.1000	0.1000	90,192,881	0.0956	0.0956	90,296,988	0.0966	0.0966
		Road & Bridge	81,450,911	0.2750	0.2750	90,192,881	0.2628	0.2628	90,296,988	0.2655	0.2655
	Cream Ridge Township, Livingston Co	General Revenue	4,998,543	0.1000	0.1000	5,187,589	0.1000	0.1000	5,089,433	0.1000	0.1000
		Road & Bridge	4,998,543	0.3879	0.3879	5,187,589	0.3879	0.3879	5,089,433	0.3984	0.3984
		Special Road and Bridge	4,998,543	0.2500	0.2500	5,187,589	0.2500	0.2500	5,089,433	0.2500	0.2500 *
	Grand River Township, Livingston Co	General Revenue	3,059,055	0.0900	0.0900	3,189,069	0.0900	0.0900	3,141,245	0.0914	0.0914
		Road & Bridge	3,059,055	0.3700	0.3700	3,189,069	0.3700	0.3700	3,141,245	0.3756	0.3756
		Special Road and Bridge	3,059,055	0.3500	0.3500	3,189,069	0.3500	0.3500 *	3,141,245	0.3500	0.3500
	Green Township of Livingston Co	General Revenue	3,956,403	0.1000	0.1000	4,102,292	0.1000	0.1000	4,043,673	0.1000	0.1000
		Road & Bridge	3,956,403	0.4452	0.4452	4,102,292	0.4452	0.4452	4,043,673	0.4564	0.4564
	Jackson Township of Livingston Co	General Revenue	5,530,440	0.1000	0.1000	5,870,516	0.1000	0.1000	5,850,279	0.1000	0.1000
		Road & Bridge	5,530,440	0.2858	0.2858	5,870,516	0.2858	0.2858	5,850,279	0.2870	0.2870
		Special Road and Bridge	5,530,440	0.3400	0.3400	5,870,516	0.3400	0.3400	5,850,279	0.3400	0.3400
	Medicine Township of Livingston Co	General Revenue	1,476,586	0.1000	0.1000	1,573,788	0.1000	0.1000	1,565,647	0.1000	0.1000
		Road & Bridge	1,476,586	0.4100	0.4100	1,573,788	0.4100	0.4100	1,565,647	0.4133	0.4133
		Special Road and Bridge	1,476,586	0.3000	0.3000	1,573,788	0.3000	0.3000	1,565,647	0.3000	0.3000
	Monroe Township of Livingston Co	General Revenue	3,400,507	0.1000	0.1000	3,443,007	0.1000	0.1000	3,390,927	0.1000	0.1000
		Road & Bridge	3,400,507	0.4221	0.4221	3,443,007	0.4221	0.4221	3,390,927	0.4350	0.4350
		Special Road and Bridge	3,400,507	0.3500	0.3500	3,443,007	0.3500	0.3500 *	3,390,927	0.3500	0.3500
	Mooresville Township Livingston Co	General Revenue	2,972,303	0.1000	0.1000	3,006,730	0.1000	0.1000	2,741,954	0.1000	0.1000
		Road & Bridge	2,972,303	0.5000	0.5000	3,006,730	0.5000	0.5000	2,741,954	0.5000	0.5000
		Special Road and Bridge	2,972,303	0.3500	0.3500	3,006,730	0.3500	0.3500 *	2,741,954	0.3500	0.3500
	Rich Hill Township of Livingston Co	General Revenue	5,582,696	0.1000	0.1000	5,819,617	0.1000	0.1000	5,795,989	0.1000	0.1000
		Road & Bridge	5,582,696	0.4200	0.4200	5,819,617	0.4200	0.4200	5,795,989	0.4291	0.4291
		Special Road and Bridge	5,582,696	0.3400	0.3400 *	5,819,617	0.3400	0.3400	5,795,989	0.3400	0.3400
	Sampsel Township of Livingston Co	General Revenue	3,275,493	0.1000	0.1000	3,381,540	0.1000	0.1000	3,404,337	0.1000	0.1000
		Road & Bridge	3,275,493	0.4300	0.4300	3,381,540	0.4300	0.4300	3,404,337	0.4300	0.4300
		Special Road and Bridge	3,275,493	0.2500	0.2500	3,381,540	0.2500	0.2500	3,404,337	0.2500	0.2500 *
	Wheeling Township of Livingston Co	General Revenue	3,125,289	0.1000	0.1000	3,197,045	0.1000	0.1000	3,238,416	0.1000	0.1000
		Road & Bridge	3,125,289	0.4733	0.4733	3,197,045	0.4733	0.4733	3,238,416	0.4806	0.4806
		Special Road and Bridge	3,125,289	0.3500	0.3500	3,197,045	0.3500	0.3500 *	3,238,416	0.3500	0.3500
	Fairview Township of Livingston Co	General Revenue	3,729,280	0.1000	0.1000	3,934,411	0.1000	0.1000	3,908,527	0.1000	0.1000
		Road & Bridge	3,729,280	0.4100	0.4100	3,934,411	0.4100	0.4100	3,908,527	0.4184	0.4184
		Special Road and Bridge	3,729,280	0.3500	0.3500	3,934,411	0.3500	0.3500 *	3,908,527	0.3500	0.3500
	Green Township Fire District	General Revenue	3,956,403	0.3000	0.3000	4,102,292	0.3000	0.3000	4,043,673	0.3000	0.3000
	Mooresville Township Fire Prot Dist	General Revenue	2,972,303	0.3000	0.2900	3,006,730	0.3000	0.2900	2,741,954	0.3000	0.2900
	Livingston County Health Center	General Revenue	126,750,255	0.2443	0.2443	137,215,606	0.2378	0.2378	136,759,138	0.2405	0.2405

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	9,845,502	4.4700	4.4700 *	10,110,162	4.4700	4.4700	9,957,368	4.4700	4.4700
	Livingston Co R-III School Dist	Operating Funds-Schools	4,815,771	4.9797	4.2785	5,069,534	4.9129	4.2163	5,064,046	4.9960	4.3494
	Chillicothe R-II School District	Operating Funds-Schools	98,239,834	3.4705	3.4705	107,797,476	3.3660	3.3660	108,328,674	3.3775	2.9700
		Capital Projects	98,239,834	0.1200	0.1200	107,797,476	0.1157	0.1157	108,328,674	0.1167	0.0000
		Debt Service	**	**	**	**	**	**	108,328,674	0.5000	0.5000
	Livingston County	General Revenue	126,750,255	0.3257	0.0000	137,215,606	0.3170	0.0000	136,759,138	0.3206	0.0000
		Developmentally Disabled	126,750,255	0.1000	0.1000	137,215,606	0.0973	0.0973	136,759,138	0.0984	0.0984
Mc Donald	City of Anderson	General Revenue	8,254,094	0.2400	0.2400	8,471,941	0.2400	0.2400	8,575,157	0.2400	0.2400
		Debt Service	8,254,094	0.6000	0.6000	8,471,941	0.4983	0.4983	8,575,157	0.3985	0.3985
	City of Goodman	General Revenue	5,918,812	0.4900	0.4900	6,393,245	0.4900	0.4900	5,755,844	0.5443	0.5443
	City of Lanagan	General Revenue	1,512,106	0.5248	0.5248	1,388,403	0.5723	0.5723	1,394,486	0.5723	0.5723
	City of Pineville	General Revenue	3,550,155	0.4656	0.4656	3,467,490	0.4767	0.4767	3,376,499	0.4936	0.4936
	City of Southwest City	General Revenue	12,573,697	0.5600	0.5600	11,416,696	0.6181	0.6181	12,260,049	0.6181	0.6181
		Debt Service	12,573,697	0.1086	0.1086	11,416,696	0.1425	0.1425	12,260,049	0.2871	0.2871
	McDonald County Library	General Revenue	149,759,456	0.1000	0.1000	151,308,122	0.1000	0.1000	152,782,368	0.1000	0.1000
	McDonald Co R-I School District	Operating Funds-Schools	112,785,258	2.8500	2.7500	114,607,249	2.8448	2.7500	118,402,044	2.8500	2.7500
	McDonald County	Road & Bridge	149,898,592	0.2200	0.0000	151,444,051	0.2213	0.0000	152,912,378	0.2223	0.0000
		General Revenue-Temp	149,898,592	0.5000	0.2960	151,444,051	0.5000	0.3007	152,912,378	0.5000	0.2854
Macon	Macon County Ambulance District	General Revenue	128,454,044	0.1500	0.1500	136,367,754	0.1500	0.1500	138,857,657	0.1500	0.1500
	Samaritan Memorial Hospital	General Revenue	128,454,044	0.2000	0.2000	136,367,754	0.2000	0.2000	138,857,657	0.2000	0.2000
	La Plata Nursing Home District	General Revenue	28,217,542	0.1500	0.1500	29,925,477	0.1500	0.1500	30,618,389	0.1500	0.1500
	Macon County Nursing Home District	Maintenance	102,929,061	0.1500	0.1500	109,162,551	0.1500	0.1500	110,846,090	0.1500	0.1500
	Hudson Spec Rd Dist Macon Co	Road & Bridge	55,159,822	0.2900	0.2900	58,394,172	0.2900	0.2900	58,715,208	0.2921	0.2921
		Special Road and Bridge	55,159,822	0.2000	0.2000	58,394,172	0.2000	0.2000 *	58,715,208	0.2000	0.2000
	La Plata Spec Rd Dist Macon Co	Road & Bridge	9,739,436	0.3100	0.3100	10,763,557	0.3011	0.3011	11,109,259	0.3023	0.3023
		Special Road and Bridge	9,739,436	0.3500	0.3500 *	10,763,557	0.3400	0.3400	11,109,259	0.3413	0.3413
	City of Atlanta	General Revenue	1,449,242	1.3024	1.3024	1,516,221	1.3024	1.3024	1,547,732	1.3136	1.3024
	City of Bevier	General Revenue	2,382,295	0.7600	0.7600	2,626,092	0.7600	0.7600	2,550,020	0.7863	0.7863
		Lights	2,382,295	0.2700	0.2700	2,626,092	0.2700	0.2700	2,550,020	0.2793	0.2793
	City of Callao	General Revenue	841,856	1.0000	1.0000	908,129	0.9685	0.9685	921,603	0.9684	0.9684
		Debt Service	841,856	1.4900	1.4900	908,129	1.5358	1.5358	921,603	1.5359	1.5359
	City of Elmer	General Revenue	323,421	0.9802	0.9800	306,636	1.0000	0.9800	330,784	1.0000	1.0000
	City of Ethel	General Revenue	270,704	0.8500	0.8500	315,363	0.8397	0.8397	345,094	0.8500	0.8500
	City of La Plata	General Revenue	6,582,049	0.8300	0.8300	7,452,180	0.7923	0.7900	7,563,752	0.7933	0.7933
		Parks & Recreation	6,582,049	0.1900	0.1900	7,452,180	0.1814	0.1800	7,563,752	0.1816	0.1816
		Library	6,582,049	0.1900	0.1900	7,452,180	0.1814	0.1800	7,563,752	0.1816	0.1816
	City of Macon	General Revenue	43,715,816	0.6000	0.6000	46,117,808	0.6000	0.6000	45,939,968	0.6083	0.6083
		Library	43,715,816	0.2400	0.2400	46,117,808	0.2400	0.2400	45,939,968	0.2433	0.2433
	City of New Cambria	General Revenue	746,261	0.9800	0.9800	808,226	0.9747	0.9747	829,212	0.9747	0.9700
	Village of South Gifford	General Revenue	87,610	0.4701	0.4700	77,081	0.5000	0.5000	75,162	0.5000	0.5000
	Atlanta C-3 School District	Operating Funds-Schools	9,347,462	4.2104	3.3400	9,842,155	4.1882	3.3884	10,155,034	4.1677	3.3895

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Bevier C-4 School District	Operating Funds-Schools	7,442,930	4.2938	3.0900	8,094,605	4.2300	3.1900	8,167,050	4.2445	3.1766
	La Plata R-II School District	Operating Funds-Schools	14,770,654	3.3994	3.3900	16,469,501	3.3002	3.3002	16,961,918	3.4210	3.4210
		Debt Service	14,770,654	1.2300	1.2300	16,469,501	1.2300	1.2300	16,961,918	1.2300	1.2300
	Macon Co R-I School District	Operating Funds-Schools	66,742,545	3.6303	2.9400	71,339,532	3.5555	2.9595	72,195,442	3.5805	2.9684
	Callao C-8 School District	Operating Funds-Schools	2,704,710	5.6000	3.8200	4,117,493	4.6771	3.9700	4,208,698	4.6841	3.9379
	Macon Co R-IV School District	Operating Funds-Schools	7,631,428	4.8191	4.0600	8,037,028	4.7844	4.0787	8,261,793	4.7971	4.1056
	Macon County	General Revenue	128,454,044	0.4300	0.2060	136,367,754	0.4300	0.2100	138,857,657	0.4300	0.2369
		Parks & Recreation	128,454,044	0.0300	0.0300	**	**	**	**	**	**
		Common Road District	63,554,787	0.3200	0.3200	67,210,025	0.3200	0.3200	69,033,189	0.3200	0.3200
		Special Road and Bridge	63,554,787	0.3500	0.3500	67,210,025	0.3500	0.3500	69,033,189	0.3500	0.3500
		Health	128,454,044	0.1500	0.1500	136,367,754	0.1500	0.1500	138,857,657	0.1500	0.1500
		Developmentally Disabled	128,454,044	0.1000	0.1000	136,367,754	0.1000	0.1000	138,857,657	0.1000	0.1000
Madison	Village of Cobalt City	General Revenue	573,730	0.2300	0.2500	609,480	0.2302	0.2500	587,120	0.2390	0.2390
	City of Fredericktown	General Revenue	22,436,158	0.7500	0.7500	23,018,805	0.7600	0.7600	23,715,239	0.7604	0.7604
		Parks & Recreation	22,436,158	0.1300	0.1300	23,018,805	0.1317	0.1317	23,715,239	0.1318	0.1318
	Village of Junction City	General Revenue	1,382,950	0.2500	0.2500	1,340,750	0.2500	0.2500	1,476,830	0.2491	0.2491
	City of Marquand	General Revenue	1,194,010	0.6432	0.6432	1,215,285	0.6529	0.6529	1,084,514	0.7317	0.7317
	Marquand-Zion R-VI School District	Operating Funds-Schools	6,732,380	3.6932	3.0500	7,192,190	3.7217	3.0500	7,568,270	3.7485	3.0500
		Debt Service	6,732,380	0.3300	0.3300	7,192,190	0.3629	0.3629	7,568,270	0.5946	0.5946
	Fredericktown R-I School District	Operating Funds-Schools	56,611,257	2.7500	2.7500 *	59,989,130	2.7500	2.7500 *	62,290,690	2.7500	2.7500 *
	Madison County	General Revenue	75,140,137	0.3847	0.1800	79,224,937	0.4044	0.0900	81,535,737	0.4044	0.0900
		Library	75,140,137	0.0986	0.0986	79,224,937	0.1000	0.1000	81,535,737	0.1000	0.1000
		Road & Bridge	75,140,137	0.2762	0.2762	79,224,937	0.2903	0.2903	81,535,737	0.2903	0.2903
		Health	75,140,137	0.0986	0.0986	79,224,937	0.1000	0.1000	81,535,737	0.1000	0.1000
		Hospital	75,140,137	0.1874	0.1874	79,224,937	0.1970	0.1970	81,535,737	0.1970	0.1970
		Senate Bill 40	75,140,137	0.1874	0.1874	79,224,937	0.1970	0.1874	81,535,737	0.1970	0.1970
Maries	Maries-Osage Ambulance District	General Revenue	53,001,067	0.1900	0.1900	55,297,845	0.1900	0.1900	57,202,554	0.1901	0.1901
	Ozark Central Ambulance District	General Revenue	48,513,680	0.2708	0.2708	52,791,618	0.2708	0.2708	53,556,176	0.2708	0.2708
	Belle Special Road Dist No. 6	Road & Bridge	7,808,578	0.2450	0.2400	8,627,078	0.2426	0.2400	8,695,587	0.2451	0.2400
	Spec Rd Dist No 8, Maries County	Road & Bridge	5,466,831	0.2104	0.2100	5,718,288	0.2104	0.2100	5,972,184	0.2139	0.2100
	City of Vienna	General Revenue	5,451,211	0.5500	0.5500	5,694,096	0.5500	0.5500	5,933,909	0.5600	0.5600
		Debt Service	5,451,211	0.1600	0.1600	5,694,096	0.2200	0.2200	5,933,909	0.2000	0.2000
	City of Belle	General Revenue	7,838,038	0.7451	0.6900	8,697,000	0.7377	0.6600	8,764,276	0.7447	0.6600
		Parks & Recreation	7,838,038	0.1620	0.1500	8,697,000	0.1604	0.1400	8,764,276	0.1619	0.1619
	Maries County Library	General Revenue	75,812,274	0.1600	0.1600	81,294,466	0.1600	0.1600	83,163,660	0.1600	0.1600
	Maries Co R-I School District	Operating Funds-Schools	29,916,214	3.2005	3.0200	31,184,866	3.2009	3.0600	32,298,378	3.1527	3.0600
		Debt Service	29,916,214	0.1300	0.1300	**	**	**	**	**	**
	Maries Co R-II School District	Operating Funds-Schools	35,876,265	3.3207	2.7500	38,678,009	3.3346	2.7500	40,468,017	3.3354	2.7500
	Maries County	General Revenue	75,812,274	0.4700	0.3200	81,294,466	0.4700	0.3200	83,163,660	0.4700	0.3300
		Road #1	35,071,214	0.2600	0.2600	36,849,465	0.2604	0.2600	36,226,078	0.2685	0.2685
		Road #2	29,104,448	0.2300	0.2300	31,438,819	0.2300	0.2300	33,658,829	0.2289	0.2289

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Marion	Marion County Ambulance District	General Revenue	257,855,082	0.2302	0.2300	269,074,143	0.2302	0.2302	276,160,483	0.2328	0.2328
		Pension	**	**	**	**	**	**	276,160,483	0.0500	0.0500 *
	Marion Co Nursing Home District	General Revenue	248,039,452	0.1500	0.1500	262,239,417	0.1500	0.1500	271,963,282	0.1500	0.1500
	City of Hannibal	General Revenue	131,425,400	0.7419	0.7400	144,111,304	0.7315	0.7315	143,054,314	0.7667	0.7667
		Library	131,425,400	0.2908	0.2900	144,111,304	0.2867	0.2867	143,054,314	0.3000	0.3000
		Police & Fire	131,425,400	0.1303	0.1300	144,111,304	0.1285	0.1285	143,054,314	0.1347	0.1347
		Debt Service	131,425,400	0.1591	0.1591	144,111,304	0.3527	0.3527	143,054,314	0.1738	0.1738
	City of Palmyra	General Revenue	25,402,800	0.6450	0.6450	26,137,246	0.6496	0.6496	27,404,146	0.6496	0.6496
	Marion Co R-II School District	Operating Funds-Schools	7,577,340	4.3817	3.5000	8,196,485	4.4767	3.5400	8,426,635	4.5372	3.5400
		Debt Service	7,577,340	0.3827	0.3827	8,196,485	0.3400	0.3400	8,426,635	0.3400	0.3400
	Palmyra R-I School District	Operating Funds-Schools	85,875,725	2.7512	2.7500	90,731,545	2.7500	2.7500 *	93,262,600	2.7513	2.7500
		Debt Service	85,875,725	0.5800	0.5800	90,731,545	0.5800	0.5808	93,262,600	0.5800	0.5800
	Hannibal 60 School District	Operating Funds-Schools	173,327,741	3.4952	2.7500	184,156,256	3.4988	2.7962	193,683,702	3.5467	2.8687
		Debt Service	173,327,741	0.4600	0.4600	184,156,256	0.4600	0.4600	193,683,702	0.4600	0.4600
	Marion County	General Revenue	248,039,452	0.4406	0.0200	262,239,417	0.4406	0.0200	271,963,282	0.4458	0.0600
		Road & Bridge	248,039,452	0.3304	0.3000	262,239,417	0.3304	0.3100	271,963,282	0.3343	0.3200
		Health	248,039,452	0.1500	0.1500	262,239,417	0.1500	0.1500	271,963,282	0.1500	0.1500
		Senate Bill 40	248,039,452	0.1400	0.1400	262,239,417	0.1400	0.1400	271,963,282	0.1400	0.1400
Mercer	Mercer County Ambulance District	General Revenue	50,032,420	0.3300	0.3300	48,228,626	0.3300	0.3300	50,419,196	0.3300	0.3300
	City of Mercer	General Revenue	1,438,421	0.7000	0.7000	1,411,192	0.7197	0.7197	1,371,772	0.7405	0.7405
		Streets	1,438,421	0.3900	0.3900	1,411,192	0.4010	0.4010	1,371,772	0.4126	0.4126
	City of Princeton	General Revenue	7,063,517	0.8205	0.8205	6,741,321	0.8610	0.8610	7,066,956	0.8639	0.8639
		Band	7,063,517	0.1000	0.1000	6,741,321	0.1000	0.1000	7,066,956	0.1000	0.1000
	Village of South Lineville	General Revenue	256,270	0.3662	0.3662	243,350	0.3890	0.3890	268,241	0.3893	0.3893
	Mercer County Library	General Revenue	50,032,420	0.2000	0.2000	48,228,626	0.2000	0.2000	50,419,196	0.2000	0.2000
	Harrison Township of Mercer Co	General Revenue	2,364,280	0.1000	0.1000	2,534,008	0.1000	0.1000	2,423,022	0.1000	0.1000
		Road & Bridge	2,364,280	0.5000	0.5000	2,534,008	0.5000	0.5000	2,423,022	0.5000	0.5000
		Special Road and Bridge	2,364,280	0.3500	0.3500	2,534,008	0.3500	0.3500	2,423,022	0.3500	0.3500
	Lindley Township of Mercer Co	General Revenue	2,224,036	0.1000	0.1000	2,182,545	0.1000	0.1000	2,203,086	0.1000	0.1000
		Road & Bridge	2,224,036	0.5000	0.5000	2,182,545	0.5000	0.5000	2,203,086	0.5000	0.5000
		Special Road and Bridge	2,224,036	0.3500	0.3500	2,182,545	0.3500	0.3500	2,203,086	0.3500	0.3500
	Madison Township of Mercer Co	General Revenue	2,364,642	0.1000	0.1000	2,324,409	0.1000	0.1000	2,259,532	0.1000	0.1000
		Road & Bridge	2,364,642	0.4953	0.4953	2,324,409	0.5000	0.5000	2,259,532	0.5000	0.5000
		Special Road and Bridge	2,364,642	0.3500	0.3500	2,324,409	0.3500	0.3500	2,259,532	0.3500	0.3500
	Marion Township of Mercer Co	General Revenue	6,258,313	0.1000	0.1000	6,165,735	0.1000	0.1000	6,627,519	0.1000	0.1000
		Road & Bridge	6,258,313	0.4100	0.4100	6,165,735	0.4195	0.4195	6,627,519	0.4195	0.4195
		Special Road and Bridge	6,258,313	0.3500	0.3500	6,165,735	0.3500	0.3500	6,627,519	0.3500	0.3500
	Medicine Township of Mercer Co	General Revenue	2,523,005	0.1000	0.1000	2,529,648	0.1000	0.1000	2,680,315	0.1000	0.1000
		Road & Bridge	2,523,005	0.5000	0.5000	2,529,648	0.5000	0.5000	2,680,315	0.5000	0.5000
		Special Road and Bridge	2,523,005	0.3500	0.3500	2,529,648	0.3500	0.3500	2,680,315	0.3500	0.3500
	Morgan Township of Mercer Co	General Revenue	16,962,934	0.1000	0.1000	15,864,513	0.1000	0.1000	17,175,369	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Ravanna Township of Mercer Co	Road & Bridge	16,962,934	0.3500	0.3500	15,864,513	0.3500	0.3500	17,175,369	0.3500	0.3500
		General Revenue	7,648,749	0.1000	0.1000	7,167,035	0.1000	0.1000	7,590,722	0.1000	0.1000
	Somerset Township of Mercer Co	Road & Bridge	7,648,749	0.5000	0.5000	7,167,035	0.5000	0.5000	7,590,722	0.5000	0.5000
		Special Road and Bridge	7,648,749	0.3500	0.3500	7,167,035	0.3500	0.3500	7,590,722	0.3500	0.3500
		General Revenue	5,623,949	0.1000	0.1000	5,276,016	0.1000	0.1000	5,045,744	0.1000	0.1000
		Road & Bridge	5,623,949	0.5000	0.5000	5,276,016	0.5000	0.5000	5,045,744	0.5000	0.5000
	Washington Township of Mercer Co	Special Road and Bridge	5,623,949	0.3500	0.3500	5,276,016	0.3500	0.3500	5,045,744	0.3500	0.3500
		General Revenue	4,062,513	0.1000	0.1000	4,184,717	0.1000	0.1000	4,413,887	0.1000	0.1000
		Road & Bridge	4,062,513	0.4900	0.4900	4,184,717	0.4914	0.4914	4,413,887	0.4926	0.4926
		Special Road and Bridge	4,062,513	0.3500	0.3500	4,184,717	0.3500	0.3500	4,413,887	0.3500	0.3500
	Mercer County Fire Protection Dist	General Revenue	28,740,192	0.3000	0.3000	27,728,980	0.3000	0.3000	29,084,201	0.3000	0.3000
	Mercer Fire Protection District	General Revenue	13,323,707	0.3000	0.3000	12,839,758	0.3000	0.3000	13,104,963	0.3000	0.3000
	North Mercer Co R-III School Dist	Operating Funds-Schools	12,050,871	5.2093	4.7159	11,516,732	5.2500	4.8106	11,736,003	5.2500	4.4872
		Debt Service	12,050,871	0.3524	0.3524	11,516,732	0.3805	0.3805	11,736,003	0.3698	0.3698
		Operating Funds-Schools	29,331,644	4.3541	3.9372	28,107,567	4.5523	4.2523	29,756,174	4.5565	4.3137
	Princeton R-V School District	Debt Service	29,331,644	0.1588	0.1588	**	**	**	**	**	**
		General Revenue	50,032,420	0.4000	0.3500	48,228,626	0.4000	0.2800	50,419,196	0.4000	0.2500
		Road & Bridge	50,032,420	0.1500	0.0000	48,228,626	0.1500	0.0000	50,419,196	0.1500	0.0000
		Health	50,032,420	0.1000	0.1000	48,228,626	0.1000	0.1000	50,419,196	0.3000	0.3000 *
Miller	Miller County Ambulance District	General Revenue	413,013,318	0.0953	0.0953	454,113,884	0.0948	0.0948	191,640,549	0.1500	0.1500
		General Revenue - Temp.	**	**	**	**	**	**	275,797,750	0.0311	0.0207
	Miller County Nursing Home District	General Revenue	254,828,719	0.1126	0.1126	276,256,669	0.1126	0.1126	276,763,499	0.1146	0.1146
		Debt Service	254,828,719	0.0366	0.0366	276,256,669	0.0357	0.0357	276,763,499	0.0425	0.0425
	Bagnell Spec Rd Dist Miller Co	Road & Bridge	58,770,349	0.1969	0.1969	67,438,164	0.1834	0.1834	69,316,867	0.1834	0.1834
	Eldon Special Road Dist Miller Co	Road & Bridge	71,342,844	0.2003	0.2003	73,348,133	0.2013	0.2013	70,909,243	0.2108	0.2108
	Kaiser Special Road Dist Miller Co	Road & Bridge	42,464,883	0.1800	0.1800	47,364,693	0.1800	0.1800	49,300,244	0.1807	0.1807
	City of Bagnell	General Revenue	434,866	0.4699	0.4699	467,336	0.4699	0.4699	485,841	0.4743	0.4743
	Village of Brumley	General Revenue	475,893	0.2799	0.2799	480,527	0.2815	0.2815	470,660	0.2940	0.2940
	City of Iberia	General Revenue	3,878,152	0.4559	0.1400	3,896,316	0.4603	0.1603	3,918,954	0.4689	0.1700
	Village of Olean	General Revenue	478,170	0.3134	0.3134	477,974	0.3159	0.3159	467,459	0.3230	0.3230
	Village of St Elizabeth	General Revenue	2,666,312	0.2095	0.2095	2,735,862	0.2104	0.2104	2,689,583	0.2172	0.2100
	Village of Tuscumbia	General Revenue	1,171,034	0.2944	0.2944	1,200,808	0.2944	0.2944	1,161,604	0.3043	0.3043
	City of Lake Ozark	General Revenue	41,110,457	0.2525	0.2525	50,778,567	0.2373	0.2373	51,412,731	0.2373	0.2373
	Eldon Public Library District	General Revenue	23,696,114	0.3000	0.3000	**	**	**	**	**	**
	Miller County Library	General Revenue	231,161,426	0.1331	0.1331	271,191,819	0.1261	0.1261	276,280,301	0.1262	0.1262
	Lake Ozark Fire Protection District	General Revenue	230,208,202	0.3000	0.2800	256,055,316	0.2977	0.2800	271,730,101	0.2977	0.2977
		Ambulance	**	**	**	256,055,316	0.3000	0.5100 *	271,637,031	0.3000	0.2400
		Debt Service	230,208,202	0.1100	0.1100	256,055,316	0.0834	0.0834	271,637,031	0.0834	0.0834
	Brumley Fire Protection District	General Revenue	18,533,061	0.0000	0.3000	19,745,530	0.3000	0.3000 *	19,535,956	0.3000	0.3000
	Tuscumbia Fire Protection District	General Revenue	7,827,278	0.0000	0.3000	8,114,947	0.3000	0.3000 *	8,057,833	0.3000	0.3000
	Moreau Fire Protection Dist #2	General Revenue	71,868,655	0.2800	0.2800	76,635,290	0.2798	0.2798	77,003,487	0.2802	0.2802
	St. Elizabeth Fire Protection Dist	General Revenue	8,710,592	0.2900	0.2900	9,320,556	0.2927	0.2927	8,945,676	0.3000	0.3000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mississippi	Iberia Fire Protection District	General Revenue	21,366,313	0.3000	0.3000	21,759,683	0.3000	0.3000	22,235,088	0.3000	0.3000
	Welsh Special Road Dist Subdistrict	General Revenue	4,414,539	0.8774	0.2500	4,597,832	0.8774	0.0000	4,640,104	0.8774	0.0000
	Eldon R-I School District	Operating Funds-Schools	112,533,769	2.8202	2.7500	122,012,715	2.8016	2.7500	122,044,148	2.7821	2.7500
		Debt Service	112,533,769	0.5100	0.5100	122,012,715	0.5100	0.5100	122,044,148	0.5100	0.5100
	Miller Co R-III School District	Operating Funds-Schools	7,359,421	3.6706	3.0300	7,628,438	3.5779	3.0300	7,639,539	3.4869	3.1100
		Debt Service	7,359,421	0.1800	0.1800	7,628,438	0.1800	0.1800	7,639,539	0.1000	0.1000
	St. Elizabeth R-IV School District	Operating Funds-Schools	9,375,611	3.4995	3.2000	9,562,622	3.5146	3.2000	9,756,792	3.5104	3.2000
		Debt Service	9,375,611	0.1800	0.1800	9,562,622	0.1800	0.1800	9,756,792	0.1800	0.1800
	School of the Osage R-II Sch Dist	Operating Funds-Schools	271,555,246	2.7200	2.2800	303,392,692	2.6776	2.2100	328,104,820	2.6409	2.2500
		Debt Service	271,555,246	0.2000	0.2000	303,392,692	0.2700	0.2700	328,104,820	0.2500	0.2500
	Iberia R-V School District	Operating Funds-Schools	21,703,107	2.9738	2.7500	22,503,461	3.3099	3.0200 *	23,029,870	3.3081	3.0200
		Debt Service	21,703,107	0.2700	0.2700	**	**	**	**	**	**
	Miller County	General Revenue	254,828,719	0.2560	0.0430	276,256,669	0.2560	0.0320	276,280,301	0.2609	0.0385
		Road & Bridge	82,041,829	0.2217	0.2217	88,063,034	0.2217	0.2217	86,230,671	0.2297	0.2297
		Health	254,828,719	0.1500	0.1500 *	276,256,669	0.1500	0.1500	276,280,301	0.1500	0.1500
		Developmentally Disabled	254,828,719	0.0819	0.0819	276,256,669	0.0819	0.0819	276,280,301	0.0835	0.0835
		Senior Services	254,828,719	0.0500	0.0500	276,256,669	0.0500	0.0500	276,280,301	0.0500	0.0500
	Mississippi County Ambulance Dist	General Revenue	111,513,210	0.3000	0.2500	114,433,916	0.3000	0.2500	114,339,841	0.3000	0.2500
	City of Anniston	General Revenue	603,095	0.6500	0.6500	658,408	0.6414	0.6414	619,925	0.6812	0.6812
	City of Bertrand	General Revenue	2,510,411	0.5800	0.5800	2,710,005	0.5759	0.5759	2,741,782	0.5768	0.5768
Mississippi	City of Charleston	General Revenue	23,425,937	0.7900	0.7000	24,132,704	0.7900	0.7000	24,076,810	0.7946	0.7000
		Parks & Recreation	23,425,937	0.2000	0.1800	24,132,704	0.2000	0.1800	24,076,810	0.2000	0.1800
	City of East Prairie	General Revenue	12,739,697	0.7600	0.7600	13,018,790	0.7600	0.7600	12,970,256	0.7663	0.7663
	Village of Wilson City	General Revenue	164,652	0.4095	0.4095	170,659	0.4091	0.4091	162,854	0.4286	0.4286
	City of Wyatt	General Revenue	1,578,277	0.6799	0.6799	1,617,702	0.6799	0.6799	1,584,578	0.6983	0.6983
	Mississippi County Library	General Revenue	111,513,210	0.2000	0.2000	114,433,916	0.2000	0.2000	114,339,841	0.2016	0.2016
	Mississippi (Scott) Fire Prot Dist	General Revenue	47,636,294	0.3000	0.1500	48,877,114	0.3000	0.1600	48,661,592	0.3000	0.1600
	Mississippi County Senate Bill 40	General Revenue	111,513,210	0.1200	0.1000	114,433,916	0.1200	0.1000	114,339,841	0.1210	0.1210
	East Prairie R-II School District	Operating Funds-Schools	40,863,090	2.8708	2.7500	41,480,481	2.8681	2.7500	41,515,770	2.8603	2.7500
		Debt Service	40,863,090	0.3500	0.3500	41,480,481	0.3500	0.3500	41,515,770	0.3500	0.3500
	Charleston R-I School District	Operating Funds-Schools	58,432,830	2.7500	2.7500 *	59,980,570	2.7500	2.7500 *	60,486,305	2.7500	2.7500 *
	Mississippi County	General Revenue	111,513,210	0.4600	0.2650	114,433,916	0.4600	0.2700	114,339,841	0.4637	0.2700
		Johnson Grass	111,513,210	0.0500	0.0200	114,433,916	0.0500	0.0300	114,339,841	0.0500	0.0500
		Road & Bridge	111,513,210	0.3500	0.3200	114,433,916	0.3500	0.3200	114,339,841	0.3500	0.3200
		Health	111,513,210	0.1000	0.1000	114,433,916	0.1000	0.1000	114,339,841	0.1000	0.1000
Moniteau	Mid Mo Ambulance District	General Revenue	310,021,594	0.1900	0.1900	344,023,906	0.1838	0.1838	349,825,941	0.1841	0.1838
	City of California	General Revenue	34,639,242	0.3800	0.3800	35,059,170	0.3829	0.3829	36,635,617	0.3824	0.3824
		Parks & Recreation	34,639,242	0.1500	0.1500	35,059,170	0.1511	0.1511	36,635,617	0.1509	0.1509
	City of Clarksburg	General Revenue	1,204,074	0.9081	0.9081	1,401,141	0.8935	0.8935	1,373,373	0.9159	0.9159
	City of Jamestown	General Revenue	2,230,129	0.8688	0.8688	2,368,205	0.8688	0.8688	2,364,094	0.8776	0.8776
	City of Lupus	General Revenue	179,270	0.8272	0.8272	178,315	0.9246	0.8272	180,171	0.9247	0.8300

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Tipton	General Revenue	18,268,210	0.6422	0.6422	19,260,075	0.6422	0.6422	20,605,465	0.6598	0.6598
		Debt Service	18,268,210	0.4601	0.4601	19,260,075	0.3593	0.3593	20,605,465	0.3276	0.3276
	Moniteau Co Library Subdistrict Two	General Revenue	37,350,896	0.1200	0.1200	40,784,088	0.1170	0.1170	41,398,823	0.1200	0.1200
	California Rural Fire Prot Dist	General Revenue	27,538,154	0.2000	0.1977	33,898,025	0.2000	0.2000	34,466,348	0.2000	0.2000
	Fortuna Fire Protection District	General Revenue	18,830,730	0.2967	0.2967	21,970,664	0.2967	0.2951	22,748,042	0.2967	0.2967
	Tipton Rural Fire Protection Dist	Fire	9,621,035	0.2477	0.2477	10,767,784	0.2477	0.2477	10,629,916	0.2500	0.2500
	Jamestown Rural Fire Prot Dist	General Revenue	9,236,181	0.3000	0.3000	11,859,444	0.3000	0.3000	12,095,072	0.3000	0.3000
	Moniteau Co R-I School District	Operating Funds-Schools	56,706,564	2.7000	2.7000 *	58,131,998	2.7000	2.7000 *	60,742,948	2.7500	2.7500 *
		Debt Service	56,706,564	0.8200	0.8200	58,131,998	0.8200	0.8200	60,742,948	0.8200	0.8200
	High Point R-III School District	Operating Funds-Schools	6,117,143	3.5152	3.5100	6,302,775	3.4995	3.4995	6,646,322	3.5067	3.5067
	Moniteau Co R-V School District	Operating Funds-Schools	5,111,206	3.3209	2.7500	5,417,219	3.3283	2.7796	5,611,192	3.3135	2.7796
	Moniteau Co R-VI School District	Operating Funds-Schools	31,594,625	2.9497	2.9497	33,383,879	2.9260	2.9260	34,971,645	2.8999	2.8999
		Debt Service	**	**	**	**	**	**	34,971,645	0.8861	0.8861
	Moniteau Co C-1 School District	Operating Funds-Schools	9,409,565	4.0667	3.9900	9,811,566	4.0034	3.9425	9,983,384	3.9986	3.9900
		Debt Service	9,409,565	0.7100	0.7100	9,811,566	0.7100	0.7100	9,983,384	0.7100	0.7100
	Clarksburg C-2 School District	Operating Funds-Schools	4,707,059	3.3512	3.1900	4,730,606	3.4534	3.1900	4,866,185	3.3455	3.1900
	Moniteau County	General Revenue	128,149,630	0.3400	0.1610	132,808,839	0.3400	0.1670	136,874,031	0.3410	0.1808
		Common Road District	128,149,630	0.2500	0.2500	132,808,839	0.2500	0.2500	136,874,031	0.2507	0.2507
		Health	128,149,630	0.2400	0.1500	132,808,839	0.2400	0.1500	136,874,031	0.2407	0.1500
		Developmentally Disabled	128,149,630	0.1200	0.1200 *	132,808,839	0.1200	0.1200	136,874,031	0.1200	0.1200
Monroe	Monroe County Ambulance District	General Revenue	57,092,332	0.4200	0.4200	58,185,708	0.4200	0.4200	59,499,569	0.4200	0.4200
	Monroe City Ambulance District	General Revenue	65,989,721	0.2600	0.2600	65,927,088	0.2648	0.2648	67,103,563	0.2657	0.2657
	Monroe County Nursing Home District	General Revenue	67,097,403	0.1500	0.1500	68,932,172	0.1500	0.1500	69,648,692	0.1500	0.1500
	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,319,161	0.3500	0.3500 *	7,750,959	0.3500	0.3500	7,750,502	0.3500	0.3500
	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	26,740,789	0.3500	0.3500	25,167,787	0.3500	0.3500	25,997,571	0.3500	0.3500
	Village of Holliday	General Revenue	842,393	0.3100	0.2900	785,494	0.3332	0.2900	702,493	0.3725	0.2900
	City of Madison	General Revenue	2,588,856	0.6500	0.6500	2,687,333	0.6500	0.6500	2,704,016	0.6594	0.6500
	City of Paris	General Revenue	7,862,343	0.3213	0.3200	7,762,899	0.3305	0.3300	7,801,043	0.3335	0.3300
		Streets	7,862,343	0.1200	0.1200	7,762,899	0.1200	0.1200	7,801,043	0.1200	0.1200
		Fire	7,862,343	0.1400	0.1400	7,762,899	0.1400	0.1400	7,801,043	0.1400	0.1400
		Cemetery	7,862,343	0.2510	0.2500	7,762,899	0.2582	0.2500	7,801,043	0.2606	0.2600
	Village of Stoutsville	General Revenue	278,406	0.2014	0.2014	315,518	0.1893	0.1893	318,064	0.1936	0.1936
	City of Monroe City	General Revenue	23,790,564	0.6013	0.5900	25,150,976	0.5929	0.5900	26,199,555	0.5946	0.5900
		Library	23,790,564	0.2105	0.2000	25,150,976	0.2076	0.2000	26,199,555	0.2082	0.2000
	Monroe County Library	General Revenue	70,977,502	0.1600	0.1600	72,833,829	0.1602	0.1602	73,660,359	0.1609	0.1609
		Debt Service	70,977,502	0.0200	0.0200	72,833,829	0.0718	0.0718	73,660,359	0.0718	0.0718
	Paris Rural Fire Protection Dist	General Revenue	17,660,971	0.2500	0.2500	18,045,546	0.2500	0.2500	18,868,910	0.2500	0.2500
	Madison-West Monroe Fire Prot Dist	General Revenue	**	**	**	**	**	**	20,564,111	0.3000	0.3000 *
	Middle Grove C-1 School District	Operating Funds-Schools	2,801,145	3.6351	2.7500	2,961,700	3.6510	2.7500	3,106,823	4.0920	4.0000 *
	Monroe City R-I School District	Operating Funds-Schools	53,506,562	3.4336	3.4336	53,747,205	3.5364	3.5364	55,434,245	4.0964	4.0964 *
	Holliday C-2 School District	Operating Funds-Schools	5,413,379	3.4947	3.4800	5,316,125	3.5226	3.5000	5,438,618	3.5804	3.5500
	Madison C-3 School District	Operating Funds-Schools	8,926,934	3.4109	3.4100	9,441,859	3.3828	3.3828	9,695,909	3.3381	3.3381

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Monroe County	Paris R-II School District	Debt Service	8,926,934	0.1800	0.1800	9,441,859	0.6003	0.6003	9,695,909	0.6425	0.6425
		Operating Funds-Schools	27,201,898	3.4010	3.0000	28,107,223	3.3942	3.0000	28,471,697	3.4769	3.0000
	Monroe County	Debt Service	27,201,898	0.4900	0.4900	28,107,223	0.4900	0.4900	28,471,697	0.4900	0.4900
		General Revenue	91,951,251	0.3700	0.2700	92,028,207	0.3752	0.2700	93,651,914	0.3776	0.2776
		Road & Bridge	91,951,251	0.2700	0.2700	92,028,207	0.2738	0.2738	93,651,914	0.2756	0.2756
		Health	91,951,251	0.1000	0.1000	92,028,207	0.1000	0.1000	93,651,914	0.1000	0.0900
		Senate Bill 40	91,951,251	0.1000	0.0900	92,028,207	0.1000	0.0900	93,651,914	0.1000	0.1000
Montgomery	Montgomery County Ambulance Dist	General Revenue	117,657,622	0.2500	0.2500	127,226,891	0.2476	0.2476	127,289,700	0.2526	0.2526
	Rhineland Bottom SRD Montgomery Co	Special Road and Bridge	5,591,664	0.2500	0.2500	6,629,966	0.2264	0.2264	6,281,202	0.2432	0.2432
	Wellsville Road Dist Montgomery Co	Special Road and Bridge	16,673,740	0.2000	0.2000	17,370,755	0.1997	0.1997	17,314,763	0.2000	0.2000 *
	City of Bellflower	General Revenue	1,577,444	0.7660	0.7660	1,617,742	0.7809	0.7809	1,652,432	0.8032	0.8032
	City of High Hill	General Revenue	2,550,468	0.4400	0.3700	2,618,047	0.4420	0.3700	2,532,717	0.4664	0.3700
	City of Jonesburg	General Revenue	7,279,925	0.4741	0.4741	8,029,328	0.4727	0.4727	7,611,760	0.5013	0.4727
		Debt Service	7,279,925	0.4600	0.4600	8,029,328	0.3602	0.3602	7,611,760	0.4300	0.4300
	City of McKittrick	General Revenue	360,138	0.5717	0.5717	388,065	0.5647	0.5647	376,027	0.5838	0.5838
	City of Middletown	General Revenue	1,179,728	0.7867	0.7867	1,208,614	0.7867	0.7867	1,246,161	0.7872	0.7867
	City of Montgomery	General Revenue	22,451,862	0.5400	0.3800	26,094,257	0.5245	0.4100	26,838,336	0.5254	0.4200
		Library	22,451,862	0.4000	0.4000	26,094,257	0.3885	0.3885	26,838,336	0.3892	0.3892
	City of New Florence	General Revenue	4,298,377	0.6754	0.6754	4,794,644	0.6903	0.7000	5,135,520	0.7062	0.7288 #
	Village of Rhineland	General Revenue	1,722,949	0.9158	0.9100	1,960,248	0.8639	0.8600	1,974,326	0.8738	0.8400
	City of Wellsville	General Revenue	7,010,236	0.7300	0.7300	7,244,756	0.7300	0.7300	7,234,842	0.7369	0.7300
		Library	7,010,236	0.2000	0.2000	7,244,756	0.2000	0.2000	7,234,842	0.2019	0.2000
	Bellflower Volunteer Fire Prot Dist	General Revenue	9,327,667	0.2900	0.2500	10,347,793	0.2803	0.2500	10,632,720	0.2803	0.2500
	Jonesburg-High Hill Fire Prot Dist	General Revenue	26,063,810	0.2800	0.2500	29,035,976	0.2773	0.2500	29,396,251	0.2804	0.2500
	New Florence Fire Protection Dist	General Revenue	15,420,305	0.3000	0.3300	15,762,881	0.3000	0.3300	15,537,781	0.3000	0.3181 #
	Montgomery Volunteer Fire Prot Dist	General Revenue	38,891,694	0.3000	0.3000 *	50,377,188	0.2579	0.2579	51,312,581	0.2587	0.2587
	Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	21,726,104	3.1666	2.8500	22,833,313	3.1805	3.0500	23,322,559	3.1032	3.1000
		Debt Service	21,726,104	0.4600	0.4600	22,833,313	0.4600	0.4600	23,322,559	0.4600	0.4600
	Montgomery Co R-II School District	Operating Funds-Schools	71,089,336	3.4133	3.4133	81,719,703	3.3258	3.3258	82,654,231	3.3256	3.3256
		Debt Service	71,089,336	0.0400	0.0400	81,719,703	0.0200	0.0200	82,654,231	0.0200	0.0200
	Montgomery County	General Revenue	134,722,396	0.3862	0.2589	146,458,886	0.3806	0.2651	146,105,038	0.3891	0.2561
		Johnson Grass	134,722,396	0.0500	0.0000	146,458,886	0.0493	0.0000	146,105,038	0.0500	0.0000
		Road & Bridge	134,722,396	0.2846	0.2843	146,458,886	0.2805	0.2805	146,105,038	0.2868	0.2868
		Special Road and Bridge	112,456,989	0.3000	0.3000	122,458,163	0.2964	0.2964	122,509,103	0.3000	0.3000
		Health	134,722,396	0.1500	0.1500	146,458,886	0.1478	0.1478	146,105,038	0.1500	0.1300
		Senate Bill 40	134,722,396	0.1000	0.1000	146,458,886	0.0985	0.0985	146,105,038	0.1000	0.1000
Morgan	Golden Age Nursing Home Health #1	General Revenue	54,599,927	0.2200	0.2200	66,154,793	0.2003	0.2003	66,085,520	0.2037	0.2037
	Good Shepherd Care Center	General Revenue	351,172,387	0.1700	0.1700	407,212,886	0.1592	0.1592	428,055,088	0.1602	0.1602
	Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	7,778,556	0.3000	0.3000	8,587,376	0.2926	0.2926	8,799,839	0.2905	0.2905
	Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	94,063,109	0.1600	0.1600	110,802,153	0.1444	0.1444	118,967,988	0.1444	0.1444
		Special Road and Bridge	94,063,109	0.1000	0.1000	110,802,153	0.0903	0.0903	118,967,988	0.1000	0.1000 *



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Versailles Sp Rd Dist 4 Morgan Co	Road & Bridge	35,663,675	0.2300	0.2300	39,112,477	0.2218	0.2218	39,337,042	0.2232	0.2232
	City of Barnett	General Revenue	867,305	0.5900	0.5900	957,525	0.5646	0.5646	1,051,042	0.5687	0.5687
		Water	867,305	0.3800	0.3800	957,525	0.3637	0.3637	1,051,042	0.3664	0.3664
	City of Stover	General Revenue	5,770,559	0.5327	0.5327	6,262,802	0.5147	0.5147	6,407,177	0.5174	0.5174
	City of Syracuse	General Revenue	1,344,987	0.7600	0.7600	1,450,099	0.7306	0.7306	1,428,195	0.7458	0.7458
	City of Versailles	General Revenue	19,835,585	0.5911	0.5900	21,712,969	0.5691	0.5691	22,055,904	0.5713	0.5713
	Morgan County Library District	General Revenue	260,638,387	0.0900	0.0900	306,026,171	0.0824	0.0824	314,971,496	0.0826	0.0826
	Rocky Mount Fire Protection Dist	General Revenue	50,828,569	0.3000	0.3000	63,782,772	0.2538	0.2538	64,162,604	0.2547	0.2547
	Versailles Fire Protection Dist #4	General Revenue	23,857,506	0.4900	0.4900 *	27,305,749	0.4651	0.4651	27,818,582	0.4710	0.4710
	Gravois Fire Protection District	General Revenue	116,974,833	0.2900	0.2900	138,779,177	0.2608	0.2608	147,632,632	0.2608	0.2608
	Stover Rural Fire Protection Dist 6	General Revenue	21,891,963	0.2600	0.2600	24,743,307	0.2452	0.2452	25,101,719	0.2458	0.2458
	Morgan Co R-I School District	Operating Funds-Schools	42,334,973	2.4800	2.4800 *	49,970,116	2.4800	2.4800 *	51,392,000	2.4800	2.4800 *
		Debt Service	42,334,973	0.3800	0.3800	49,970,116	0.3800	0.3800	51,392,000	0.3800	0.3800
	Morgan Co R-II School District	Operating Funds-Schools	133,350,583	2.7500	2.7500 *	154,544,557	2.7500	2.7500 *	163,683,794	2.7500	2.7500 *
	Morgan County	General Revenue	260,638,387	0.2500	0.0900	306,026,171	0.2289	0.0757	314,971,496	0.2294	0.0962
		Johnson Grass	260,638,387	0.0500	0.0000	306,026,171	0.0458	0.0000	314,971,496	0.0459	0.0459
		Road & Bridge	123,132,048	0.1900	0.1900	146,351,682	0.1738	0.1738	147,038,320	0.1761	0.1761
		Health	260,638,387	0.0900	0.0900	306,026,171	0.0824	0.0824	314,971,496	0.0826	0.0826
		Senate Bill 40	260,638,387	0.0500	0.0500	306,026,171	0.0458	0.0458	314,971,496	0.0459	0.0458
		Senior Services	260,638,387	0.0500	0.0500	306,026,171	0.0458	0.0458	314,971,496	0.0459	0.0459
New Madrid	New Madrid County Ambulance Dist.	General Revenue	358,654,079	0.1500	0.1200	371,278,754	0.1500	0.1200	373,232,582	0.1500	0.1300
	City of Canalou	General Revenue	936,555	0.7161	0.7161	984,486	0.7161	0.7161	1,016,702	0.7264	0.7264
	Village of Catron	General Revenue	679,994	0.4404	0.4404	697,974	0.4404	0.4404	699,889	0.4444	0.4444
		Additional Gen.	679,994	0.2370	0.2370	697,974	0.2370	0.2370	699,889	0.2391	0.2391
	City of Gideon	General Revenue	4,770,088	0.5902	0.5902	4,917,423	0.5902	0.5902	4,830,335	0.6019	0.6019
		Parks & Recreation	4,770,088	0.1501	0.1501	4,917,423	0.1501	0.1501	4,830,335	0.1531	0.1531
	City of Howardville	General Revenue	839,921	0.6952	0.5500	921,770	0.6879	0.6800	953,458	1.0000	1.0000 *
		Parks & Recreation	839,921	0.2116	0.1500	921,770	0.2094	0.1900	**	**	**
		Library	839,921	0.2116	0.1500	921,770	0.2094	0.1900	**	**	**
		Health	839,921	0.2116	0.1500	921,770	0.2094	0.1900	**	**	**
	City of Lilbourn	General Revenue	6,417,967	0.5910	0.5910	6,573,519	0.5910	0.5910	6,563,253	0.5976	0.5910
		Parks & Recreation	6,417,967	0.1703	0.1703	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722
		Library	6,417,967	0.1703	0.1703	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722
		Health	6,417,967	0.1703	0.1703	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722
		Debt Service	6,417,967	0.0732	0.0732	6,573,519	0.1461	0.1461	6,563,253	0.2298	0.2298
	City of Marston	General Revenue	4,598,050	0.5102	0.5102	4,593,772	0.5121	0.5121	4,721,410	0.5132	0.5132
	City of Matthews	General Revenue	3,647,980	0.5600	0.5600	5,587,935	0.5600	0.5600	5,449,896	0.5754	0.5600
	City of Morehouse	General Revenue	4,822,824	0.5400	0.5400	5,128,731	0.5400	0.5400	5,087,330	0.5564	0.5500
	City of New Madrid	General Revenue	19,679,241	0.5800	0.5800	20,459,873	0.5800	0.5800	20,697,494	0.5820	0.5800
		Additional Gen. Rev.	19,679,241	0.2100	0.2100	20,459,873	0.2100	0.2100	20,697,494	0.2107	0.2100
	Village of North Lilbourn	General Revenue	151,802	0.5000	0.5000	145,366	0.5000	0.5000	170,523	0.5000	0.5000
	City of Parma	General Revenue	3,571,125	0.6300	0.6300	3,688,728	0.6300	0.6300	3,732,786	0.6316	0.6316

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Portageville	General Revenue	25,508,029	0.5301	0.5301	27,687,989	0.5301	0.5301	28,118,395	0.5310	0.5310
		Parks & Recreation	25,508,029	0.1200	0.1200	27,687,989	0.1200	0.1200	28,118,395	0.1202	0.1202
		Health	25,508,029	0.1400	0.1400	27,687,989	0.1400	0.1400	28,118,395	0.1402	0.1402
	City of Risco	General Revenue	2,036,297	0.6800	0.6800	2,067,763	0.6800	0.6800	2,057,058	0.6910	0.6910
	Village of Tallapoosa	General Revenue	388,891	0.7700	0.7700	390,085	0.7782	0.7782	414,021	0.7800	0.7800
	New Madrid County Library	General Revenue	336,778,895	0.1100	0.1100	349,337,445	0.1100	0.1100	350,867,174	0.1101	0.1100
	Risco R-II School District	Operating Funds-Schools	8,582,905	4.5800	4.5800 *	8,628,759	4.6743	4.5800	8,647,355	4.5862	4.5800
	Portageville School District	Operating Funds-Schools	37,546,918	3.0743	2.7500	40,393,698	3.0130	2.7500	41,327,939	3.0543	2.7500
		Debt Service	37,546,918	0.2500	0.2500	40,393,698	0.2500	0.2500	41,327,939	0.2500	0.2500
	Gideon 37 School District	Operating Funds-Schools	11,464,620	3.6016	3.0200	11,679,342	3.4638	3.0200	11,623,225	3.5826	3.0200
	New Madrid Co R-I School District	Operating Funds-Schools	250,531,820	2.7500	2.1000 *	259,479,212	2.7500	2.1900 *	260,940,436	2.7500	2.2800 *
		Debt Service	250,531,820	0.1800	0.1800	259,479,212	0.1800	0.1800	260,940,436	0.2400	0.2400
	New Madrid County	General Revenue	358,654,079	0.3200	0.1149	371,278,754	0.3200	0.1326	373,232,582	0.3206	0.1304
		Johnson Grass	358,654,079	0.0300	0.0100	371,278,754	0.0300	0.0100	373,232,582	0.0301	0.0100
		Road & Bridge	358,654,079	0.2400	0.2400	371,278,754	0.2400	0.2400	373,232,582	0.2405	0.2400
		Health	358,654,079	0.0900	0.0900	371,278,754	0.0900	0.0900	373,232,582	0.0902	0.0900
		Senate Bill 40	358,654,079	0.0200	0.0200	371,278,754	0.0200	0.0200	373,232,582	0.0200	0.0200
Newton	Newton County Ambulance District	General Revenue	412,905,990	0.1900	0.1900	446,058,682	0.1890	0.1890	453,104,604	0.1890	0.1890
	Lost Creek Watershed Sub District	General Revenue	18,161,120	0.3400	0.1500	19,288,910	0.3400	0.1500	19,876,220	0.3405	0.1500
	Diamond Special Road Dist Newton Co	Road & Bridge	20,121,616	0.3300	0.3300	21,512,223	0.3300	0.3300	22,024,371	0.3300	0.3300
		Special Road and Bridge	20,121,616	0.1700	0.1700 *	21,512,223	0.1700	0.1700	22,024,371	0.1700	0.1700
	Fairview Special Rd Dist Newton Co	Road & Bridge	7,054,678	0.2200	0.2200	7,687,379	0.2118	0.2118	8,028,564	0.2118	0.2118
		Special Road and Bridge	7,054,678	0.1600	0.1600 *	7,687,379	0.1540	0.1540	8,028,564	0.1540	0.1540
	Midway Special Rd Dist Newton Co	Road & Bridge	8,186,688	0.2000	0.2000	9,168,872	0.1938	0.1938	9,376,543	0.1938	0.1938
		Special Road and Bridge	8,186,688	0.1700	0.1700 *	9,168,872	0.1647	0.1647	9,376,543	0.1647	0.1647
	Neosho Special Rd Dist Newton Co	Road & Bridge	123,453,145	0.1900	0.1900	130,586,600	0.1900	0.1900	135,478,789	0.1900	0.1900
		Special Road and Bridge	123,453,145	0.1500	0.1500 *	130,586,600	0.1500	0.1500	135,478,789	0.1500	0.1500
	Seneca Special Rd Dist Newton Co	Road & Bridge	39,800,947	0.2000	0.2000	42,461,576	0.2000	0.2000	44,611,718	0.1997	0.1997
		Special Road and Bridge	39,800,947	0.1500	0.1500 *	42,461,576	0.1500	0.1500	44,611,718	0.1498	0.1498
	Stella Special Road Dist Newton Co	Road & Bridge	4,753,911	0.2100	0.2100	5,112,600	0.2027	0.2027	5,335,274	0.2027	0.2027
		Special Road and Bridge	4,753,911	0.1400	0.1400 *	5,112,600	0.1352	0.1352	5,335,274	0.1352	0.1352
	City of Diamond	General Revenue	4,053,289	0.2700	0.2700	4,401,332	0.2700	0.2700	4,446,751	0.2700	0.2700
	City of Fairview	General Revenue	1,294,503	0.3990	0.3990	1,518,638	0.3571	0.3571	1,556,489	0.3571	0.3571
		Streets	1,294,503	0.3492	0.3492	1,518,638	0.3125	0.3125	1,556,489	0.3125	0.3125
	City of Granby	General Revenue	5,766,817	0.4100	0.4100	10,696,868	0.3607	0.3600	9,815,711	0.3981	0.3981
		Cemetery	5,766,817	0.0800	0.0800 *	10,696,868	0.0704	0.0700	9,815,711	0.0777	0.0777
	Village of Leawood	General Revenue	6,407,244	0.2229	0.2229	6,387,736	0.2237	0.2237	6,518,467	0.2237	0.2237
	Village of Newtonia	General Revenue	718,164	0.2200	0.2200	876,708	0.1912	0.1912	894,646	0.1912	0.1912
	Village of Ritchey	General Revenue	269,200	0.5597	0.5597	288,719	0.5599	0.5599	293,269	0.5599	0.5599
	Village of Saginaw	General Revenue	3,246,041	0.2300	0.2200	3,066,364	0.2443	0.2200	3,087,666	0.2482	0.2200
	City of Seneca	General Revenue	12,142,691	0.4300	0.4300	12,840,665	0.4300	0.4300	13,635,223	0.4300	0.4300
		Parks & Recreation	12,142,691	0.0500	0.0500	12,840,665	0.0500	0.0500	13,635,223	0.0500	0.0500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of Shoal Creek Drive	General Revenue	1,958,298	0.2100	0.2100	2,045,886	0.2076	0.2076	2,160,110	0.2138	0.2138
	Village of Silver Creek	General Revenue	6,381,751	0.1600	0.1500	6,757,886	0.1596	0.1500	6,841,596	0.1596	0.1500
	Village of Stella	General Revenue	887,353	0.4900	0.4900	982,274	0.4579	0.4579	1,066,217	0.4579	0.4579
	Village of Wentworth	General Revenue	560,065	0.3085	0.3000	654,071	0.2806	0.2800	693,874	0.2769	0.2769
	Village of Shoal Creek Estates	General Revenue	793,120	0.2480	0.2480	882,215	0.5003	0.5000 *	932,744	0.5003	0.5000
	Town of Loma Linda	General Revenue	7,441,630	0.5000	0.5000	7,733,890	0.5000	0.5000	7,900,620	0.5000	0.5000
		Sewer	7,441,630	0.5000	0.5000	7,733,890	0.5000	0.5000	7,900,620	0.5000	0.5000
		Public Health and Sewer	7,441,630	0.2000	0.2000	7,733,890	0.2000	0.2000	7,900,620	0.2000	0.2000
	City/Co Library of Neosho-Newton Co	General Revenue	429,221,065	0.1000	0.1000	455,873,321	0.0997	0.0997	473,626,525	0.0997	0.0997
	Neosho Area Fire Protection Dist	General Revenue	53,492,680	0.4100	0.4100	56,038,053	0.4100	0.4100	60,832,355	0.4071	0.4071
	Redings Mill Area Fire Prot Dist	General Revenue	110,969,151	0.3501	0.3501	119,742,737	0.3501	0.3501	123,461,491	0.3501	0.3501
		Debt Service	**	**	**	**	**	**	123,461,491	0.1151	0.1151
	Diamond Area Fire Protection Dist	General Revenue	24,144,333	0.2600	0.2600	26,016,577	0.2573	0.2573	26,254,350	0.2602	0.2602
	Seneca Area Fire Protection Dist	General Revenue	24,715,109	0.2800	0.2800	26,578,327	0.2800	0.2800	27,738,733	0.2786	0.2786
	East Newton Fire Protection Dist	General Revenue	14,331,911	0.2889	0.2889	15,680,547	0.2810	0.2810	16,122,706	0.2810	0.2810
	Crowder College	General Revenue	497,174,634	0.4000	0.4000	522,349,874	0.4000	0.4000	532,059,750	0.4000	0.4000
	East Newton Co R-VI School District	Operating Funds-Schools	43,361,421	2.7500	2.7500 *	48,717,334	2.7500	2.7500 *	48,820,425	2.7500	2.7500 *
		Debt Service	43,361,421	0.2400	0.2400	48,717,334	0.5500	0.5500	48,820,425	0.5500	0.5500
	Diamond R-IV School District	Operating Funds-Schools	37,252,098	2.6900	2.6900 *	40,043,353	2.7500	2.7500 *	41,937,299	2.7500	2.7500 *
		Debt Service	37,252,098	0.9900	0.9900	40,043,353	0.9900	0.9900	41,937,299	0.9900	0.9900
	Westview C-6 School District	Operating Funds-Schools	4,576,223	2.7500	2.7500 *	4,965,300	2.7500	2.7500 *	5,144,341	2.7500	2.7500 *
		Debt Service	4,576,223	0.2072	0.2072	4,965,300	0.2544	0.2544	5,144,341	0.0945	0.0945
	Seneca R-VII School District	Operating Funds-Schools	51,545,046	2.7500	2.7500 *	55,779,977	2.7500	2.7500 *	58,114,724	2.7500	2.7500 *
		Debt Service	51,545,046	0.3500	0.3500	55,779,977	0.0255	0.0255	**	**	**
	Neosho R-V School District	Operating Funds-Schools	188,061,139	2.8517	2.7500	202,798,148	2.7878	2.7500	203,773,795	2.8376	2.7500
	Newton County	Common Road District	86,443,812	0.2000	0.2000	90,948,990	0.2000	0.2000	85,487,594	0.2170	0.2170
		Health	493,761,789	0.0500	0.0500	527,056,713	0.0500	0.0500	537,041,653	0.0500	0.0500
		Mental Health	493,761,789	0.0800	0.0700	527,056,713	0.0800	0.0700	537,041,653	0.0800	0.0800
		County Fair	493,761,789	0.0100	0.0100	527,056,713	0.0100	0.0100	537,041,653	0.0100	0.0100
Nodaway	Hoover Frankum Watershed Sub Dist	General Revenue	1,189,824	0.3825	0.3800	1,190,163	0.3825	0.3800	1,187,016	0.3835	0.3800
	Mozingo Creek Watershed Sub Dist	General Revenue	12,405,262	0.0000	0.0000	11,716,197	0.0000	0.0000	0	0.0000	0.0000
	102 River Tributaries Sub District	General Revenue	13,473,967	0.1452	0.1000	8,352,972	0.2342	0.1000	8,546,946	0.2326	0.1000
	Lorain Spec Rd Dist Nodaway Co	Road & Bridge	**	**	**	438,110	0.3500	0.3500 *	448,960	0.3500	0.3500
	City of Arkoe	General Revenue	215,829	0.9842	0.9800	240,229	0.9840	0.9840	254,065	0.9741	0.9741
	City of Barnard	General Revenue	763,952	0.7538	0.7500	770,225	0.7539	0.7539	801,526	0.7644	0.7644
		Streets	763,952	1.0000	1.0000 *	770,225	1.0000	1.0000 *	801,526	1.0000	1.0000
		Debt Service	763,952	0.0000	0.0000	**	**	**	**	**	**
	City of Burlington Junction	General Revenue	2,217,447	0.8840	0.8840	2,266,117	0.8840	0.8800	2,422,603	0.8818	0.8818
		Streets	2,217,447	0.3000	0.3000	2,266,117	0.3000	0.3000	2,422,603	0.2992	0.2992
		Debt Service	2,217,447	0.5566	0.5566	2,266,117	0.5140	0.5140	**	**	**
	City of Clearmont	General Revenue	752,430	0.7591	0.7000	740,276	0.7721	0.7500	742,729	0.7722	0.7500
	Village of Clyde	General Revenue	256,512	0.5384	0.5300	243,637	0.5000	0.5000	264,077	0.4970	0.4970

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Conception Junction	General Revenue	660,671	0.9751	0.9751	734,246	1.0000	1.0000	779,138	1.0000	1.0000
	City of Elmo	General Revenue	594,820	1.0765	1.0000 *	587,479	1.0000	1.0000	566,566	1.0000	1.0000
		Streets	594,820	0.4276	0.4276	587,479	0.4332	0.4330	566,566	0.4500	0.4500 *
	City of Graham	General Revenue	675,894	0.9513	0.9513	701,378	0.9514	0.9514	744,327	0.9514	0.9514
		Streets	675,894	1.1400	1.1400 *	701,378	1.1400	1.1400 *	744,327	1.1400	1.1400 *
	Village of Guilford	General Revenue	327,754	2.0000	2.0000	316,393	2.0000	2.0000	313,960	2.0000	2.0000
		Streets	327,754	0.5000	0.5000 *	316,393	0.5000	0.5000	313,960	0.5000	0.5000
	City of Hopkins	General Revenue	2,277,700	0.3728	0.3728	2,284,509	0.3731	0.3731	2,361,125	0.3731	0.3731
		Lights	2,277,700	0.1962	0.1962	2,284,509	0.1963	0.1963	2,361,125	0.1963	0.1963
		Streets	2,277,700	0.1962	0.1962	2,284,509	0.1963	0.1963	2,361,125	0.1963	0.1963
		General Rev-Temp	2,277,700	0.2000	0.2000 *	2,284,509	0.2000	0.2000	2,361,125	0.2000	0.2000
		Streets-Temp	2,277,700	0.7359	0.7359	2,284,509	0.7364	0.7364	**	**	**
		Street Improvements	**	**	**	**	**	**	2,361,125	0.7500	0.7500 *
	City of Maryville	General Revenue	94,653,639	0.3133	0.3133	102,578,839	0.3125	0.3125	105,829,348	0.3125	0.3125
		Parks & Recreation	94,653,639	0.3133	0.3133	102,578,839	0.3125	0.3125	105,829,348	0.3125	0.3125
		Library	94,653,639	0.1415	0.1415	102,578,839	0.1412	0.1412	105,829,348	0.1412	0.1412
		Debt Service	94,653,639	0.1500	0.1500	102,578,839	0.1350	0.1350	105,829,348	0.1450	0.1450
	City of Parnell	General Revenue	430,521	1.0000	0.9500	450,435	1.0000	1.0000	484,588	0.9865	0.9865
		Parks & Recreation	430,521	0.4000	0.4000	450,435	0.4000	0.4000	484,588	0.3947	0.3947
		General Revenue-Temp	430,521	0.3000	0.3000	450,435	0.3000	0.3000 *	484,588	0.2960	0.2960
		Debt Service	**	**	**	450,435	2.1166	2.1166	484,588	0.0000	0.0000
	Village of Pickering	General Revenue	561,484	0.7500	0.7500	581,142	0.7566	0.7566	632,386	0.7493	0.7493
		Streets-Temp	561,484	1.0000	1.0000 *	581,142	1.0000	1.0000	632,386	0.9904	0.9904
	Village of Quitman	General Revenue	130,198	1.9238	1.9000	126,506	2.0000	1.9000	140,769	1.9031	1.9031
	City of Ravenwood	General Revenue	2,104,853	0.7296	0.7200	2,187,751	0.7285	0.7285	2,225,714	0.7417	0.7417
		Streets-Temp	2,104,853	0.7500	0.7500 *	2,187,751	0.7489	0.7489	2,225,714	0.7500	0.7500
	City of Skidmore	General Revenue	1,158,502	0.9637	0.9600	1,241,050	0.9637	0.9637	1,294,235	0.9637	0.9637
		Streets	**	**	**	1,241,050	1.0000	1.0000 *	1,294,235	1.0000	1.0000
	Atchison Township of Nodaway Co	General Revenue	4,701,056	0.0500	0.0500	4,608,005	0.0500	0.0500	4,750,737	0.0500	0.0500
		Road & Bridge	4,701,056	0.5000	0.5000	4,608,005	0.5000	0.5000	4,750,737	0.5000	0.5000
		Special Road and Bridge	4,701,056	0.3500	0.3500	4,608,005	0.3500	0.3500 *	4,750,737	0.3500	0.3500
		Debt Service	4,701,056	0.7549	0.7549	4,608,005	0.8433	0.8433	4,750,737	0.8175	0.8175
	Grant Township of Nodaway Co	General Revenue	5,189,491	0.0500	0.0500	5,231,649	0.0500	0.0500	5,846,779	0.0500	0.0500
		Road & Bridge	5,189,491	0.5000	0.5000	5,231,649	0.5000	0.5000	5,846,779	0.5000	0.5000
		Special Road and Bridge	5,189,491	0.3500	0.3500	5,231,649	0.3500	0.3500 *	5,846,779	0.3500	0.3500
	Green Township of Nodaway Co	General Revenue	4,019,198	0.0500	0.0500	4,023,897	0.0500	0.0500	4,117,207	0.0500	0.0500
		Road & Bridge	4,019,198	0.5000	0.5000	4,023,897	0.5000	0.5000	4,117,207	0.5000	0.5000
		Special Road and Bridge	4,019,198	0.3500	0.3500	4,023,897	0.3500	0.3500 *	4,117,207	0.3500	0.3500
		Debt Service	4,019,198	1.0859	1.0859	4,023,897	1.1398	1.1398	4,117,207	0.0000	0.0000
	Hopkins Township of Nodaway Co	General Revenue	5,649,712	0.0500	0.0500	5,658,385	0.0500	0.0500	5,824,116	0.0500	0.0500
		Road & Bridge	5,649,712	0.5000	0.5000	5,658,385	0.5000	0.5000	5,824,116	0.5000	0.5000
		Special Road and Bridge	5,649,712	0.3500	0.3500	5,658,385	0.3500	0.3500 *	5,824,116	0.3500	0.3500
	Hughes Township of Nodaway Co	General Revenue	6,491,748	0.0500	0.0500	6,549,846	0.0500	0.0500	6,730,707	0.0500	0.0500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Independence Township of Nodaway Co		Road & Bridge	6,491,748	0.5000	0.5000	6,549,846	0.5000	0.5000	6,730,707	0.5000	0.5000
		Special Road and Bridge	6,491,748	0.3500	0.3500	6,549,846	0.3500	0.3500 *	6,730,707	0.3500	0.3500
		Debt Service	6,491,748	0.0305	0.0305	**	**	**	**	**	**
		General Revenue	3,806,881	0.0500	0.0500	3,792,386	0.0500	0.0500	3,948,432	0.0500	0.0500
		Road & Bridge	3,806,881	0.5000	0.5000	3,792,386	0.5000	0.5000	3,948,432	0.5000	0.5000
		Special Road and Bridge	3,806,881	0.3500	0.3500	3,792,386	0.3500	0.3500 *	3,948,432	0.3500	0.3500
		Debt Service	3,806,881	0.1735	0.1735	3,792,386	0.7845	0.7845	3,948,432	0.9149	0.9149
		General Revenue	9,242,976	0.0500	0.0500	8,902,989	0.0500	0.0500	8,980,547	0.0500	0.0500
		Road & Bridge	9,242,976	0.5000	0.5000	8,902,989	0.5000	0.5000	8,980,547	0.5000	0.5000
		Special Road and Bridge	9,242,976	0.3500	0.3500	8,902,989	0.3500	0.3500	8,980,547	0.3500	0.3500
		Debt Service	9,242,976	0.3652	0.3652	8,902,989	0.6097	0.6097	8,980,547	0.4878	0.4878
		General Revenue	5,214,801	0.0500	0.0500	5,376,261	0.0500	0.0500	5,406,432	0.0500	0.0500
Jackson Township of Nodaway Co		Road & Bridge	5,214,801	0.5000	0.5000	5,376,261	0.5000	0.5000	5,406,432	0.5000	0.5000
		Special Road and Bridge	5,214,801	0.3500	0.3500	5,376,261	0.3500	0.3500 *	5,406,432	0.3500	0.3500
		General Revenue	4,879,860	0.0500	0.0500	4,890,627	0.0500	0.0500	4,972,364	0.0500	0.0500
		Road & Bridge	4,879,860	0.5000	0.5000	4,890,627	0.5000	0.5000	4,972,364	0.5000	0.5000
		Special Road and Bridge	4,879,860	0.3500	0.3500	4,890,627	0.3500	0.3500	4,972,364	0.3500	0.3500
		Debt Service	4,879,860	1.0629	1.0629	4,890,627	1.0932	1.0932	4,972,364	1.0342	1.0342
		General Revenue	3,965,176	0.0500	0.0500	4,069,986	0.0500	0.0500	4,168,831	0.0500	0.0500
		Road & Bridge	3,965,176	0.4621	0.4600	4,069,986	0.4621	0.4621	4,168,831	0.4621	0.4621
		Special Road and Bridge	3,965,176	0.3500	0.3500	4,069,986	0.3500	0.3500 *	4,168,831	0.3500	0.3500
		Debt Service	3,965,176	1.0340	1.0350	4,069,986	1.0120	1.0120	4,168,831	0.8889	0.8889
		General Revenue	6,467,179	0.0500	0.0500	6,508,064	0.0500	0.0500	6,863,358	0.0498	0.0498
		Road & Bridge	6,467,179	0.4848	0.4700	6,508,064	0.4848	0.4800	6,863,358	0.4828	0.4828
		Special Road and Bridge	6,467,179	0.3500	0.3500	6,508,064	0.3500	0.3500	6,863,358	0.3485	0.3485
Monroe Township of Nodaway Co		Debt Service	6,467,179	0.8924	0.8924	6,508,064	0.8595	0.8595	6,863,358	0.5464	0.5464
		General Revenue	142,546,306	0.0500	0.0500	156,330,523	0.0500	0.0500	158,951,328	0.0500	0.0500
		Road & Bridge	142,546,306	0.2605	0.2300	156,330,523	0.2605	0.2605	158,951,328	0.2605	0.2605
		General Revenue	4,445,415	0.0500	0.0500	4,517,667	0.0500	0.0500	4,668,455	0.0500	0.0500
		Road & Bridge	4,445,415	0.5000	0.5000	4,517,667	0.5000	0.5000	4,668,455	0.5000	0.5000
		Special Road and Bridge	4,445,415	0.3500	0.3500	4,517,667	0.3500	0.3500	4,668,455	0.3500	0.3500
		Debt Service	4,445,415	0.4855	0.4855	4,517,667	0.7633	0.7633	4,668,455	0.5945	0.5945
		General Revenue	3,993,973	0.0500	0.0500	3,922,070	0.0500	0.0500	3,767,434	0.0500	0.0500
		Road & Bridge	3,993,973	0.5000	0.5000	3,922,070	0.5000	0.5000	3,767,434	0.5000	0.5000
		Special Road and Bridge	3,993,973	0.3500	0.3500	3,922,070	0.3500	0.3500 *	3,767,434	0.3500	0.3500
		General Revenue	5,961,346	0.0500	0.0500	5,999,856	0.0500	0.0500	6,266,452	0.0500	0.0500
		Road & Bridge	5,961,346	0.4200	0.4200	5,999,856	0.4292	0.4200	6,266,452	0.4292	0.4292
		Special Road and Bridge	5,961,346	0.3500	0.3500	5,999,856	0.3500	0.3500	6,266,452	0.3500	0.3500
Washington Township of Nodaway Co		Debt Service	5,961,346	0.5814	0.5814	5,999,856	0.7580	0.7580	6,266,452	0.8002	0.8002
		General Revenue	8,358,918	0.2000	0.2000	8,529,841	0.2000	0.2000	9,429,566	0.2000	0.2000
		General Revenue	6,696,544	0.1000	0.1000	6,751,929	0.1000	0.1000	6,935,366	0.1000	0.1000
		General Revenue	7,805,761	0.1300	0.1100	7,872,861	0.1300	0.1100	8,140,109	0.1300	0.1300
		General Revenue	48,153,186	0.0500	0.0500	54,665,254	0.0500	0.0500	53,942,710	0.0500	0.0500
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
White Cloud Township of Nodaway Co		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
Barnard Fire Protection District		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
Graham Fire Protection District		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
Hopkins Fire Protection District		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
Polk Fire Protection District		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									
		General Revenue									

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Clearmont Fire Protection District	General Revenue	4,419,150	0.3000	0.3000	4,286,916	0.3000	0.3000	4,407,325	0.3000	0.3000
	Skidmore Fire Protection District	General Revenue	6,461,827	0.2100	0.2100	6,589,058	0.2100	0.2100	6,687,775	0.2100	0.2100
	West Nodaway Fire Protection Dist	General Revenue	10,078,321	0.3000	0.2800	10,143,879	0.3000	0.2800	10,550,593	0.2977	0.2800
	Jackson Township Fire Prot Dist	General Revenue	9,189,128	0.0000	0.0000	8,903,378	0.0000	0.0000	8,983,365	0.0000	0.0000
		Fire	9,189,128	0.3000	0.2500	8,903,378	0.3000	0.2500	8,983,365	0.3000	0.2500
	Union Township Fire Protection Dist	General Revenue	3,344,688	0.2904	0.2904	3,434,492	0.2904	0.2904	3,559,076	0.2890	0.2890
	Elmo Fire Protection District	General Revenue	3,613,755	0.2976	0.2976	3,635,980	0.2976	0.2976	3,638,878	0.2976	0.2976
	Parnell Fire Protection District	General Revenue	3,988,663	0.2700	0.2700	4,031,438	0.2700	0.2700	4,138,360	0.2700	0.2700
	Nodaway-Holt R-VII School District	Operating Funds-Schools	17,209,291	3.7106	3.7106	18,114,547	3.7011	3.7011	18,326,600	3.7500	3.7500
		Operating Funds-Temps	17,209,291	0.9000	0.9000	18,114,547	0.9000	0.9000	18,326,600	0.9000	0.9000
	West Nodaway Co R-I School District	Operating Funds-Schools	16,536,440	3.6504	3.1700	16,642,760	3.6972	3.2530	16,994,510	3.6564	3.2007
		Debt Service	16,536,440	0.6500	0.6500	16,642,760	0.7000	0.7000	16,994,510	0.7000	0.7000
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	10,540,470	4.6100	4.6100	10,267,190	4.6100	4.6100	10,464,120	4.6100	4.6100
	Jefferson C-123 School District	Operating Funds-Schools	5,113,770	5.4070	4.2788	5,341,020	5.4573	4.3378	5,436,540	5.4518	4.3031
		Operating Funds-Temp	5,113,770	0.7500	0.7500	5,341,020	0.7500	0.7500	5,436,540	0.7500	0.7500
		Debt Service	5,113,770	0.6363	0.6363	5,341,020	0.6235	0.6235	5,436,540	0.5535	0.5535
	North Nodaway Co R-VI School Dist	Operating Funds-Schools	10,997,570	4.4001	4.0200	11,185,550	4.4087	4.1800	11,472,570	4.4402	4.2300
		Debt Service	10,997,570	0.5900	0.5900	11,185,550	0.4300	0.4300	11,472,570	0.3800	0.3800
	Maryville R-II School District	Operating Funds-Schools	138,281,822	3.5908	3.2476	152,458,285	3.9435	3.6070 *	154,786,918	3.9435	3.6250
		Debt Service	138,281,822	0.5700	0.5700	152,458,285	0.5533	0.5533	154,786,918	0.4643	0.4643
	South Nodaway Co R-IV School Dist	Operating Funds-Schools	7,882,470	5.5102	4.6102	8,055,190	5.5033	4.5368	8,849,300	5.5317	4.5453
		Debt Service	7,882,470	0.6189	0.6189	8,055,190	0.6072	0.6072	8,849,300	0.4007	0.4007
	Nodaway County	General Revenue	216,598,937	0.3500	0.0000	230,368,131	0.3500	0.0000	235,263,174	0.3500	0.0000
		Health	216,598,937	0.0500	0.0500	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500
		Ambulance	216,598,937	0.1800	0.1800	230,368,131	0.1800	0.1800	235,263,174	0.1800	0.1800
		Senate Bill 40	216,598,937	0.0500	0.0500	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500
		Senior Services	216,598,937	0.0500	0.0500 *	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500
Oregon	Oregon County Ambulance District	General Revenue	61,796,953	0.1400	0.1400	65,920,974	0.1400	0.1400	67,914,973	0.1400	0.1400
	Thayer Spec Rd Dist Oregon Co	Road & Bridge	23,833,081	0.2100	0.2100	25,211,088	0.2100	0.2100	25,899,304	0.2107	0.2100
	City of Alton	General Revenue	3,348,166	0.5200	0.5200	3,794,636	0.5200	0.5200	3,889,214	0.5200	0.5200
	City of Koshkonong	General Revenue	631,402	0.7399	0.7399	702,396	0.7317	0.7317	680,410	0.7553	0.7553
	City of Thayer	General Revenue	11,930,206	0.4319	0.4300	12,520,825	0.4319	0.4300	12,582,161	0.4382	0.4300
	Oregon County Library District	General Revenue	61,796,953	0.1900	0.1900	65,920,974	0.1900	0.1900	67,914,973	0.1900	0.1900
	Couch R-I School District	Operating Funds-Schools	6,930,861	2.7200	2.7200 *	7,200,319	2.7500	2.7500 *	7,394,211	2.7500	2.7500 *
		Debt Service	6,930,861	0.6800	0.6800	7,200,319	0.6500	0.6500	7,394,211	0.6100	0.6100
	Thayer R-II School District	Operating Funds-Schools	20,474,237	2.7500	2.7500 *	21,445,100	2.7500	2.7500 *	22,035,656	2.7500	2.7500 *
	Oregon-Howell R-III School District	Operating Funds-Schools	8,671,733	2.7500	2.7500 *	9,017,763	2.7500	2.7500 *	9,140,144	2.7500	2.7500 *
		Debt Service	**	**	**	9,017,763	0.8000	0.8000	9,140,144	0.8000	0.8000
	Alton R-IV School District	Operating Funds-Schools	22,405,975	2.7400	2.7400 *	23,788,080	2.7500	2.7500 *	24,405,968	2.7500	2.7500 *
	Oregon County	General Revenue	61,796,953	0.3400	0.0800	65,920,974	0.3400	0.0800	67,914,973	0.3400	0.0800
		Common Road District	37,963,873	0.2600	0.2500	40,709,885	0.2600	0.2500	42,015,667	0.2600	0.2500
		Health	61,796,953	0.1000	0.1000	65,920,974	0.1000	0.1000	67,914,973	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Osage		Senate Bill 40	61,796,953	0.1000	0.1000	65,920,974	0.1000	0.1000	67,914,973	0.1000	0.1000
		Senior Services	61,796,953	0.0500	0.0500	65,920,974	0.0500	0.0500	67,914,973	0.0500	0.0500
	Osage Ambulance District	General Revenue	88,123,776	0.2900	0.2900	95,065,808	0.2900	0.2900	102,239,122	0.2929	0.2929
	Argyle Spec Rd Dist Osage Co	Road & Bridge	2,809,845	0.2501	0.2501	2,858,442	0.2530	0.2530	0	0.0000	0.0000
	Chamois Spec Rd Dist Osage Co	Road & Bridge	4,615,758	0.3300	0.3300	4,830,991	0.3300	0.3300	4,786,127	0.3341	0.3341
	Linn City Spec Rd Dist Osage Co	Road & Bridge	12,924,979	0.2400	0.2400	13,562,484	0.2400	0.2400	13,573,385	0.2426	0.2426
	Linn Twp Spec Road Dist Osage Co	Road & Bridge	0	0.0000	0.0000	**	**	**	**	**	**
	Schawnee Creek-Busse Sp Rd Osage Co	Road & Bridge	0	0.0000	0.0000	**	**	**	**	**	**
	Starke Spec Rd Dist Osage Co	Road & Bridge	762,965	0.3500	0.3000	772,495	0.3500	0.3500	800,331	0.3500	0.3500
	Westphalia Spec Rd Dist Osage Co	Road & Bridge	3,009,252	0.2302	0.2302	3,008,244	0.2305	0.2305	3,138,396	0.2305	0.2305
		Special Road and Bridge	3,009,252	0.1800	0.1800	3,008,244	0.1800	0.1800	3,138,396	0.1800	0.1800
	Village of Argyle	General Revenue	1,063,600	0.3301	0.2901	1,055,464	0.3340	0.2900	1,043,923	0.3400	0.2900
		Debt Service	**	**	**	**	**	**	1,043,923	0.0000	0.0000
	City of Chamois	General Revenue	2,491,224	0.5800	0.5800	2,527,979	0.5871	0.5871	2,620,364	0.5901	0.5901
	City of Linn	General Revenue	12,857,860	0.5100	0.5100	13,498,237	0.5100	0.5100	13,512,369	0.5155	0.5155
		Parks & Recreation	12,857,860	0.0500	0.0500	13,498,237	0.0500	0.0500	13,512,369	0.0500	0.0500
		Debt Service	12,857,860	1.1959	1.1959	13,498,237	0.9785	0.9785	13,512,369	0.9199	0.9199
	City of Meta	General Revenue	2,805,050	0.5000	0.4300	2,947,616	0.5000	0.4300	2,925,360	0.5038	0.4300
	Osage County Library	General Revenue	130,325,214	0.1700	0.1700	138,915,246	0.1700	0.1700	140,829,661	0.1708	0.1708
	Chamois Fire Protection District	General Revenue	7,897,301	0.3000	0.3000	8,134,296	0.3000	0.3000	9,009,380	0.3000	0.3000
	Meta Fire & Rescue Fire Prot Dist	General Revenue	**	**	**	8,495,770	0.3000	0.2800 *	9,305,381	0.3000	0.2800
	Linn Fire Protection District	General Revenue	**	**	**	**	**	**	53,016,632	0.3000	0.1962 *
	Osage Co R-I School District	Operating Funds-Schools	9,958,800	4.2705	3.3605	10,214,103	4.2162	3.4162	10,578,401	4.0809	3.4309
	Osage Co R-II School District	Operating Funds-Schools	36,822,004	2.8856	2.8856	38,891,298	2.8077	2.8077	40,418,352	2.7500	2.7500 *
		Debt Service	36,822,004	0.3900	0.3900	38,891,298	0.3900	0.3900	40,418,352	0.3900	0.3900
	Osage Co R-III School District	Operating Funds-Schools	51,137,140	2.6900	2.6900 *	53,171,466	2.6900	2.6900 *	55,780,962	2.6900	2.6900 *
		Debt Service	51,137,140	0.4200	0.4200	53,171,466	0.4200	0.4200	55,780,962	0.4200	0.4200
	Osage County	General Revenue	130,325,214	0.3100	0.1301	138,915,246	0.3100	0.1732	140,829,661	0.3115	0.1524
		Common Road District	104,916,807	0.2056	0.2000	112,543,405	0.2056	0.2056	117,183,477	0.2110	0.2056
		Developmentally Disabled	130,325,214	0.1000	0.1000	138,915,246	0.1000	0.1000	140,829,661	0.1000	0.1000
Ozark	Village of Bakersfield	General Revenue	932,769	0.2400	0.2400	963,151	0.2508	0.2400	940,536	0.2610	0.2610
		Health	932,769	0.1200	0.1200	963,151	0.1253	0.1253	940,536	0.1304	0.1304
	City of Gainesville	General Revenue	6,303,639	0.4700	0.4700	6,561,395	0.4700	0.4700	6,633,460	0.4700	0.4700
	City of Theodosia	General Revenue	2,245,431	0.3669	0.3669	2,401,620	0.3669	0.3669	2,439,345	0.3689	0.3689
	Village of Sundown	General Revenue	645,089	0.5000	0.5000	0	0.0000	0.0000	**	**	**
	Thornfield R-I School District	Operating Funds-Schools	4,077,981	2.7986	2.7500	4,294,938	2.8555	2.8555	4,501,539	2.7500	2.7500 *
		Debt Service	4,077,981	0.5900	0.5900	4,294,938	0.5721	0.5721	4,501,539	0.5397	0.5397
	Bakersfield R-IV School District	Operating Funds-Schools	7,825,651	3.7500	3.7500 *	8,208,126	3.7500	3.5300	8,418,462	3.7431	3.4831
		Debt Service	**	**	**	8,208,126	0.2200	0.2200	8,418,462	0.2600	0.2600
	Gainesville R-V School District	Operating Funds-Schools	29,579,723	2.7500	2.7500 *	30,818,745	2.7500	2.7500 *	31,266,550	2.7500	2.7500 *
		Debt Service	29,579,723	0.5800	0.5800	30,818,745	0.5800	0.5800	31,266,550	0.5800	0.5800

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pemiscot	Dora R-III School District	Operating Funds-Schools	9,783,960	2.7200	2.7200 *	10,101,381	2.7500	2.7500 *	10,148,883	2.7500	2.7500 *
		Debt Service	9,783,960	0.2300	0.2300	10,101,381	0.1800	0.1800	10,148,883	0.2300	0.2300
	Lutie R-VI School District	Operating Funds-Schools	11,853,725	3.3573	3.3573	12,442,228	3.1793	3.1793	12,917,775	3.1772	3.1772
		Debt Service	11,853,725	0.3004	0.3004	12,442,228	0.1613	0.1613	12,917,775	0.4900	0.4900
	Ozark County	General Revenue	66,933,574	0.3300	0.1600	70,827,038	0.3353	0.1694	72,806,532	0.3353	0.1693
		Road & Bridge	66,933,574	0.2500	0.2500	70,827,038	0.2540	0.2500	72,806,532	0.2540	0.2500
		Health	66,933,574	0.1000	0.1000	70,827,038	0.1000	0.1000	72,806,532	0.1000	0.1000
		Ambulance	66,933,574	0.1300	0.1300	70,827,038	0.1321	0.1321	72,806,532	0.1321	0.1321
	City of Bragg City	General Revenue	479,090	0.4901	0.4900	502,243	0.4901	0.4900	474,528	0.5000	0.0000
	City of Caruthersville	General Revenue	40,897,688	0.5049	0.5000	42,088,503	0.5049	0.5000	39,839,431	0.5357	0.5000
		Sewer	40,897,688	0.1717	0.1700	42,088,503	0.1717	0.1700	39,839,431	0.1822	0.1700
		Library	40,897,688	0.1000	0.1000	42,088,503	0.1000	0.1000	39,839,431	0.1000	0.1000
		Health	40,897,688	0.1515	0.1500	42,088,503	0.1515	0.1500	39,839,431	0.1607	0.1500
		Cemetery	40,897,688	0.0500	0.0500	42,088,503	0.0500	0.0500	39,839,431	0.0500	0.0500
	Town of Cooter	General Revenue	2,062,710	0.9751	0.9600	2,050,816	0.9926	0.9600	2,582,253	1.0000	0.9600
	City of Hayti	General Revenue	16,936,264	0.5108	0.5100	17,582,975	0.5108	0.5100	17,882,356	0.5166	0.5100
		Parks & Recreation	16,936,264	0.2303	0.2300	17,582,975	0.2303	0.2300	17,882,356	0.2329	0.2300
		Library	16,936,264	0.1703	0.1700	17,582,975	0.1703	0.1700	17,882,356	0.1722	0.1700
		Health	16,936,264	0.1402	0.1400	17,582,975	0.1402	0.1400	17,882,356	0.1418	0.1400
		Cemetery	16,936,264	0.0500	0.0500	17,582,975	0.0500	0.0500	17,882,356	0.0500	0.0500
	City of Hayti Heights	General Revenue	936,808	0.6127	0.6100	945,042	0.6242	0.6200	950,758	0.6483	0.6400
		Health	936,808	0.1838	0.1800	945,042	0.1873	0.1800	950,758	0.1945	0.1900
	Village of Holland	General Revenue	1,080,652	0.4900	0.4900	1,206,528	0.4793	0.4700	1,229,420	0.4828	0.4828
	City of Homestown	General Revenue	161,600	0.5893	0.5800	203,710	0.5889	0.5800	175,110	0.6000	0.6000
	City of Steele	General Revenue	9,279,803	0.5226	0.5200	9,409,030	0.5226	0.5200	9,578,302	0.5226	0.5226
		Parks & Recreation	9,279,803	0.1508	0.1500	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508
		Library	9,279,803	0.1508	0.1500	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508
		Health	9,279,803	0.1508	0.1500	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508
	Village of Wardell	General Revenue	1,069,376	0.6368	0.6300	1,087,592	0.6409	0.6400	1,091,901	0.6509	0.6500
		Health	1,069,376	0.1000	0.1000	1,087,592	0.1000	0.1000	1,091,901	0.1000	0.1000
	Town of Hayward	General Revenue	0	0.0000	0.0000	**	**	**	**	**	**
	Village of North Wardell	General Revenue	319,710	0.2599	0.2500	339,730	0.2599	0.2500	316,780	0.2787	0.2787
		Health	319,710	0.1664	0.1600	339,730	0.1664	0.1600	316,780	0.1784	0.1784
	North Pemiscot Co R-I School Dist	Operating Funds-Schools	14,390,046	3.5000	2.8500	14,746,863	3.5000	2.8500	14,764,390	3.5000	2.8500
	Hayti R-II School District	Operating Funds-Schools	20,738,560	3.3980	3.3900	21,494,360	3.3847	3.3800	21,548,002	3.4831	3.2800
	Pemiscot Co R-III School District	Operating Funds-Schools	7,320,855	3.5781	3.0500	7,713,525	3.6360	3.0500	7,054,475	4.0000	3.4500
	Cooter R-IV School District	Operating Funds-Schools	4,860,970	3.6753	3.3100	4,942,250	3.6591	3.3100	5,436,320	3.6958	3.3100
	South Pemiscot Co R-V School Dist	Operating Funds-Schools	20,002,877	3.1185	2.7500	21,295,061	3.0768	2.7500	20,536,367	3.2324	2.7500
	Pemiscot Co C-7 School District	Operating Funds-Schools	8,703,190	3.6607	2.8500	8,867,890	3.6761	2.8500	9,021,301	3.6854	2.8500
	Caruthersville 18 School District	Operating Funds-Schools	41,801,689	3.3642	2.7500	42,688,515	3.3631	2.7500	40,428,975	3.5790	2.8500
		Debt Service	41,801,689	0.1500	0.1500	42,688,515	0.2800	0.2800	40,428,975	0.3000	0.3000
	Pemiscot Co Special School District	Operating Funds-Schools	149,776,236	0.4540	0.4500	153,071,314	0.4540	0.4500	148,772,382	0.4714	0.4700



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Perry	Pemiscot County	General Revenue	151,065,983	0.3800	0.1800	154,383,137	0.3800	0.1900	149,950,992	0.3948	0.2014
		Johnson Grass	151,065,983	0.0500	0.0500	154,383,137	0.0500	0.0500	149,950,992	0.0500	0.0500
		Road & Bridge	151,065,983	0.2800	0.2800	154,383,137	0.2800	0.2800	149,950,992	0.2909	0.2909
		Health	151,065,983	0.1000	0.1000	154,383,137	0.1000	0.1000	149,950,992	0.1000	0.1000
		Hospital	151,065,983	0.3600	0.3600	154,383,137	0.3600	0.3600	149,950,992	0.3740	0.3740
		Senate Bill 40	151,065,983	0.1000	0.1000	154,383,137	0.1000	0.1000	149,950,992	0.1000	0.1000
Perry	City of Altenburg	General Revenue	3,153,475	0.5000	0.5000	3,271,621	0.5000	0.5000	3,263,860	0.5081	0.5081
		Debt Service	3,153,475	0.1979	0.1979	3,271,621	0.1778	0.1778	3,263,860	0.2145	0.2145
	City of Frohna	General Revenue	4,378,524	0.5400	0.5400	4,559,133	0.5400	0.5400	4,326,256	0.5711	0.5711
		Debt Service	4,378,524	0.2100	0.2100	4,559,133	0.2446	0.2446	4,326,256	0.1640	0.1640
	Village of Longtown	General Revenue	462,362	0.3599	0.3000	522,496	0.3404	0.3000	526,491	0.3406	0.3000
	City of Perryville	General Revenue	122,115,865	0.3900	0.3400	117,250,161	0.4125	0.3400	110,492,536	0.4408	0.3400
		Parks & Recreation	122,115,865	0.1400	0.1100	117,250,161	0.1481	0.1100	110,492,536	0.1583	0.1100
		Debt Service	122,115,865	0.2500	0.2500	117,250,161	0.2500	0.2500	110,492,536	0.2500	0.2500
	Perry County Library District	General Revenue	233,356,950	0.0900	0.0900	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902
	Perry Co 32 School District	Operating Funds-Schools	199,142,945	2.7000	2.7000 *	197,663,607	2.7000	2.7000 *	195,413,788	3.2411	3.2400 *
	Altenburg 48 School District	Operating Funds-Schools	11,202,864	2.9433	2.9400	11,337,548	3.0595	3.0595	11,639,952	3.0034	3.0030
	Perry County	General Revenue	233,356,950	0.4300	0.1800	233,671,040	0.4356	0.1800	229,382,735	0.4307	0.1800
		Road & Bridge	233,356,950	0.3100	0.2900	233,671,040	0.3140	0.3000	229,382,735	0.3105	0.3000
		Health	233,356,950	0.1800	0.1800	233,671,040	0.1823	0.1823	229,382,735	0.1803	0.1803
		Hospital	233,356,950	0.0900	0.0900	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902
		Mental Health	233,356,950	0.0900	0.0900	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902
		Senate Bill 40	233,356,950	0.0900	0.0900	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902
Pettis	City of Green Ridge	General Revenue	2,153,471	0.8691	0.8691	2,199,712	0.8691	0.8691	2,327,372	0.8691	0.8691
		Debt Service	2,153,471	0.6124	0.6124	2,199,712	0.6615	0.6615	2,327,372	0.6564	0.6564
	City of Houstonia	General Revenue	821,931	1.0000	1.0000 *	841,507	1.0000	1.0000	897,649	1.0000	1.0000
	Village of Hughesville	General Revenue	718,582	0.4024	0.4024	782,684	0.3972	0.3972	811,519	0.3990	0.3990
		General Revenue-Temp	718,582	0.3000	0.3000 *	782,684	0.2961	0.2961	811,519	0.2975	0.2975
	City of La Monte	General Revenue	4,578,866	0.8244	0.8100	4,940,920	0.8131	0.8131	5,008,927	0.8399	0.8399
		Parks & Recreation	4,578,866	0.0400	0.0400	4,940,920	0.0395	0.0395	5,008,927	0.0400	0.0400
	City of Sedalia	General Revenue	168,678,825	0.4600	0.4600	190,435,851	0.4412	0.4412	187,831,205	0.4523	0.4412
		Parks & Recreation	168,678,825	0.3200	0.1500	190,435,851	0.3069	0.1369	187,831,205	0.3146	0.1369
		Library	148,426,205	0.2202	0.2200	165,282,716	0.2095	0.2095	160,679,221	0.2171	0.2112
		Police	168,678,825	0.0900	0.0900	190,435,851	0.0863	0.0863	187,831,205	0.0885	0.0863
	City of Smithton	Fire	168,678,825	0.0500	0.0500	190,435,851	0.0480	0.0480	187,831,205	0.0492	0.0480
		General Revenue	2,814,335	0.8669	0.8669	2,997,550	0.8601	0.8601	2,988,447	0.8768	0.8768
		General Revenue-Temp	2,814,335	0.3000	0.3000	**	**	**	**	**	**
	Boonslick Regional Library	Debt Service	**	**	**	2,997,550	0.0000	0.0000	2,988,447	0.0556	0.0556
		General Revenue	522,100,280	0.1400	0.1400	550,094,071	0.1400	0.1400	591,086,598	0.1400	0.1400
	Pettis County Fire Prot Dist #1	General Revenue	142,843,215	0.2800	0.2800	153,169,035	0.2772	0.2772	165,907,301	0.2772	0.2772
	Sedalia Special Business District	General Revenue	3,823,010	0.8104	0.8100	3,819,289	0.8112	0.8108	3,794,877	0.8171	0.8171

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	State Fair Community College	General Revenue	538,939,054	0.4100	0.4100	575,650,436	0.4087	0.4087	601,238,270	0.4087	0.4087
	Pettis Co R-V School District	Operating Funds-Schools	15,053,527	3.5156	3.3716	16,563,242	3.3132	3.3100	17,539,941	3.2497	3.2497
		Debt Service	15,053,527	0.3084	0.3084	16,563,242	0.3700	0.3700	17,539,941	0.4303	0.4303
	La Monte R-IV School District	Operating Funds-Schools	12,278,828	3.4116	2.9500	12,999,040	3.3099	2.9500	13,689,595	3.2519	2.9500
		Debt Service	12,278,828	0.8000	0.8000	12,999,040	0.5600	0.5600	13,689,595	0.5600	0.5600
	Smithton R-VI School District	Operating Funds-Schools	23,757,790	2.9597	2.7700	25,761,435	2.8506	2.8493	26,935,660	2.8414	2.8414
		Debt Service	23,757,790	0.4200	0.4200	25,761,435	0.4000	0.4000	26,935,660	0.4000	0.4000
	Green Ridge R-VIII School District	Operating Funds-Schools	13,921,371	3.3048	3.3048	14,894,585	3.2423	3.2423	15,968,167	3.2214	3.2214
		Debt Service	13,921,371	0.3978	0.3978	14,894,585	0.3549	0.3549	15,968,167	0.3786	0.3786
	Pettis Co R-XII School District	Operating Funds-Schools	46,196,803	2.8566	2.8300	49,962,176	2.9396	2.8300	55,513,137	2.9343	2.9300
	Sedalia 200 School District	Operating Funds-Schools	222,634,012	2.5745	2.3300	245,622,762	2.5300	2.3400	252,340,020	2.5246	2.3400
		Op. Funds-Cap. Imp.	222,634,012	0.4200	0.4200	245,622,762	0.4126	0.4100	252,340,020	0.4137	0.4100
	Pettis County	General Revenue	380,007,239	0.4000	0.0000	416,311,096	0.3914	0.0000	429,390,716	0.3927	0.0200
		Johnson Grass	380,007,239	0.0500	0.0100	416,311,096	0.0489	0.0000	429,390,716	0.0491	0.0100
		Road & Bridge	380,007,239	0.2900	0.2900	416,311,096	0.2837	0.2837	429,390,716	0.2846	0.2846
		Health	380,007,239	0.0900	0.0900	416,311,096	0.0881	0.0881	429,390,716	0.0884	0.0881
		Developmentally Disabled	380,007,239	0.0900	0.0900	416,311,096	0.0881	0.0881	429,390,716	0.0884	0.0884
Phelps	St James Ambulance District	General Revenue	56,825,630	0.1500	0.1500	62,522,908	0.1483	0.1483	76,457,601	0.1475	0.1475
	City of Doolittle	General Revenue	3,030,118	0.4705	0.4705	3,296,382	0.4622	0.4622	3,277,060	0.4649	0.4649
	City of Newburg	General Revenue	1,372,125	0.5878	0.5878	1,331,248	0.6150	0.6150	1,258,834	0.6629	0.6629
		Library	1,372,125	0.1923	0.1923	1,331,248	0.2000	0.2000	1,258,834	0.2000	0.2000
	City of Rolla	General Revenue	131,750,300	0.6743	0.6743	146,871,528	0.6574	0.6574	151,847,830	0.6574	0.6574
		Parks & Recreation	131,750,300	0.1711	0.1711	146,871,528	0.1668	0.1668	151,847,830	0.1668	0.1668
		Library	131,750,300	0.2818	0.2818	146,871,528	0.2747	0.2747	151,847,830	0.2747	0.2747
	City of St James	General Revenue	16,114,072	0.5800	0.5800	23,461,053	0.5669	0.5669	35,541,354	0.5669	0.5669
		Parks & Recreation	16,114,072	0.0900	0.0900	23,461,053	0.0880	0.0880	35,541,354	0.0880	0.0880
	City of Edgar Springs	General Revenue	854,359	0.6028	0.6028	794,508	0.6482	0.6482	787,429	0.6660	0.6660
		Debt Service	854,359	0.5666	0.5666	794,508	0.5590	0.5590	787,429	0.5373	0.5373
	St. James R-I School District	Operating Funds-Schools	52,776,873	2.8040	2.7500	57,742,619	2.7855	2.7500	71,711,633	2.7759	2.7500
		Debt Service	52,776,873	0.3500	0.3500	57,742,619	0.5300	0.5300	71,711,633	0.5300	0.5300
	Newburg R-II School District	Operating Funds-Schools	13,708,057	2.9149	2.9149	14,311,729	2.9128	2.9128	14,799,716	2.9300	2.9300
		Debt Service	**	**	**	14,311,729	0.3400	0.3400	14,799,716	0.3200	0.3200
	Rolla 31 School District	Operating Funds-Schools	196,046,547	2.7618	2.1537	218,652,433	3.0958	2.4960 *	226,434,354	3.2954	2.6454 *
		Operating Funds Temp	196,046,547	0.5963	0.5963	218,652,433	0.6012	0.6012	226,434,354	0.6010	0.6010
		Debt Service	196,046,547	0.3200	0.3200	218,652,433	0.3228	0.3228	226,434,354	0.3299	0.3299
	Phelps Co R-III School District	Operating Funds-Schools	8,405,989	2.7500	2.7500 *	8,643,952	2.7500	2.7500 *	9,101,244	2.7500	2.7500 *
		Debt Service	8,405,989	0.4082	0.4082	8,643,952	0.4000	0.4000	9,101,244	0.4000	0.4000
	Phelps County	General Revenue	281,815,863	0.3504	0.1675	309,966,067	0.3445	0.1739	331,599,422	0.3445	0.1700
		Road & Bridge	281,815,863	0.2503	0.0775	309,966,067	0.2461	0.0735	331,599,422	0.2461	0.0777
		Developmentally Disabled	281,815,863	0.0901	0.0901	309,966,067	0.0886	0.0886	331,599,422	0.0886	0.0886
Pike	Village of Annada	General Revenue	206,227	0.5504	0.5500	209,053	0.5506	0.5506	212,698	0.5506	0.5506

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Bowling Green	General Revenue	21,815,322	0.6100	0.6100	21,985,935	0.6109	0.6109	23,197,690	0.6109	0.6109
		Parks & Recreation	21,815,322	0.1000	0.0000	21,985,935	0.1000	0.0000	23,197,690	0.1000	0.0000
		Library	21,815,322	0.1900	0.1900	21,985,935	0.1903	0.1903	23,197,690	0.1903	0.1903
		Cemetery	21,815,322	0.1000	0.1000	21,985,935	0.1000	0.1000	23,197,690	0.1000	0.1000
		Debt Service	21,815,322	0.0000	0.0000	21,985,935	0.2783	0.2783	23,197,690	0.6642	0.6642
	City of Clarksville	General Revenue	2,708,795	0.7343	0.7300	2,674,801	0.7448	0.7400	2,748,488	0.7448	0.7400
		Debt Service	2,708,795	0.3200	0.3200	2,674,801	0.3600	0.3600	2,748,488	0.3100	0.3100
	City of Curryville	General Revenue	1,089,590	0.8900	0.8900	1,142,859	0.8900	0.8900	1,188,909	0.8900	0.8900
	Village of Eolia	General Revenue	1,735,155	0.4251	0.4200	1,834,204	0.4273	0.4200	1,861,641	0.4367	0.4273
	City of Frankford	General Revenue	1,484,769	0.9500	0.9500	1,524,967	0.9526	0.9526	1,560,724	0.9782	0.9782
	City of Louisiana	General Revenue	27,281,794	0.7308	0.7300	27,608,492	0.7308	0.7300	28,711,585	0.7308	0.7300
		Library	27,281,794	0.1000	0.1000	27,608,492	0.1000	0.1000	28,711,585	0.1000	0.1000
	Buffalo Township Fire Prot Dist	General Revenue	29,783,248	0.1500	0.1500	29,736,298	0.1518	0.1518	29,889,865	0.3028	0.3028 *
	Pike County Senate Bill 40	General Revenue	189,956,635	0.1800	0.1800	191,920,753	0.1802	0.1802	194,508,053	0.1811	0.1811
	Bowling Green R-I School District	Operating Funds-Schools	60,757,736	3.5009	3.1500	62,612,451	3.4410	3.2400	64,933,272	3.3956	3.2400
	Pike Co R-III School District	Operating Funds-Schools	42,796,486	3.2101	3.2100	42,134,456	3.2452	3.2452	42,389,915	3.2571	3.2571
		Debt Service	42,796,486	0.5700	0.5700	42,134,456	0.5700	0.5700	42,389,915	0.7629	0.7629
	Boncl R-X School District	Operating Funds-Schools	7,960,886	5.0400	3.8500 *	8,056,201	4.8545	3.8500	8,460,737	4.8751	3.8500
	Louisiana R-II School District	Operating Funds-Schools	37,756,007	3.0906	3.0900	37,639,179	3.0833	3.0833	38,677,073	3.0753	3.0753
		Debt Service	37,756,007	0.3400	0.3400	37,639,179	0.5700	0.5700	38,677,073	0.6700	0.6700
	Pike County	General Revenue	189,956,635	0.4000	0.2500	191,920,753	0.4004	0.2504	194,508,053	0.4024	0.2441
		Road & Bridge	189,956,635	0.2900	0.2900	191,920,753	0.2903	0.2903	194,508,053	0.2917	0.2917
		Health	**	**	**	191,920,753	0.2500	0.1600 *	194,508,053	0.2500	0.1600
		Hospital	189,956,635	0.2200	0.2200	191,920,753	0.2200	0.2200	194,508,053	0.2200	0.2200
Platte	Northland Ambulance District No. 1	General Revenue	230,205,532	0.3000	0.3000	255,300,176	0.3000	0.3166	263,956,300	0.3000	0.3000
	Platte Co Drainage Ditch Dist 1	General Revenue	1,771,086	0.1000	0.1000	1,740,583	0.1000	0.1000	1,701,218	0.1000	0.1000
	Farley Special Road Dist, Platte Co	Road & Bridge	11,992,286	0.3100	0.3100	12,302,327	0.3100	0.3100	11,933,572	0.3209	0.3209
		Special Road and Bridge	11,992,286	0.3500	0.3500	12,302,327	0.3500	0.3500 *	11,933,572	0.3500	0.3500
	Parkville Spec Road Dist Platte Co	Road & Bridge	407,318,474	0.2708	0.2708	431,822,156	0.2708	0.2708	456,867,781	0.2708	0.2708
	Platte City Spec Rd Dist Platte Co	Road & Bridge	540,156,379	0.2844	0.2200	590,919,387	0.2844	0.2200	609,835,349	0.2866	0.2400
	Weston Spec Rd Dist Platte Co	Road & Bridge	34,735,367	0.2727	0.2700	35,983,301	0.2727	0.2700	35,929,877	0.2758	0.2700
		Special Road and Bridge	34,735,367	0.3500	0.3500 *	35,983,301	0.3500	0.3500	35,929,877	0.3500	0.3500
	City of Camden Point	General Revenue	3,692,981	0.8477	0.8400	3,832,684	0.8477	0.8477	3,824,363	0.8538	0.8538
	City of Dearborn	General Revenue	3,136,399	0.5910	0.5910	3,280,621	0.5910	0.5910	3,576,405	0.5910	0.5910
	City of Edgerton	General Revenue	3,373,748	0.7900	0.7900	3,420,250	0.7900	0.7900	3,392,167	0.8162	0.8162
	Village of Farley	General Revenue	1,877,279	0.4599	0.4599	1,922,784	0.4626	0.4626	2,069,008	0.4593	0.4593
	Village of Ferrelview	General Revenue	1,805,284	0.5135	0.5135	1,905,560	0.5197	0.5197	1,860,012	0.5324	0.5197
	Village of Iatan	General Revenue	180,241	0.5000	0.5000	186,783	0.4984	0.4984	195,625	0.5000	0.5000
	City of Platte City	General Revenue	41,769,532	0.5990	0.5000	45,710,814	0.5990	0.5000	41,173,290	0.5968	0.5200
		Debt Service	41,769,532	0.4000	0.4000	45,710,814	0.5000	0.5000	41,173,290	0.5000	0.5000
	City of Platte Woods	General Revenue	7,943,600	0.5115	0.5115	8,415,578	0.5116	0.5116	7,955,957	0.5412	0.5400
		Debt Service	7,943,600	0.2688	0.2688	8,415,578	0.2660	0.2660	7,955,957	0.2700	0.2700

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Tracy	General Revenue	1,378,075	0.8000	0.8000	1,376,986	0.8007	0.8000	1,299,761	0.8483	0.8483
		Debt Service	**	**	**	**	**	**	1,299,761	1.7443	1.7443
	City of Weatherby Lake	General Revenue	30,529,735	0.7835	0.7835	31,879,005	0.7835	0.7830	32,016,134	0.7849	0.7849
		Parks & Recreation	30,529,735	0.2310	0.2310	31,879,005	0.2310	0.2308	32,016,134	0.2314	0.2314
		Debt Service	30,529,735	0.0805	0.0805	31,879,005	0.1582	0.1582	32,016,134	1.2296	1.2015
	City of Weston	General Revenue	13,786,668	0.5379	0.5379	14,332,983	0.5379	0.5379	14,111,951	0.5463	0.5463
		Parks & Recreation	13,786,668	0.1000	0.1000	14,332,983	0.1000	0.1000	14,111,951	0.1000	0.1000
		Lights	13,786,668	0.1522	0.1522	14,332,983	0.1522	0.1522	14,111,951	0.1546	0.1546
	City of Lake Waukomis	General Revenue	10,954,560	0.8968	0.8968	11,008,594	0.8989	0.8968	11,172,677	0.8989	0.8989
		General Revenue-Temp	10,954,560	0.7000	0.7000 *	11,008,594	0.7000	0.7000	11,172,677	0.7000	0.7000
	City of Parkville	General Revenue	72,429,636	0.5100	0.5100	90,259,671	0.4944	0.4944	106,788,912	0.4944	0.4944
		Debt Service	72,429,636	0.1229	0.1229	90,259,671	0.1108	0.1108	106,788,912	0.0988	0.0988
	City of Northmoor	General Revenue	5,518,749	0.2770	0.0000	4,745,622	0.3250	0.0000	4,815,504	0.3250	0.0000
	Town of Ridgely	General Revenue	371,149	0.3559	0.3559	389,157	0.3561	0.3561	446,186	0.3580	0.3580
	City of Houston Lake	General Revenue	1,694,452	1.0000	1.0000	1,751,681	1.0000	1.0000	1,752,269	1.0000	1.0000
		Streets-Temp	1,694,452	0.2500	0.2500	1,751,681	0.2500	0.2500	1,752,269	0.2500	0.2500
	Central Platte Fire Protection Dist	General Revenue	84,204,267	0.3500	0.3500 *	94,814,760	0.3500	0.3500	102,445,458	0.3500	0.3500
		Debt Service	84,204,267	0.1438	0.1438	94,814,760	0.1800	0.1800	102,445,458	0.2000	0.2000
	Southern Platte Fire Prot Dist	General Revenue	200,190,494	0.7000	0.7000 *	226,041,444	0.6946	0.6946	248,933,719	0.6946	0.6946
		Debt Service	200,190,494	0.0911	0.0884	226,041,444	0.1107	0.1107	248,933,719	0.1218	0.1218
	Weatherby Lake Fire Protection Dist	General Revenue	30,529,735	0.6100	0.6100	31,879,005	0.9100	0.8200 *	32,016,134	0.9100	0.8200
	West Platte Fire Protection Dist	General Revenue	46,153,242	0.3900	0.3900	47,172,816	0.3900	0.3900	47,753,829	0.3900	0.3900
		Ambulance	46,153,242	0.3900	0.3900	47,172,816	0.3900	0.3900	47,753,829	0.3900	0.3900
	Camden Point Fire Protection Dist	General Revenue	12,241,340	0.5500	0.5500	12,772,002	0.5500	0.5500	12,667,851	0.5500	0.5500
	Smithville Area Fire Prot Dist	General Revenue	119,563,549	0.2900	0.2900	135,197,300	0.2894	0.2894	141,405,694	0.2916	0.2894
	Edgerton-Trimble Fire Prot Dist	General Revenue	19,563,227	0.2997	0.2997	19,851,881	0.3000	0.3000	21,177,640	0.5500	0.5500 *
	Dearborn Area Fire Protection Dist	General Revenue	16,919,433	0.5420	0.5420	18,142,847	0.5369	0.5369	18,224,116	0.5414	0.5414
	North Platte Co R-I School District	Operating Funds-Schools	30,549,220	3.9000	3.9000	32,293,710	3.9000	3.9000	33,513,694	3.9440	3.9440 *
		Operating Funds-Temp	30,549,220	0.3500	0.3500	32,293,710	0.3500	0.3500	33,513,694	0.3500	0.3500
	West Platte Co R-II School District	Operating Funds-Schools	50,747,808	3.5804	3.5800	51,214,265	3.6023	3.6023	53,054,050	3.5575	3.5575
		Debt Service	50,747,808	0.5300	0.5300	51,214,265	0.7377	0.7377	53,054,050	0.8567	0.8567
	Platte Co R-III School District	Operating Funds-Schools	207,512,870	3.7268	3.4143	235,138,253	3.7181	3.4216	250,858,046	3.7514	3.4492
		Debt Service	207,512,870	0.6700	0.6700	235,138,253	0.6700	0.6700	250,858,046	0.6700	0.6700
	Park Hill R-V School District	Operating Funds-Schools	806,732,629	4.3432	4.3432	852,327,815	4.3370	4.3370	895,335,522	4.9970	4.9970 *
		Debt Service	806,732,629	0.6500	0.6500	852,327,815	0.6562	0.6562	895,335,522	0.6562	0.6562
	Platte County	General Revenue	1,153,267,009	0.3404	0.1200	1,239,664,833	0.3404	0.1200	1,289,806,341	0.3408	0.1000
		Road & Bridge	164,411,798	0.2626	0.2626	178,087,741	0.2616	0.2616	178,112,803	0.2724	0.2724
		Health	1,153,267,009	0.0800	0.0800	1,239,664,833	0.0800	0.0800	1,289,806,341	0.0800	0.0800
		Mental Health	1,153,267,009	0.1000	0.1000	1,239,664,833	0.1000	0.1000	1,289,806,341	0.1000	0.1000
		Senate Bill 40	1,153,267,009	0.1300	0.1300	1,239,664,833	0.1300	0.1300	1,289,806,341	0.1300	0.1300
		Senior Services	1,153,267,009	0.0500	0.0500	1,239,664,833	0.0500	0.0500	1,289,806,341	0.0500	0.0500
		Debt Service	1,153,267,009	0.0000	0.0000	1,239,664,833	0.0000	0.0000	1,289,806,341	0.0000	0.0000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Polk	Blue Mound Spec Rd Dist Polk Co	Road & Bridge	1,381,405	0.3500	0.3500	1,646,867	0.3500	0.3500	1,671,098	0.3500	0.3500
	Bolivar Spec Rd Dist Polk Co	Road & Bridge	64,570,516	0.2000	0.2000	70,441,842	0.1966	0.1966	72,579,799	0.1966	0.1966
	Flemington Spec Rd Dist Polk Co	Road & Bridge	1,342,957	0.3200	0.3200	1,309,674	0.3326	0.3326	1,303,531	0.3373	0.3373
	Humansville Spec Rd Dist Polk Co	Road & Bridge	8,262,211	0.2600	0.2600	8,406,785	0.2601	0.2601	8,673,236	0.2601	0.2601
		Special Road and Bridge	8,262,211	0.4500	0.4500	8,406,785	0.4500	0.4500	8,673,236	0.4500	0.4500
	Persimmon Grove Sp Rd Dist Polk Co	Road & Bridge	1,853,132	0.2086	0.2086	2,016,529	0.2073	0.2073	2,056,819	0.2085	0.2085
	Providence Spec Rd Dist Polk Co	Road & Bridge	1,167,157	0.2254	0.2254	1,205,228	0.2254	0.2254	1,404,714	0.2240	0.2240
	Rock Prairie Spec Road Dist Polk Co	Road & Bridge	1,286,434	0.2133	0.2133	1,350,893	0.2133	0.2133	1,440,540	0.2151	0.2151
	Rondo Spec Rd Dist Polk Co	Road & Bridge	2,964,892	0.2400	0.2400	**	**	**	**	**	**
		Special Road and Bridge	2,964,892	0.5200	0.5200 *	**	**	**	**	**	**
	Southwest Special Rd Dist Polk Co	Road & Bridge	934,469	0.3299	0.3299	966,142	0.3300	0.3300	932,149	0.3420	0.3420
		Special Road and Bridge	934,469	0.2100	0.2100	966,142	0.2099	0.2099	932,149	0.2176	0.2176
	Polk County Road District	Road & Bridge	94,246,815	0.2669	0.2669	104,240,668	0.2669	0.2669	108,366,203	0.2669	0.2669
	Village of Aldrich	General Revenue	379,603	0.3300	0.3300	394,501	0.3302	0.3302	379,277	0.3435	0.3435
	City of Bolivar	General Revenue	62,062,401	0.4600	0.0000	67,726,937	0.4524	0.0000	69,458,706	0.4537	0.0000
		Parks & Recreation	62,062,401	0.0900	0.0000	67,726,937	0.0885	0.0000	69,458,706	0.0888	0.0000
	City of Fair Play	General Revenue	1,599,425	0.9200	0.9200	1,733,187	0.9200	0.9200	1,721,988	0.9442	0.9400
		Debt Service	1,599,425	0.4700	0.4700	1,733,187	0.3200	0.3200	1,721,988	0.1500	0.1500
	City of Humansville	General Revenue	3,912,158	0.6000	0.6000	3,978,278	0.6000	0.6000	4,040,718	0.6000	0.6000
	City of Morrisville	General Revenue	1,135,341	0.5299	0.5299	1,165,888	0.5299	0.5299	1,168,958	0.5436	0.5436
	Polk County Library District	General Revenue	178,009,847	0.0899	0.0899	191,584,628	0.0897	0.0897	198,428,089	0.0897	0.0897
	Bolivar R-I School District	Operating Funds-Schools	94,237,410	2.3200	2.3200 *	102,857,650	2.3148	2.3148 *	106,533,390	2.3148	2.3148 *
		Building - Temp	94,237,410	0.4370	0.4300	102,857,650	0.4352	0.4352	106,533,390	0.4352	0.4352
		Debt Service	94,237,410	0.4500	0.4500	102,857,650	0.4500	0.4500	106,533,390	0.8377	0.4500
	Fair Play R-II School District	Operating Funds-Schools	10,699,100	3.2566	2.7500	11,565,840	3.0624	2.7500	11,576,040	3.1531	2.7500
		Debt Service	10,458,570	0.9800	0.9800	11,351,560	0.9800	0.9800	11,576,040	0.9800	0.9800
	Halfway R-III School District	Operating Funds-Schools	11,587,100	3.2722	3.1500	12,422,050	3.3124	3.2000	12,944,590	3.3342	3.3000
	Humansville R-IV School District	Operating Funds-Schools	14,119,707	2.7557	2.7557	14,756,359	2.7666	2.7666	15,291,929	2.7859	2.7700
		Debt Service	14,119,707	0.4943	0.4943	14,756,359	0.3816	0.3816	15,291,929	0.4400	0.4400
	Marion C. Early R-V School District	Operating Funds-Schools	18,542,650	3.3285	2.8100	20,360,950	3.2565	2.8100	21,151,000	3.2965	2.8100
		Debt Service	18,542,650	0.5500	0.5500	20,360,950	0.5500	0.5500	21,151,000	0.5500	0.5500
	Pleasant Hope R-VI School District	Operating Funds-Schools	22,629,310	2.4625	2.4600	26,267,220	2.4317	2.4317	27,530,130	2.4458	2.4458
		Capital Improvements	22,629,310	0.6700	0.6400	26,267,220	0.6525	0.6525	27,530,130	0.6557	0.6557
		Debt Service	22,629,310	0.6000	0.6000	26,267,220	0.6000	0.6000	27,530,130	0.6000	0.6000
	Polk County	General Revenue	178,009,847	0.3197	0.3197	191,584,628	0.3190	0.3190	198,428,089	0.3190	0.3190
		Health	178,009,847	0.0899	0.0899	191,584,628	0.0897	0.0897	198,428,089	0.0897	0.0897
		Senate Bill 40	178,009,847	0.0899	0.0200	191,584,628	0.0897	0.0200	198,428,089	0.0897	0.0200
Pulaski	Dixon Ambulance District	General Revenue	39,051,708	0.2900	0.2900	41,855,861	0.2866	0.2866	42,347,922	0.2885	0.2885
	Pulaski County Ambulance District	General Revenue	157,513,695	0.3000	0.3000	166,649,660	0.3000	0.3000	181,794,412	0.2931	0.2931
	City of Crocker	General Revenue	5,173,147	0.5781	0.5781	5,444,558	0.5745	0.5745	5,662,025	0.5762	0.5762
		Parks & Recreation	5,173,147	0.1724	0.1724	5,444,558	0.1713	0.1713	5,662,025	0.1718	0.1718
	City of Dixon	General Revenue	8,888,675	0.4700	0.4700	9,144,871	0.4700	0.4700	9,356,162	0.4713	0.4700

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Library	8,888,675	0.0500	0.0500	9,144,871	0.0500	0.0500	9,356,162	0.0500	0.0500
		Debt Service	8,888,675	0.5800	0.5800	9,144,871	0.5800	0.5800	9,356,162	0.5800	0.5800
	City of St Robert	General Revenue	28,261,879	0.3500	0.3500	30,228,001	0.3766	0.3766	37,759,051	0.3490	0.3490
	City of Waynesville	General Revenue	23,505,102	0.6720	0.6720	22,147,248	0.7455	0.7455	25,717,998	0.6572	0.6572
	City of Richland	General Revenue	8,902,379	0.6416	0.6400	9,249,449	0.6416	0.6416	9,352,928	0.6501	0.6400
	Pulaski County Library	General Revenue	170,776,935	0.1504	0.1504	182,059,768	0.1504	0.1504	197,706,229	0.1476	0.1476
	Hazelgreen Fire Protection District	General Revenue	11,251,643	0.2932	0.2932	12,226,407	0.2924	0.2924	12,417,578	0.2963	0.2963
	Crocker Fire Protection District	General Revenue	15,294,884	0.2859	0.2859	16,529,546	0.2824	0.2824	16,768,741	0.2824	0.2824
	Waynesville Rural Fire Prot Dist	General Revenue	54,061,858	0.2902	0.2900	59,806,920	0.2795	0.2795	62,714,141	0.2796	0.2796
	Dixon Rural Fire Protection Dist	General Revenue	38,890,784	0.2854	0.2800	42,487,430	0.2758	0.2758	44,825,442	0.2740	0.2740
	Swedeborg R-III School District	Operating Funds-Schools	2,530,030	2.7500	2.7500 *	2,837,190	2.7606	2.7875	2,938,370	2.7644	2.7644
	Pulaski Co R-IV School District	Operating Funds-Schools	18,395,178	2.8269	2.8269	19,583,827	2.8137	2.8137	19,894,822	2.8269	2.8269
	Laquey R-V School District	Operating Funds-Schools	14,836,570	2.6300	2.6300 *	16,637,290	2.6300	2.6300 *	17,212,530	2.6306	2.6306 *
		Debt Service	**	**	**	**	**	**	17,212,530	0.2205	0.2205
	Waynesville R-VI School District	Operating Funds-Schools	93,168,520	2.7166	2.7166 *	98,471,770	2.7075	2.7075 *	112,197,325	2.7075	2.7075 *
	Dixon R-I School District	Operating Funds-Schools	33,192,571	2.7500	2.7500 *	35,707,835	2.7500	2.7500 *	36,584,978	2.7500	2.7500 *
		Debt Service	33,192,571	0.2826	0.2826	35,707,835	0.2800	0.2800	36,584,978	0.2700	0.2700
	Crocker R-II School District	Operating Funds-Schools	15,594,845	2.9214	2.7500	16,787,367	2.9160	2.7500	17,087,155	2.9349	2.7500
		Debt Service	**	**	**	16,787,367	0.8900	0.8900	17,087,155	0.8900	0.8900
	Pulaski County	General Revenue	179,665,610	0.3006	0.0000	191,134,609	0.3006	0.0000	207,000,734	0.2955	0.0000
		Road & Bridge	179,665,610	0.2205	0.1842	191,134,609	0.2205	0.2000	207,000,734	0.2168	0.1976
		Health	179,665,610	0.0802	0.0802	191,134,609	0.0802	0.0802	207,000,734	0.0788	0.0788
		Senate Bill 40	179,665,610	0.0802	0.0802	191,134,609	0.0802	0.0802	207,000,734	0.0788	0.0788
		Senior Services	179,665,610	0.0500	0.0500	191,134,609	0.0500	0.0500	207,000,734	0.0492	0.0492
Putnam	Putnam County Ambulance District	General Revenue	48,607,926	0.4000	0.4000	50,090,400	0.4000	0.4000	51,346,423	0.4000	0.4000
	Putnam County Care Center	General Revenue	48,607,926	0.1500	0.1500	50,090,400	0.1500	0.1500	51,346,423	0.1500	0.1500
	Unionville Spec Road Dist Putnam Co	Road & Bridge	9,456,610	0.3100	0.3100	9,487,158	0.3119	0.3119	9,513,527	0.3151	0.3151
		Special Road and Bridge	9,456,610	0.3500	0.3500	9,487,158	0.3500	0.3500	9,513,527	0.3500	0.3500 *
	Lake Thunderhead Spec Rd District	Road & Bridge	5,598,975	0.5000	0.5000	6,156,060	0.4801	0.4801	6,554,772	0.4831	0.4831
		Special Road and Bridge	5,598,975	0.3200	0.3200	6,156,060	0.3500	0.3500 *	6,554,772	0.3500	0.3500
	Village of Livonia	General Revenue	267,549	0.4607	0.4607	257,466	0.4797	0.4797	260,720	0.4798	0.4798
	Village of Lucerne	General Revenue	1,415,880	0.4011	0.4011	1,350,120	0.4278	0.4278	1,334,194	0.4329	0.4329
	Village of Powersville	General Revenue	289,666	0.4819	0.4819	302,468	0.4818	0.4818	314,345	0.5000	0.5000
	City of Unionville	General Revenue	9,077,315	0.9400	0.9400	9,108,159	0.9450	0.9450	9,151,413	0.9538	0.9538
		Parks & Recreation	9,077,315	0.1900	0.1900	9,108,159	0.1910	0.1910	9,151,413	0.1928	0.1928
		Fire	9,077,315	0.1900	0.1900	9,108,159	0.1910	0.1910	9,151,413	0.1928	0.1928
	Village of Worthington	General Revenue	179,401	0.4657	0.4657	110,966	0.5000	0.5000	116,495	0.5000	0.5000
	Elm Township of Putnam Co	Road & Bridge	4,098,435	0.4200	0.4200	4,172,105	0.4200	0.4200	4,277,764	0.4201	0.4201
		Special Road and Bridge	4,098,435	0.3500	0.3500	4,172,105	0.3500	0.3500	4,277,764	0.3500	0.3500
	Grant Township of Putnam Co	Road & Bridge	1,469,140	0.4504	0.4504	1,463,006	0.4544	0.4544	1,448,079	0.4606	0.4606
		Special Road and Bridge	1,469,140	0.3500	0.3500	1,463,006	0.3500	0.3500 *	1,448,079	0.3500	0.3500
	Jackson Township of Putnam Co	Road & Bridge	1,938,276	0.5000	0.5000	2,050,314	0.5000	0.5000	2,100,095	0.5000	0.5000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Liberty Township of Putnam Co	Special Road and Bridge	1,938,276	0.3500	0.3500	2,050,314	0.3500	0.3500	2,100,095	0.3500	0.3500
		Road & Bridge	2,249,280	0.5000	0.5000	2,290,655	0.5000	0.5000	2,231,264	0.5000	0.5000
	Lincoln Township of Putnam Co	Special Road and Bridge	2,249,280	0.3500	0.3500	2,290,655	0.3500	0.3500 *	2,231,264	0.3500	0.3500
		Road & Bridge	4,401,592	0.5000	0.5000	4,309,217	0.5000	0.5000	4,364,731	0.5000	0.5000
	Medicine Township of Putnam Co	Special Road and Bridge	4,401,592	0.3500	0.3500	4,309,217	0.3500	0.3500 *	4,364,731	0.3500	0.3500
		Road & Bridge	6,612,050	0.5000	0.5000	6,969,493	0.4959	0.4959	6,952,538	0.5000	0.5000
	Richland Township of Putnam Co	Special Road and Bridge	6,612,050	0.3500	0.3500	6,969,493	0.3500	0.3500 *	6,952,538	0.3500	0.3500
		Road & Bridge	1,983,842	0.5000	0.5000	2,290,390	0.4817	0.4817	2,273,898	0.4891	0.4891
	Sherman Township of Putnam Co	Special Road and Bridge	1,983,842	0.3500	0.3500	2,290,390	0.3500	0.3500 *	2,273,898	0.3500	0.3500
		Road & Bridge	1,670,258	0.4900	0.4900	1,667,804	0.4941	0.4941	1,729,819	0.4947	0.4947
	Union Township of Putnam Co	Special Road and Bridge	1,670,258	0.3500	0.3500	1,667,804	0.3500	0.3500 *	1,729,819	0.3500	0.3500
		Road & Bridge	3,529,230	0.4830	0.4830	3,591,408	0.4900	0.4900	3,619,992	0.5000	0.5000
	Wilson Township of Putnam Co	Special Road and Bridge	3,529,230	0.3381	0.3381	3,591,408	0.3430	0.3430	3,619,992	0.3500	0.3500
		Road & Bridge	3,055,463	0.5000	0.5000	3,034,160	0.5000	0.5000	3,151,099	0.5000	0.5000
	York Township of Putnam Co	Special Road and Bridge	3,055,463	0.3500	0.3500	3,034,160	0.3500	0.3500 *	3,151,099	0.3500	0.3500
		Road & Bridge	2,939,054	0.5000	0.5000	2,627,389	0.5000	0.5000	3,045,691	0.5000	0.5000
	Elm Township Fire Protection Dist	Special Road and Bridge	2,939,054	0.3444	0.3444	2,627,389	0.3500	0.3500 *	3,045,691	0.3500	0.3500
		Debt Service	**	**	**	**	**	**	3,045,691	0.8706	0.8706
	Liberty Fire Protection District	General Revenue	4,098,435	0.3000	0.3000	4,172,105	0.3000	0.3000	4,277,764	0.3000	0.3000
		General Revenue	2,249,280	0.3000	0.3000	2,290,655	0.3000	0.3000	2,231,264	0.3000	0.3000
	Grant Township Fire Protection Dist	General Revenue	**	**	**	**	**	**	1,448,079	0.3000	0.3000 *
		Operating Funds-Schools	44,523,890	3.4617	3.1500	46,158,855	3.4235	3.2700	47,396,673	3.4776	3.3500
	Putnam County	Debt Service	44,523,890	0.4000	0.4000	46,158,855	0.3700	0.3700	47,396,673	0.3700	0.3700
		General Revenue	48,607,926	0.5000	0.5000	50,090,400	0.5000	0.5000	51,346,423	0.5000	0.5000
		Library	48,607,926	0.1500	0.1500	50,090,400	0.1500	0.1500	51,346,423	0.1500	0.1500
		Health	48,607,926	0.1600	0.1600	50,090,400	0.1600	0.1600	51,346,423	0.3000	0.3000 *
		Hospital	48,607,926	0.5000	0.5000	50,090,400	0.5000	0.5000	51,346,423	0.5000	0.5000
Ralls	Ralls County Ambulance District #3	General Revenue	83,398,323	0.1800	0.1800	90,002,097	0.1800	0.1600	97,703,662	0.1800	0.1600
		General Revenue	3,319,633	0.7500	0.7500	3,606,172	0.7348	0.7348	3,849,685	0.7374	0.7348
		Fire	3,319,633	0.2000	0.2000	3,606,172	0.1959	0.1959	3,849,685	0.1966	0.1959
	City of New London	General Revenue	5,183,965	0.4718	0.4700	5,606,412	0.4614	0.4600	5,806,625	0.4656	0.4656
	City of Perry	General Revenue	4,243,716	0.5634	0.5634	4,860,775	0.5408	0.5408	5,394,620	0.5408	0.5408
		Fire	4,243,716	0.1000	0.1000	4,860,775	0.0960	0.0960	5,394,620	0.0960	0.0960
	Ralls County Public Library	General Revenue	96,505,114	0.1300	0.1300	104,465,542	0.1296	0.1296	111,534,691	0.1300	0.1296
	Hannibal Rural Fire Protection Dist	General Revenue	41,613,532	0.1500	0.1500 *	49,145,979	0.1454	0.1500	55,643,762	0.1443	0.1443
	Ralls Co R-II School District	Operating Funds-Schools	39,797,750	2.7500	2.7500 *	44,302,943	2.7500	2.7500 *	47,669,670	2.7500	2.7500 *
		Debt Service	39,797,750	0.7100	0.7100	44,302,943	0.7100	0.7100	47,669,670	0.7100	0.7100
	Ralls County	General Revenue	118,249,544	0.3600	0.2300	125,865,284	0.3600	0.2300	130,984,869	0.3772	0.2300
		Road & Bridge	118,249,544	0.2700	0.2700	125,865,284	0.2700	0.2700	130,984,869	0.2829	0.2700
		Health	118,249,544	0.1000	0.1000	125,865,284	0.1000	0.1000	130,984,869	0.1000	0.1000
Randolph	Randolph County Ambulance District	General Revenue	284,522,228	0.1900	0.1800	280,976,872	0.1900	0.1800	283,694,279	0.1900	0.1900

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	122,354,238	0.0900	0.0900 *	127,378,152	0.0900	0.0900	128,397,783	0.0900	0.0900
	Village of Cairo	General Revenue	1,153,983	0.5000	0.5000	1,256,678	0.5000	0.5000	1,231,817	0.5000	0.5000
		General Revenue-Temp	1,153,983	0.2100	0.2100 *	1,256,678	0.2099	0.2099	1,231,817	0.2100	0.2100
	City of Clark	General Revenue	1,144,092	1.0000	1.0000	1,191,925	0.9968	0.9968	1,600,494	0.9968	0.9968
	City of Clifton Hill	General Revenue	579,008	0.7500	0.7500	593,944	0.7500	0.7500	558,406	0.7500	0.7500
	City of Higbee	General Revenue	2,007,549	0.8800	0.8700	2,098,707	0.8800	0.8500	2,132,077	0.8811	0.8500
		Parks & Recreation	2,007,549	0.1500	0.1000	2,098,707	0.1500	0.1000	2,132,077	0.1500	0.1000
		Debt Service	2,007,549	0.9000	0.9000	2,098,707	0.8500	0.8500	2,132,077	0.7500	0.7500
	City of Huntsville	General Revenue	6,815,116	0.7300	0.7300	7,113,794	0.7300	0.7300	7,146,100	0.7361	0.7361
		Parks & Recreation	6,815,116	0.1000	0.1000	7,113,794	0.1000	0.1000	7,146,100	0.1000	0.1000
		Fire	6,815,116	0.1900	0.1900	7,113,794	0.1900	0.1900	7,146,100	0.1916	0.1916
		Cemetery	6,815,116	0.1800	0.1800	7,113,794	0.1800	0.1800	7,146,100	0.1815	0.1815
	Village of Jacksonville	General Revenue	335,889	0.5000	0.5000	362,891	0.4920	0.4920	365,147	0.5000	0.5000
		Parks & Recreation	335,889	0.3998	0.3998	362,891	0.3935	0.3935	365,147	0.4000	0.4000
		General Revenue-Temp	335,889	0.3000	0.3000	362,891	0.2954	0.2954	**	**	**
	City of Moberly	General Revenue	95,967,065	0.6900	0.6900	100,003,284	0.6900	0.6900	101,071,441	0.6938	0.6938
		Parks & Recreation	95,967,065	0.3200	0.3200	100,003,284	0.3200	0.3200	101,071,441	0.3218	0.3218
	Village of Renick	General Revenue	800,126	0.5000	0.5000	797,514	0.5000	0.5000	817,340	0.5000	0.5000
	Randolph County Library	General Revenue	284,522,228	0.1700	0.1700	280,976,872	0.1700	0.1700	283,694,279	0.1700	0.1700
		Debt Service	284,522,228	0.1300	0.1300	280,976,872	0.1300	0.1300	283,694,279	0.0654	0.0654
	Higbee Fire Protection District	General Revenue	11,793,397	0.2500	0.2500	12,328,286	0.2500	0.2500	12,833,795	0.2500	0.2500
	Moberly Area Jr. College	General Revenue	119,793,249	0.3321	0.3300	126,127,889	0.3321	0.3321	126,904,916	0.3350	0.3350
	Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	12,355,598	3.5657	3.3400	13,095,385	3.5196	3.5196	13,371,970	3.4321	3.4321
		Debt Service	12,355,598	0.4700	0.4700	13,095,385	0.0995	0.0995	13,371,970	0.8700	0.8700
	Renick R-V School District	Operating Funds-Schools	7,328,972	4.3528	3.8100	7,749,333	4.2962	3.7200	8,397,343	4.3898	3.9700
	Higbee R-VIII School District	Operating Funds-Schools	6,169,677	3.4729	3.1000	6,623,679	3.5042	3.5042	6,763,015	3.6216	3.5042
		Debt Service	6,169,677	1.0000	1.0000	6,623,679	0.9733	0.9733	6,763,015	1.0380	1.0380
	Westran R-I School District	Operating Funds-Schools	114,138,417	3.3490	3.3100	102,799,724	3.7500	3.5500	103,525,342	3.7500	3.5500
	Moberly School District	Operating Funds-Schools	105,158,318	3.3488	3.2400	111,174,414	3.4016	3.3500	113,669,897	3.3784	3.3500
		Debt Service	105,158,318	0.7500	0.7500	111,174,414	0.7000	0.7000	113,669,897	0.7000	0.7000
	Randolph County	General Revenue	284,522,228	0.3500	0.1700	280,976,872	0.3603	0.1500	283,694,279	0.3605	0.1400
		Road & Bridge	284,522,228	0.2700	0.2700	280,976,872	0.2780	0.2780	283,694,279	0.2781	0.2781
		Common Road District	162,167,990	0.1400	0.0900	153,598,720	0.1400	0.1400	155,296,496	0.1400	0.1400
		Health	284,522,228	0.1500	0.1500	280,976,872	0.1500	0.1500	283,694,279	0.1500	0.1500
Ray	Ray County Ambulance District	General Revenue	197,648,141	0.1500	0.1500	221,300,149	0.1410	0.1410	228,819,159	0.1420	0.1420
	Shirkey Leisure Acres Nursing Home	General Revenue	196,576,478	0.1500	0.1500	220,227,458	0.1409	0.1409	227,712,283	0.1419	0.1419
	Camden Special Road Dist Ray Co	Road & Bridge	7,243,405	0.3498	0.3498	7,868,544	0.3386	0.3386	7,654,760	0.3491	0.3491
		Special Road and Bridge	7,243,405	0.2399	0.2399	7,868,544	0.2322	0.2322	7,654,760	0.2394	0.2394
	Hardin Spec Rd Dist Ray Co	Road & Bridge	9,158,762	0.3500	0.3500	10,404,664	0.3319	0.3319	10,701,170	0.3452	0.3452
	Henrietta Spec Rd Dist Ray Co	Road & Bridge	5,250,629	0.3500	0.3528	5,311,831	0.3500	0.3500	4,956,506	0.3500	0.3500
	Lawson Special Road Dist Ray Co	Road & Bridge	19,614,233	0.2821	0.2821	25,762,609	0.2484	0.2484	26,546,918	0.2484	0.2484
		Special Road and Bridge	**	**	**	25,762,609	0.2641	0.2641	26,546,918	0.2641	0.2641



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Orrick Spec Rd Dist Ray Co	Road & Bridge	13,132,557	0.3500	0.3500	14,009,747	0.3405	0.3405	13,996,792	0.3489	0.3489
	Richmond Spec Rd Dist Ray Co	Road & Bridge	61,858,529	0.2500	0.2500	67,821,493	0.2367	0.2367	71,104,977	0.2399	0.2399
	Ray County Special Road District	Road & Bridge	77,230,681	0.2600	0.2600	87,421,780	0.2464	0.2464	91,136,005	0.2464	0.2464
		Special Road and Bridge	77,230,681	0.2400	0.2400	87,421,780	0.2275	0.2275	**	**	**
	City of Camden	General Revenue	1,035,163	0.6200	0.6200	1,219,427	0.5855	0.5855	1,236,326	0.5926	0.5926
		Streets	1,035,163	1.4000	1.4000 *	1,219,427	1.3219	1.3219	1,236,326	1.3378	1.3378
		Fire	**	**	**	1,219,427	0.1500	0.1500 *	1,236,326	0.1500	0.1500
	Village of Elmira	General Revenue	335,484	0.4778	0.4778	363,612	0.4680	0.4680	363,866	0.4743	0.4743
	City of Hardin	General Revenue	3,458,257	0.7700	0.7700	4,091,602	1.0000	1.0000 *	4,716,353	1.0000	1.0000
	City of Henrietta	General Revenue	4,392,674	0.5400	0.5400	2,985,381	0.7945	0.7945	2,772,261	0.8878	0.8878
		Streets	**	**	**	2,985,381	0.3000	0.3000 *	2,772,261	0.3000	0.3000
		Police	4,392,674	0.3000	0.3000	**	**	**	**	**	**
		Fire	4,392,674	0.3000	0.3000	2,985,381	0.3000	0.3000 *	2,772,261	0.3000	0.3000
		General Revenue-Temp	4,392,674	0.3000	0.3000	**	**	**	**	**	**
	City of Orrick	General Revenue	5,078,438	0.6600	0.6600	5,660,347	0.6153	0.6153	5,716,295	0.6223	0.6223
		Debt Service	5,078,438	0.3602	0.3602	5,660,347	0.2895	0.2895	5,716,295	0.2497	0.2497
	Village of Rayville	General Revenue	637,295	0.5909	0.5909	692,604	0.5616	0.5616	**	**	**
		Streets	637,295	0.5000	0.5000	692,604	0.4752	0.4752	**	**	**
		Fire	637,295	0.2000	0.2000	692,604	0.1902	0.1902	**	**	**
		Fire	**	**	**	**	**	**	675,933	0.2000	0.2000 *
		General Revenue	**	**	**	**	**	**	675,933	0.7500	0.7500 *
		Streets	**	**	**	**	**	**	675,933	0.4000	0.4000 *
	City of Richmond	General Revenue	40,594,694	0.6400	0.6400	47,156,108	0.5881	0.5881	49,655,217	0.5926	0.5926
		Parks & Recreation	40,594,694	0.1600	0.1600	47,156,108	0.1470	0.1470	49,655,217	0.1481	0.1481
		Debt Service	40,594,694	0.8500	0.8500	47,156,108	0.6998	0.6998	49,655,217	0.4253	0.4253
	City of Wood Heights	General Revenue	5,439,266	0.3900	0.3900	6,489,623	0.3445	0.3445	6,709,290	0.3447	0.3447
		Debt Service	5,439,266	1.4800	1.4800	6,489,623	0.7305	0.7305	6,709,290	0.5267	0.5267
	City of Homestead Village	General Revenue	781,386	0.2800	0.2800	871,118	0.4859	0.4859 *	876,293	0.4871	0.4871
	City of Crystal Lakes	General Revenue	3,043,417	0.0000	0.0000	3,368,786	1.0000	1.0000 *	3,511,803	1.0000	1.0000
		General Revenue-Roads	3,043,417	0.4000	0.4000	3,368,786	0.3857	0.0000	**	**	**
		Streets	**	**	**	**	**	**	3,511,803	0.3000	0.3000 *
	City of Lawson	General Revenue	15,706,800	0.7264	0.4300	19,108,171	0.6477	0.4300	19,337,620	0.6477	0.4400
		Debt Service	15,706,800	0.8800	0.8800	19,108,171	0.8800	0.8800	19,337,620	0.9800	0.9800
	Ray County Free Library District	General Revenue	198,087,041	0.1100	0.1100	221,300,149	0.1035	0.1035	228,819,159	0.1043	0.1043
	Orrick Fire Protection District	General Revenue	19,682,069	0.3000	0.3000	23,167,219	0.2884	0.2884	23,398,936	0.2938	0.2938
	Wood Heights Fire Protection Dist	General Revenue	37,093,259	0.2315	0.2315	33,994,152	0.2602	0.2602	35,387,452	0.2602	0.2602
	Lawson Community Fire & Rescue Dist	General Revenue	50,619,152	0.3000	0.3000	58,837,419	0.2774	0.2774	61,470,238	0.2774	0.2774
		Ambulance	**	**	**	**	**	**	61,470,238	0.3000	0.3000 *
	Hardin Fire Protection District	General Revenue	10,661,027	0.1736	0.1736	13,751,365	0.1541	0.1541	14,301,938	0.1560	0.1560
	Stet Fire Protection District	Fire	9,131,218	0.1800	0.1800	9,742,385	0.1800	0.1800	9,659,334	0.1800	0.1800
	Stet R-XV School District	Operating Funds-Schools	5,834,712	5.1169	4.4769	6,159,214	5.5479	5.0282	6,184,834	5.4922	5.0325
	Lawson R-XIV School District	Operating Funds-Schools	41,623,961	3.5519	3.5519	48,963,543	3.2712	3.2712	51,029,769	3.2834	3.2834
		Debt Service	41,623,961	0.9500	0.9500	48,963,543	0.9500	0.9500	51,029,769	0.9500	0.9500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Reynolds	Orrick R-XI School District	Operating Funds-Schools	15,521,636	3.9794	3.0018 *	17,222,587	3.8083	3.3000	17,889,852	3.8002	3.3000
		Debt Service	15,521,636	0.4521	0.4521	17,222,587	0.2000	0.2000	17,889,852	0.4500	0.4500
	Hardin-Central C-2 School District	Operating Funds-Schools	9,043,955	5.0522	4.3222	10,370,890	4.7864	4.1195	11,041,188	4.7913	4.1113
	Richmond R-XVI School District	Operating Funds-Schools	74,590,550	3.1172	2.7500	82,378,305	3.0119	2.9997	87,062,007	3.0136	3.0100
		Debt Service	74,590,550	0.7273	0.7273	82,378,305	0.6839	0.6839	87,062,007	0.6839	0.6839
	Ray County	General Revenue	197,648,141	0.4100	0.0000	221,300,149	0.3854	0.0000	228,819,159	0.3882	0.0000
		Health	197,648,141	0.1000	0.1000	221,300,149	0.0940	0.0940	228,819,159	0.0947	0.0947
		Hospital	197,648,141	0.1800	0.1800	221,300,149	0.1692	0.1692	228,819,159	0.1704	0.1704
		Mental Health	197,850,268	0.0998	0.0998	221,300,149	0.0941	0.0941	228,819,159	0.0948	0.0948
		Senate Bill 40	197,648,141	0.1800	0.1800	221,300,149	0.1692	0.1692	228,819,159	0.1704	0.1704
		Noxious Weed	197,648,141	0.0500	0.0000	221,300,149	0.0470	0.0000	228,819,159	0.0473	0.0473
	Reynolds County Ambulance District	General Revenue	105,513,157	0.1337	0.1200	101,648,355	0.1398	0.1200	97,723,706	0.1462	0.1200
	City of Bunker	General Revenue	1,573,168	0.4523	0.4500	1,537,061	0.4649	0.4600	1,535,215	0.4690	0.4600
	City of Centerville	General Revenue	1,021,843	0.4322	0.3500	907,231	0.4895	0.3500	901,290	0.5006	0.3500
Ripley	Reynolds County Library District	General Revenue	103,780,487	0.1749	0.1200	100,142,585	0.1826	0.1200	96,144,491	0.1913	0.1200
	Garwood Fire Protection District	General Revenue	2,025,402	0.3000	0.3000	2,100,043	0.3000	0.3000	2,195,133	0.3000	0.3000
	Centerville R-I School District	Operating Funds-Schools	5,209,759	2.7500	2.7500 *	5,198,192	2.7500	2.7500 *	5,306,432	3.7500	3.7500 *
	Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	33,223,272	3.5312	2.9375	31,887,387	3.7000	3.0700	30,658,224	3.7000	3.0300
		Debt Service	**	**	**	31,887,387	0.4500	0.4500	30,658,224	0.4500	0.4500
	Bunker R-III School District	Operating Funds-Schools	33,289,772	3.2800	2.7500	32,002,137	3.2800	2.7500	29,531,345	3.2800	2.7500
	Lesterville R-IV School District	Operating Funds-Schools	23,158,518	3.4170	3.1600 *	23,601,679	3.4270	3.1600	23,493,962	3.5101	3.1600
	Reynolds County	General Revenue	103,780,487	0.3498	0.3000	100,142,585	0.3651	0.2850	96,144,491	0.3824	0.2500
		Road & Bridge	103,780,487	0.2572	0.1600	100,142,585	0.2685	0.1600	96,144,491	0.2812	0.1600
		Health	103,780,487	0.1000	0.1000	100,142,585	0.1000	0.1000	96,144,491	0.1000	0.1000
		Hospital	103,780,487	0.1500	0.1500	100,142,585	0.1500	0.1100	96,144,491	0.1500	0.1100
		Senate Bill 40	103,780,487	0.1000	0.1000	100,142,585	0.1000	0.1000	96,144,491	0.1000	0.1000
		Senior Services	103,780,487	0.0300	0.0300	100,142,585	0.0300	0.0300	96,144,491	0.0300	0.0300
	Ripley County Ambulance District	General Revenue	52,962,359	0.3000	0.1500	56,624,958	0.2966	0.1500	57,441,951	0.2982	0.1200
	Ripley County Memorial Hospital	General Revenue	63,864,879	0.3000	0.3000	68,173,049	0.2983	0.2983	68,970,666	0.2995	0.2995
	Fourche Creek Watershed Sub Dist	General Revenue	2,666,900	0.1600	0.1500	3,080,000	0.1561	0.1500	3,109,890	0.1561	0.1000
Ripley	Bennett Special Road Dist Ripley Co	Road & Bridge	336,451	0.1902	0.1700	352,395	0.1904	0.1700	356,757	0.1903	0.1700
	Current River Sp Rd Dist Ripley Co	Road & Bridge	495,015	0.2200	0.2100	487,927	0.2232	0.2232	508,761	0.2233	0.2233
	Doniphan Spec Rd Dist Ripley Co	Road & Bridge	30,427,989	0.2300	0.2200	32,344,266	0.2266	0.2266	32,988,699	0.2278	0.2278
		Special Road and Bridge	30,427,989	0.1500	0.1500 *	32,344,266	0.1478	0.1478	32,988,699	0.1486	0.1486
	Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	3,027,521	0.2000	0.2000	3,361,587	0.2000	0.2000	3,375,394	0.2000	0.2000
	Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	1,539,336	0.3499	0.3499	1,605,823	0.3499	0.3499	1,682,409	0.3499	0.3499
	Jordan Spec Rd Dist Ripley Co	Road & Bridge	6,191,403	0.1900	0.1900	6,742,674	0.1900	0.1900	6,648,286	0.1938	0.1938
	Little Black Spec Rd Dist Ripley Co	Road & Bridge	985,370	0.3499	0.3499	1,115,921	0.3500	0.3500	1,171,343	0.3500	0.3500
	Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	2,867,541	0.2002	0.2002	3,090,693	0.2002	0.2002	3,101,934	0.2031	0.2031
	Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	153,571	0.2234	0.2200	169,631	0.2157	0.2157	172,055	0.2157	0.2157
	Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,073,532	0.2900	0.2900	5,134,615	0.2910	0.2910	5,056,738	0.2957	0.2957

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Special Road and Bridge	5,073,532	0.5000	0.5000	5,134,615	0.5000	0.5000 *	5,056,738	0.5000	0.5000
	Oxly Spec Rd Dist Ripley Co	Road & Bridge	1,985,242	0.3500	0.3500	2,144,925	0.3390	0.3390	2,173,673	0.3390	0.3390
	Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,078,003	0.1800	0.1800	2,171,725	0.1800	0.1800	2,165,996	0.1822	0.1822
	Ponder Gatewood Road Dist Ripley Co	Road & Bridge	3,950,057	0.1601	0.1601	4,364,597	0.1601	0.1601	4,475,393	0.1601	0.1601
		Road & Bridge-Temp	**	**	**	4,364,597	0.3399	0.3399 *	4,475,393	0.3399	0.3399
	Poynor Spec Rd Dist Ripley Co	Road & Bridge	1,579,860	0.1700	0.1700	1,645,641	0.1700	0.1700	1,620,026	0.1743	0.1743
	Pratt Spec Rd Dist Ripley Co	Road & Bridge	298,367	0.2300	0.2300	309,439	0.2298	0.2298	324,057	0.2298	0.2298
	Purman Spec Rd Dist Ripley Co	Road & Bridge	1,788,617	0.1600	0.1500	1,947,246	0.1600	0.1600	1,940,186	0.1617	0.1617
		Special Road and Bridge	1,788,617	0.3000	0.3000	1,947,246	0.3000	0.3000 *	1,940,186	0.3000	0.3000
	Running Water Sp Rd Dist Ripley Co	Road & Bridge	311,401	0.2101	0.1800	327,549	0.2100	0.1800	328,720	0.2104	0.1800
	Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	212,872	0.1700	0.1500	220,986	0.1701	0.1500	220,408	0.1706	0.1500
	Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	562,728	0.3042	0.3042	635,412	0.2904	0.2904	659,830	0.2903	0.2903
	City of Doniphan	General Revenue	12,592,709	0.4100	0.4100	13,378,742	0.3986	0.3986	13,496,192	0.3994	0.3994
	City of Naylor	General Revenue	1,904,273	0.6710	0.6710	1,927,175	0.6710	0.6710	1,880,246	0.6877	0.6877
	Doniphan-Ripley County Library	General Revenue	63,864,879	0.1800	0.1800	68,173,049	0.1790	0.1790	68,970,666	0.1797	0.1797
		Debt Service	**	**	**	**	**	**	68,970,666	0.0300	0.0300
	Naylor R-II School District	Operating Funds-Schools	7,579,535	2.7500	2.7500 *	7,945,084	2.7500	2.7500 *	7,973,441	2.7500	2.7500 *
	Doniphan R-I School District	Operating Funds-Schools	44,402,269	2.7500	2.7500 *	47,686,707	2.7500	2.7500 *	48,600,375	2.7500	2.7500 *
	Ripley Co R-IV School District	Operating Funds-Schools	3,915,355	2.8500	2.7500	4,058,285	2.8347	2.7500	4,156,033	2.8155	2.7500
	Ripley Co R-III School District	Operating Funds-Schools	3,335,309	2.7500	2.7500 *	3,707,600	2.7500	2.7500 *	3,816,674	2.7500	2.7500 *
		Debt Service	3,335,309	0.1700	0.1700	3,707,600	0.1700	0.1700	3,816,674	0.1000	0.1000
	Ripley County	General Revenue	63,864,879	0.3100	0.3100	68,173,049	0.3082	0.3082	68,970,666	0.3095	0.3082
		Health	63,864,879	0.1500	0.1500	68,173,049	0.1491	0.1491	68,970,666	0.1497	0.1497
		Senate Bill 40	63,864,879	0.1000	0.1000	68,173,049	0.0994	0.0994	68,970,666	0.0998	0.0998
		Senior Services	63,864,879	0.0500	0.0500	68,173,049	0.0497	0.0497	68,970,666	0.0499	0.0499
St. Charles	St Charles County Ambulance Dist	General Revenue	3,761,349,233	0.1500	0.1500	4,262,901,800	0.1438	0.1438	4,487,464,689	0.1438	0.1438
		Debt Service	**	**	**	**	**	**	4,487,464,689	0.0200	0.0200
	Town of Augusta	General Revenue	3,564,515	0.2429	0.2400	4,456,387	0.2205	0.2200	4,294,599	0.2310	0.2310
		Lights	3,564,515	0.1215	0.1200	4,456,387	0.1103	0.1100	4,294,599	0.1155	0.1155
	City of Lake St Louis	General Revenue	127,420,946	0.8800	0.8800	152,731,660	0.8083	0.8083	162,968,797	0.8068	0.8068
		Debt Service	127,420,946	0.3680	0.3680	152,731,660	0.3994	0.3994	162,968,797	0.3994	0.3994
	City of O'Fallon	General Revenue	637,384,762	0.4393	0.4300	765,019,871	0.4135	0.4135	850,556,668	0.4066	0.4050
		Parks & Recreation	637,384,762	0.1597	0.1500	765,019,871	0.1504	0.1500	850,556,668	0.1479	0.1450
		Debt Service	637,384,762	0.3300	0.3300	765,019,871	0.3300	0.3300	850,556,668	0.3300	0.3300
	City of Portage Des Sioux	General Revenue	3,170,377	0.8218	0.8210	3,250,663	0.8218	0.8218	3,288,382	0.8218	0.8218
		Debt Service	**	**	**	**	**	**	3,288,382	0.2889	0.2889
	City of St Charles	General Revenue	738,942,726	0.6200	0.6200	811,478,252	0.5998	0.5998	838,322,646	0.6003	0.5998
		Parks & Recreation	738,942,726	0.2800	0.2700	811,478,252	0.2709	0.2709	838,322,646	0.2711	0.2709
		Debt Service	738,942,726	0.1000	0.1000	811,478,252	0.1000	0.1000	838,322,646	0.1000	0.1000
	City of St Peters	General Revenue	675,227,105	0.6600	0.6400	732,958,217	0.6418	0.6400	744,021,148	0.6434	0.6400
		Debt Service	675,227,105	0.2600	0.2600	732,958,217	0.2600	0.2600	744,021,148	0.2600	0.2600
	City of Wentzville	General Revenue	218,464,901	1.0000	1.0000	252,839,988	0.9935	0.9822	288,797,170	0.9901	0.9822

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Parks & Recreation	218,464,901	0.0900	0.0900	252,839,988	0.0894	0.0884	288,797,170	0.0891	0.0884
	City of St Paul	General Revenue	19,776,226	0.2195	0.2190	24,020,832	0.1998	0.1998	21,144,765	0.2389	0.2389
	Town of Weldon Springs Heights	General Revenue	1,497,727	0.4174	0.4170	1,791,278	0.3605	0.3605	1,760,325	0.5000	0.5000 *
	City of Cottleville	General Revenue	27,273,051	0.4476	0.4470	33,534,561	0.4100	0.4100	35,562,131	0.4100	0.4100
	Town of Dardenne Prairie	General Revenue	58,780,657	0.1841	0.1840	80,037,469	0.1653	0.1653	97,823,095	0.1570	0.1570
	St Charles City-County Library	General Revenue	3,761,349,233	0.2500	0.2400	4,262,901,800	0.2391	0.2387	4,487,464,689	0.2391	0.2387
	Cottleville Com Fire Prot District	General Revenue	599,347,434	0.5700	0.5700	707,933,322	0.5456	0.5456	738,064,434	0.5456	0.5456
		Pension	599,347,434	0.1000	0.0700	707,933,322	0.0957	0.0767	738,064,434	0.0957	0.0765
		Debt Service	**	**	**	**	**	**	738,064,434	0.1200	0.1200
	Lake St Louis Fire Prot District	General Revenue	145,218,646	0.4600	0.4600	163,724,308	0.4371	0.4371	170,093,684	0.4371	0.4371
		Pension	145,218,646	0.0300	0.0300	163,724,308	0.0285	0.0285	170,093,684	0.0285	0.0285
	O'Fallon Fire Protection District	General Revenue	643,941,079	0.6900	0.6900 *	766,609,879	0.6488	0.6488	829,249,751	0.6439	0.6439
		Pension	643,941,079	0.0500	0.0300	766,609,879	0.0470	0.0470	829,249,751	0.0466	0.0466
	Wentzville Fire Protection Dist 13	General Revenue	407,393,280	0.3100	0.3100	490,560,303	0.5440	0.5440 *	565,763,003	0.5370	0.5370
	Augusta Fire Protection District	General Revenue	26,115,453	0.2916	0.2910	29,153,446	0.2773	0.2773	29,640,529	0.2780	0.2780
	New Melle Fire Protection District	General Revenue	101,728,360	0.3526	0.3520	116,460,780	0.3297	0.3297	121,707,556	0.3297	0.3297
	Orchard Farm Fire Protection Dist	General Revenue	22,387,050	0.3000	0.3000	23,450,641	0.3000	0.3000	23,500,563	0.3000	0.3000
	Central County Fire and Rescue	General Revenue	1,041,566,606	0.5802	0.5800	1,119,655,411	0.5646	0.5646	1,133,661,601	0.5646	0.5646
		Pension	1,041,566,606	0.0500	0.0500	1,119,655,411	0.0487	0.0487	1,133,661,601	0.0487	0.0487
		Debt Service	**	**	**	1,119,655,411	0.0986	0.0986	1,133,661,601	0.0986	0.0986
	West Alton Fire Protection District	Fire	20,597,636	0.2901	0.2000	21,374,435	0.2901	0.2000	26,349,802	0.3000	0.2000
	St. Charles Co. Community College	General Revenue	3,738,864,862	0.1700	0.1700	4,065,645,636	0.1673	0.1673	4,461,801,356	0.1635	0.1635
		Debt Service	3,738,864,862	0.0800	0.0800	4,065,645,636	0.0800	0.0800	4,461,801,356	0.0800	0.0800
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,093,348,061	3.4707	3.4700	1,245,010,547	3.3534	3.3534	1,324,205,345	3.3538	3.3538
		Debt Service	1,093,348,061	0.9000	0.9000	1,245,010,547	0.9000	0.9000	1,324,205,345	0.9000	0.9000
	Francis Howell R-III School Dist	Operating Funds-Schools	1,240,938,358	3.9300	3.8900	1,413,001,482	3.7618	3.7618	1,452,763,743	3.7607	3.7607
		Debt Service	1,240,938,358	0.9400	0.9400	1,413,001,482	0.9313	0.9313	1,452,763,743	0.9313	0.9313
	Wentzville R-IV School District	Operating Funds-Schools	543,345,322	3.7500	3.7500	644,093,584	3.6187	3.6187	718,141,784	3.5946	3.5946
		Debt Service	543,345,322	0.6200	0.6200	644,093,584	0.6200	0.6200	718,141,784	0.6200	0.6200
	St Charles R-VI School District	Operating Funds-Schools	601,063,209	3.7252	3.7252	653,102,614	3.6086	3.6086	668,828,015	3.6199	3.6199
		Debt Service	601,063,209	0.5448	0.5448	653,102,614	0.6614	0.6614	668,828,015	0.6501	0.6501
	St Charles Co R-V School District	Operating Funds-Schools	128,666,970	3.8260	3.5493	150,276,757	3.7648	3.5240	161,713,281	3.7916	3.5769
		Debt Service	128,666,970	0.6097	0.6097	150,276,757	0.6760	0.6760	161,713,281	0.4698	0.4698
	St. Charles County	General Revenue	3,761,349,233	0.2700	0.0100	4,262,901,800	0.2582	0.0080	4,487,464,689	0.2582	0.0075
		Johnson Grass	3,761,349,233	0.0500	0.0000	4,262,901,800	0.0478	0.0000	4,487,464,689	0.0478	0.0000
		Road & Bridge	3,761,349,233	0.2600	0.2500	4,262,901,800	0.2487	0.2400	4,487,464,689	0.2487	0.2400
		Senate Bill 40	3,761,349,233	0.1600	0.1600	4,262,901,800	0.1530	0.1530	4,487,464,689	0.1530	0.1530
		Dispatch	3,761,349,233	0.0500	0.0500	4,262,901,800	0.0478	0.0477	4,487,464,689	0.0478	0.0475
		Debt Service	3,761,349,233	0.0100	0.0100	4,262,901,800	0.0013	0.0013	**	**	**
St. Clair	Ellett Memorial Hospital District	General Revenue	29,114,128	0.4850	0.4850	29,561,962	0.4850	0.4850	29,610,852	0.4930	0.4930
	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,879,203	0.2900	0.2900	1,975,806	0.2900	0.2900	1,860,225	0.2900	0.2900
	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	4,804,096	0.2800	0.2800	4,962,293	0.2800	0.2800	5,129,594	0.2800	0.2800 *

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,183,333	0.3500	0.3500	1,160,324	0.3500	0.3500 *	1,263,047	0.3500	0.3500
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,002,465	0.3200	0.3200	3,223,366	0.3200	0.3200	3,181,272	0.3200	0.3200
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	10,974,398	0.3100	0.3100	11,662,690	0.3100	0.3100	11,507,010	0.3100	0.3100
	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,451,958	0.5000	0.5000 *	2,571,243	0.5000	0.5000	2,576,139	0.5000	0.5000
	City of Appleton City	General Revenue	6,246,997	0.6266	0.6100	6,815,749	0.6108	0.6108	6,685,776	0.6300	0.6300
		Parks & Recreation	6,246,997	0.3537	0.3400	6,815,749	0.3448	0.3448	6,685,776	0.3557	0.3557
		Library	6,246,997	0.2224	0.2100	6,815,749	0.2168	0.2168	6,685,776	0.2236	0.2236
		Police & Fire	6,246,997	0.1920	0.1800	6,815,749	0.1871	0.1871	6,685,776	0.1930	0.1930
	City of Lowry City	General Revenue	3,001,829	0.5901	0.5800	3,237,306	0.5901	0.5901	3,185,412	0.6075	0.6075
		Lights	3,001,829	0.1831	0.1200	3,237,306	0.1831	0.1831	3,185,412	0.1885	0.1885
		Health	3,001,829	0.1526	0.0000	3,237,306	0.1526	0.0000	3,185,412	0.1571	0.0000
	City of Osceola	General Revenue	4,261,655	0.6600	0.6600	4,576,318	0.6553	0.6500	4,362,349	0.6929	0.6900
		Parks & Recreation	4,261,655	0.1000	0.1000	4,576,318	0.0993	0.0900	4,362,349	0.1000	0.1000
	Village of Roscoe	General Revenue	510,047	0.3919	0.3600	539,333	0.3920	0.3600	545,811	0.4012	0.3600
	St Clair County Library	General Revenue	66,018,860	0.1913	0.1800	68,572,151	0.1913	0.1800	69,979,162	0.1934	0.1800
	Iconium Fire Protection District	General Revenue	6,524,183	0.2912	0.2200	7,214,568	0.0000	0.1500	7,462,879	0.3000	0.1500 *
	Appleton City R-II School District	Operating Funds-Schools	17,355,359	3.1427	3.1427	18,429,631	3.2262	3.2262	18,695,389	3.3030	3.3030
	Roscoe C-1 School District	Operating Funds-Schools	4,342,530	2.8430	2.8400	4,985,480	2.8848	2.8847	5,193,860	2.9614	2.9614
		Debt Service	4,342,530	0.7166	0.7166	4,985,480	0.4871	0.4871	5,193,860	0.3759	0.3759
	Lakeland R-III School District	Operating Funds-Schools	19,841,072	2.7500	2.7500 *	21,093,972	2.7500	2.7500 *	21,716,700	3.1500	3.1500 *
		Debt Service	19,841,072	0.8200	0.8200	21,093,972	0.8200	0.8200	21,716,700	0.4200	0.4200
	Osceola School District	Operating Funds-Schools	18,818,962	2.2114	2.2114	20,364,602	2.2138	2.2138	21,266,216	2.3173	2.3173
		Building-Temp.	18,818,962	0.9000	0.9000	20,364,602	0.9000	0.9000	21,266,216	0.9008	0.9008
	St. Clair County	General Revenue	72,265,856	0.4834	0.3270	75,387,900	0.4834	0.3158	76,664,938	0.4889	0.3298
		Road & Bridge	72,265,856	0.2820	0.2820	75,387,900	0.2820	0.2820	76,664,938	0.2852	0.2852
		Common Road District	38,063,544	0.3200	0.3200	39,284,315	0.3200	0.3200	40,836,458	0.3200	0.3200
		Health	72,265,856	0.2100	0.2100	75,387,900	0.2100	0.2100	76,664,938	0.2100	0.2100
St. Francois	Flat River Sp Rd #2 St Francois Co	Road & Bridge	19,443,952	0.2542	0.2542	23,433,033	0.2201	0.2201	23,765,200	0.2215	0.2215
	City of Bismarck	General Revenue	6,053,350	0.5594	0.5300	7,520,651	0.4975	0.4900	7,618,965	0.5007	0.4900
		Health	6,053,350	0.1761	0.1500	7,520,651	0.1566	0.1500	7,618,965	0.1576	0.1500
	City of Desloge	General Revenue	20,740,565	0.5136	0.5136	23,647,190	0.4758	0.4758	24,445,055	0.4758	0.4758
		Debt Service	20,740,565	0.1480	0.1480	23,647,190	0.1383	0.1383	24,445,055	0.2237	0.2237
	City of Farmington	General Revenue	100,970,934	0.4865	0.4500	118,055,181	0.4449	0.4200	122,150,947	0.4449	0.4200
		Debt Service	100,970,934	0.1200	0.1200	118,055,181	0.0600	0.0600	122,150,947	0.0600	0.0600
	City of Leadington	General Revenue	3,244,645	0.4101	0.2900	4,061,195	0.3910	0.2900	3,940,528	0.4051	0.2900
	City of Leadwood	General Revenue	3,684,173	0.7897	0.7897	4,254,177	0.7501	0.7501	4,196,009	0.7654	0.7654
		Debt Service	3,684,173	1.5103	1.5103	4,254,177	1.5499	1.5499	4,196,009	1.5080	1.5080
	City of Iron Mountain Lake	General Revenue	2,103,273	0.7492	0.7492	2,448,564	0.6895	0.6895	2,467,632	0.7027	0.7027
		Debt Service	**	**	**	**	**	**	2,467,632	0.9890	0.9890
	City of Park Hills	General Revenue	40,356,671	0.8049	0.8000	34,541,950	0.6662	0.6662	48,846,334	0.6731	0.6731
	Leadwood Fire Protection District	General Revenue	10,010,812	0.5388	0.5388	11,254,917	0.5165	0.5165	11,390,643	0.5228	0.5228
	Doe Run Fire Protection District	General Revenue	30,489,719	0.3152	0.3152	34,034,950	0.3012	0.3012	33,400,236	0.3155	0.3155

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Mineral Area College	General Revenue	490,222,093	0.3557	0.3557	558,129,561	0.3362	0.3362	573,718,088	0.3375	0.3373
		Debt Service	490,222,093	0.0985	0.0985	558,129,561	0.0836	0.0836	573,718,088	0.1300	0.1300
	Bismarck R-V School District	Operating Funds-Schools	15,368,256	3.6377	3.1000	17,683,408	3.4313	2.9000	18,755,761	3.4674	3.1000
		Debt Service	14,557,893	0.7500	0.7500	17,546,668	0.7500	0.7500	18,755,761	0.6500	0.6500
	Farmington R-VII School District	Operating Funds-Schools	172,032,425	3.1773	3.1700	199,744,876	2.9563	2.9563	207,333,104	2.9903	2.9903
		Debt Service	172,032,425	0.6200	0.6200	199,744,876	0.6200	0.6200	207,333,104	0.6200	0.6200
	North St. Francois Co R-I Sch Dist	Operating Funds-Schools	99,240,228	3.5805	3.0000	111,918,217	3.4049	2.8000	116,301,219	3.4819	3.0900
		Debt Service	99,240,228	0.6700	0.6700	111,918,217	0.6700	0.6700	116,301,219	0.6700	0.6700
	Central R-III School District	Operating Funds-Schools	51,878,911	3.6631	3.1000	63,083,720	3.3317	2.7717	65,010,797	3.3502	3.1000
		Debt Service	51,878,911	0.8593	0.8593	63,083,720	0.9176	0.9176	65,010,797	0.8583	0.8583
	West St Francois Co R-IV Sch Dist	Operating Funds-Schools	26,601,575	3.2928	3.0700	30,230,236	3.2376	3.0700	30,471,894	3.2036	3.1200
		Debt Service	26,601,575	0.9800	0.9800	30,230,236	0.9800	0.9800	30,471,894	0.9300	0.9300
	St. Francois County	General Revenue	405,486,118	0.3509	0.0000	462,888,970	0.3292	0.0000	475,473,255	0.3315	0.0000
		Road & Bridge	405,486,118	0.2534	0.2300	462,888,970	0.2378	0.2100	451,708,056	0.2493	0.2290
		Health	405,486,118	0.0975	0.0975	462,888,970	0.0915	0.0915	475,473,255	0.0921	0.0921
		Ambulance	405,486,118	0.1462	0.1462	462,888,970	0.1372	0.1372	475,473,255	0.1381	0.1381
		Developmentally Disabled	405,486,118	0.0975	0.0975	462,888,970	0.0915	0.0915	475,473,255	0.0921	0.0921
Ste. Genevieve	City of Bloomsdale	General Revenue	4,406,392	0.3200	0.3200	5,035,798	0.3200	0.3200	5,142,571	0.3200	0.3200
	City of St Mary	General Revenue	2,673,391	0.9400	0.9400	2,990,833	0.9278	0.9278	2,922,839	0.9502	0.9502
	City of Ste Genevieve	General Revenue	41,429,055	0.5000	0.5000	43,860,032	0.5000	0.5000	44,342,072	0.5006	0.5000
		Parks & Recreation	41,429,055	0.1300	0.1300	43,860,032	0.1300	0.1300	44,342,072	0.1301	0.1300
		Band	41,429,055	0.0800	0.0700	43,860,032	0.0800	0.0700	44,342,072	0.0801	0.0700
		Cemetery	41,429,055	0.0500	0.0400	43,860,032	0.0500	0.0400	44,342,072	0.0500	0.0400
		Debt Service	41,429,055	0.0400	0.0400	43,860,032	0.0400	0.0400	44,342,072	0.0600	0.0600
	Ste. Genevieve County Library	General Revenue	241,317,073	0.1000	0.1000	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000
	Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	188,339,258	2.9798	2.9096	199,989,353	2.9914	2.9405	201,543,949	3.0000	3.0675 #
		Debt Service	195,858,711	0.2600	0.2600	204,814,958	0.2600	0.2600	201,543,949	0.2600	0.2600
	Ste. Genevieve County	General Revenue	233,797,620	0.3700	0.1800	247,368,072	0.3700	0.1800	249,283,360	0.3726	0.2488
		Road & Bridge	233,797,620	0.2800	0.2600	247,368,072	0.2800	0.2600	249,283,360	0.2819	0.2700
		Health	241,317,073	0.1000	0.1000	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000
		Hospital	241,317,073	0.1600	0.1600	252,193,677	0.1616	0.1616	249,283,360	0.1712	0.1748 #
		Ambulance	241,317,073	0.1300	0.1300	252,193,677	0.1313	0.1313	249,283,360	0.1410	0.1679 #
		Mental Health	241,317,073	0.1000	0.1000	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000
		Senate Bill 40	241,317,073	0.1000	0.0700	252,193,677	0.1000	0.0700	249,283,360	0.1000	0.0700
		Senior Services	241,317,073	0.0500	0.0350	252,193,677	0.0500	0.0400	249,283,360	0.0500	0.0300
St. Louis	City of Bella Villa	General Revenue	0	0.0000	0.0000	6,815,619	0.3001	0.0000	6,748	0.5500	0.0000
	City of Bellefontaine Neighbors	General Revenue	77,111,569	0.2309	0.1500	79,486,764	0.2309	0.1500	78,828,592	0.2329	0.1500
	Village of Bellerive Acres	General Revenue	3,347,992	0.6894	0.6700	3,675,221	0.6641	0.6640	3,638,849	0.6707	0.6700
	Village of Bel Nor	General Revenue	14,806,574	0.3165	0.3160	16,181,572	0.2918	0.2910	16,101,360	0.2933	0.2930
		Debt Service	14,806,574	0.5000	0.5000	16,181,572	0.5000	0.5000	16,101,360	0.5000	0.5000
	Village of Bel Ridge	General Revenue	15,305,199	0.3067	0.3070	14,729,071	0.3308	0.3300	14,731,111	0.3308	0.3300

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Berkeley	General Revenue	169,818,350	0.8000	0.7020	180,030,783	0.7833	0.7100	185,147,106	0.7860	0.7860
		Pension	169,818,350	0.1100	0.0900	180,030,783	0.1077	0.0900	185,147,106	0.1081	0.1080
		Debt Service	169,818,350	0.2260	0.2260	180,030,783	0.2150	0.2150	185,147,106	0.2090	0.2090
	City of Beverly Hills	General Revenue	3,701,746	0.2300	0.2300	3,957,462	0.2282	0.2280	0	0.0000	0.2280
	City of Breckenridge Hills	General Revenue	21,908,077	0.3114	0.2000	24,270,195	0.2906	0.2000	24,105,765	0.2927	0.2000
	City of Brentwood	General Revenue	250,822,612	0.2204	0.2200	208,515,515	0.2003	0.1800	208,408,464	0.2070	0.0000
		Library	250,822,612	0.1903	0.1900	208,515,515	0.1730	0.1700	208,408,464	0.1788	0.1780
		Pension	250,822,612	0.2504	0.2500	208,515,515	0.2276	0.2270	208,408,464	0.2353	0.2350
		Debt Service	250,822,612	0.0500	0.0500	208,515,515	0.0300	0.0300	208,408,464	0.0000	0.0000
	City of Bridgeton	General Revenue	315,277,386	0.2333	0.1600	361,257,649	0.2191	0.1600	336,282,215	0.2387	0.1600
	Village of Calverton Park	General Revenue	8,578,135	0.3110	0.2000	9,340,235	0.2981	0.2000	9,354,714	0.2982	0.2000
	City of Charlack	General Revenue	7,773,692	0.2701	0.2400	8,459,209	0.2574	0.2300	8,496,939	0.2574	0.2570
	City of Clarkson Valley	General Revenue	82,263,109	0.1404	0.1400	87,915,479	0.1361	0.1360	86,272,159	0.1394	0.1390
	City of Clayton	General Revenue	562,399,462	0.7336	0.6680	670,488,561	0.6720	0.5700	669,446,959	0.6875	0.5800
		Debt Service	562,399,462	0.0870	0.0870	670,488,561	0.0740	0.0740	669,446,959	0.0760	0.0760
	City of Cool Valley	General Revenue	11,954,955	0.1536	0.1500	13,127,815	0.1513	0.1510	12,023,994	0.1652	0.1650
	City of Country Club Hills	General Revenue	5,965,833	0.7000	0.7000	6,560,077	0.6670	0.6670	6,405,725	0.6831	0.6830
		Parks & Recreation	5,965,833	0.3200	0.3200	6,560,077	0.3049	0.3040	6,405,725	0.3123	0.3120
		Health	5,965,833	0.1800	0.1800	6,560,077	0.1715	0.1710	6,405,725	0.1756	0.1750
	Village of Country Life Acres	General Revenue	5,262,864	0.4151	0.4150	5,538,325	0.4075	0.4070	5,416,084	0.4167	0.4160
	City of Crestwood	General Revenue	216,927,622	0.2816	0.2500	235,452,064	0.2693	0.2500	237,716,595	0.2698	0.2500
	City of Creve Coeur	General Revenue	500,346,111	0.1000	0.0700	584,165,841	0.0899	0.0700	582,451,229	0.0916	0.0700
	City of Crystal Lake Park	General Revenue	10,313,691	0.8900	0.8900	12,458,935	0.7734	0.7690	12,431,346	0.7764	0.7700
	City of Dellwood	General Revenue	36,484,665	0.2203	0.1700	37,865,115	0.2196	0.1700	37,454,594	0.2221	0.2200
	City of Des Peres	General Revenue	197,205,677	0.2500	0.0000	213,940,002	0.2401	0.0000	221,343,320	0.2403	0.0000
		Debt Service	197,205,677	0.0000	0.0000	213,940,002	0.0000	0.0000	221,343,320	0.0000	0.0000
	City of Edmundson	General Revenue	28,648,191	0.2817	0.1900	23,758,611	0.3421	0.1900	24,978,616	0.3422	0.3400
	City of Ellisville	General Revenue	177,254,205	0.4300	0.1500	195,711,167	0.4104	0.1500	200,084,512	0.4104	0.1500
		Debt Service	177,254,205	0.0000	0.0000	**	**	**	**	**	**
	City of Eureka	General Revenue	125,240,769	0.5056	0.4800	143,487,068	0.4853	0.3900	149,674,710	0.4908	0.3900
	City of Ferguson	General Revenue	168,866,864	0.4500	0.4500	177,724,424	0.4419	0.4410	177,808,204	0.4419	0.4410
		Parks & Recreation	168,866,864	0.1911	0.1900	177,724,424	0.1877	0.1870	177,808,204	0.1877	0.1870
	City of Flordell Hills	General Revenue	3,055,974	0.5723	0.5000	3,124,896	0.5723	0.4900	3,287,351	0.5527	0.5500
	City of Florissant	General Revenue	418,996,371	0.1201	0.0000	445,966,027	0.1180	0.0000	445,926,500	0.1188	0.0000
	City of Frontenac	General Revenue	148,387,378	0.5918	0.5400	169,390,038	0.5454	0.5400	168,480,871	0.5524	0.5400
	City of Glendale	General Revenue	95,882,121	0.5717	0.5100	112,799,303	0.5091	0.4490	111,885,967	0.5144	0.5140
		Pension	95,882,121	0.1103	0.0600	112,799,303	0.0982	0.0600	111,885,967	0.0992	0.0600
	Town of Grantwood Village	General Revenue	17,511,311	0.2700	0.2700	19,874,887	0.2449	0.2440	19,648,000	0.2471	0.2460
	City of Greendale	General Revenue	4,364,674	0.6000	0.6000	4,420,595	0.6000	0.6000	4,405,823	0.6000	0.6000
	Village of Hanley Hills	General Revenue	10,064,919	0.3705	0.3300	10,549,875	0.3676	0.3300	10,960,571	0.3690	0.3600
	City of Hazelwood	General Revenue	428,561,903	0.4074	0.3100	457,085,532	0.4002	0.3100	449,489,628	0.4146	0.4100
	Village of Hillsdale	General Revenue	7,125,853	0.5000	0.5000	7,102,373	0.5000	0.5000	7,650,067	0.5000	0.5000
	City of Huntleigh	General Revenue	22,899,202	0.3658	0.1000	27,076,585	0.3223	0.0800	26,887,748	0.3253	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Jennings	General Revenue	76,932,618	1.0000	1.0000	80,071,454	1.0000	1.0000	79,004,353	1.0000	1.0000
		Pension	76,932,618	0.1850	0.1800	80,071,454	0.1850	0.1800	79,004,353	0.1850	0.1800
	City of Kinloch	General Revenue	3,272,828	1.0000	0.7000	3,273,783	1.0000	0.7000	3,105,289	1.0000	0.7000
	City of Kirkwood	Parks & Recreation	425,040,854	0.2000	0.1300	484,475,273	0.1865	0.1300	500,561,245	0.1877	0.1300
		Library	425,040,854	0.2400	0.2400	478,137,324	0.2232	0.2230	481,550,356	0.2232	0.2230
		Pension	425,040,854	0.1800	0.1800	484,475,273	0.1678	0.1670	500,561,245	0.1689	0.1680
		Debt Service	425,040,854	0.1100	0.1100	484,475,273	0.2970	0.2970	500,561,245	0.2870	0.2870
	City of Ladue	General Revenue	438,978,313	0.4910	0.4700	496,659,346	0.4496	0.4490	495,199,803	0.4560	0.4520
	City of Lakeshire	General Revenue	9,763,208	0.1000	0.0900	10,911,295	0.0925	0.0900	10,787,021	0.0936	0.0900
	Village of Mackenzie	General Revenue	1,274,891	0.1901	0.1900	1,411,291	0.1821	0.1800	1,392,750	0.1845	0.1800
	City of Manchester	General Revenue	230,355,338	0.3928	0.0500	252,762,259	0.3781	0.0500	259,573,397	0.3784	0.0500
	City of Maplewood	General Revenue	83,136,863	0.5709	0.5700	93,132,030	0.5272	0.5270	91,532,370	0.5380	0.5380
		Pension	83,136,863	0.2470	0.2470	93,132,030	0.2281	0.2280	91,532,370	0.2328	0.2320
		Capital Projects-Temp	83,136,863	0.2700	0.1700	93,132,030	0.2493	0.1600	91,532,370	0.2544	0.2540
	Village of Marlborough	General Revenue	19,466,073	0.1116	0.1100	21,488,560	0.1053	0.1100	20,746,153	0.1091	0.1000
	City of Normandy	General Revenue	26,328,158	0.4000	0.4000	27,587,979	0.3961	0.3900	27,020,806	0.4000	0.3900
	City of Northwoods	General Revenue	24,008,803	0.4010	0.3600	24,700,596	0.4010	0.3600	24,314,020	0.4074	0.3600
	Village of Norwood Court	General Revenue	4,210,454	0.3006	0.0000	4,376,624	0.2987	0.0000	4,335,531	0.3017	0.0000
	City of Oakland	General Revenue	17,925,083	0.2665	0.2600	20,547,469	0.2402	0.2400	20,609,473	0.2404	0.2400
	City of Olivette	General Revenue	148,529,163	0.4900	0.4900	170,515,557	0.4481	0.4480	174,682,450	0.7517	0.7490
		Parks & Recreation	148,529,163	0.1100	0.1100	170,515,557	0.1006	0.1000	**	**	**
		Health	148,529,163	0.1100	0.1100	170,515,557	0.1006	0.1000	**	**	**
		Pension	148,529,163	0.1700	0.1700	170,515,557	0.1555	0.1550	174,682,450	0.1558	0.1550
		Storm Water	148,529,163	0.1100	0.1100	170,515,557	0.1006	0.1000	**	**	**
	City of Overland	General Revenue	173,244,754	0.1000	0.0600	189,440,685	0.0955	0.0600	191,340,030	0.0963	0.0950
		Pension	173,244,754	0.1500	0.1500	189,440,685	0.1433	0.1430	191,340,030	0.1444	0.1430
	City of Pagedale	General Revenue	26,091,004	0.2636	0.2600	26,846,079	0.2636	0.2630	27,819,707	0.2678	0.2670
	City of Pasadena Hills	General Revenue	10,432,443	0.3000	0.3000	10,930,597	0.2968	0.2960	10,935,938	0.2968	0.2900
	Village of Pasadena Park	General Revenue	3,655,776	0.3203	0.3200	4,025,995	0.3017	0.3010	4,034,065	0.3017	0.3010
	City of Peerless Park	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	City of Pine Lawn	General Revenue	15,473,982	0.2525	0.2500	15,230,208	0.2577	0.2570	14,927,061	0.2629	0.2620
	City of Richmond Heights	General Revenue	228,884,666	0.6400	0.2900	254,337,375	0.5984	0.2900	252,788,820	0.6025	0.2900
		Library	228,884,666	0.2200	0.2200	254,337,375	0.2057	0.2100	252,788,820	0.2071	0.2010
		Pension	228,884,666	0.3700	0.3200	254,337,375	0.3460	0.3200	252,788,820	0.3484	0.3200
	Village of Riverview	General Revenue	14,619,968	0.3114	0.3000	16,222,356	0.2899	0.2890	16,035,594	0.2933	0.2890
	City of Rock Hill	General Revenue	57,693,620	0.3570	0.3600	66,541,984	0.3219	0.3190	66,400,408	0.3237	0.3230
		Library	58,623,210	0.3600	0.3500 *	67,654,555	0.3231	0.3220	66,555,658	0.3296	0.3290
		Debt Service	**	**	**	**	**	**	66,400,408	0.3500	0.3500
	City of St Ann	General Revenue	105,901,861	0.1700	0.1600	110,141,737	0.1692	0.1600	137,351,867	0.1711	0.1600
	City of St George	General Revenue	10,708,494	0.1400	0.1200	11,364,101	0.1370	0.1200	11,199,128	0.1390	0.1390
	City of St John	General Revenue	44,114,139	0.4000	0.4000	50,268,574	0.3833	0.3830	50,133,291	0.3844	0.3840
	City of Shrewsbury	General Revenue	89,818,140	0.4505	0.2500	98,111,426	0.4269	0.3000	97,868,477	0.4298	0.3500
		Debt Service	89,818,140	0.7500	0.7500	98,111,426	0.7000	0.7000	97,868,477	0.6500	0.6500



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Sunset Hills	General Revenue	246,169,101	0.0902	0.0600	276,595,193	0.0839	0.0600	274,022,416	0.0852	0.0600
	Village of Sycamore Hills	General Revenue	4,284,210	0.2801	0.2500	4,941,401	0.2520	0.2500	4,897,093	0.2544	0.2500
		Health	4,284,210	0.1301	0.1000	4,941,401	0.1171	0.1000	4,897,093	0.1182	0.1000
	City of Town and Country	General Revenue	530,884,671	0.5615	0.0000	603,043,732	0.5441	0.0000	610,707,613	0.5457	0.0000
		Dispatch	530,884,671	0.0300	0.0000	603,043,732	0.0289	0.0000	610,707,613	0.0290	0.0000
	Village of Twin Oaks	General Revenue	6,757,955	0.4324	0.0000	7,560,155	0.3993	0.0000	7,548,537	0.3999	0.0000
	City of University City	General Revenue	355,424,514	0.7814	0.6600	437,580,238	0.6637	0.6600	434,590,177	0.6711	0.6710
		Library	355,424,514	0.3406	0.3400	437,580,238	0.2893	0.2890	434,590,177	0.2925	0.2920
		Pension	355,424,514	0.2204	0.0000	437,580,238	0.1872	0.0000	434,590,177	0.1893	0.0000
	Village of Uplands Park	General Revenue	2,208,546	0.3902	0.3400	2,258,079	0.3902	0.3200	2,255,026	0.3907	0.3200
	City of Valley Park	General Revenue	65,218,517	0.6585	0.5800	72,447,533	0.6578	0.5800	71,480,532	0.6690	0.5700
	City of Velda City	General Revenue	5,782,389	0.3702	0.0000	6,089,748	0.3683	0.3400	5,964,883	0.3760	0.3400
		Debt Service	5,782,389	1.0300	1.0300	6,089,748	0.6900	0.6900	5,964,883	0.6900	0.6900
	Village of Velda Village Hills	General Revenue	5,059,300	0.3605	0.3500	5,127,786	0.3605	0.3600	5,062,453	0.3652	0.3600
	City of Vinita Park	General Revenue	34,698,727	0.2315	0.2200	40,423,342	0.2166	0.2150	40,687,652	0.2238	0.2230
	Village of Vinita Terrace	General Revenue	1,763,429	0.0500	0.0500	1,900,228	0.0479	0.0370	2,241,433	0.0413	0.0410
		Health	1,763,429	0.1601	0.1500	1,900,228	0.1535	0.1190	2,241,433	0.1322	0.1320
	City of Warson Woods	General Revenue	44,554,123	0.4700	0.4700	49,875,950	0.4369	0.0000	49,179,706	0.4465	0.0000
		Debt Service	**	**	**	49,875,950	0.4400	0.4400	49,179,706	0.4290	0.4290
	City of Webster Groves	General Revenue	316,474,184	0.3116	0.3100	374,289,378	0.2766	0.2700	372,774,581	0.2787	0.2780
		Library	316,474,184	0.2000	0.2000	374,289,378	0.1776	0.1700	372,774,581	0.1789	0.1780
		Streets	316,474,184	0.2010	0.1800	374,289,378	0.1784	0.1700	372,774,581	0.1797	0.1790
		Pension	316,474,184	0.1608	0.1300	374,289,378	0.1427	0.1300	372,774,581	0.1438	0.1430
		Debt Service	316,474,184	0.6700	0.6700	374,289,378	0.7000	0.7000	372,774,581	0.6590	0.6590
	City of Wellston	General Revenue	15,555,413	0.6000	0.6000	15,218,024	0.6000	0.6000	14,508,220	0.6000	0.6000
	Village of Westwood	General Revenue	11,496,186	0.0717	0.0700	11,929,535	0.0717	0.0700	12,311,665	0.0707	0.0700
	City of Winchester	General Revenue	14,300,614	0.2300	0.2300	15,835,970	0.2198	0.2180	15,944,429	0.2228	0.2220
	City of Woodson Terrace	General Revenue	54,698,896	0.2300	0.2200	55,049,327	0.2300	0.2200	56,871,981	0.2318	0.2200
	City of Chesterfield	Debt Service	1,142,053,943	0.1000	0.1000	1,235,443,696	0.0600	0.0600	1,237,598,782	0.0600	0.0600
	Ferguson Municipal Pub Library Dist	General Revenue	169,797,884	0.2200	0.2200	178,577,994	0.2162	0.2160	178,359,774	0.2165	0.2160
	Maplewood Public Library	General Revenue	89,215,203	0.2500	0.2500	98,255,670	0.2348	0.2340	95,710,710	0.2417	0.2410
	St Louis County Library	General Revenue	14,436,985,862	0.1804	0.1400	15,848,228,958	0.1729	0.1400	15,838,511,376	0.1763	0.1400
	Valley Park Community Library	General Revenue	37,864,558	0.1669	0.1660	42,980,701	0.1577	0.1570	41,851,620	0.1624	0.1620
	Affton Fire Protection District	General Revenue	347,100,955	0.6417	0.6400	380,507,475	0.6061	0.6060	401,009,922	0.7949	0.7930 *
		Ambulance	347,100,955	0.2000	0.2000	380,507,475	0.1889	0.1880	401,009,922	0.1823	0.1810
		Pension	347,100,955	0.0700	0.0700	380,507,475	0.0661	0.0660	401,009,922	0.0638	0.0630
		Dispatch	347,100,955	0.0300	0.0300	380,507,475	0.0283	0.0280	401,009,922	0.0273	0.0270
	Metro West Fire Protection District	General Revenue	1,155,039,377	0.5818	0.5810	1,269,100,580	0.5546	0.5540	1,286,952,001	0.5576	0.5570
		Ambulance	1,155,039,377	0.3000	0.3000	1,269,100,580	0.2860	0.2860	1,286,952,001	0.2875	0.2870
		Pension	1,155,039,377	0.1100	0.1100	1,269,100,580	0.1049	0.1040	1,286,952,001	0.1055	0.1050
		Dispatch	1,155,039,377	0.0300	0.0300	1,269,100,580	0.0286	0.0280	1,286,952,001	0.0488	0.0480 *
	Black Jack Fire Protection District	General Revenue	441,064,992	0.7500	0.7500	466,380,254	0.7446	0.7440	470,692,856	0.7446	0.7440
		Pension	441,064,992	0.1000	0.1000	466,380,254	0.0993	0.0990	470,692,856	0.0993	0.0990

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		NCCFA System	441,064,992	0.0500	0.0400	466,380,254	0.0496	0.0400	470,692,856	0.0496	0.0400
		Debt Service	**	**	**	**	**	**	470,692,856	0.2250	0.2250
	Chesterfield Fire Prot District	General Revenue	1,347,890,608	0.5392	0.5390	1,503,693,223	0.5172	0.5170	1,531,084,795	0.5174	0.5170
		Ambulance	1,347,890,608	0.3300	0.3200	1,503,693,223	0.3160	0.3160	1,531,084,795	0.3161	0.3160
		Pension	1,347,890,608	0.1000	0.1000	1,503,693,223	0.0958	0.0950	1,531,084,795	0.0958	0.0950
		Dispatch	1,347,890,608	0.0300	0.0300	1,503,693,223	0.0487	0.0400 *	1,531,084,795	0.0487	0.0380
		Debt Service	1,347,890,608	0.0300	0.0300	1,503,693,223	0.0270	0.0270	1,531,084,795	0.0130	0.0130
	Community Fire Protection District	General Revenue	439,327,882	1.0000	1.0000 *	489,105,553	0.9618	0.9610	476,867,214	0.9930	0.9920
		Ambulance	439,327,882	0.2500	0.2500	489,105,553	0.2404	0.2400	476,867,214	0.2482	0.2480
		Pension	439,327,882	0.1000	0.1000	489,105,553	0.0962	0.0960	476,867,214	0.0993	0.0990
		Dispatch	439,327,882	0.0300	0.0300	489,105,553	0.0289	0.0280	476,867,214	0.0298	0.0290
		Debt Service	**	**	**	**	**	**	476,867,214	0.2500	0.2500
	Creve Coeur Fire Protection Dist	General Revenue	982,357,900	0.6206	0.6100	1,093,955,886	0.5836	0.5830	1,080,577,381	0.5952	0.5950
		Ambulance	982,357,900	0.2202	0.2200	1,093,955,886	0.2071	0.2070	1,080,577,381	0.2112	0.2110
		Pension	982,357,900	0.1500	0.1500	1,093,955,886	0.1411	0.1410	1,080,577,381	0.1439	0.1430
		Dispatch	982,357,900	0.0500	0.0300	1,093,955,886	0.0470	0.0470	1,080,577,381	0.0479	0.0470
	Eureka Fire Protection District	General Revenue	204,612,837	0.7443	0.7440	229,674,521	0.7152	0.7150	236,484,232	0.7162	0.7160
		Ambulance	204,612,837	0.2998	0.2990	229,674,521	0.2881	0.2880	236,484,232	0.2885	0.2880
		Pension	204,612,837	0.1000	0.1000	229,674,521	0.0961	0.0960	236,484,232	0.0962	0.0960
		Dispatch	204,612,837	0.0300	0.0300	229,674,521	0.0288	0.0280	236,484,232	0.0288	0.0280
		Debt Service	204,612,837	0.1500	0.1500	229,674,521	0.1500	0.1500	236,484,232	0.1500	0.1500
	Fenton Fire Protection District	General Revenue	748,691,069	0.4389	0.3800	860,186,918	0.4316	0.3800	883,740,052	0.4365	0.3800
		Ambulance	748,691,069	0.3000	0.2300	860,186,918	0.3000	0.2300	883,740,052	0.3000	0.2300
		Pension	748,691,069	0.1000	0.1000	860,186,918	0.1000	0.1000	883,740,052	0.1000	0.1000
		Dispatch	748,691,069	0.0500	0.0300	860,186,918	0.0500	0.0300	883,740,052	0.0500	0.0300
	Florissant Valley Fire Prot Dist	General Revenue	635,908,788	0.5504	0.5500	674,709,666	0.6900	0.6900 *	675,233,378	0.6926	0.6920
		Ambulance	635,908,788	0.1500	0.1500	674,709,666	0.1484	0.1480	675,233,378	0.1490	0.1480
		Pension	635,908,788	0.1000	0.1000	674,709,666	0.0989	0.0980	675,233,378	0.0993	0.0990
		Dispatch	635,908,788	0.0500	0.0300	674,709,666	0.0495	0.0300	675,233,378	0.0497	0.0400
		Debt Service	**	**	**	**	**	**	675,233,378	0.1700	0.1700
	Kinloch Fire Protection District	General Revenue	3,503,214	0.5549	0.5200	3,440,033	0.9000	0.8600 *	3,184,987	0.9000	0.9000
		Dispatch	3,503,214	0.0256	0.0200	3,440,033	0.0261	0.0400	3,184,987	0.0282	0.0000
	Lemay Fire Protection District	General Revenue	135,282,840	0.9900	0.9900	145,285,165	0.9630	0.9600	145,358,375	0.9642	0.9600
		Ambulance	135,282,840	0.2300	0.2300	145,285,165	0.2237	0.2200	145,358,375	0.2240	0.2200
		Pension	135,282,840	0.1000	0.1000	145,285,165	0.0973	0.1000	145,358,375	0.0974	0.0900
		Central Alarm Fund	135,282,840	0.0500	0.0300	145,285,165	0.0486	0.0300	145,358,375	0.0487	0.0400
		Debt Service	135,282,840	0.1000	0.1000	145,285,165	0.0900	0.0900	145,358,375	0.0900	0.0900
	West County EMS & Fire Prot Dist	General Revenue	519,833,005	0.4705	0.4600	560,524,663	0.4551	0.4460	557,884,307	0.4588	0.4580
		Ambulance	519,833,005	0.2000	0.1900	560,524,663	0.1935	0.1890	557,884,307	0.1951	0.1950
		Pension	519,833,005	0.1000	0.0600	560,524,663	0.0967	0.0700	557,884,307	0.0975	0.0800
		Dispatch	519,833,005	0.0300	0.0300	560,524,663	0.0490	0.0400 *	557,884,307	0.0494	0.0490
		Debt Service	**	**	**	560,524,663	0.1800	0.1800	557,884,307	0.1800	0.1800
	Maryland Heights Fire Prot Dist	General Revenue	531,893,823	0.8000	0.8000	565,731,143	0.7807	0.7800	548,608,654	0.8000	0.8000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Ambulance	531,893,823	0.1106	0.1100	565,731,143	0.1079	0.1070	548,608,654	0.1121	0.1120
		Pension	531,893,823	0.1300	0.1300	565,731,143	0.1269	0.1260	548,608,654	0.1300	0.1300
		Dispatch	531,893,823	0.0500	0.0500	565,731,143	0.0488	0.0480	548,608,654	0.0500	0.0500
		Debt Service	531,893,823	0.0600	0.0600	565,731,143	0.0080	0.0080	**	**	**
	Mehlville Fire Protection District	General Revenue	1,558,704,831	0.5900	0.5900	1,718,814,882	0.5650	0.5650	1,738,865,598	0.5652	0.5650
		Ambulance	1,558,704,831	0.2300	0.2100	1,718,814,882	0.2203	0.2200	1,738,865,598	0.2203	0.2200
		Pension	1,558,704,831	0.1000	0.1000	1,718,814,882	0.0958	0.0950	1,738,865,598	0.0958	0.0950
		Alarm Fund	1,558,704,831	0.0500	0.0200	1,718,814,882	0.0479	0.0400	1,738,865,598	0.0479	0.0400
	Moline Fire Protection District	General Revenue	104,113,542	1.2500	1.2500	112,698,637	1.1991	1.1990	111,911,430	1.2079	1.2080
		Pension	104,113,542	0.1500	0.1500	112,698,637	0.1439	0.1430	111,911,430	0.1450	0.1450
		Dispatch	104,113,542	0.0300	0.0300	112,698,637	0.0288	0.0280	111,911,430	0.0290	0.0290
		Debt Service	104,113,542	0.0700	0.0700	112,698,637	0.0600	0.0600	111,911,430	0.0520	0.0520
	Normandy Fire Protection District	General Revenue	161,882,303	1.0000	1.0000	166,152,684	1.0000	1.0000	165,318,666	1.5078	1.5000 *
		Ambulance	161,882,303	0.3000	0.3000	166,152,684	0.3000	0.3000	165,318,666	0.3000	0.3000
		Pension	161,882,303	0.1000	0.1000	166,152,684	0.1000	0.1000	165,318,666	0.1000	0.1000
		Dispatch	161,882,303	0.0500	0.0400	166,152,684	0.0500	0.0400	165,318,666	0.0500	0.0400
		Debt Service	161,882,303	0.0300	0.0300	166,152,684	0.0400	0.0400	165,318,666	0.0800	0.0800
	Pattonville-Bridgeton Terr Fire Dis	General Revenue	616,054,592	0.7326	0.7320	677,010,051	0.7106	0.7100	670,256,615	0.9834	0.9830 *
		Ambulance	616,054,592	0.2442	0.2440	677,010,051	0.2369	0.2360	670,256,615	0.2445	0.2440
		Pension	616,054,592	0.1500	0.1500	677,010,051	0.1455	0.1450	670,256,615	0.1500	0.1500
		Dispatch	616,054,592	0.0500	0.0500	677,010,051	0.0485	0.0400	670,256,615	0.0500	0.0400
		Debt Service	616,054,592	0.0300	0.0300	677,010,051	0.0370	0.0370	670,256,615	0.0370	0.0370
	Riverview Fire Protection District	General Revenue	121,557,888	1.2500	1.2500	130,542,349	1.2044	1.2040	129,831,013	1.4612	1.4600 *
		Pension	121,557,888	0.1100	0.1100	130,542,349	0.1060	0.1060	129,831,013	0.2500	0.2500 *
		Dispatch	121,557,888	0.0500	0.0400	130,542,349	0.0482	0.0400	129,831,013	0.0485	0.0400
		Debt Service	**	**	**	130,542,349	0.1500	0.1500	129,831,013	0.1500	0.1500
	Robertson Fire Protection District	General Revenue	302,239,466	0.7896	0.7700	329,060,308	0.7784	0.7780	304,887,912	0.8580	0.8570
		Ambulance	302,239,466	0.5500	0.3900	329,060,308	0.5422	0.3900	304,887,912	0.5500	0.4220
		Pension	302,239,466	0.2000	0.2000	329,060,308	0.1972	0.1970	304,887,912	0.2000	0.2000
		Dispatch	302,239,466	0.0500	0.0400	329,060,308	0.0493	0.0400	304,887,912	0.0500	0.0400
		Debt Service	302,239,466	0.1500	0.1500	329,060,308	0.1500	0.1500	304,887,912	0.1000	0.1000
	Spanish Lake Fire Protection Dist	General Revenue	145,530,122	1.2500	1.2500	154,616,651	1.2180	1.2180	155,053,053	1.2200	1.2200
		Pension	145,530,122	0.1500	0.1500	154,616,651	0.1462	0.1460	155,053,053	0.1464	0.1460
		Dispatch	145,530,122	0.0500	0.0400	154,616,651	0.0487	0.0390	155,053,053	0.0488	0.0480
		Debt Service	145,530,122	0.2190	0.2190	154,616,651	0.1950	0.1950	155,053,053	0.2670	0.2670
	Valley Park Fire Protection Dist	General Revenue	162,552,416	0.6564	0.6500	180,834,597	0.6426	0.6400	179,302,212	0.6535	0.6400
		Ambulance	162,552,416	0.3000	0.3000	180,834,597	0.2937	0.2900	179,302,212	0.2987	0.2900
		Pension	162,552,416	0.1000	0.1000	180,834,597	0.0979	0.0979	179,302,212	0.0996	0.0991
		Dispatch	162,552,416	0.0300	0.0300	180,834,597	0.0294	0.0294	179,302,212	0.0299	0.0299
		Debt Service	162,552,416	0.0400	0.0400	180,834,597	0.0387	0.0387	179,302,212	0.0400	0.0400
	Mid-County Fire Protection District	General Revenue	120,565,173	1.3500	1.3500 *	124,925,450	1.3500	1.3500	122,761,798	1.3500	1.3500
		Ambulance	120,565,173	0.1500	0.1500	124,925,450	0.1500	0.1500	122,761,798	0.1500	0.1500
		Pension	120,565,173	0.1000	0.1000	124,925,450	0.1000	0.1000	122,761,798	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Dispatch	120,565,173	0.0300	0.0300	124,925,450	0.0300	0.0300	122,761,798	0.0300	0.0300
		Debt Service	**	**	**	**	**	**	122,761,798	0.4200	0.4200
	West Overland Fire Protection Dist	General Revenue	166,988,164	0.6963	0.7000	166,122,054	0.7081	0.7040	164,965,134	0.7100	0.7100
		Ambulance	166,988,164	0.2500	0.2500	166,122,054	0.2500	0.2500	164,965,134	0.2500	0.2500
		Pension	166,988,164	0.1500	0.1500	166,122,054	0.1500	0.1500	164,965,134	0.1500	0.1500
		Dispatch	166,988,164	0.0400	0.0400	166,122,054	0.0500	0.0500	164,965,134	0.0500	0.0500
	Metropolitan Sewer Dist St Louis Co	General Revenue -Gen. Adm	18,824,600,133	0.0200	0.0200	20,803,652,828	0.0191	0.0190	20,811,206,404	0.0193	0.0190
		General Revenue -Storm	11,179,178,925	0.0700	0.0500	12,278,689,675	0.0668	0.0500	12,287,474,332	0.0674	0.0500
	Black Creek - St. Louis County	General Revenue	998,954,503	0.1000	0.0600	1,170,940,623	0.0907	0.0600	1,150,001,966	0.0940	0.0600
	Black Jack-Dellwood - St. Louis Co.	General Revenue	203,212,898	0.1000	0.0600	218,328,960	0.0963	0.0600	215,040,597	0.0980	0.0600
	Clayton Central - St. Louis County	General Revenue	256,904,198	0.0920	0.0600	322,671,035	0.0835	0.0600	311,361,682	0.0894	0.0600
	Coldwater Creek - St. Louis County	General Revenue	1,793,668,698	0.1000	0.0700	1,868,391,212	0.1000	0.0700	1,876,779,111	0.1000	0.0700
	Creve Coeur-Frontenac St. Louis Co	General Revenue	404,839,135	0.0800	0.0500	459,832,901	0.0743	0.0500	455,200,134	0.0756	0.0500
	Deer Creek - St. Louis County	General Revenue	2,611,849,917	0.1000	0.0600	3,013,699,581	0.0910	0.0600	2,981,121,731	0.0930	0.0600
	Fountain Creek - St. Louis County	General Revenue	105,005,860	0.1412	0.1000	111,227,041	0.1394	0.1000	111,533,508	0.1398	0.1000
	Gravois Creek - St. Louis County	General Revenue	1,165,239,330	0.0900	0.0600	1,294,300,304	0.0850	0.0600	1,300,087,578	0.0856	0.0600
	Loretta-Joplin - St. Louis County	General Revenue	19,643,933	0.0906	0.0600	20,470,935	0.0901	0.0600	20,435,647	0.0903	0.0600
	Maline Creek - St. Louis County	General Revenue	542,515,124	0.1000	0.0700	571,156,188	0.0983	0.0700	567,173,150	0.0997	0.0700
	Marlborough - St. Louis County	General Revenue	47,347,233	0.0600	0.0400	51,550,056	0.0570	0.0400	51,147,609	0.0575	0.0400
	Meramec River Basin - St. Louis Co.	General Revenue	2,307,463,671	0.1000	0.0700	2,610,568,727	0.0951	0.0700	2,640,261,436	0.0965	0.0700
	Miss. River Subdist - St. Louis Co.	Debt Service	9,083,907,348	0.0200	0.0200	10,070,438,908	0.0200	0.0200	**	**	**
	Mo. River-Bonfils - St. Louis Co.	General Revenue	682,678,037	0.1000	0.0700	774,632,887	0.0943	0.0700	737,555,017	0.1000	0.0700
	North Affton - St. Louis County	General Revenue	54,713,322	0.0901	0.0600	60,628,053	0.0843	0.0600	60,236,766	0.0851	0.0600
	Paddock Creek - St. Louis County	General Revenue	126,540,269	0.1000	0.0600	133,124,669	0.0984	0.0600	132,591,205	0.0990	0.0600
	Seminary Branch RDP - St. Louis Co	General Revenue	232,517,565	0.0803	0.0600	259,432,505	0.0745	0.0600	255,298,832	0.0758	0.0600
	Shrewsbury Branch RDP - St Louis Co	General Revenue	19,899,766	0.0800	0.0600	21,812,078	0.0754	0.0600	21,564,021	0.0774	0.0600
	Sugar Creek - St. Louis County	General Revenue	225,227,925	0.0700	0.0700	248,184,325	0.0661	0.0700	255,473,499	0.0661	0.0620
	Univ City Branch RDP - St. Louis Co	General Revenue	668,048,820	0.1000	0.0700	759,613,480	0.0921	0.0700	755,835,430	0.0934	0.0700
	Upper Paddock Creek - St. Louis Co.	General Revenue	28,629,877	0.0908	0.0600	29,720,223	0.0904	0.0600	29,686,168	0.0908	0.0600
	Watkins Creek - St. Louis County	General Revenue	139,944,337	0.1000	0.0600	149,627,257	0.0968	0.0600	147,869,746	0.0987	0.0600
	Wedgewood Creek - St. Louis County	General Revenue	35,644,023	0.1000	0.0600	38,101,478	0.1000	0.0600	37,656,523	0.1000	0.0600
	Wellston - St. Louis County	General Revenue	38,301,257	0.1000	0.0800	38,369,273	0.1000	0.0800	38,078,855	0.1000	0.0800
	Hancock Street Light Dist St Louis	General Revenue	54,003,775	0.1918	0.2000	52,597,825	0.1988	0.1700	51,691,872	0.2000	0.1700
	Wheaton Cook Lyndhurst Light Dist	General Revenue	6,987,476	0.2000	0.1150	7,267,960	0.1986	0.1150	0	0.0000	0.1150
	Castle Point Street Light District	General Revenue	6,678,190	0.1833	0.1400	7,686,930	0.1657	0.1400	7,717,929	0.1664	0.1660
	Glasgow Village Street Light Dist	General Revenue	20,953,000	0.1600	0.1600	23,253,331	0.1489	0.1480	22,962,557	0.1508	0.1500
	Elmwood Park Street Light District	General Revenue	**	**	**	2,476,035	0.4000	0.4000 *	2,173,180	0.4000	0.1000
	Metro Zoological Park & Museum Dist	Art Museum	19,122,566,328	0.0800	0.0630	21,046,615,291	0.0771	0.0610	21,123,352,083	0.0777	0.0610
		Botanical Garden	19,122,566,328	0.0400	0.0330	21,046,615,291	0.0385	0.0310	21,123,352,083	0.0388	0.0310
		Museum of Mo. History	19,122,566,328	0.0400	0.0400	21,046,615,291	0.0385	0.0380	21,123,352,083	0.0388	0.0380
		Museum of Nat. History	19,122,566,328	0.0400	0.0330	21,046,615,291	0.0385	0.0310	21,123,352,083	0.0388	0.0310
		Zoological Park	19,122,566,328	0.0800	0.0630	21,046,615,291	0.0771	0.0610	21,123,352,083	0.0777	0.0610
	Clayton Special Business District	General Revenue	201,018,490	0.1316	0.0580	250,612,470	0.1241	0.0490	255,632,380	0.1266	0.0490

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Maplewood Special Business District	General Revenue	9,574,150	0.4817	0.4817	10,669,680	0.4465	0.4460	9,597,820	0.4964	0.4960
	University City Spec Bus Dist BD57	General Revenue	3,182,350	0.7404	0.7400	3,497,820	0.7040	0.7000	3,568,970	0.7037	0.7030
	Webster Groves-Old Webster Bus Dist	General Revenue	7,230,400	0.3438	0.2900	7,539,140	0.4213	0.2600	7,661,790	0.4309	0.2900
	Webster Groves-Old Orchard Bus Dist	General Revenue	6,370,870	0.5174	0.3600	3,903,530	0.8500	0.3600	3,937,530	0.8500	0.3600
	Kirkwood Special Business District	General Revenue	23,401,290	0.3522	0.3520	17,786,410	0.4676	0.4670	20,631,800	0.4809	0.4800
	Jennings Special Business District	General Revenue	1,881,720	0.5279	0.1700	1,976,940	0.5191	0.1700	1,999,370	0.5191	0.1700
	Productive Living Board	General Revenue	16,201,091,420	0.0900	0.0850	17,938,372,451	0.0861	0.0850	17,948,893,642	0.0873	0.0850
	Parkview Gardens Spec Bus Dist BD39	General Revenue	7,697,700	0.8000	0.7900	8,243,060	0.7717	0.7700	7,971,680	0.7980	0.7980
	Robinwood West Community Imp Dist	General Revenue	10,419,080	0.9500	0.7200 *	11,516,260	0.8878	0.7500	11,512,600	0.8881	0.8500
	Hazelwood R-I School District	Operating Funds-Schools	1,515,311,791	4.3232	4.3230	1,626,395,397	4.2391	4.2390	1,593,886,617	4.3537	4.3530
		Debt Service	1,515,311,791	0.3200	0.3200	1,626,395,397	0.3200	0.3200	1,593,886,617	0.3900	0.3900
	Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	867,048,817	4.7151	4.7150	898,140,963	4.7244	4.7150	906,921,292	4.7400	4.7400
		Debt Service	867,048,817	0.3000	0.3000	898,140,963	0.3000	0.3000	906,921,292	0.3000	0.3000
	Pattonville R-III School District	Operating Funds-Schools	1,141,811,617	3.6584	3.4490	1,218,319,025	3.6217	3.4530	1,202,493,481	3.7267	3.5560
		Debt Service	1,141,811,617	0.4900	0.4900	1,218,319,025	0.4900	0.4900	1,202,493,481	0.4900	0.4900
	Rockwood R-VI School District	Operating Funds-Schools	2,159,595,046	3.7757	3.7750	2,445,314,993	3.6712	3.6710	2,496,253,961	3.6892	3.6890
		Debt Service	2,159,595,046	0.7500	0.7500	2,445,314,993	0.7500	0.7500	2,496,253,961	0.7500	0.7500
	Kirkwood R-VII School District	Operating Funds-Schools	718,965,503	3.7588	3.7590	817,849,714	3.5049	3.5030	843,843,263	3.4994	3.4990
		Debt Service	718,965,503	0.4659	0.4660	817,849,714	0.4430	0.4430	843,843,263	0.2450	0.2450
	Lindbergh R-VIII School District	Operating Funds-Schools	853,369,719	3.0269	2.4200	945,160,196	2.9101	2.5100	961,282,183	2.9262	2.4930
		Debt Service	853,369,719	0.2600	0.2600	945,160,196	0.2600	0.2600	961,282,183	0.2800	0.2800
	Mehlville R-IX School District	Operating Funds-Schools	1,146,602,771	3.2296	3.2290	1,260,960,913	3.6022	3.6020 *	1,275,464,074	3.6215	3.6210
		Debt Service	1,146,602,771	0.3400	0.3400	1,260,960,913	0.3400	0.3400	1,275,464,074	0.3400	0.3400
	Parkway C-2 School District	Operating Funds-Schools	3,096,513,725	3.3638	3.3630	3,414,841,904	3.2152	3.2150	3,396,892,410	3.2712	3.2710
		Debt Service	3,096,513,725	0.2400	0.2400	3,414,841,904	0.2400	0.2400	3,396,892,410	0.2400	0.2400
	Affton 101 School District	Operating Funds-Schools	297,249,680	4.3100	4.3100 *	322,956,999	4.1045	4.1040	319,653,568	4.1450	4.1440
	Bayless School District	Operating Funds-Schools	108,894,512	2.7500	2.7500 *	121,023,182	3.5000	3.5000 *	121,405,193	3.5059	3.5000
		Debt Service	108,894,512	0.6300	0.6300	121,023,182	0.6300	0.6300	121,405,193	0.6300	0.6300
	Brentwood School District	Operating Funds-Schools	193,773,380	2.9636	2.7950	219,956,813	2.7028	2.5420	219,062,870	2.7950	2.7430
		Debt Service	**	**	**	219,956,813	0.2000	0.2000	219,062,870	0.2020	0.2020
	Clayton School District	Operating Funds-Schools	675,200,567	2.9512	2.7200	788,240,524	2.7471	2.5380	788,081,946	2.8226	2.7150 #
		Debt Service	675,200,567	0.5800	0.5800	788,240,524	0.4000	0.4000	788,081,946	0.3600	0.3600
	Hancock Place School District	Operating Funds-Schools	49,640,655	4.2978	3.1120	51,050,028	4.3000	3.3900	51,099,735	4.2683	4.2683
		Debt Service	49,640,655	0.6810	0.6810	51,050,028	0.4300	0.4300	51,099,735	0.7527	0.7527
	Jennings School District	Operating Funds-Schools	91,145,608	4.3742	4.3740	92,094,724	4.3215	4.3210	91,151,608	4.3377	4.3372
		Debt Service	91,145,608	0.8200	0.8200	92,094,724	1.0800	1.0800	91,151,608	1.0738	1.0738
	Ladue School District	Operating Funds-Schools	973,386,078	2.7203	2.6000	1,098,642,180	2.6000	2.6000 *	1,100,142,423	2.7500	2.7500 *
		Debt Service	**	**	**	1,098,642,180	0.4500	0.4500	1,100,142,423	0.4500	0.4500
	Maplewood-Richmond Heights Sch Dist	Operating Funds-Schools	154,121,542	3.6649	3.6640	177,686,604	3.8120	3.8120 *	175,705,220	3.8630	3.8630
		Debt Service	154,121,542	0.6490	0.6490	177,686,604	0.8790	0.8790	175,705,220	0.8280	0.8280
	Normandy School District	Operating Funds-Schools	213,012,861	4.6600	4.3360	215,825,145	4.6377	4.3020	218,239,966	4.6600	4.3030
		Debt Service	213,012,861	0.7640	0.7640	215,825,145	0.7980	0.7980	218,239,966	0.8240	0.8240
	Ritenour School District	Operating Funds-Schools	432,226,234	3.8941	3.8900	485,984,825	3.7144	3.7140	474,667,248	3.7580	3.7580

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis County	Riverview Gardens School District	Debt Service	432,226,234	0.8900	0.8900	485,984,825	0.8900	0.8900	474,667,248	0.8900	0.8900
		Operating Funds-Schools	211,958,174	4.1358	4.1358	230,028,990	3.9131	3.9131	228,530,896	4.1350	4.1350 *
	University City School District	Debt Service	211,958,174	1.6042	1.6042	230,028,990	1.8269	1.8269	228,530,896	1.6050	1.6050
		Operating Funds-Schools	359,690,523	4.1633	4.1630	441,595,560	4.2880	4.2664 *	440,425,484	4.3202	4.3200
	Valley Park School District	Debt Service	359,690,523	0.9190	0.9190	441,595,560	0.7236	0.7236	440,425,484	0.7380	0.7380
		Operating Funds-Schools	107,686,691	3.7529	3.7530	119,893,495	4.5105	4.5100 *	118,645,520	4.5967	4.5960
	Webster Groves School District	Debt Service	107,686,691	0.4639	0.4640	119,893,495	0.4400	0.4400	118,645,520	0.4840	0.4840
		Operating Funds-Schools	451,184,930	4.5117	4.5100 *	524,024,312	4.0512	4.0500	521,124,489	4.0804	4.0800
	Wellston School District	Debt Service	451,184,930	0.4500	0.4500	524,024,312	0.5600	0.5600	521,124,489	0.5640	0.5640
		Operating Funds-Schools	20,567,140	5.6700	5.6700	19,517,597	5.6700	5.6700	20,341,479	5.6700	5.6700
	Special Sch Dist of St. Louis Co	Operating Funds-Schools	16,221,571,086	0.6230	0.6230	17,960,367,929	0.8365	0.8350 *	17,971,518,376	0.8462	0.8490 #
		General Revenue	16,201,091,420	0.2818	0.1900	17,938,372,451	0.2697	0.1900	17,948,893,642	0.2733	0.1900
		Parks & Recreation	16,201,091,420	0.0700	0.0350	17,938,372,451	0.0670	0.0350	17,948,893,642	0.0679	0.0350
		Road & Bridge	16,201,091,420	0.1800	0.1050	17,938,372,451	0.1723	0.1050	17,948,893,642	0.1746	0.1050
		Health	16,201,091,420	0.2415	0.1650	17,938,372,451	0.2311	0.1650	17,948,893,642	0.2342	0.1650
		Debt Service	16,201,091,420	0.0850	0.0850	17,938,372,451	0.0850	0.0850	17,948,893,642	0.0850	0.0850
Saline	Saline Co Ambulance Dist No 3	General Revenue	141,678,557	0.2200	0.2100	138,258,651	0.2273	0.2100	140,632,184	0.2273	0.2100
	Slater Ambulance District No 1	General Revenue	29,995,144	0.3700	0.3700	30,097,283	0.3700	0.3700	33,159,948	0.3638	0.3638
	Sweet Springs Ambulance District	General Revenue	37,540,096	0.2975	0.2975	36,410,406	0.3000	0.3000	37,710,134	0.4479	0.4479 *
	Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	4,540,383	0.3385	0.3385	4,620,765	0.3386	0.3386	5,003,420	0.3247	0.3247
		Special Road and Bridge	4,540,383	0.3600	0.3600	4,620,765	0.3600	0.3600	5,003,420	0.3600	0.3600 *
		Debt Service	4,540,383	0.2942	0.2942	4,620,765	0.6041	0.6041	5,003,420	0.5720	0.5720
		Road & Bridge	5,008,929	0.3443	0.3443	5,038,670	0.3443	0.3443	6,000,869	0.3172	0.3172
	Gilliam Spec Rd Dist Saline Co	Special Road and Bridge	5,008,929	0.3200	0.3200 *	5,038,670	0.3200	0.3200	6,000,869	0.2948	0.2948
		Road & Bridge	2,712,475	0.3202	0.3202	2,932,584	0.3202	0.3202	3,089,209	0.3113	0.3113
	Grand Pass Spec Road Dist Saline Co	Special Road and Bridge	2,712,475	0.3600	0.3600	2,932,584	0.3600	0.3600	3,089,209	0.3500	0.3500
		Road & Bridge	92,406,506	0.2900	0.2900	98,640,571	0.2900	0.2900	98,997,241	0.2916	0.2916
	Slater Spec Rd Dist Saline Co	Road & Bridge	20,318,618	0.3062	0.3062	19,956,771	0.3136	0.3136	21,992,092	0.3109	0.3108
		Special Road and Bridge	20,318,618	0.3444	0.3444	19,956,771	0.3527	0.3527	21,992,092	0.3600	0.3600 *
	Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	15,917,616	0.3201	0.3201	16,036,218	0.3201	0.3201	16,273,742	0.3201	0.3201
		Special Road and Bridge	15,917,616	0.3000	0.3000 *	16,036,218	0.3000	0.3000	16,273,742	0.3000	0.3000
	Malta Bend Spec Rd Dist Saline Co	Road & Bridge	8,340,795	0.3337	0.3337	8,556,576	0.3337	0.3337	8,516,153	0.3353	0.3353
		Special Road and Bridge	8,340,795	0.3200	0.3200 *	8,556,576	0.3200	0.3200	8,516,153	0.3200	0.3200
	Village of Arrow Rock	General Revenue	611,704	0.6700	0.6700 *	592,442	0.6700	0.6700	681,733	0.6481	0.6481
	City of Blackburn	General Revenue	1,326,090	0.5962	0.5900	1,357,027	0.5962	0.5900	1,364,962	0.5962	0.5962
		Lights	1,326,090	0.1213	0.1200	1,357,027	0.1213	0.1200	1,364,962	0.1213	0.1213
		General Revenue-Temp	1,326,090	0.2900	0.2900	1,357,027	0.2900	0.2900	1,364,962	0.2900	0.2900 *
	City of Gilliam	General Revenue	691,158	0.7500	0.7500 *	659,488	0.7500	0.7500	861,035	0.7213	0.7213
		Lights	691,158	0.4000	0.4000	659,488	0.4000	0.4000	861,035	0.3847	0.3847
	Village of Grand Pass	General Revenue	276,813	0.3947	0.3947	391,000	0.4109	0.4109	332,620	0.4831	0.4831
		General Revenue-Temp	276,813	0.0984	0.0984	391,000	0.1000	0.1000	**	**	**
	City of Malta Bend	General Revenue	1,064,661	0.8657	0.8657	1,090,107	0.8657	0.8657	1,123,386	0.8596	0.8596

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Marshall	General Revenue	79,818,862	0.7405	0.7405	85,276,068	0.7405	0.7405	84,690,916	0.7456	0.7456
		Parks & Recreation	79,818,862	0.3202	0.3202	85,276,068	0.3202	0.3202	84,690,916	0.3224	0.3224
		Library	79,818,862	0.1901	0.1901	85,276,068	0.1901	0.1901	84,690,916	0.1914	0.1914
		Band	79,818,862	0.0500	0.0500	85,276,068	0.0500	0.0500	84,690,916	0.0500	0.0500
	City of Miami	General Revenue	858,395	0.5000	0.5000	858,854	0.5000	0.5000	902,616	0.4970	0.4970
		Streets	858,395	0.6500	0.6500	858,854	0.6500	0.6500	902,616	0.6461	0.6461
	Village of Mount Leonard	General Revenue	223,784	1.0000	1.0000	240,814	1.0000	1.0000	261,592	0.9428	0.9428
	City of Nelson	General Revenue	662,876	0.8786	0.8786	679,777	0.8785	0.8785	681,733	0.8799	0.8799
	City of Slater	General Revenue	11,420,664	0.6400	0.6400	10,947,606	0.6737	0.6737	12,178,723	0.6743	0.6743
		Parks & Recreation	11,420,664	0.1800	0.1800	10,947,606	0.1895	0.1895	12,178,723	0.1897	0.1897
		Library	11,420,664	0.2000	0.2000	10,947,606	0.2105	0.2105	12,178,723	0.2107	0.2107
		Debt Service	11,420,664	0.2585	0.2585	10,947,606	0.2970	0.2970	12,178,723	0.2335	0.2335
	City of Sweet Springs	General Revenue	8,229,517	0.7784	0.7784	8,427,851	0.7784	0.7784	8,522,549	0.7784	0.7784
		Parks & Recreation	8,229,517	0.3700	0.3700	8,427,851	0.3700	0.3700	8,522,549	0.3700	0.3700
		Library	8,229,517	0.2224	0.2224	8,427,851	0.2224	0.2224	8,522,549	0.2224	0.2224
		Debt Service	8,229,517	0.1873	0.1873	8,427,851	0.1933	0.1933	8,522,549	0.1407	0.1407
	City of Emma	General Revenue	1,578,293	0.5000	0.0000	1,600,636	0.5000	0.0000	1,654,261	0.4957	0.0000
	Malta Bend Fire Protection District	General Revenue	8,717,181	0.3000	0.3000	8,758,468	0.3000	0.3000	9,132,502	0.2923	0.2923
	Miami R-I School District	Operating Funds-Schools	6,906,406	3.7690	3.7690	6,846,049	3.7700	3.7700	6,818,315	3.7700	3.7700
	Orearville R-IV School District	Operating Funds-Schools	4,028,553	4.1622	4.1622	4,283,959	4.2722	4.2700	4,314,399	4.2156	4.2156
		Debt Service	**	**	**	**	**	**	4,314,399	0.8500	0.8500
	Malta Bend R-V School District	Operating Funds-Schools	7,298,375	4.4333	4.1000	7,339,510	4.4411	4.2500	7,380,325	4.5049	4.3500
		Debt Service	7,298,375	0.8500	0.8500	7,339,510	0.8500	0.8500	7,380,325	0.7500	0.7500
	Hardeman R-X School District	Operating Funds-Schools	4,363,616	4.3500	3.9000	4,941,719	4.2310	3.8000	5,040,647	4.2008	3.8400
		Debt Service	4,363,616	1.1000	1.1000	4,941,719	1.1000	1.1000	5,040,647	1.0600	1.0600
	Gilliam C-4 School District	Operating Funds-Schools	2,129,884	4.3680	4.0000	2,123,526	4.3917	4.2500	2,307,137	4.4472	4.4000
	Marshall School District	Operating Funds-Schools	96,222,403	3.3144	3.0800	102,485,540	3.2872	3.1300	103,063,293	3.3056	3.1900
		Debt Service	96,222,403	0.3700	0.3700	102,485,540	0.3600	0.3600	103,063,293	0.3600	0.3600
	Slater School District	Operating Funds-Schools	15,281,920	3.7156	3.7000	15,959,085	3.7688	3.7600	15,971,191	3.8606	3.8600
		Debt Service	15,281,920	0.6000	0.6000	15,959,085	0.6000	0.6000	15,971,191	0.5400	0.5400
	Sweet Springs R-VII School District	Operating Funds-Schools	18,262,332	3.5359	3.1700	18,845,862	3.5722	3.2700	19,161,739	3.4920	3.3055
		Debt Service	18,262,332	0.6900	0.6900	18,845,862	0.6900	0.6900	19,161,739	0.6445	0.6445
	Saline County	General Revenue	190,078,940	0.4212	0.1800	196,722,213	0.4212	0.1800	205,093,292	0.4209	0.2131
		Common Road District	40,894,530	0.3026	0.3026	40,940,055	0.3031	0.3031	42,985,143	0.3005	0.3005
		Special Road and Bridge	40,894,530	0.3600	0.3600	40,940,055	0.3600	0.3600	42,985,143	0.3569	0.3569
		Senate Bill 40	190,078,940	0.0700	0.0700	196,722,213	0.0700	0.0700	205,093,292	0.0700	0.0700
Schuyler	Schuyler County Ambulance District	General Revenue	33,544,995	0.3000	0.3000	34,569,031	0.3000	0.3000	34,837,953	0.3000	0.3000
	Schuyler County Nursing Home Dist	General Revenue	33,544,995	0.1500	0.1500	34,569,031	0.1500	0.1500	34,837,953	0.1500	0.1500
	Glenwood Chariton SRD 4 Schuyler Co	Road & Bridge	4,541,498	0.3500	0.3500	3,778,200	0.3500	0.3500	3,905,840	0.3500	0.3500
		Special Road and Bridge	4,541,498	0.3600	0.3600	3,778,200	0.3600	0.3600	3,905,840	0.3600	0.3600
	City of Downing	General Revenue	1,634,621	0.9600	0.9600	1,672,467	0.9600	0.9600	1,643,373	0.9777	0.9600
	Village of Glenwood	General Revenue	937,832	0.4621	0.4621	974,197	0.4621	0.4621	963,854	0.4642	0.4642

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Schuyler County	City of Greentop	Debt Service	937,832	0.3748	0.3748	974,197	0.3900	0.3900	963,854	0.3780	0.3780
		General Revenue	1,981,619	0.8500	0.8500	1,712,318	1.0087	1.0087	1,757,363	1.0290	1.0290
	City of Lancaster	General Revenue	4,885,054	0.8134	0.8100	5,083,429	0.8135	0.8100	4,840,486	0.8426	0.8400
		Parks & Recreation	4,885,054	0.1808	0.1800	5,083,429	0.1808	0.1800	4,840,486	0.1873	0.1800
	City of Queen City	General Revenue	3,059,330	0.8151	0.8151	3,099,809	0.8188	0.8188	3,084,380	0.8333	0.8333
	Schuyler County Library	General Revenue	33,544,995	0.1000	0.1000	34,569,031	0.1500	0.1500 *	34,837,953	0.1500	0.1500
	Schuyler Co R-I School District	Operating Funds-Schools	27,794,735	3.2435	2.7500	28,501,770	3.4300	2.7500	29,144,119	3.2648	2.7500
		Debt Service	27,794,735	0.7700	0.7700	28,501,770	0.7700	0.7700	29,144,119	0.7700	0.7700
	Schuyler County	General Revenue	33,544,995	0.5000	0.2900	34,569,031	0.5000	0.2900	34,837,953	0.5000	0.2900
		Common Road District	29,003,499	0.4825	0.4825	34,569,031	0.4516	0.4516	30,932,113	0.4866	0.4866
		Special Road and Bridge	29,003,499	0.2600	0.2600 *	34,569,031	0.2433	0.2433	30,932,113	0.2600	0.2600
		Health	33,544,995	0.1500	0.1500	34,569,031	0.1500	0.1500	34,837,953	0.1500	0.1500
		Senior Services	33,544,995	0.0500	0.0500	34,569,031	0.0500	0.0500	34,837,953	0.0500	0.0500
Scotland	Scotland County Ambulance District	General Revenue	44,453,075	0.2500	0.2500	45,299,148	0.2500	0.2500	45,975,655	0.2500	0.2500
	Scotland County Memorial Hosp Dist	General Revenue	44,453,075	0.4908	0.4908	45,299,148	0.4923	0.4923	45,975,655	0.4945	0.4945
	Scotland County Nursing Home Dist	General Revenue	44,453,075	0.1500	0.1500	45,299,148	0.1500	0.1500	45,975,655	0.1500	0.1500
	Bear Creek Watershed Subdistrict	General Revenue	992,474	0.4000	0.4000	970,445	0.4000	0.4000	993,385	0.4000	0.4000
	Village of Arbela	General Revenue	160,660	0.5000	0.5000	173,895	0.5000	0.5000	170,296	0.5000	0.5000
	Village of Granger	General Revenue	282,652	0.7206	0.6400	284,323	0.7345	0.6400	296,997	0.7493	0.6400
	City of Memphis	General Revenue	12,295,542	0.2800	0.2700	12,387,662	0.2805	0.2700	12,555,272	0.2819	0.2700
		Streets	12,295,542	0.3500	0.3400	12,387,662	0.3506	0.3400	12,555,272	0.3524	0.3400
		Fire	12,295,542	0.1600	0.1300	12,387,662	0.1603	0.1300	12,555,272	0.1611	0.1300
		Cemetery	12,295,542	0.1000	0.1000	12,387,662	0.1000	0.1000	12,555,272	0.1000	0.1000
		Swimming Pool	12,295,542	0.1700	0.1600	12,387,662	0.1703	0.1600	12,555,272	0.1712	0.1600
		General Revenue	368,697	0.4105	0.4105	370,429	0.4106	0.4106	364,845	0.4169	0.4169
	Village of Rutledge	General Revenue	547,469	0.8000	0.8000	544,559	0.8000	0.8000	563,057	0.8000	0.8000
	City of South Gorin	Fire	547,469	0.2000	0.2000	544,559	0.2000	0.2000	563,057	0.2000	0.2000
		General Revenue	44,453,075	0.1900	0.1900	45,299,148	0.1900	0.1900	45,975,655	0.1900	0.1900
	Gorin R-III School District	Operating Funds-Schools	2,862,507	5.1983	4.4115	2,931,328	5.0485	4.1483	2,985,614	5.0433	4.1932
	Scotland Co R-I School District	Operating Funds-Schools	35,430,136	3.6900	3.0600	36,275,233	3.6900	3.0083	37,071,244	3.6900	3.1600
	Scotland County	General Revenue	44,453,075	0.4908	0.4908	45,299,148	0.4923	0.4923	45,975,655	0.4945	0.4945
		Road & Bridge	44,453,075	0.3405	0.3405	45,299,148	0.3415	0.3415	45,975,655	0.3430	0.3430
		Special Road and Bridge	44,453,075	0.3100	0.3100 *	45,299,148	0.3100	0.3100	45,975,655	0.3100	0.3100
		Health	44,453,075	0.1500	0.1500	45,299,148	0.1500	0.1500	45,975,655	0.1500	0.1500
Scott	Southern Scott Co Ambulance Dist	General Revenue	191,342,686	0.3000	0.2500	201,564,452	0.2990	0.2500	201,852,670	0.3000	0.2500
	North Scott Co Ambulance District	General Revenue	134,053,352	0.3000	0.3000	144,001,028	0.3000	0.3000	142,241,647	0.3000	0.3000
	Public Water Sup Dist #1 Scott Co	Debt Service	4,547,310	0.2712	0.2712	5,129,606	0.2371	0.2371	**	**	**
	Illmo Special Road Dist Scott Co	Road & Bridge	42,496,898	0.2932	0.2900	46,884,660	0.2932	0.2900	47,009,546	0.2955	0.2955
	Sikeston Special Road Dist Scott Co	Road & Bridge	162,550,097	0.1800	0.1400	171,689,792	0.1789	0.1400	172,490,324	0.1797	0.1400
	City of Benton	General Revenue	4,622,116	0.5808	0.5800	4,776,389	0.5808	0.5800	4,779,136	0.5853	0.5853
		Parks & Recreation	4,622,116	0.1803	0.1800	4,776,389	0.1803	0.1800	4,779,136	0.1817	0.1817



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of Blodgett	General Revenue	1,143,671	0.3402	0.2800	1,183,101	0.3397	0.2800	1,136,470	0.3631	0.2800
	City of Chaffee	General Revenue	15,352,452	0.7500	0.7500	15,940,564	0.7500	0.7500	15,721,514	0.7650	0.7650
		Parks & Recreation	15,352,452	0.1600	0.1600	15,940,564	0.1600	0.1600	15,721,514	0.1632	0.1632
		Library	15,352,452	0.1600	0.1600	15,940,564	0.1600	0.1600	15,721,514	0.1632	0.1632
	Village of Commerce	General Revenue	583,543	0.5000	0.5000	631,559	0.5000	0.5000	584,649	0.5000	0.5000
	Village of Diehlstadt	General Revenue	466,199	0.3099	0.3000	508,950	0.3100	0.3000	464,300	0.3411	0.3100
	Village of Haywood City	General Revenue	391,894	0.4664	0.2900	442,510	0.4609	0.2900	455,576	0.4754	0.2900
	Village of Kelso	General Revenue	4,125,960	0.4900	0.4900	5,021,071	0.4825	0.4825	4,536,018	0.5000	0.5000
		Fire	4,125,960	0.1300	0.1300	5,021,071	0.1280	0.1280	4,536,018	0.1300	0.1300 *
	City of Miner	General Revenue	18,303,645	0.2931	0.1900	18,836,697	0.2931	0.1900	18,956,265	0.2939	0.1900
	City of Morley	General Revenue	3,267,794	0.5839	0.5300	3,418,940	0.5802	0.5500	3,305,764	0.6075	0.6075
	City of Oran	General Revenue	6,483,985	0.6000	0.6000	6,855,499	0.5959	0.5959	6,612,577	0.6241	0.6241
		Parks & Recreation	6,483,985	0.1800	0.1800	6,855,499	0.1788	0.1788	6,612,577	0.1873	0.1873
	City of Scott City	General Revenue	31,105,228	0.4308	0.4200	34,946,368	0.4310	0.4200	34,146,792	0.4475	0.4475
		Parks & Recreation	31,105,228	0.1539	0.1500	34,946,368	0.1540	0.1500	34,146,792	0.1599	0.1599
		Cemetery	31,105,228	0.0500	0.0500	34,946,368	0.0500	0.0500	34,146,792	0.0500	0.0500
		Debt Service	31,105,228	0.6400	0.6400	34,946,368	0.6500	0.6500	34,146,792	0.4900	0.4900
	Village of Vanduser	General Revenue	1,023,991	0.3260	0.3260	1,070,857	0.3260	0.3260	1,071,755	0.3331	0.3331
		Fire	1,023,991	0.1000	0.1000	1,070,857	0.1000	0.1000	1,071,755	0.1000	0.1000
	City of Sikeston	General Revenue	152,176,375	0.5500	0.5500	161,675,020	0.5500	0.5500	163,740,872	0.5503	0.5503
		Parks & Recreation	152,176,375	0.1600	0.1600	161,675,020	0.1600	0.1600	163,740,872	0.1601	0.1601
		Library	152,176,375	0.1600	0.1600	161,675,020	0.1600	0.1600	163,740,872	0.1601	0.1601
	Scott County Library	General Revenue	193,032,697	0.1000	0.1000	218,474,532	0.0948	0.0948	216,883,985	0.0965	0.0965
	Sikeston Fire Protection District	General Revenue	36,301,120	0.3000	0.1200	38,036,850	0.3000	0.1200	38,096,353	0.3000	0.1100
	NBC Fire Protection District	General Revenue	30,878,686	0.3000	0.3000	33,335,969	0.3000	0.3000	33,408,516	0.3000	0.3000
	Scott County Rural Fire Prot Dist	General Revenue	29,787,932	0.3000	0.3000	31,173,731	0.3000	0.3000	30,461,316	0.3000	0.3000
	Oran Fire Protection District	General Revenue	11,804,553	0.3000	0.3000	12,544,229	0.2994	0.2994	12,269,551	0.3000	0.3000
	Scott City R-I School District	Operating Funds-Schools	38,809,195	2.8407	2.7500	42,856,205	2.8266	2.7500	43,004,865	2.8081	2.7500
		Debt Service	**	**	**	42,856,205	0.4600	0.4600	43,004,865	0.4900	0.4900
	Chaffee R-II School District	Operating Funds-Schools	19,058,970	2.8308	2.8100	19,899,420	2.8112	2.8112	19,760,965	2.8494	2.8494
		Debt Service	19,058,970	0.8500	0.8500	19,899,420	0.8451	0.8451	19,760,965	0.8500	0.8500
	Scott Co R-IV School District	Operating Funds-Schools	36,827,655	2.7500	2.7500 *	39,167,450	2.7500	2.7500 *	39,077,060	2.7500	2.7500 *
		Debt Service	36,827,655	0.3795	0.3795	39,167,450	0.4200	0.4200	39,077,060	0.4200	0.4200
	Scott Co R-V School District	Operating Funds-Schools	12,035,190	3.0882	2.7500	12,513,020	3.1026	2.8500	12,374,870	3.1723	2.8500
		Debt Service	12,035,190	1.1900	1.1900	12,513,020	1.1900	1.1900	12,374,870	1.1900	1.1900
	Sikeston R-VI School District	Operating Funds-Schools	173,973,330	3.3390	2.9250	183,035,787	3.3561	2.9250	185,721,278	3.3619	3.0250
		Debt Service	173,973,330	0.3250	0.3250	183,035,787	0.3250	0.3250	185,721,278	0.2250	0.2250
	Kelso C-7 School District	Operating Funds-Schools	16,324,070	2.7500	2.7500 *	18,336,000	2.7500	2.7500 *	17,875,840	2.8038	2.8038
	Oran R-III School District	Operating Funds-Schools	14,693,980	2.9602	2.9500	15,397,400	3.4698	3.3200 *	15,218,010	3.5361	3.3200
		Debt Service	14,693,980	0.5500	0.5500	15,397,400	0.1800	0.1800	15,218,010	0.1800	0.1800
	Scott County	General Revenue	325,675,401	0.3700	0.0900	345,565,481	0.3700	0.0900	344,094,316	0.3751	0.1000
		Johnson Grass	325,675,401	0.0100	0.0100	345,565,481	0.0100	0.0100	344,094,316	0.0100	0.0100
		Common Road District	120,349,046	0.2900	0.2900	126,991,031	0.2900	0.2900	124,594,447	0.2989	0.2989

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shannon		Health	325,675,401	0.1000	0.1000	345,565,481	0.1000	0.1000	344,094,316	0.1000	0.1000
		Senate Bill 40	325,675,401	0.1000	0.0400	345,565,481	0.1000	0.0400	344,094,316	0.1000	0.0400
	Shannon County Ambulance District	General Revenue	41,472,399	0.1300	0.1300	42,919,861	0.1308	0.1308	44,519,434	0.1281	0.1281
	City of Birch Tree	General Revenue	2,798,569	0.3962	0.3962	3,101,527	0.3962	0.3962	3,364,248	0.3722	0.3722
	City of Winona	General Revenue	5,503,359	0.3600	0.3600	0	0.0000	0.0000	6,101,807	0.0000	0.0000
	Timber Community Fire Prot Dist	General Revenue	**	**	**	2,179,130	0.3000	0.3000 *	2,730,560	0.3000	0.3000
	Winona R-III School District	Operating Funds-Schools	11,453,399	2.7500	2.7500 *	12,357,058	2.7500	2.7500 *	12,973,962	2.7500	2.7500 *
	Eminence R-I School District	Operating Funds-Schools	14,068,112	2.7500	2.7500 *	14,541,645	2.7500	2.7500 *	14,921,575	2.7500	2.7500 *
	Shannon County	Debt Service	**	**	**	14,541,645	0.6900	0.6900	14,921,575	0.6900	0.6900
		General Revenue	51,944,035	0.3100	0.1100	53,656,909	0.3125	0.0500	56,250,724	0.3046	0.0500
		Road & Bridge	51,944,035	0.2400	0.2400	53,656,909	0.2419	0.2419	56,250,724	0.2358	0.2358
		Health	51,944,035	0.1000	0.1000	53,656,909	0.1000	0.1000	56,250,724	0.0975	0.0975
		Senate Bill 40	51,944,035	0.1000	0.1000	53,656,909	0.1000	0.1000	56,250,724	0.0975	0.0975
		Senior Services	51,944,035	0.0500	0.0500 *	53,656,909	0.0500	0.0500	56,250,724	0.0487	0.0487
Shelby	Salt River Ambulance District	General Revenue	63,885,776	0.2500	0.2500	66,921,706	0.2500	0.2500	67,960,723	0.2500	0.2500
	Clarence Nursing Home District	General Revenue	17,514,635	0.2200	0.2200	18,125,102	0.2200	0.2200	18,428,320	0.2200	0.2200
	Salt River Nursing Home District	General Revenue	55,961,956	0.1500	0.1500	58,204,936	0.1500	0.1500	59,163,175	0.1500	0.1500
	Shelbina Special Rd Dist Shelby Co	Road & Bridge	19,022,450	0.4700	0.4700	20,008,801	0.4700	0.4700	20,018,771	0.4700	0.4700
		Debt Service	0	0.0000	0.0000	**	**	**	**	**	**
	Village of Bethel	General Revenue	469,960	0.7500	0.7500	504,341	0.7500	0.7500	522,412	0.7500	0.7500
		Lights	469,960	0.2500	0.2500	504,341	0.2500	0.2500	522,412	0.2500	0.2500
	City of Clarence	General Revenue	4,861,764	0.8886	0.8886	4,921,073	0.8886	0.8886	4,647,998	0.9435	0.9435
		Library	4,861,764	0.1000	0.1000	4,921,073	0.1000	0.1000	4,647,998	0.1000	0.1000
		Streets	4,861,764	0.2000	0.2000	4,921,073	0.2000	0.2000	4,647,998	0.2000	0.2000
	City of Hunnewell	General Revenue	870,048	0.8006	0.8000	925,530	0.8007	0.8007	869,621	0.8586	0.8000
	Village of Leonard	General Revenue	515,069	0.5000	0.4600	515,089	0.4999	0.4600	539,139	0.5000	0.4600
	City of Shelbina	General Revenue	14,649,667	0.7520	0.7500	15,500,470	0.7520	0.7500	15,385,621	0.7619	0.7600
		Library	14,649,667	0.2206	0.2200	15,500,470	0.2206	0.2200	15,385,621	0.2235	0.2200
	City of Shelbyville	General Revenue	3,095,824	0.8034	0.8034	3,233,747	0.8034	0.8034	3,104,469	0.8430	0.8430
		General Revenue-Temp	3,095,824	0.3000	0.3000	3,233,747	0.3000	0.3000	**	**	**
		Gen Rev-Temp	**	**	**	**	**	**	3,104,469	0.3000	0.3000 *
	Shelbina Fire Protection District	General Revenue	25,346,800	0.2500	0.2500 *	33,608,989	0.2125	0.2125	34,058,729	0.2128	0.2128
	Shelby Co C-1 School District	Operating Funds-Schools	20,759,131	3.9402	3.4400	21,956,940	3.9346	3.4600	22,712,514	3.9550	3.4700
		Debt Service	20,759,131	0.3100	0.3100	21,956,940	0.3300	0.3300	22,712,514	0.3300	0.3300
	Shelby Co R-IV School District	Operating Funds-Schools	44,833,889	3.3604	2.9800	44,979,717	3.3657	3.2800	45,326,153	3.3700	3.3700
		Operating Funds-Temp	44,833,889	0.3800	0.3800	44,979,717	0.3800	0.3800	45,326,153	0.3800	0.3800
	Shelby County	General Revenue	67,994,285	0.4600	0.3000	70,796,262	0.4600	0.3000	71,824,374	0.4613	0.3000
		Road & Bridge	48,971,835	0.3500	0.3500	50,787,463	0.3500	0.3500	51,806,388	0.3500	0.3500
		Health	67,994,285	0.2500	0.2500 *	70,796,262	0.2500	0.2500	71,824,374	0.2500	0.2500
Stoddard	Stoddard County Ambulance District	General Revenue	289,249,869	0.2000	0.2000	299,094,591	0.2000	0.2000	309,902,112	0.2002	0.2002

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Bluff Spec Rd Dist Stoddard Co	Johnson Grass	8,268,013	0.0500	0.0500	8,261,139	0.0500	0.0500	8,361,495	0.0500	0.0500
		Road & Bridge	8,268,013	0.1408	0.1400	8,261,139	0.1447	0.1400	8,361,495	0.1460	0.1460
		Special Road and Bridge	8,268,013	0.3500	0.3500	8,261,139	0.3500	0.3500	8,361,495	0.3500	0.3500 *
	Crowder Zeta Sp Rd Dist Stoddard Co	Johnson Grass	2,741,768	0.0500	0.0500	2,747,706	0.0500	0.0500	2,757,252	0.0500	0.0500
		Road & Bridge	2,741,768	0.2700	0.2700	2,747,706	0.2704	0.2704	2,757,252	0.2763	0.2763
	Dudley Spec Rd Dist Stoddard Co	Johnson Grass	9,936,399	0.0500	0.0500	9,756,162	0.0500	0.0500	10,089,388	0.0500	0.0500
		Road & Bridge	9,936,399	0.2500	0.2500	9,756,162	0.2605	0.2605	10,089,388	0.2608	0.2608
		Special Road and Bridge	9,936,399	0.2500	0.2500	9,756,162	0.2500	0.2500	10,089,388	0.2500	0.2500
	Essex Spec Rd Dist Stoddard Co	Johnson Grass	12,016,425	0.0500	0.0500	12,277,882	0.0500	0.0500	12,274,702	0.0500	0.0500
		Road & Bridge	12,016,425	0.2400	0.2400	12,277,882	0.2400	0.2400	12,274,702	0.2416	0.2400
		Special Road and Bridge	12,016,425	0.3500	0.3500	12,277,882	0.3500	0.3500 *	12,274,702	0.3500	0.3500
	Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	7,917,476	0.2900	0.2900	7,843,803	0.2940	0.2940	8,278,057	0.2946	0.2946
	Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,230,895	0.3357	0.3357	2,367,369	0.3357	0.3357	2,273,547	0.3499	0.3499
	City of Advance	General Revenue	8,795,275	0.5200	0.5200	**	**	**	**	**	**
	City of Bell City	General Revenue	1,731,803	0.6900	0.6900	1,865,891	0.6815	0.6815	1,874,804	0.6828	0.6828
	City of Bernie	General Revenue	10,899,365	0.4800	0.4800	11,566,490	0.4798	0.4798	12,261,164	0.4842	0.4842
		Parks & Recreation	10,899,365	0.0900	0.0900	11,566,490	0.0900	0.0900	12,261,164	0.0900	0.0900
	City of Bloomfield	General Revenue	8,803,155	0.4800	0.4800	9,145,379	0.4800	0.4800	9,380,498	0.4800	0.4800
		Library	8,803,155	0.1400	0.1400	9,145,379	0.1400	0.1400	9,380,498	0.1400	0.1400
		Debt Service	8,803,155	0.3700	0.3700	9,145,379	0.3064	0.3064	9,380,498	0.2115	0.2115
	City of Dexter	General Revenue	68,653,757	0.4972	0.4972	71,225,423	0.4972	0.4972	75,002,183	0.4972	0.4972
		Parks & Recreation	68,653,757	0.1392	0.1392	71,225,423	0.1392	0.0000	75,002,183	0.1392	0.0000
		Library	68,653,757	0.1392	0.1392	71,225,423	0.1392	0.1392	75,002,183	0.1392	0.1392
	City of Dudley	General Revenue	3,000,764	0.5300	0.5300	3,182,161	0.5314	0.5314	3,333,503	0.5376	0.5376
	City of Essex	General Revenue	2,564,544	0.3900	0.3900	2,687,931	0.3900	0.3900	2,681,690	0.3923	0.3923
		Debt Service	**	**	**	**	**	**	2,681,690	0.0000	0.0000
	City of Puxico	General Revenue	4,897,663	0.4913	0.4913	5,204,426	0.4852	0.4852	5,345,889	0.4852	0.4852
		Parks & Recreation	4,897,663	0.2105	0.2105	5,204,426	0.2079	0.2079	5,345,889	0.2079	0.2079
		Library	4,897,663	0.0702	0.0702	5,204,426	0.0693	0.0693	5,345,889	0.0693	0.0693
		Health	4,897,663	0.1003	0.1003	5,204,426	0.0990	0.0990	5,345,889	0.0990	0.0990
		Cemetery	4,897,663	0.1003	0.1003	5,204,426	0.0990	0.0990	5,345,889	0.0990	0.0990
	Village of Pendermon	General Revenue	155,906	0.3597	0.3597	154,450	0.3632	0.3632	144,629	0.3879	0.3879
	Castor Township of Stoddard Co	General Revenue	40,238,007	0.0700	0.0700	41,712,226	0.0700	0.0700	43,198,904	0.0700	0.0700
		Road & Bridge	31,969,994	0.2200	0.2200	33,451,087	0.2200	0.2200	34,837,409	0.2200	0.2200
	Duck Creek Township of Stoddard Co	General Revenue	29,939,073	0.1000	0.1000	30,843,412	0.1000	0.1000	31,793,417	0.1000	0.1000
		Johnson Grass	29,939,073	0.0400	0.0400	30,843,412	0.0400	0.0400	21,704,029	0.0500	0.0500
		Road & Bridge	20,002,673	0.2500	0.2500	21,087,250	0.2500	0.2500	21,704,029	0.2500	0.2500
		Special Road and Bridge	20,002,673	0.3500	0.3500 *	21,087,250	0.3500	0.3500	21,704,029	0.3500	0.3500
	Elk Township of Stoddard Co	General Revenue	11,595,801	0.1000	0.1000	11,810,860	0.1000	0.1000	11,706,303	0.1000	0.1000
		Road & Bridge	9,364,907	0.3000	0.3000	9,443,491	0.3000	0.3000	9,432,757	0.3054	0.3054
	Liberty Township of Stoddard Co	General Revenue	140,311,714	0.0800	0.0700	145,387,737	0.0800	0.0700	151,783,302	0.0800	0.0700
		Johnson Grass	140,311,714	0.0500	0.0500	145,387,737	0.0500	0.0500	151,783,302	0.0500	0.0500
		Road & Bridge	140,311,714	0.3500	0.0800	145,387,737	0.3500	0.0800	151,783,302	0.3500	0.0800

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	New Lisbon Township of Stoddard Co	Special Road and Bridge	140,311,714	0.3500	0.3500	145,387,737	0.3500	0.3500	151,783,302	0.3500	0.3500
		General Revenue	7,838,628	0.0800	0.0800	8,200,432	0.0800	0.0800	8,395,449	0.0800	0.0800
		Johnson Grass	7,838,628	0.0500	0.0500	8,200,432	0.0500	0.0500	8,395,449	0.0500	0.0500
		Road & Bridge	7,838,628	0.2300	0.2300	8,200,432	0.2300	0.2300	8,395,449	0.2300	0.2300
		Special Road and Bridge	**	**	**	8,200,432	0.3500	0.3500 *	8,395,449	0.3500	0.3500
	Pike Township of Stoddard Co	General Revenue	37,790,545	0.0900	0.0900	39,389,399	0.0900	0.0900	40,806,304	0.0900	0.0900
		Johnson Grass	37,790,545	0.0400	0.0400	39,389,399	0.0400	0.0400	38,049,052	0.0426	0.0400
		Road & Bridge	35,048,777	0.2300	0.2300	36,641,693	0.2300	0.2300	38,049,052	0.2300	0.2300
	Richland Township of Stoddard Co	General Revenue	21,536,101	0.0800	0.0000	21,750,525	0.0800	0.0800	22,218,431	0.0805	0.0805
		Road & Bridge	1,602,201	0.3446	0.3400	1,628,837	0.3446	0.3446	1,665,672	0.3500	0.3500
	Richland R-I School District	Operating Funds-Schools	18,698,302	4.0000	3.0400	18,716,423	4.0008	3.0600	19,269,318	4.0121	3.1500
		Debt Service	18,698,302	0.3300	0.3300	18,716,423	0.3300	0.3300	19,269,318	0.3300	0.3300
	Bell City R-II School District	Operating Funds-Schools	16,918,331	3.3017	2.7500	17,460,948	3.2629	2.7500	17,933,057	3.2780	2.7500
		Debt Service	16,918,331	0.4836	0.4836	17,460,948	0.3221	0.3221	17,933,057	0.3975	0.3975
	Advance R-IV School District	Operating Funds-Schools	21,725,229	2.7500	2.7500 *	22,801,285	2.7500	2.7500 *	23,777,406	2.7500	2.7500 *
		Debt Service	21,725,229	0.4300	0.4300	22,801,285	0.4300	0.4300	23,777,406	0.4300	0.4300
	Puxico R-VIII School District	Operating Funds-Schools	30,900,576	2.7500	2.7500 *	29,797,724	2.7500	2.7500 *	30,652,627	2.7500	2.7500 *
	Bloomfield R-XIV School District	Operating Funds-Schools	30,763,545	2.8276	2.7500	31,836,476	2.7888	2.7500	33,031,240	2.7785	2.7500
	Dexter R-XI School District	Operating Funds-Schools	116,488,718	2.7500	2.7500 *	121,176,115	2.7500	2.7500 *	127,422,352	2.7500	2.7500 *
		Debt Service	116,488,718	0.5700	0.5700	121,176,115	0.5700	0.5700	127,422,352	0.5700	0.5700
	Bernie R-XIII School District	Operating Funds-Schools	24,886,015	2.8212	2.7500	25,968,818	2.7689	2.7689	27,000,183	2.7787	2.7787
		Debt Service	24,886,015	0.2735	0.2735	25,968,818	0.3000	0.3000	27,000,183	0.3000	0.3000
	Stoddard County	General Revenue	289,249,869	0.2500	0.1200	299,094,591	0.2500	0.1400	309,902,112	0.2502	0.0700
		Johnson Grass	289,249,869	0.0500	0.0000	299,094,591	0.0500	0.0000	309,902,112	0.0500	0.0000
		Health	289,249,869	0.1000	0.1000	299,094,591	0.1000	0.1000	309,902,112	0.1000	0.1000
		Senate Bill 40	289,249,869	0.0800	0.0800	299,094,591	0.0800	0.0800	309,902,112	0.0801	0.0800
Stone	City of Crane	General Revenue	4,546,452	0.5806	0.5700	5,506,510	0.5335	0.5200	5,662,434	0.5335	0.5335
		Parks & Recreation	4,546,452	0.1426	0.1400	5,506,510	0.1310	0.1200	5,662,434	0.1310	0.1310
		Library	4,546,452	0.1426	0.0000	5,506,510	0.1310	0.0000	5,662,434	0.1310	0.0000
		Debt Service	4,546,452	0.4000	0.4000	5,506,510	0.3279	0.3279	5,662,434	0.2977	0.2977
	City of Galena	General Revenue	1,807,365	0.5400	0.5400	2,110,133	0.4957	0.4957	2,152,828	0.5061	0.5061
	City of Hurley	General Revenue	439,377	0.6734	0.6734	540,521	0.6213	0.6213	571,081	0.6035	0.6035
	City of Kimberling City	General Revenue	30,120,078	0.4486	0.4486	31,673,920	0.4486	0.4486	31,638,473	0.4547	0.4547
	City of Reeds Spring	General Revenue	2,670,776	0.6748	0.6748	2,705,169	0.6748	0.6748	2,696,070	0.6779	0.6779
	Village of McCord Bend	General Revenue	777,448	0.5000	0.5000	809,701	0.4996	0.4996	872,558	0.5000	0.5000
	Stone County Library	General Revenue	298,892,878	0.0712	0.0712	326,983,001	0.0701	0.0701	337,141,134	0.0702	0.0702
	Southern Stone Co Fire Prot Dist	General Revenue	237,817,423	0.2750	0.2750	260,919,641	0.2700	0.2700	266,675,068	0.2713	0.2713
	Hurley Fire Protection District	General Revenue	8,325,647	0.3300	0.3300 *	8,989,169	0.3286	0.3286	9,527,085	0.3286	0.3286
	North Stone-Northeast Barry FPD	General Revenue	17,678,972	0.2948	0.2948	19,390,300	0.2932	0.2932	20,717,515	0.2925	0.2925
	Hurley R-I School District	Operating Funds-Schools	6,187,034	3.5773	3.5773	6,684,586	3.5217	3.5217	7,020,757	3.5419	3.5419
		Debt Service	6,187,034	0.6096	0.6096	6,684,586	0.5902	0.5902	7,020,757	0.3204	0.3204
	Galena R-II School District	Operating Funds-Schools	16,707,892	2.7500	2.7500 *	18,163,787	3.2400	3.2400 *	19,642,853	3.2417	3.2417

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
		Debt Service	16,707,892	0.5337	0.5337	18,163,787	0.5248	0.5248	19,642,853	0.5248	0.5248
	Crane R-III School District	Operating Funds-Schools	14,571,673	3.3000	3.3000	16,652,001	3.2100	3.2100	17,118,099	3.2030	3.2030
	Reeds Spring R-IV School District	Operating Funds-Schools	184,581,708	2.7739	2.7500	200,539,523	2.7500	2.7500 *	205,451,581	2.7500	2.7500 *
		Debt Service	184,581,708	0.4600	0.4600	200,539,523	0.7100	0.7100	205,451,581	0.7100	0.7100
	Blue Eye R-V School District	Operating Funds-Schools	52,715,349	2.9999	2.7500	57,493,714	3.1000	3.1000 *	58,417,873	3.1243	3.1000
		Debt Service	52,715,349	0.8000	0.8000	57,493,714	0.8000	0.8000	58,417,873	0.8000	0.8000
	Stone County	General Revenue	298,892,878	0.2951	0.1300	326,983,001	0.2907	0.1300	337,141,134	0.2912	0.1300
		Road & Bridge	298,892,878	0.2137	0.0000	326,983,001	0.2105	0.0000	337,141,134	0.2109	0.0000
		Health	298,892,878	0.0814	0.0814	326,983,001	0.0802	0.0802	337,141,134	0.0803	0.0803
		Senior Services	298,892,878	0.0500	0.0500	326,983,001	0.0493	0.0493	337,141,134	0.0494	0.0494
Sullivan	Sullivan County Ambulance District	General Revenue	63,589,076	0.3000	0.3000	64,883,399	0.3000	0.3000	66,050,455	0.5013	0.5013 *
	Locust Creek Watershed Subdistrict	General Revenue	18,999,253	0.3761	0.3800	19,225,996	0.3800	0.3800	19,583,795	0.3835	0.3835
	Harris Spec Rd Dist Sullivan Co	Road & Bridge	442,942	0.3500	0.3500	433,800	0.3500	0.3500	412,640	0.3500	0.3500
	Milan Special Road Dist Sullivan Co	Road & Bridge	10,468,135	0.2809	0.2800	11,408,770	0.2809	0.2809	11,166,670	0.2892	0.2892
	West Buchanan Road Dist Sullivan Co	Road & Bridge	2,215,225	0.3500	0.3500	2,185,382	0.3500	0.3500	2,072,398	0.3500	0.3500
		Special Road and Bridge	2,215,225	0.3500	0.3500	2,185,382	0.3500	0.3500	2,072,398	0.3500	0.3500
	City of Green Castle	General Revenue	886,934	0.5322	0.5300	890,848	0.5322	0.5322	896,521	0.5414	0.5414
		Debt Service	886,934	0.9300	0.9300	890,848	0.9595	0.9595	896,521	1.2345	1.2345
	City of Green City	General Revenue	3,775,457	0.4651	0.4600	3,888,722	0.4651	0.4600	3,979,395	0.4665	0.4665
		Lights	3,775,457	0.1719	0.1700	3,888,722	0.1719	0.1700	3,979,395	0.1724	0.1724
		Fire	3,775,457	0.2831	0.2800	3,888,722	0.2831	0.2800	3,979,395	0.2839	0.2839
	City of Harris	General Revenue	189,479	0.9000	0.9000	176,796	0.9000	0.9000	167,264	0.9000	0.9000
	Village of Humphreys	General Revenue	253,433	0.6219	0.6200	240,454	0.6684	0.6684	253,921	0.6712	0.6712
		Parks & Recreation	253,433	0.4611	0.4600	240,454	0.4958	0.4958	253,921	0.4979	0.4979
		Lights	253,433	1.2032	0.7000	240,454	1.2932	0.7000	253,921	1.2989	0.1000
		Streets	253,433	0.8025	0.0500	240,454	0.8627	0.0500	253,921	0.8662	0.0100
	City of Milan	General Revenue	10,421,943	0.6525	0.6400	11,359,434	0.6525	0.6400	11,130,804	0.6710	0.6700
		Park	10,421,943	0.1000	0.0900	11,359,434	0.1000	0.0900	11,130,804	0.1000	0.1000
		Recreation	10,421,943	0.0500	0.0500	11,359,434	0.0500	0.0500	11,130,804	0.0500	0.0500
	Village of Newtown	General Revenue	663,279	2.1827	1.6700	680,295	2.2057	1.7000	732,621	2.2754	1.7000
		Debt Service	663,279	0.5000	0.5000	680,295	0.4777	0.4777	732,621	0.4163	0.4163
	Village of Osgood	General Revenue	80,779	1.1477	1.1400	88,756	1.1603	1.1600	83,371	1.2354	1.2300
		General Revenue-temp	**	**	**	88,756	0.3000	0.3000 *	83,371	0.3000	0.3000
	Sullivan County Library	General Revenue	63,589,076	0.1000	0.1000	64,883,399	0.1000	0.1000	66,050,455	0.1000	0.1000
	Bowman Township of Sullivan Co	General Revenue	5,435,539	0.1000	0.1000	5,500,661	0.1000	0.1000	5,503,926	0.1000	0.1000
		Road & Bridge	5,435,539	0.5000	0.5000	5,500,661	0.5000	0.5000	5,503,926	0.5000	0.5000
		Special Road and Bridge	5,435,539	0.3500	0.3500	5,500,661	0.3500	0.3500 *	5,503,926	0.3500	0.3500
	Buchanan Township of Sullivan Co	General Revenue	3,281,057	0.1000	0.1000	3,351,577	0.1000	0.1000	3,149,101	0.1000	0.1000
		Road & Bridge	3,281,057	0.5000	0.5000	3,351,577	0.5000	0.5000	3,149,101	0.5000	0.5000
		Special Road and Bridge	3,281,057	0.3500	0.3500	3,351,577	0.3500	0.3500 *	3,149,101	0.3500	0.3500
	Clay Township of Sullivan Co	General Revenue	4,967,539	0.1000	0.1000	4,890,873	0.1000	0.1000	4,928,119	0.1000	0.1000
		Road & Bridge	4,967,539	0.5000	0.5000	4,890,873	0.5000	0.5000	4,928,119	0.5000	0.5000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Duncan Township of Sullivan Co	Special Road and Bridge	4,967,539	0.3500	0.3500	4,890,873	0.3500	0.3500	4,928,119	0.3500	0.3500
		General Revenue	3,128,278	0.1000	0.1000	3,280,147	0.1000	0.1000	3,410,520	0.1000	0.1000
		Road & Bridge	3,128,278	0.4746	0.4700	3,280,147	0.4746	0.4746	3,410,520	0.4760	0.4760
	Jackson Township of Sullivan Co	Special Road and Bridge	3,128,278	0.3500	0.3500	3,280,147	0.3500	0.3500	3,410,520	0.3500	0.3500
		General Revenue	3,871,577	0.1000	0.1000	4,032,214	0.1000	0.1000	4,071,705	0.1000	0.1000
		Road & Bridge	3,871,577	0.4700	0.4700	4,032,214	0.4700	0.4700	4,071,705	0.4734	0.4734
	Liberty Township of Sullivan Co	Special Road and Bridge	3,871,577	0.3500	0.3500	4,032,214	0.3500	0.3500 *	4,071,705	0.3500	0.3500
		General Revenue	2,605,179	0.1000	0.1000	2,694,319	0.1000	0.1000	2,670,037	0.1000	0.1000
		Road & Bridge	2,605,179	0.4986	0.4900	2,694,319	0.4994	0.4994	2,670,037	0.5000	0.5000
	Morris Township of Sullivan Co	Special Road and Bridge	2,605,179	0.3500	0.3500 *	2,694,319	0.3500	0.3500	2,670,037	0.3500	0.3500
		General Revenue	2,150,293	0.1000	0.1000	2,260,309	0.1000	0.1000	2,265,846	0.1000	0.1000
		Road & Bridge	2,150,293	0.5000	0.5000	2,260,309	0.5000	0.5000	2,265,846	0.5000	0.5000
	Penn Township of Sullivan Co	Special Road and Bridge	2,150,293	0.3500	0.3500	2,260,309	0.3500	0.3500 *	2,265,846	0.3500	0.3500
		General Revenue	8,823,966	0.1000	0.1000	8,953,156	0.1000	0.1000	9,252,878	0.1000	0.1000
		Road & Bridge	8,823,966	0.3904	0.3900	8,953,156	0.3904	0.3904	9,252,878	0.3929	0.3929
	Pleasant Hill Township, Sullivan Co	General Revenue	3,273,854	0.1000	0.1000	3,423,149	0.1000	0.1000	3,442,188	0.1000	0.1000
		Road & Bridge	3,273,854	0.5000	0.5000	3,423,149	0.5000	0.5000	3,442,188	0.5000	0.5000
		Special Road and Bridge	3,273,854	0.3500	0.3500	3,423,149	0.3500	0.3500	3,442,188	0.3500	0.3500
	Polk Township of Sullivan Co	General Revenue	20,992,019	0.1000	0.1000	21,595,966	0.1000	0.1000	22,271,014	0.1000	0.1000
		Road & Bridge	20,992,019	0.5000	0.5000	21,595,966	0.5000	0.5000	22,271,014	0.5000	0.5000
		Special Road and Bridge	20,992,019	0.3500	0.3500 *	21,595,966	0.3500	0.3500	22,271,014	0.3500	0.3500
	Taylor Township of Sullivan Co	General Revenue	1,497,391	0.1000	0.1000	1,541,373	0.1000	0.1000	1,524,006	0.1000	0.1000
		Road & Bridge	1,497,391	0.5000	0.5000	1,541,373	0.5000	0.5000	1,524,006	0.5000	0.5000
		Special Road and Bridge	1,497,391	0.3500	0.3500	1,541,373	0.3500	0.3500	1,524,006	0.3500	0.3500
	Union Township of Sullivan Co	General Revenue	3,509,158	0.1000	0.1000	3,456,175	0.1000	0.1000	3,593,203	0.1000	0.1000
		Road & Bridge	3,509,158	0.5000	0.5000	3,456,175	0.5000	0.5000	3,593,203	0.5000	0.5000
		Special Road and Bridge	3,509,158	0.3500	0.3500	3,456,175	0.3500	0.3500	3,593,203	0.3500	0.3500
	Medicine Creek Fire Protection Dist	General Revenue	19,797,900	0.3000	0.3000	19,882,689	0.3000	0.3000	20,333,337	0.3000	0.3000
	Galt Fire Protection District	General Revenue	10,810,424	0.3000	0.3000	11,122,339	0.3000	0.3000	11,216,146	0.3000	0.3000
	Green City R-I School District	Operating Funds-Schools	15,793,414	4.3932	3.7500	15,917,359	4.4237	3.6837	16,358,029	4.4361	3.8179
		Debt Service	15,793,414	0.5800	0.5800	15,917,359	0.5800	0.5800	16,358,029	0.5800	0.5800
	Milan C-2 School District	Operating Funds-Schools	14,488,547	3.7400	3.0000	31,324,953	3.6435	2.8787	32,126,682	3.6395	2.9149
	Newtown-Harris R-III School Dist	Operating Funds-Schools	8,340,889	6.9500	5.0000	8,618,252	6.9500	5.0000	8,738,893	6.6869	5.0000
	Sullivan County	General Revenue	63,589,076	0.4000	0.2100	64,883,399	0.4000	0.2200	66,050,455	0.4000	0.2300
		Health	63,589,076	0.1000	0.1000	64,883,399	0.1000	0.1000	66,050,455	0.2504	0.2504 *
		Hospital	63,589,076	0.4300	0.4300	64,883,399	0.4300	0.4300	66,050,455	0.4300	0.4300
Taney	Taney County Ambulance District	General Revenue	617,707,215	0.2009	0.2009	644,018,945	0.2009	0.2009	667,591,021	0.2009	0.2009
	City of Branson	General Revenue	320,088,065	0.4842	0.4800	333,358,086	0.4842	0.4842	342,750,965	0.4842	0.4842
	City of Forsyth	General Revenue	16,964,108	0.5321	0.5300	17,318,944	0.5321	0.5300	17,658,929	0.5344	0.5344
		Debt Service	16,964,108	0.3800	0.3800	17,318,944	0.4500	0.4500	17,658,929	0.3500	0.3500
	City of Hollister	General Revenue	29,267,520	0.5520	0.4100	29,888,626	0.5523	0.2800	33,233,646	0.5523	0.2700
		Debt Service	29,267,520	0.1100	0.1100	29,888,626	0.1064	0.1064	33,233,646	0.1200	0.1200

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	City of Rockaway Beach	General Revenue	5,090,708	0.6662	0.6662	5,041,421	0.6754	0.6754	5,221,514	0.6830	0.6830
		Debt Service	5,090,708	1.2426	1.2426	5,041,421	1.2530	1.2530	5,221,514	0.6781	0.6781
	Village of Table Rock	General Revenue	1,916,341	0.4137	0.4137	2,001,913	0.4137	0.4137	1,967,964	0.4307	0.4137
	Village of Merriam Woods	General Revenue	4,979,204	0.4945	0.4945	4,999,178	0.4970	0.4970	5,210,866	0.4970	0.4970
		Debt Service	4,979,204	0.3314	0.3314	4,999,178	0.4392	0.4392	5,210,866	0.5382	0.5382
	Village of Bull Creek	General Revenue	439,350	0.4901	0.4900	444,955	0.4945	0.4900	465,809	0.5000	0.4945
	Western Taney Co Fire Prot Dist	General Revenue	181,993,394	0.3883	0.3883	197,513,877	0.3883	0.3883	205,947,167	0.3889	0.3889
	Central Taney County Fire Prot Dist	General Revenue	48,076,476	0.3100	0.3100	49,975,104	0.3100	0.3100	52,064,097	0.4100	0.4100 *
	Bradleyville R-I School District	Operating Funds-Schools	5,863,399	3.4937	3.3500	**	**	**	6,044,807	3.4938	3.3500
		Debt Service	5,863,399	0.3500	0.3500	**	**	**	6,044,807	0.3500	0.3500
	Taneyville R-II School District	Operating Funds-Schools	6,423,857	3.4100	3.1000 *	6,980,181	3.3762	3.3700	7,288,619	3.3802	3.3800
		Debt Service	6,423,857	0.9500	0.9500	6,980,181	0.9500	0.9500	7,288,619	0.9400	0.9400
	Forsyth R-III School District	Operating Funds-Schools	52,041,714	2.7500	2.7500 *	53,126,839	2.7500	2.7500 *	54,282,410	2.7500	2.7500 *
		Debt Service	52,041,714	0.6000	0.6000	53,126,839	0.6000	0.6000	54,282,410	0.6300	0.6300
	Branson R-IV School District	Operating Funds-Schools	432,750,839	2.7500	2.5800 *	447,316,199	2.7500	2.5800 *	458,077,085	2.7500	2.6700 *
		Debt Service	432,750,839	0.7000	0.7000	447,316,199	0.7000	0.7000	458,077,085	0.7000	0.7000
	Hollister R-V School District	Operating Funds-Schools	78,825,632	3.7511	3.2200	84,079,434	3.7277	3.3400	91,121,429	3.7113	3.3900
		Debt Service	78,825,632	0.7000	0.7000	84,079,434	0.6500	0.6500	91,121,429	0.6000	0.6000
	Kirbyville R-VI School District	Operating Funds-Schools	19,467,322	3.1419	3.1400	22,041,630	3.1038	3.1000	23,609,775	3.0870	3.0800
		Debt Service	19,467,322	0.9000	0.9000	22,041,630	0.9000	0.9000	23,609,775	0.9000	0.9000
	Mark Twain R-VIII School District	Operating Funds-Schools	4,249,005	3.1500	3.1500 *	4,360,678	3.1449	3.1449	4,525,417	3.1374	3.1374
	Taney County	General Revenue	617,707,215	0.2611	0.0000	644,018,945	0.2611	0.0000	667,591,021	0.2611	0.0000
		Road & Bridge	617,707,215	0.2009	0.0000	644,018,945	0.2009	0.0000	667,591,021	0.2009	0.0000
		Health	617,707,215	0.0904	0.0904	644,018,945	0.0904	0.0904	667,591,021	0.1404	0.1400 *
		Developmentally Disabled	617,707,215	0.0904	0.0900	644,018,945	0.0904	0.0900	667,591,021	0.0904	0.0904
Texas	City of Cabool	General Revenue	12,895,451	0.7326	0.7326	13,302,714	0.7326	0.7326	14,299,040	0.7379	0.7379
	City of Houston	General Revenue	13,715,021	0.3467	0.3467	14,971,958	0.3374	0.3374	15,336,332	0.3381	0.3381
		Debt Service	13,715,021	0.5024	0.5024	14,971,958	0.3941	0.3941	15,336,332	0.1819	0.1819
	City of Licking	General Revenue	8,445,530	0.4041	0.4041	9,235,953	0.4009	0.4009	9,262,278	0.4025	0.4025
		Debt Service	8,445,530	0.2457	0.2457	9,235,953	0.2198	0.2198	9,262,278	0.1922	0.1922
	Village of Raymondville	General Revenue	1,641,084	0.3500	0.3500	1,623,964	0.3543	0.3543	1,664,214	0.3543	0.3543
	City of Summersville	General Revenue	2,251,426	0.6087	0.6087	2,334,106	0.6065	0.6065	2,274,041	0.6365	0.6365
		Debt Service	2,251,426	0.7370	0.7370	2,334,106	0.7537	0.7537	2,274,041	0.9935	0.9935
	Texas County Library District	General Revenue	130,799,709	0.1000	0.1000	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000
	Boone Township of Texas Co	General Revenue	1,314,996	0.1000	0.0500	1,281,181	0.1000	0.0500	1,325,595	0.1000	0.0500
		Road & Bridge	1,314,996	0.2703	0.2103	1,281,181	0.2782	0.2103	1,325,595	0.2836	0.2103
	Burdine Township of Texas Co	General Revenue	20,110,984	0.0914	0.0914	21,350,670	0.0911	0.0911	22,618,070	0.0913	0.0913
		Road & Bridge	20,110,984	0.3047	0.3047	21,350,670	0.3037	0.3037	22,618,070	0.3045	0.3045
	Carroll Township of Texas Co	General Revenue	5,289,666	0.1000	0.1000	5,602,993	0.1000	0.1000	5,594,820	0.1000	0.1000
		Road & Bridge	5,289,666	0.3400	0.3400	5,602,993	0.3400	0.3400	5,594,820	0.3480	0.3480
	Cass Township of Texas Co	General Revenue	6,673,985	0.1000	0.1000	6,837,519	0.1000	0.1000	7,144,686	0.1000	0.1000
		Road & Bridge	6,673,985	0.3314	0.3314	6,837,519	0.3336	0.3336	7,144,686	0.3336	0.3336

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Clinton Township of Texas Co	General Revenue	9,455,929	0.1000	0.1000	10,627,480	0.1000	0.1000	11,307,905	0.1000	0.1000
		Road & Bridge	9,455,929	0.5000	0.5000	10,627,480	0.5000	0.5000	11,307,905	0.5000	0.5000
	Current Township of Texas Co	General Revenue	1,279,177	0.1000	0.1000	1,358,838	0.1000	0.1000	1,416,220	0.0986	0.0986
		Road & Bridge	1,279,177	0.3021	0.3021	1,358,838	0.3036	0.3036	1,416,220	0.2993	0.2993
	Date Township of Texas Co	General Revenue	2,435,809	0.0903	0.0903	2,658,998	0.0903	0.0903	2,730,169	0.0914	0.0914
		Road & Bridge	2,435,809	0.2810	0.2810	2,658,998	0.2810	0.2810	2,730,169	0.2845	0.2845
	Jackson Township of Texas Co	General Revenue	6,007,949	0.1000	0.1000	6,059,544	0.1000	0.1000	6,345,656	0.1000	0.1000
		Road & Bridge	6,007,949	0.3500	0.3500	6,059,544	0.3553	0.3553	6,345,656	0.3553	0.3553
	Lynch Township of Texas Co	General Revenue	7,121,462	0.1000	0.1000	7,274,235	0.1000	0.1000	7,412,769	0.1000	0.1000
		Road & Bridge	7,121,462	0.3000	0.3000	7,274,235	0.3058	0.3058	7,412,769	0.3058	0.3058
	Morris Township of Texas Co	General Revenue	5,155,770	0.1000	0.1000	5,044,769	0.1000	0.1000	5,177,901	0.1000	0.1000
		Road & Bridge	5,155,770	0.3100	0.3100	5,044,769	0.3193	0.3193	5,177,901	0.3193	0.3193
	Ozark Township of Texas Co	General Revenue	3,260,224	0.1000	0.1000	3,324,275	0.1000	0.1000	3,496,878	0.0993	0.0993
		Road & Bridge	3,260,224	0.3251	0.3251	3,324,275	0.3255	0.3255	3,496,878	0.3232	0.3232
	Pierce Township of Texas Co	General Revenue	2,687,286	0.1000	0.1000	2,667,014	0.1000	0.1000	2,830,755	0.0984	0.0984
		Road & Bridge	2,687,286	0.3200	0.3200	2,667,014	0.3225	0.3225	2,830,755	0.3175	0.3175
	Piney Township of Texas Co	General Revenue	26,899,439	0.1000	0.1000	28,543,668	0.1000	0.1000	29,429,139	0.1000	0.1000
		Road & Bridge	26,899,439	0.3112	0.3112	28,543,668	0.3112	0.3112	29,429,139	0.3112	0.3112
	Roubidoux Township of Texas Co	General Revenue	7,948,929	0.1000	0.1000	8,297,760	0.1000	0.1000	8,490,831	0.1000	0.1000
		Road & Bridge	7,948,929	0.2925	0.2925	8,297,760	0.2978	0.2978	8,490,831	0.2987	0.2987
	Sargent Township of Texas Co	General Revenue	2,128,440	0.0700	0.0700	2,250,061	0.0700	0.0700	2,266,497	0.0700	0.0700
		Road & Bridge	2,128,440	0.2800	0.2800	2,250,061	0.2800	0.2800	2,266,497	0.2800	0.2800
	Sherrill Township of Texas Co	General Revenue	19,117,482	0.1000	0.1000	22,819,709	0.0903	0.0903	20,386,782	0.1000	0.1000
		Road & Bridge	19,117,482	0.3300	0.3300	22,819,709	0.2980	0.2980	20,386,782	0.3392	0.3392
	Upton Township of Texas Co	General Revenue	3,912,280	0.1000	0.1000	3,915,695	0.1000	0.1000	4,069,557	0.1000	0.1000
		Road & Bridge	3,912,280	0.3014	0.3014	3,915,695	0.3066	0.3066	4,069,557	0.3085	0.3085
	Success R-VI School District	Operating Funds-Schools	4,669,001	2.7500	2.7500 *	4,902,920	2.7500	2.7500 *	5,017,674	2.7500	2.7500 *
	Houston R-I School District	Operating Funds-Schools	32,198,232	2.7870	2.7870	34,218,421	2.8038	2.8038	35,325,695	2.8457	2.8457
		Debt Service	32,198,232	0.9323	0.9323	34,218,421	0.9020	0.9020	35,325,695	0.8512	0.8512
	Summersville R-II School District	Operating Funds-Schools	16,151,015	2.9504	2.9504	17,032,572	2.9889	2.9889	17,884,953	2.9892	2.9892
	Licking R-VIII School District	Operating Funds-Schools	22,767,195	2.7500	2.7500 *	24,412,508	2.7500	2.7504 *	24,798,284	2.7500	2.7500 *
	Cabool R-IV School District	Operating Funds-Schools	29,158,119	2.7500	2.7500 *	30,259,864	2.7500	2.7500 *	32,065,993	2.7500	2.7500 *
	Plato R-V School District	Operating Funds-Schools	16,255,630	2.8017	2.8017	16,459,394	2.9745	2.9745	17,939,324	2.9680	2.9680
	Raymondville R-VII School District	Operating Funds-Schools	5,244,217	3.0586	2.9500	5,422,760	3.0645	2.9500	5,656,067	3.0941	2.9500
		Debt Service	5,244,217	0.7200	0.7200	5,422,760	0.7200	0.7200	5,656,067	0.7200	0.7200
	Texas County	General Revenue	130,799,709	0.2702	0.0000	139,521,188	0.2702	0.0000	141,663,427	0.2753	0.0000
		Health	130,799,709	0.1000	0.1000	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000
		Senate Bill 40	130,799,709	0.1000	0.1000	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000
Vernon	Vernon County Ambulance District	General Revenue	200,300,943	0.1400	0.1400	205,268,632	0.1400	0.1400	200,558,412	0.1451	0.1451
	City of Bronaugh	General Revenue	836,967	0.1222	0.1200	874,568	0.1222	0.1200	873,176	0.1250	0.1200
		Streets	836,967	0.2750	0.2700	874,568	0.2750	0.2700	873,176	0.2812	0.2700
	Village of Deerfield	General Revenue	489,682	0.3474	0.3474	466,842	0.3500	0.3500	475,783	0.3500	0.3500



## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	Village of Harwood	General Revenue	259,420	0.9386	0.9386	268,880	0.9386	0.9386	260,917	0.9708	0.9708
	City of Metz	General Revenue	350,881	0.5744	0.5744	410,378	0.5742	0.5742	369,721	0.6000	0.6000
	Village of Milo	General Revenue	222,093	0.7065	0.6700	244,085	0.7229	0.7000	240,550	0.7500	0.7000
	Village of Moundville	General Revenue	564,530	0.3298	0.3200	532,878	0.3494	0.3200	544,105	0.3645	0.3200
		Parks & Recreation	564,530	0.1855	0.1800	532,878	0.1965	0.1800	544,105	0.2000	0.1800
	City of Nevada	General Revenue	92,593,068	0.5433	0.5433	93,876,150	0.5433	0.5433	90,020,658	0.5742	0.5433
		Parks & Recreation	92,593,068	0.1776	0.0000	93,876,150	0.1776	0.0000	90,020,658	0.1877	0.0000
		Library	92,593,068	0.1776	0.1776	93,876,150	0.1776	0.1776	90,020,658	0.1877	0.1776
	City of Richards	General Revenue	401,415	0.4106	0.3900	408,535	0.4105	0.3900	405,337	0.4452	0.3900
		Streets	401,415	0.2259	0.2000	408,535	0.2259	0.2000	405,337	0.2450	0.2000
	City of Schell City	General Revenue	1,017,267	0.6281	0.6281	1,075,265	0.6281	0.6281	1,044,097	0.6720	0.6720
	City of Sheldon	General Revenue	2,215,632	0.5000	0.5000	2,299,716	0.5020	0.5000	2,247,785	0.5162	0.5162
		Streets	2,215,632	0.1600	0.1600	2,299,716	0.1607	0.1600	2,247,785	0.1653	0.1653
	Village of Stotesbury	General Revenue	65,407	0.3379	0.3379	59,030	0.3500	0.3500	44,049	0.3500	0.3500
		Lights	65,407	0.1000	0.1000	59,030	0.1000	0.1000	44,049	0.1000	0.1000
		Streets	65,407	0.0500	0.0500	59,030	0.0500	0.0500	44,049	0.0500	0.0500
	City of Walker	General Revenue	1,320,454	0.4448	0.4448	1,397,621	0.4448	0.4448	1,367,684	0.4677	0.4677
		Lights	1,320,454	0.0500	0.0500	1,397,621	0.0500	0.0500	1,367,684	0.0500	0.0500
		Streets	1,320,454	0.1138	0.1138	1,397,621	0.1138	0.1138	1,367,684	0.1196	0.1196
	Bacon Township of Vernon Co	General Revenue	4,328,916	0.1000	0.1000	4,374,512	0.1000	0.1000	4,317,210	0.1000	0.1000
		Road & Bridge	4,328,916	0.3526	0.3500	4,374,512	0.3526	0.3526	4,317,210	0.3633	0.3633
		Special Road and Bridge	4,328,916	0.1700	0.1700	4,374,512	0.1700	0.1700 *	4,317,210	0.1700	0.1700
	Badger Township of Vernon Co	General Revenue	3,820,242	0.0900	0.0900	3,923,856	0.0916	0.0916	4,178,948	0.0933	0.0916
		Road & Bridge	3,820,242	0.3300	0.3300	3,923,856	0.3358	0.3358	4,178,948	0.3421	0.3358
		Special Road and Bridge	3,820,242	0.3400	0.3400	3,923,856	0.3400	0.3400 *	4,178,948	0.3400	0.3400
	Blue Mound Township of Vernon Co	General Revenue	2,657,645	0.1000	0.1000	2,822,029	0.1000	0.1000	3,036,012	0.0997	0.0997
		Road & Bridge	2,657,645	0.2600	0.2600	2,822,029	0.2600	0.2600	3,036,012	0.2593	0.2593
		Special Road and Bridge	2,657,645	0.1900	0.1900	2,822,029	0.1900	0.1900 *	3,036,012	0.1895	0.1895
	Center Township of Vernon Co	General Revenue	105,395,371	0.0916	0.0916	107,625,639	0.0916	0.0916	103,142,422	0.0964	0.0964
		Road & Bridge	105,395,371	0.2850	0.2850	107,625,639	0.2850	0.2850	103,142,422	0.2999	0.2999
	Clear Creek Township of Vernon Co	General Revenue	4,234,731	0.0900	0.0900	4,246,558	0.0908	0.0908	4,380,690	0.0908	0.0908
		Road & Bridge	4,234,731	0.3200	0.3200	4,246,558	0.3229	0.3229	4,380,690	0.3229	0.3229
	Coal Township of Vernon Co	General Revenue	4,147,491	0.1000	0.1000	3,944,769	0.1000	0.1000	3,527,438	0.1000	0.1000
		Road & Bridge	4,147,491	0.2800	0.2800	3,944,769	0.2951	0.2951	3,527,438	0.3342	0.3342
	Deerfield Township of Vernon Co	General Revenue	7,054,274	0.0900	0.0900	7,433,731	0.0900	0.0900	7,652,802	0.0916	0.0916
		Road & Bridge	7,054,274	0.3500	0.3500	7,433,731	0.3500	0.3500	7,652,802	0.3500	0.3500
		Special Road and Bridge	7,054,274	0.3500	0.3500	7,433,731	0.3500	0.3500 *	7,652,802	0.3500	0.3500
	Dover Township of Vernon Co	General Revenue	3,906,656	0.1000	0.1000	3,955,838	0.1000	0.1000	3,931,128	0.1000	0.1000
		Road & Bridge	3,906,656	0.3500	0.2700	3,955,838	0.3500	0.2700	3,931,128	0.3500	0.2700
		Special Road and Bridge	3,906,656	0.3500	0.3500	3,955,838	0.3500	0.3500	3,931,128	0.3500	0.3500 *
	Drywood Township of Vernon Co	General Revenue	8,290,136	0.1000	0.1000	8,669,363	0.1000	0.1000	8,621,429	0.1000	0.1000
		Road & Bridge	8,290,136	0.2702	0.2702	8,669,363	0.2702	0.2702	8,621,429	0.2772	0.2772
		Special Road and Bridge	8,290,136	0.2400	0.2400	8,669,363	0.2400	0.2400	8,621,429	0.2400	0.2400

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison Township of Vernon Co	General Revenue	General Revenue	4,396,558	0.1000	0.1000	4,276,500	0.1000	0.1000	3,686,642	0.1000	0.1000
		Road & Bridge	4,396,558	0.3500	0.3500	4,276,500	0.3500	0.3500	3,686,642	0.3500	0.3500
		Special Road and Bridge	4,396,558	0.3500	0.3500	4,276,500	0.3500	0.3500 *	3,686,642	0.3500	0.3500
Henry Township of Vernon Co	General Revenue	General Revenue	3,862,809	0.1000	0.1000	3,691,422	0.1000	0.1000	3,201,216	0.1000	0.1000
		Road & Bridge	3,862,809	0.3428	0.3400	3,691,422	0.3500	0.3500	3,201,216	0.3500	0.3500
		Special Road and Bridge	3,862,809	0.3500	0.3500	3,691,422	0.3500	0.3500 *	3,201,216	0.3500	0.3500
Lake Township of Vernon Co	General Revenue	General Revenue	2,484,672	0.1000	0.1000	2,493,025	0.1000	0.1000	2,414,645	0.1000	0.1000
		Road & Bridge	2,484,672	0.5000	0.5000	2,493,025	0.5000	0.5000	2,414,645	0.5000	0.5000
		Special Road and Bridge	2,484,672	0.3500	0.3500	2,493,025	0.3500	0.3500	2,414,645	0.3500	0.3500 *
Metz Township of Vernon Co	General Revenue	General Revenue	3,032,125	0.1000	0.1000	3,280,498	0.1000	0.1000	3,482,470	0.1000	0.1000
		Road & Bridge	3,032,125	0.3217	0.3217	3,280,498	0.3217	0.3217	3,482,470	0.3250	0.3250
		Special Road and Bridge	3,032,125	0.3500	0.3500	3,280,498	0.3500	0.3500	3,482,470	0.3500	0.3500
Montevallo Township of Vernon Co	General Revenue	General Revenue	3,973,842	0.1000	0.1000	4,134,686	0.1000	0.1000	4,296,760	0.1000	0.1000
		Road & Bridge	3,973,842	0.3500	0.3500	4,134,686	0.3500	0.3500	4,296,760	0.3500	0.3500
		Special Road and Bridge	3,973,842	0.2500	0.2500	4,134,686	0.2500	0.2500 *	4,296,760	0.2500	0.2500
Moundville Township of Vernon Co	General Revenue	General Revenue	5,482,626	0.1000	0.1000	5,539,165	0.1000	0.1000	5,595,302	0.1000	0.1000
		Road & Bridge	5,482,626	0.3400	0.3400	5,539,165	0.3417	0.3417	5,595,302	0.3465	0.3465
		Special Road and Bridge	5,482,626	0.2400	0.2400	5,539,165	0.2400	0.2400 *	5,595,302	0.2400	0.2400
Osage Township of Vernon Co	General Revenue	General Revenue	3,554,884	0.1000	0.1000	3,849,168	0.1000	0.1000	3,700,498	0.1000	0.1000
		Road & Bridge	3,554,884	0.3500	0.3500	3,849,168	0.3500	0.3500	3,700,498	0.3500	0.3500
		Special Road and Bridge	3,554,884	0.2500	0.2500 *	3,849,168	0.2500	0.2500	3,700,498	0.2500	0.2500
Richland Township of Vernon Co	General Revenue	General Revenue	3,188,440	0.1000	0.1000	3,079,924	0.1000	0.1000	2,823,313	0.1000	0.1000
		Road & Bridge	3,188,440	0.3500	0.3500	3,079,924	0.3500	0.3500	2,823,313	0.3500	0.3500
		Special Road and Bridge	3,188,440	0.3500	0.3500	3,079,924	0.3500	0.3500 *	2,823,313	0.3500	0.3500
Virgil Township of Vernon Co	General Revenue	General Revenue	2,820,487	0.0800	0.0800	2,928,513	0.0800	0.0800	2,972,767	0.0808	0.0808
		Road & Bridge	2,820,487	0.2900	0.2900	2,928,513	0.2900	0.2900	2,972,767	0.2929	0.2929
Walker Township of Vernon Co	General Revenue	General Revenue	4,664,375	0.0905	0.0900	4,918,759	0.0905	0.0900	5,005,687	0.0931	0.0931
		Road & Bridge	4,664,375	0.3015	0.3000	4,918,759	0.3015	0.3000	5,005,687	0.3101	0.3101
		Special Road and Bridge	4,664,375	0.3500	0.3500	4,918,759	0.3500	0.3500 *	5,005,687	0.3500	0.3500
Washington Township of Vernon Co	General Revenue	General Revenue	19,004,663	0.1000	0.1000	20,080,677	0.1000	0.1000	20,591,033	0.1000	0.1000
		Road & Bridge	19,004,663	0.3500	0.3500	20,080,677	0.3500	0.3500	20,591,033	0.3500	0.3500
		Special Road and Bridge	19,004,663	0.3000	0.3000	20,080,677	0.3000	0.3000 *	20,591,033	0.3000	0.3000
Nevada R-V School District	Operating Funds-Schools	Operating Funds-Schools	140,125,158	2.9683	2.9600	144,781,529	2.9724	2.9700	142,610,680	3.0896	3.0500
		Operating Funds-Temp	140,125,158	0.1400	0.1400	144,781,529	0.1400	0.1300	142,610,680	0.1400	0.1400
		Debt Service	140,125,158	0.1800	0.1800	144,781,529	0.1800	0.1800	142,610,680	0.1800	0.1800
Bronaugh R-VII School District	Operating Funds-Schools	Operating Funds-Schools	9,192,884	3.3927	3.3927	9,588,504	3.3917	3.3917	9,710,333	3.4374	3.4374
		Debt Service	9,192,884	0.3976	0.3976	9,588,504	0.2478	0.2478	9,710,333	0.3086	0.3086
Sheldon R-VIII School District	Operating Funds-Schools	Operating Funds-Schools	8,238,219	4.1575	2.9800	8,090,038	3.9823	2.9800	8,089,418	4.1440	3.1800
		Debt Service	8,238,219	0.6900	0.6900	8,090,038	0.6900	0.6900	8,089,418	0.4900	0.4900
Northeast Vernon County R-I	Operating Funds-Schools	Operating Funds-Schools	12,342,213	3.7628	3.2500	13,169,793	3.9549	3.2500	13,873,687	3.9378	3.3100
		Debt Service	12,342,213	0.1000	0.1000	13,169,793	0.1000	0.1000	13,873,687	0.0400	0.0400
Vernon County	General Revenue	General Revenue	200,300,943	0.3300	0.1281	205,268,632	0.3300	0.1496	200,558,412	0.3421	0.1330
		Health	200,300,943	0.1000	0.1000	205,268,632	0.1000	0.1000	200,558,412	0.1000	0.1000

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Warren	Marthasville Community Amb Dist	General Revenue	55,861,835	0.1600	0.1600	60,909,209	0.1578	0.1578	63,055,649	0.1586	0.1586
		Ambulance	55,861,835	0.1400	0.1400	60,909,209	0.1380	0.1380	63,055,649	0.1387	0.1387
	Warren County Ambulance District	General Revenue	239,452,911	0.2300	0.2300	262,755,549	0.2296	0.2296	273,603,258	0.3500	0.3500 *
	City of Marthasville	General Revenue	6,007,804	0.5700	0.5700	6,980,265	0.5687	0.5687	7,453,091	0.5687	0.5687
		Lights	6,007,804	0.1300	0.1300	6,980,265	0.1297	0.1297	7,453,091	0.1297	0.1297
	City of Truesdale	General Revenue	11,583,656	0.4893	0.4893	14,214,420	0.4893	0.4893	14,506,678	0.4928	0.4928
		Debt Service	**	**	**	14,214,420	0.1416	0.1416	14,506,678	0.2582	0.2582
	City of Warrenton	General Revenue	56,731,950	0.2700	0.2700	61,105,180	0.2692	0.2692	63,430,778	0.2695	0.2695
		Parks & Recreation	56,731,950	0.1600	0.1600	61,105,180	0.1595	0.1595	63,430,778	0.1597	0.1597
	City of Wright City	General Revenue	15,669,781	0.5300	0.5300	20,299,921	0.5285	0.5285	20,800,336	0.5388	0.5388
		Parks & Recreation	15,669,781	0.1000	0.1000	20,299,921	0.0997	0.0997	20,800,336	0.1000	0.1000
		Lights	15,669,781	0.2000	0.2000	20,299,921	0.1994	0.1994	20,800,336	0.2000	0.2000
		Debt Service	15,669,781	0.2732	0.2732	20,299,921	0.2829	0.2829	20,800,336	0.2578	0.2578
	Village of Innsbrook	General Revenue	26,829,235	0.1474	0.1474	29,052,633	0.1447	0.1447	28,844,356	0.1500	0.1500
	Village of Pendleton	General Revenue	**	**	**	**	**	**	313,328	0.5000	0.5000 *
	Warren County Library District	General Revenue	298,442,316	0.0700	0.0700	328,085,133	0.0696	0.0696	340,911,699	0.0698	0.0698
		Library	298,442,316	0.0400	0.0400	328,085,133	0.0397	0.0397	340,911,699	0.0398	0.0398
	Wright City Fire Protection Dist	General Revenue	98,080,962	0.2800	0.2800	107,177,631	0.2800	0.2800	113,766,934	0.2800	0.2800
	Marthasville Fire Protection Dist	General Revenue	43,026,118	0.2700	0.2700	47,822,308	0.2621	0.2621	48,766,919	0.4160	0.4160 *
	Warrenton Fire Protection District	General Revenue	138,857,318	0.2900	0.2900	152,475,036	0.4497	0.4497 *	158,534,915	0.4497	0.4497
	Wright City R-II School District	Operating Funds-Schools	91,625,363	3.2860	3.2860	100,177,505	3.2995	3.2995	106,529,970	3.2697	3.2697
		Debt Service	91,625,363	0.0904	0.0904	100,177,505	0.0906	0.0906	106,529,970	0.6800	0.6800
	Warren Co R-III School District	Operating Funds-Schools	145,733,682	3.0103	3.0103	160,465,141	3.0079	3.0079	167,868,994	2.9808	2.9808
		Debt Service	145,733,682	0.4300	0.4300	160,465,141	0.4324	0.4324	167,868,994	0.4595	0.4595
Warren County		General Revenue	298,442,316	0.2500	0.0737	328,085,133	0.2484	0.0937	340,911,699	0.2491	0.0734
		Road & Bridge	298,442,316	0.1800	0.1800	328,085,133	0.1789	0.1789	340,911,699	0.1794	0.1794
		Developmentally Disabled	298,442,316	0.1900	0.1200	328,085,133	0.1888	0.1200	340,911,699	0.1893	0.1200
Washington	Washington County Ambulance Dist	General Revenue	154,506,865	0.2404	0.2400	159,340,347	0.2404	0.2404	155,532,849	0.2499	0.2499
	Village of Caledonia	General Revenue	863,748	0.1570	0.1570	986,082	0.1476	0.1476	960,255	0.1515	0.1515
	City of Irondale	General Revenue	1,523,147	0.4843	0.4840	1,584,925	0.4844	0.4844	1,600,645	0.4844	0.4840
	Village of Mineral Point	General Revenue	865,025	0.2585	0.2580	891,375	0.2585	0.2585	834,456	0.2761	0.2761
	City of Potosi	General Revenue	16,852,635	0.5839	0.5830	18,580,598	0.5768	0.5768	17,738,147	0.6080	0.6009
	Washington County Library District	General Revenue	154,506,865	0.1903	0.1900	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1978
	Potosi Fire Protection District	General Revenue	100,481,863	0.2900	0.2900	104,041,149	0.2900	0.2900	101,544,613	0.3000	0.3000
	Richwoods Fire Protection District	General Revenue	8,287,836	0.3000	0.3000	8,432,116	0.3000	0.3000	8,467,345	0.3000	0.3000
	Irondale Fire Protection District	General Revenue	6,241,403	0.5000	0.5000	6,643,807	0.5000	0.5000	6,669,310	0.5000	0.5000
	Kingston K-14 School District	Operating Funds-Schools	19,921,719	2.7100	2.7100 *	21,477,177	2.7500	2.7500 *	18,104,819	3.0832	2.7500
		Debt Service	19,921,719	0.8400	0.8400	21,477,177	0.8400	0.8400	18,104,819	0.8400	0.8400
	Potosi R-III School District	Operating Funds-Schools	54,831,511	2.7500	2.7500 *	56,577,759	2.7500	2.7500 *	57,854,873	2.7500	2.7500 *
		Debt Service	54,831,511	0.5000	0.5000	56,577,759	0.5000	0.5000	57,854,873	0.5000	0.5000
	Richwoods R-VII School District	Operating Funds-Schools	5,469,511	3.5771	2.7500	6,001,364	3.9283	2.7500	6,430,652	3.8348	3.2500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Wayne	Valley R-VI School District	Operating Funds-Schools	14,894,935	3.9600	3.9600 *	15,896,472	3.9779	3.9600	15,812,550	3.9906	3.9900
	Washington County	General Revenue	154,506,865	0.3707	0.1900	159,340,347	0.3707	0.1800	155,532,849	0.3854	0.1800
		Road & Bridge	154,506,865	0.2605	0.2600	159,340,347	0.2605	0.2600	155,532,849	0.2708	0.2685
		Health	154,506,865	0.1500	0.1500	159,340,347	0.1500	0.1500	155,532,849	0.1500	0.1500
		Hospital	154,506,865	0.1903	0.1900	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1962
		Senate Bill 40	154,506,865	0.1903	0.1700	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1700
		Senior Services	154,506,865	0.0500	0.0500	159,340,347	0.0500	0.0500	155,532,849	0.0500	0.0500
	East Wayne County Ambulance Dist	General Revenue	40,505,561	0.3000	0.3000	42,266,620	0.3000	0.3000	43,959,567	0.3000	0.3000
	Clearwater Ambulance District	General Revenue	**	**	**	**	**	**	51,693,481	0.3000	0.3000 *
	Village of Mill Spring	General Revenue	440,870	0.5503	0.4500	483,935	0.5517	0.4500	437,791	0.6107	0.4500
	City of Piedmont	General Revenue	13,838,945	0.2609	0.2200	14,192,344	0.2609	0.2200	14,826,938	0.2643	0.2200
		Lights	13,838,945	0.1706	0.1300	14,192,344	0.1706	0.1300	14,826,938	0.1729	0.1300
		Library	13,838,945	0.1104	0.1000	14,192,344	0.1104	0.1000	14,826,938	0.1119	0.1000
		Cemetery	13,838,945	0.0500	0.0300	14,192,344	0.0500	0.0300	14,826,938	0.0500	0.0300
Webster	Clearwater Fire Protection District	General Revenue	34,262,135	0.3000	0.3000	36,226,337	0.3000	0.3000	36,372,153	0.3000	0.3000
	Greenville R-II School District	Operating Funds-Schools	26,682,551	2.7500	2.7500 *	28,239,669	2.7500	2.7500 *	29,507,098	2.7500	2.7500 *
		Debt Service	26,682,551	0.3600	0.3600	28,239,669	0.3600	0.3600	29,507,098	0.3600	0.3600
	Clearwater R-I School District	Operating Funds-Schools	48,039,170	2.7500	2.7500 *	50,383,968	2.7500	2.7500 *	51,186,274	2.7500	2.7500 *
		Debt Service	48,039,170	0.3692	0.3692	50,383,968	0.3319	0.3319	51,186,274	0.3642	0.3642
	Wayne County	General Revenue	91,602,622	0.3000	0.1600	96,011,754	0.3000	0.1600	98,235,077	0.3003	0.1600
		Road & Bridge	91,602,622	0.2300	0.1100	96,011,754	0.2300	0.1100	98,235,077	0.2302	0.1100
		Health	91,602,622	0.1000	0.1000	96,011,754	0.1000	0.1000	98,235,077	0.1000	0.1000
		Senate Bill 40	91,602,622	0.0900	0.0600	96,011,754	0.0900	0.0800	98,235,077	0.0901	0.0800
	Village of Diggins	General Revenue	1,485,650	0.2100	0.2100	1,557,636	0.2100	0.2100	1,591,554	0.2100	0.2100
	City of Fordland	General Revenue	3,485,816	0.3903	0.3903	3,573,378	0.3918	0.3918	3,640,233	0.3928	0.3928
	City of Marshfield	Parks & Recreation	45,831,920	0.1108	0.1000	48,424,481	0.1108	0.1000	50,495,626	0.1108	0.1000
		Cemetery	45,831,920	0.1310	0.1000	48,424,481	0.1310	0.1000	50,495,626	0.1310	0.1000
	City of Niangua	General Revenue	1,511,296	0.2500	0.2500	1,465,683	0.2581	0.2581	1,465,000	0.2608	0.2608
Webster	City of Rogersville	General Revenue	11,085,214	0.3300	0.3300	11,559,136	0.3300	0.3300	12,294,569	0.3300	0.3300
		Debt Service	11,085,214	0.3000	0.3000	11,559,136	0.9900	0.9900	12,294,569	0.9900	0.9900
	City of Seymour	General Revenue	11,217,287	0.3622	0.3622	11,657,045	0.3622	0.3600	12,154,969	0.3630	0.3600
		Parks & Recreation	11,217,287	0.0805	0.0805	11,657,045	0.0805	0.0800	12,154,969	0.0807	0.0800
		Library	11,217,287	0.0604	0.0604	11,657,045	0.0604	0.0600	12,154,969	0.0605	0.0600
		Cemetery Fund	11,217,287	0.0503	0.0503	11,657,045	0.0503	0.0500	12,154,969	0.0504	0.0500
	Webster County Library District	General Revenue	199,361,101	0.1200	0.1200	211,829,073	0.1200	0.1200	222,069,741	0.1200	0.1200
	Southern Webster Co Fire Prot Dist	General Revenue	41,846,767	0.2800	0.2800	44,983,315	0.2800	0.2800	47,615,701	0.2833	0.2833
	Niangua R-V School District	Operating Funds-Schools	9,427,156	2.7200	2.7200 *	10,064,159	2.7500	2.7500 *	10,462,076	2.7500	2.7500 *
	Fordland R-III School District	Operating Funds-Schools	18,665,136	2.7500	2.7500 *	20,205,145	2.7500	2.7500 *	21,305,669	2.7500	2.7500 *
		Debt Service	18,665,136	1.1800	1.1800	20,205,145	1.1800	1.1800	21,305,669	0.7900	0.7900
	Marshfield R-I School District	Operating Funds-Schools	105,579,543	2.4000	2.4000 *	111,764,778	2.4000	2.4000 *	116,797,126	2.4000	2.4000 *
		Debt Service	105,579,543	0.5500	0.5500	111,764,778	0.5500	0.5500	116,797,126	0.5500	0.5500

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Worth	Seymour R-II School District	Operating Funds-Schools	28,424,556	2.7500	2.7500 *	29,484,376	2.7500	2.7500 *	31,108,756	2.7500	2.7500 *
	Webster County	General Revenue	210,638,080	0.2700	0.0446	223,570,698	0.2700	0.0340	234,317,280	0.2700	0.0522
		Road & Bridge	210,638,080	0.1900	0.1900	223,570,698	0.1900	0.1900	234,317,280	0.1900	0.1900
		Health	210,638,080	0.1400	0.1400	223,570,698	0.1400	0.1400	234,317,280	0.1400	0.1400
		Senate Bill 40	210,638,080	0.0800	0.0800	223,570,698	0.0800	0.0800	234,317,280	0.0800	0.0800
	Worth County Ambulance District	General Revenue	21,505,373	0.3000	0.1500	21,387,230	0.3000	0.1500	22,252,980	0.3000	0.1500
	Platte River Tributaries Sub Dist	General Revenue	577,830	0.3999	0.3999	577,830	0.3999	0.3999	577,830	0.3999	0.3999
	Village of Allendale	General Revenue	339,510	0.3597	0.3597	388,650	0.3596	0.3596	462,650	0.3598	0.3598
		General Revenue-Temp	339,510	0.2000	0.2000	388,650	0.2000	0.2000	462,650	0.2000	0.2000
		Gen Revenue-Temp	**	**	**	**	**	**	462,650	0.2000	0.0000 *
	Village of Denver	General Revenue	184,700	0.4486	0.4486	193,600	0.4553	0.4553	200,050	0.4474	0.4474
	City of Grant City	General Revenue	3,875,522	0.9700	0.9700	3,794,250	0.9934	0.9900	4,056,260	0.9934	0.9934
		Health	3,875,522	0.1800	0.1800	3,794,250	0.1800	0.1800	4,056,260	0.1800	0.1800
		Special Fund	3,875,522	0.3000	0.3000	3,794,250	0.3000	0.3000	4,056,260	0.3000	0.3000
	City of Sheridan	General Revenue	749,141	0.9711	0.9711	794,180	0.9711	0.9711	778,980	0.9900	0.9900
		Fire	749,141	0.2000	0.2000	794,180	0.1999	0.1999	778,980	0.2000	0.2000
		Fire-Temp	**	**	**	**	**	**	778,980	0.2000	0.2000 *
	Village of Worth	General Revenue	208,040	0.5000	0.5000	196,020	0.5000	0.5000	191,820	0.5000	0.5000
	Worth Co R-III School District	Operating Funds-Schools	19,085,800	3.4053	3.3900	18,617,630	3.4485	3.4200	19,491,550	3.4491	3.4491
	Worth County	General Revenue	21,505,373	0.5000	0.4100	21,387,230	0.5000	0.3700	22,252,980	0.5000	0.5000
Wright		Library	21,505,373	0.1000	0.1000 *	21,387,230	0.1000	0.1000	22,252,980	0.1000	0.1000
		Road & Bridge	21,505,373	0.5000	0.5000	21,387,230	0.5000	0.5000	22,252,980	0.5000	0.5000
		Special Road and Bridge	21,505,373	0.3300	0.3300	21,387,230	0.3300	0.3300	22,252,980	0.3300	0.3300
		Senior Services	21,505,373	0.0500	0.0500	21,387,230	0.0500	0.0500	22,252,980	0.0500	0.0500
		General Revenue - Temp	21,505,373	0.3500	0.3500	21,387,230	0.3500	0.3500	22,252,980	0.3500	0.2200
		Spec Rd & Bridge-Temp	**	**	**	**	**	**	22,252,980	0.3300	0.0000 *
	Mountain Grove Special Road Dist	Road & Bridge	39,172,788	0.2500	0.2500	39,621,688	0.2507	0.2507	40,234,627	0.2507	0.0000
	City of Hartville	General Revenue	3,123,296	0.4800	0.4800	3,262,250	0.4935	0.4935	3,476,070	0.4986	0.4986
	City of Mansfield	General Revenue	7,512,502	0.4600	0.4600	8,069,972	0.4668	0.4668	8,195,702	0.4719	0.4719
		Streets	7,512,502	0.1400	0.1400	8,069,972	0.1421	0.1421	8,195,702	0.1436	0.1436
		Cemetery	7,512,502	0.1000	0.1000	8,069,972	0.1000	0.1000	8,195,702	0.1000	0.1000
	City of Mountain Grove	General Revenue	32,266,401	0.4500	0.4500	32,832,774	0.4500	0.4500	33,149,249	0.4500	0.4500
		Parks & Recreation	32,266,401	0.0600	0.0600	32,832,774	0.0600	0.0600	33,149,249	0.0600	0.0600
	City of Norwood	General Revenue	2,367,716	0.3700	0.3700	2,503,379	0.3799	0.3799	2,380,811	0.4040	0.4040
		Water	2,367,716	0.5900	0.5900	2,503,379	0.6058	0.6058	2,380,811	0.6443	0.6443
	Wright County Library	General Revenue	114,962,004	0.1400	0.1400	116,868,060	0.1417	0.1417	120,374,053	0.1417	0.1417
	Boone Township of Wright Co	General Revenue	5,189,027	0.0800	0.0800	0	0.0000	0.0000	**	**	**
		Road & Bridge	5,189,027	0.2900	0.2900	0	0.0000	0.0000	**	**	**
	Brush Creek Township of Wright Co	General Revenue	3,010,753	0.0700	0.0700	0	0.0000	0.0000	**	**	**
		Road & Bridge	3,010,753	0.3000	0.3000	0	0.0000	0.0000	**	**	**
	Clark Township of Wright Co	General Revenue	7,196,195	0.0700	0.0700	0	0.0000	0.0000	**	**	**

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Wright Co	Elk Creek Township of Wright Co	Road & Bridge	7,196,195	0.3000	0.3000	0	0.0000	0.0000	**	**	**
		General Revenue	3,156,587	0.0800	0.0800	0	0.0000	0.0000	**	**	**
		Road & Bridge	3,156,587	0.3201	0.3200	0	0.0000	0.0000	**	**	**
	Gasconade Township of Wright Co	General Revenue	6,937,119	0.1000	0.1000	0	0.0000	0.0000	**	**	**
		Road & Bridge	6,937,119	0.3400	0.3400	0	0.0000	0.0000	**	**	**
	Hart Township of Wright Co	General Revenue	6,853,956	0.1000	0.1000	0	0.0000	0.0000	**	**	**
		Road & Bridge	6,853,956	0.3000	0.3000	0	0.0000	0.0000	**	**	**
	Montgomery Township of Wright Co	General Revenue	4,096,338	0.1000	0.1000	0	0.0000	0.0000	**	**	**
		Road & Bridge	4,096,338	0.3600	0.3600	0	0.0000	0.0000	**	**	**
	Mountain Grove Township, Wright Co	General Revenue	39,172,788	0.0700	0.0700	0	0.0000	0.0000	**	**	**
	Pleasant Valley Township, Wright Co	General Revenue	17,154,042	0.0700	0.0700	0	0.0000	0.0000	**	**	**
		Road & Bridge	17,154,042	0.2800	0.2800	0	0.0000	0.0000	**	**	**
	Union Township of Wright Co	General Revenue	6,902,218	0.0800	0.0800	0	0.0000	0.0000	**	**	**
		Road & Bridge	6,902,218	0.3000	0.3000	0	0.0000	0.0000	**	**	**
	Van Buren Township of Wright Co	General Revenue	3,841,406	0.0800	0.0800	0	0.0000	0.0000	**	**	**
		Road & Bridge	3,841,406	0.3200	0.3200	0	0.0000	0.0000	**	**	**
	Wood Township of Wright Co	General Revenue	11,451,575	0.0900	0.0900	0	0.0000	0.0000	**	**	**
		Road & Bridge	11,451,575	0.2700	0.2700	0	0.0000	0.0000	**	**	**
	Norwood R-I School District	Operating Funds-Schools	9,565,867	3.2889	3.2889	10,052,902	3.2585	3.2585	10,665,750	3.3051	3.3051
	Hartville R-II School District	Operating Funds-Schools	22,960,213	2.7500	2.7500 *	23,474,191	2.7500	2.7500 *	24,815,172	2.7500	2.7500 *
		Debt Service	22,960,213	0.4800	0.4800	23,474,191	0.4800	0.4800	24,815,172	0.4800	0.4800
	Mountain Grove R-III School Dist	Operating Funds-Schools	59,905,869	2.7500	2.7500 *	62,358,821	2.7500	2.7500 *	63,821,929	2.7500	2.7500 *
	Mansfield R-IV School District	Operating Funds-Schools	21,459,810	2.7500	2.7500 *	22,905,299	2.7500	2.7500 *	23,686,387	2.7500	2.7500 *
		Debt Service	21,459,810	0.8000	0.8000	22,905,299	0.8000	0.8000	23,686,387	0.8000	0.8000
	Manes R-V School District	Operating Funds-Schools	3,517,505	2.7500	2.7500 *	3,552,053	3.0000	3.0000 *	3,552,053	3.0143	3.0000
	Wright County	General Revenue	114,962,004	0.2500	0.0000	116,868,060	0.3137	0.0394	120,374,053	0.3137	0.0415
		Health	114,962,004	0.0800	0.0800	116,868,060	0.0810	0.0810	120,374,053	0.0810	0.0810
		Developmentally Disabled	114,962,004	0.0800	0.0800	116,868,060	0.0810	0.0810	120,374,053	0.0810	0.0810
St. Louis City	St Louis Public Libraries	General Revenue	2,970,995,053	0.5600	0.5600	3,194,150,598	0.5595	0.5595	3,236,780,276	0.5600	0.5600
	Baden Market Centre Spec Bus Dist	General Revenue	1,415,550	0.7600	0.7600	1,083,750	0.8500	0.8500	1,074,550	0.8500	0.8500
	Cherokee Station Special Bus Dist	General Revenue	1,878,540	0.8500	0.8500	2,006,600	0.8500	0.8500	1,947,400	0.8500	0.8500
	St. Louis Downtown Business Dist	General Revenue	4,568,900	0.4000	0.4000	4,854,800	0.4000	0.4000	5,861,300	0.4000	0.4000
	Kingsway Center Special Bus Dist	General Revenue	1,270,520	0.8500	0.8500	1,210,240	0.8500	0.8500	1,327,890	0.8500	0.8500
	Locust Central Business District	General Revenue	15,806,700	0.7900	0.7900	18,380,820	0.8500	0.7900 *	18,668,120	0.8500	0.7900
	South Grand Square Spec Bus Dist	General Revenue	1,985,330	0.5867	0.5860	2,044,110	0.5867	0.0000	2,072,510	0.5867	0.0000
	Central West End South SBD	General Revenue	12,827,980	0.8500	0.8500	10,491,370	0.8500	0.8500	10,622,500	0.8500	0.8500
	Central West End North SBD	General Revenue	24,228,280	0.8500	0.8500 *	30,098,520	0.8500	0.8500	30,254,710	0.8500	0.8500
	Soulard Special Business District	General Revenue	21,122,090	0.3500	0.3500	22,580,730	0.3500	0.3500	22,715,680	0.3500	0.3500
	Downtown Parks Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Waterman/Lake Special Business Dist	General Revenue	2,413,240	0.7100	0.7100	2,698,260	0.7100	0.7100	1,970,430	0.8500	0.8500
	Westminister/Lake Special Bus Dist	General Revenue	3,864,680	0.8000	0.8000	4,127,110	0.8000	0.8000	4,093,650	0.8065	0.8065
	Washington Place Special Bus Dist	General Revenue	1,761,440	0.7933	0.7930	1,862,710	0.7933	0.7933	1,862,710	0.7933	0.7933

## LISTING OF LOCAL GOVERNMENTS' TAX RATES

County	Name	Purpose	2000			2001			2002		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
	East Loop/Parkview Gardens SBD	General Revenue	631,800	0.8500	0.8500	837,130	0.8500	0.8500	725,630	0.8500	0.8500
	Cathedral Square Special Bus Dist	General Revenue	9,534,260	0.8500	0.8500	10,216,510	0.8500	0.8500	10,218,490	0.8500	0.8500
	Central West End Southeast SBD	General Revenue	6,347,120	0.8500	0.8500	6,808,920	0.8500	0.8500	7,329,400	0.8500	0.8500
	Cherokee-Lemp Special Business Dist	General Revenue	1,009,200	0.8500	0.8500	1,209,400	0.8500	0.8500	1,212,400	0.8500	0.8500
	Gardenside Special Business Dist	General Revenue	**	**	**	**	**	**	7,307,560	0.8500	0.8500 *
	St. Louis Community College	General Revenue	19,404,974,595	0.2400	0.2400	21,386,690,602	0.2309	0.2300	21,444,717,930	0.2327	0.2320
	St. Louis City School District	Operating Funds-Schools	2,890,584,262	3.7500	3.7500	3,099,455,615	3.7500	3.7500	3,161,745,493	3.7500	3.7500
		Debt Service	2,890,584,262	0.5501	0.5500	3,099,455,615	0.5500	0.5500	3,161,745,493	0.5500	0.5500
	City of St. Louis	Parks & Recreation	2,689,797,282	0.0200	0.0200	2,889,591,748	0.0199	0.0199	2,931,158,517	0.0200	0.0200
		Health	2,689,797,282	0.0200	0.0200	2,889,591,748	0.0199	0.0199	2,931,158,517	0.0200	0.0200
		Hospital	2,689,797,282	0.1000	0.1000	2,889,591,748	0.0996	0.0996	2,931,158,517	0.1000	0.1000
		Developmentally Disabled	2,970,995,053	0.1500	0.1500	3,194,150,598	0.1499	0.1499	3,236,780,276	0.1500	0.1500
		Mental Health	2,970,995,053	0.0900	0.0900	3,194,150,598	0.0899	0.0899	3,236,780,276	0.0900	0.0900
		County Purposes	2,689,797,282	0.3500	0.3500	2,889,591,748	0.3485	0.3485	2,931,158,517	0.3500	0.3500
		General Revenue No. 1	2,970,995,053	0.1600	0.1600	3,194,150,598	0.1599	0.1599	3,236,780,276	0.1600	0.1600
		General Revenue No. 2	2,689,797,282	0.8034	0.8030	2,889,591,748	0.8000	0.8000	2,931,158,517	0.8074	0.8074
		Debt Service	2,970,995,053	0.1800	0.1800	3,194,150,598	0.1513	0.1513	3,236,780,276	0.1513	0.1513

LEGEND:

- \* A new voter-approved tax rate, a new voted increase, or a newly formed district.
- \*\* Levy did not exist in the given year or was not certified due to insufficient substantiating data.
- # Levy includes a recoupment rate authorized by state law.

NOTE:

All rates in the Levied column represent the rate extended and certified to the Department of Revenue by the political subdivisions' primary county.

**A** The ballot passed by the Christian County Senior Services stated, ".05 cents" and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language.

**B** The Kansas City 33 School District is under court order to support desegregation.

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Adair	City of Kirksville	135,123,628	0.1561	210,928
	Adair Co. R-I School District	10,929,661	0.2712	29,641
	Kirksville R-III School District	166,589,773	0.8100	1,349,377
	Adair Co. R-II School District	9,319,594	0.6900	64,305
Andrew	City of Fillmore	564,234	0.7089	4,000
	City of Savannah	34,504,873	0.1604	55,346
	Avenue City R-IX School District	9,850,830	0.9500	93,583
Atchison	City of Tarkio	11,303,025	0.6129	69,276
	City of Westboro	722,647	2.6302	19,007
	Fairfax R-III School District	12,766,968	0.5056	64,550
Audrain	Community R-VI School District	23,249,651	0.4500	104,623
	Mexico 59 School District	156,187,742	0.5000	780,939
Barry	City of Purdy	3,562,421	0.3480	12,397
	City of Seligman	2,922,248	0.1900	5,552
	City of Washburn	2,108,563	0.7022	14,806
	Wheaton R-III School District	13,987,777	0.5357	74,933
	Southwest Barry Co R-V School Dist	23,933,644	0.5115	122,421
	Cassville R-IV School District	108,822,878	0.5200	565,879
	Purdy R-II School District	19,189,111	0.6902	132,443
	Shell Knob 78 School District	38,527,525	0.3600	138,699
Barton	Monett R-I School District	107,697,789	0.5600	603,108
	City of Mindenmines	1,096,139	1.1870	13,011
	Liberal R-II School District	23,103,180	0.3850	88,947
	Golden City R-III School District	14,114,060	0.3367	47,522
Bates	Lamar R-I School District	75,300,270	0.5000	376,501
	Adrian R-III School District	26,511,448	0.3500	92,790
	Rich Hill R-IV School District	17,639,949	1.0732	189,312
	Hume R-VIII School District	6,363,273	0.3000	19,090
Benton	Butler R-V School District	60,285,988	0.1800	108,515
	Lincoln R-II School District	26,999,019	0.5000	134,995
	Warsaw R-IX School District	93,588,784	0.4500	421,150
	Cole Camp R-I School District	35,480,122	0.5600	198,689
Bollinger	Meadow Heights R-II School District	23,273,210	0.3500	81,456
Boone	City of Ashland	21,064,377	0.4400	92,683
	City of Centralia	33,182,309	0.0900	29,864
	City of Hallsville	7,444,427	0.2900	21,589
	Columbia Public Library	547,825,332	0.3250	1,780,432
	Boone County Fire Prot Dist	380,442,921	0.2200	836,974
	Southern Boone Co Fire Prot Dist	73,272,872	0.0508	37,223
	Southern Boone Co. R-I School District	60,657,993	1.2800	776,422
	Boone Co. R-IV School District	44,178,336	0.7597	335,623
	Sturgeon R-V School District	22,658,789	1.2700	287,767
	Centralia R-VI School District	65,022,585	0.4700	305,606
	Harrisburg R-VIII School District	22,112,405	1.1500	254,293
	Columbia 93 School District	1,329,506,025	0.8019	10,661,309



## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Buchanan	Mid-Buchanan Co R-V School Dist	38,634,484	0.6781	261,980
	Buchanan County R-IV School Dist	14,322,252	0.4500	64,450
	St. Joseph School District	810,055,418	0.3118	2,525,753
Butler	Poplar Bluff R-I School District	263,776,262	0.1600	422,042
	Twin Rivers R-X School District	41,686,476	0.1850	77,120
Caldwell	City of Hamilton	10,855,349	0.5428	58,923
	City of Kidder	1,543,757	0.5864	9,053
	City of Polo	3,366,755	0.3247	10,932
	Hamilton R-II School District	25,854,311	0.5125	132,503
	Polo R-VII School District	15,957,811	0.6064	96,768
	Mirabile C-1 School District	3,215,523	0.6778	21,795
	Braymer C-4 School District	13,951,959	0.5640	78,689
Callaway	City of New Bloomfield	4,185,834	0.8000	33,487
	North Callaway Co R-I School Dist	65,030,260	0.5600	364,169
	New Bloomfield R-III School Dist	30,931,681	0.9900	306,224
	Fulton 58 School District	128,930,082	0.7800	1,005,655
Camden	Osage Beach Fire Protection Dist	287,165,322	0.0874	250,982
	Sunrise Beach Fire Protection Dist	177,135,648	0.1087	192,546
	Mid County Fire Protection District	167,744,703	0.2569	430,936
	Camdenton R-III School District	645,313,701	0.1700	1,097,033
	Macks Creek R-V School District	19,513,485	0.7000	136,594
Cape Girardeau	City of Cape Girardeau	411,131,504	0.1000	411,132
	Jackson R-II School District	257,626,886	0.5600	1,442,711
	Delta R-V School District	16,138,713	0.2500	40,347
	Oak Ridge R-VI School District	15,320,696	0.9000	137,886
	Cape Girardeau 63 School District	426,907,537	0.5600	2,390,682
Carroll	City of Hale	1,943,714	0.4913	9,549
	Hale R-I School District	6,476,185	0.2922	18,923
	Norborne R-VIII School District	12,127,988	0.2600	31,533
Cass	City of Belton	157,823,153	0.4601	726,144
	City of Drexel	7,644,837	0.3800	29,050
	City of East Lynne	1,529,320	1.6187	24,755
	City of Freeman	3,321,674	0.2200	7,308
	City of Lake Winnebago	21,799,075	0.5471	119,263
	City of Pleasant Hill	56,280,130	0.1650	92,862
	City of Raymore	135,678,960	0.7100	963,321
	City of Lake Annette	813,630	2.2051	17,941
	South Metropolitan Fire Prot Dist	195,755,974	0.1200	234,907
	West Peculiar Fire Protection Dist	71,176,732	0.2396	170,539
	Cass Co R-V School District	22,496,426	0.6300	141,727
	Strasburg C-3 School District	8,696,941	1.1380	98,971
	Raymore-Peculiar R-II School Dist	266,806,726	1.2900	3,441,807
	Sherwood Cass R-VIII School Dist	38,290,523	1.0000	382,905
	East Lynne 40 School District	9,591,018	0.4989	47,850
	Pleasant Hill R-III School District	93,445,143	0.9700	906,418
	Harrisonville R-IX School District	152,239,685	0.8700	1,324,485

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Drexel R-IV School District	14,165,416	0.9000	127,489
	Midway R-I School District	31,352,524	0.3800	119,140
	Belton 124 School District	209,191,694	1.2000	2,510,300
Cedar	Stockton R-I School District	57,298,743	0.1523	87,266
	El Dorado Springs R-II School Dist	60,424,132	0.4900	296,078
Chariton	Northwestern R-I School District	11,071,695	0.9945	110,108
	Brunswick R-II School District	13,178,068	0.2100	27,674
Christian	City of Fremont Hills	11,629,442	0.4107	47,762
	Nixa Fire Protection District	205,041,398	0.0842	172,645
	Chadwick R-I School District	7,681,343	0.3206	24,626
	Nixa R-II School District	204,704,749	1.0383	2,125,449
	Sparta R-III School District	20,729,215	0.7019	145,498
	Billings R-IV School District	19,934,543	0.6900	137,548
	Clever R-V School District	25,393,255	0.4552	115,590
	Ozark R-VI School District	197,111,459	0.9000	1,774,003
	Spokane R-VII School District	26,216,111	0.9768	256,079
Clark	Clark Co. R-I School District	47,095,604	0.7500	353,217
Clay	City of Avondale	3,567,253	0.8166	29,130
	Village of Claycomo	142,767,050	0.1998	285,249
	City of Kearney	81,087,514	0.0400	32,435
	Kearney R-I School District	203,642,649	0.9000	1,832,784
	Smithville R-II School District	121,653,899	0.9100	1,107,050
	Excelsior Springs 40 School Dist	162,455,712	0.7700	1,250,909
	Liberty 53 School District	462,971,419	0.9900	4,583,417
	North Kansas City 74 School Dist	1,681,536,077	0.7100	11,938,906
Clinton	City of Lathrop	14,801,601	0.7587	112,300
	City of Trimble	4,145,349	1.1500	47,672
	Cameron R-I School District	79,932,387	0.4800	383,675
	Lathrop R-II School District	41,144,768	0.2859	117,633
	Clinton County R-III School Dist	49,694,975	1.0000	496,950
Cole	City of Lohman	1,589,092	0.3248	5,161
	Cole Co R-I School District	34,856,371	0.8800	306,736
	Cole Co R-II School District	54,516,199	0.6100	332,549
	Cole Co. R-V School District	41,236,471	0.7000	288,655
	Jefferson City School District	867,404,492	0.2485	2,155,500
Cooper	City of Blackwater	954,248	0.7860	7,500
	Cooper Co. R-IV School District	6,420,539	0.8770	56,308
	Prairie Home R-V School District	8,051,815	0.4683	37,707
	Otterville R-VI School District	9,394,297	0.8005	75,201
	Pilot Grove C-4 School District	12,486,364	0.6300	78,664
	Boonville R-I School District	95,363,585	0.4800	457,745
Crawford	Crawford Co R-I School District	42,068,948	0.7961	334,911
	Crawford Co R-II School District	74,487,651	0.6100	454,375
Dade	Good Shepherd Nursing Home Dist	19,693,255	0.3800	74,834

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Lockwood R-I School District	19,875,335	0.5500	109,314
	Everton R-III School District	6,793,150	0.7000	47,552
	Greenfield R-IV School District	25,512,738	0.9000	229,615
Dallas	City of Urbana	2,290,910	0.2724	6,240
Daviess	Daviess County Special Rd Dist #1	9,469,928	0.7351	69,613
	Monroe Township of Daviess Co	2,014,422	0.6778	13,654
	Pattonsburg R-II School District	9,492,116	0.6070	57,617
	Winston R-VI School District	11,380,035	0.2507	28,530
De Kalb	City of Clarksdale	1,339,114	1.5402	20,625
	City of Union Star	1,830,423	0.4661	8,532
	Osborn R-O School District	7,372,457	0.4400	32,439
	Stewartsville C-2 School District	10,048,454	0.4368	43,892
Dent	Salem R-80 School District	51,229,540	0.6800	348,361
Dunklin	City of Cardwell	2,938,180	1.7322	50,895
	Campbell R-II School District	49,975,183	0.4500	224,888
	Holcomb R-III School District	17,631,210	0.4900	86,393
	Senath-Hornersville C-8 School Dist	37,843,250	0.1994	75,459
	Kennett 39 School District	80,573,442	0.4000	322,294
Franklin	City of St Clair	49,263,183	0.3136	154,489
	Pacific Fire Protection District	162,822,102	0.0920	149,796
	East Central College	1,103,080,649	0.0752	829,517
	Franklin Co R-II School District	15,837,670	0.4444	70,383
	Meramec Valley R-III School Dist	217,387,940	0.6900	1,499,977
	Union R-XI School District	187,447,909	0.7200	1,349,625
	Lonedell R-XIV School District	23,877,306	0.3400	81,183
	Spring Bluff R-XV School District	14,709,243	0.4500	66,192
	St. Clair R-XIII School District	104,683,646	0.6200	649,039
	Sullivan C-2 School District	109,595,820	0.9700	1,063,079
	Washington School District	474,419,709	0.1300	616,746
Gasconade	City of Bland	3,388,546	0.5653	19,155
	Gasconade Co R-II School District	107,869,550	0.8700	938,465
	Gasconade County R-I School Dist	81,906,905	0.7500	614,302
Gentry	Gentry County Library Dist	49,026,187	0.1000	49,026
	King City R-I School District	18,692,051	0.5100	95,329
	Stanberry R-II School District	16,227,007	0.1000	16,227
Greene	City of Battlefield	22,814,510	0.2047	46,701
	City of Fair Grove	8,877,733	0.7382	65,535
	Willard R-II School District	188,307,220	0.4400	828,552
	Republic R-III School District	151,340,613	0.6500	983,714
	Ash Grove R-IV School District	38,489,700	0.5000	192,449
	Strafford R-VI School District	114,085,619	0.7000	798,599
	Greene Co R-VIII School District	122,804,195	0.7900	970,153
	Springfield R-XII School District	2,276,379,010	0.3300	7,512,051
	Fair Grove R-X School District	40,824,895	0.4068	166,076

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Grundy	City of Spickard	964,009	0.7469	7,200
	Marion Township of Grundy Co	3,435,203	0.1543	5,301
	Grundy Co R-V School District	10,034,671	0.9896	99,303
	Spickard R-II School District	3,188,936	0.3225	10,284
	Trenton R-IX School District	60,072,592	0.9600	576,697
Harrison	City of Cainsville	1,480,034	0.4051	5,996
Henry	City of Montrose	2,329,986	0.5991	13,959
	Henry County R-I School District	34,420,489	0.5000	172,102
	Shawnee R-III School District	6,321,075	0.6900	43,615
	Clinton School District	121,055,632	0.2600	314,745
Hickory	City of Hermitage	3,860,736	0.2452	9,467
	Hickory Co. R-I School District	26,604,123	0.8000	212,833
	Wheatland R-II School District	20,202,897	0.3629	73,316
	Weaubleau R-III School District	15,475,493	0.8400	129,994
	Hermitage R-IV School District	25,218,963	0.5076	128,011
Holt	City of Craig	1,224,334	1.8102	22,163
	City of Forest City	2,024,046	0.3200	6,477
	City of Mound City	9,146,237	0.2821	25,802
	City of Oregon	5,566,023	0.8900	49,538
	South Holt Co R-I School District	22,020,259	0.4116	90,635
Howard	New Franklin R-I School District	18,025,392	0.5400	97,337
	Fayette R-III School District	34,590,931	0.6500	224,841
	Howard Co R-II School District	18,153,448	0.2500	45,384
Howell	Glenwood R-VIII School District	15,122,031	0.1500	22,683
Iron	City of Viburnum	15,490,418	0.8700	134,767
	Arcadia Valley R-II School District	34,592,890	0.3568	123,427
Jackson	City of Blue Springs	544,607,843	0.1500	816,912
	City of Grain Valley	70,572,030	0.9300	656,320
	City of Grandview	224,651,407	0.3800	853,675
	City of Kansas City	5,460,339,388	0.1400	7,644,475
	City of Lake Tapawingo	11,669,185	0.4285	50,002
	City of Lone Jack	6,998,874	1.0000	69,989
	City of Oak Grove	59,575,969	0.2300	137,025
	City of Lee's Summit	1,071,882,858	0.4800	5,145,038
	Central Jackson Co Fire Prot Dist	664,438,384	0.0900	597,995
	Fort Osage R-I School District	199,617,103	0.7500	1,497,128
	Blue Springs R-IV School District	896,688,440	0.9566	8,577,722
	Grain Valley R-V School District	123,129,207	1.0578	1,302,461
	Oak Grove R-VI School District	89,256,521	0.9400	839,011
	Lee's Summit R-VII School District	1,049,205,302	1.0700	11,226,497
	Hickman Mills C-1 School District	396,616,105	0.3100	1,229,510
	Raytown C-2 School District	554,347,804	0.9400	5,210,869
	Grandview C-4 School District	328,156,266	0.5000	1,640,781
	Lone Jack C-6 School District	28,627,322	1.3675	391,479
	Independence 30 School District	648,175,277	0.7591	4,920,299
	Center 58 School District	363,351,063	0.8600	3,124,819

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Jasper	City of Carl Junction	50,596,039	0.2500	126,490
	City of Carterville	6,964,734	0.5804	40,423
	Carl Junction R-I School District	165,129,950	0.6100	1,007,293
	Sarcoxe R-II School District	28,509,129	0.5500	156,800
	Carthage R-IX School District	226,957,990	0.5600	1,270,965
	Webb City R-VII School District	142,626,910	0.5200	741,660
	Joplin R-VIII School District	711,945,935	0.2100	1,495,086
Jefferson	City of Olympian Village	3,305,391	1.5000	49,581
	City of Pevely	61,830,077	0.2731	168,858
	Antonia Fire Protection District	124,174,502	0.2300	285,601
	Cedar Hill Fire Protection District	119,162,352	0.1300	154,911
	High Ridge Fire Protection District	284,023,593	0.1031	292,828
	Springdale Fire Protection District	97,321,231	0.3900	379,553
	De Soto Rural Fire Protection Dist	139,671,375	0.1286	179,617
	Jefferson College	2,023,398,430	0.0500	1,011,699
	Northwest R-I School District	383,673,423	0.4500	1,726,530
	Grandview R-II School District	35,140,988	1.3500	474,403
	Hillsboro R-III School District	159,605,361	0.6842	1,092,020
	Dunklin R-V School District	111,613,981	0.5500	613,877
	Festus R-VI School District	149,336,697	0.7900	1,179,760
	Jefferson Co R-VII School District	106,504,834	0.3671	390,979
	Sunrise R-IX School District	22,018,081	0.6500	143,118
	Windsor C-1 School District	149,073,114	1.0000	1,490,731
	Fox C-6 School District	584,540,791	0.2800	1,636,714
	Crystal City 47 School District	43,573,726	0.8000	348,590
	DeSoto 73 School District	133,836,416	0.2815	376,750
Johnson	City of Holden	15,683,239	0.1053	16,514
	Kingsville R-I School District	16,975,469	0.9433	160,130
	Chilhowee R-IV School District	6,949,030	0.4400	30,576
	Johnson Co R-VII School District	24,687,573	0.8000	197,501
	Leeton R-X School District	11,787,564	0.3000	35,363
	Warrensburg R-VI School District	185,600,880	0.7000	1,299,206
Knox	City of Hurdland	742,085	0.4658	3,457
	Knox Co R-I School District	44,021,249	0.0100	4,402
Laclede	Lebanon R-III School District	222,238,996	0.4700	1,044,523
Lafayette	City of Lexington	34,824,039	0.0478	16,646
	Sni Valley Fire Protection District	122,741,387	0.0685	84,078
	Concordia R-II School District	37,084,152	0.4629	171,663
	Lafayette Co C-1 School District	51,156,094	1.0000	511,561
	Odessa R-VII School District	100,676,553	0.8300	835,615
	Santa Fe R-X School District	22,214,424	0.1800	39,986
	Wellington-Napoleon R-IX Sch Dist	20,024,158	0.7500	150,181
	Lexington R-V School District	45,356,700	0.7309	331,512
Lawrence	City of Aurora	43,672,284	0.1678	73,282
	Pierce City R-VI School District	26,656,128	0.6600	175,930
	Marionville R-IX School District	25,476,269	0.5000	127,381
	Mt. Vernon R-V School District	74,254,310	0.5700	423,250

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Aurora R-VIII School District	81,776,516	0.5702	466,290
	Verona R-VII School District	14,956,293	0.6239	93,312
Lewis	City of Lewistown	3,096,225	0.4139	12,815
	Canton R-V Fire Protection District	23,086,632	0.0610	14,083
	Canton R-V School District	24,657,901	0.5500	135,618
Lincoln	Silex R-I School District	20,313,004	0.6600	134,066
	Elsberry R-II School District	31,228,115	1.0500	327,895
	Troy R-III School District	260,069,502	0.7400	1,924,514
	Winfield R-IV School District	58,033,926	0.7500	435,254
	Lincoln County	421,718,937	0.2200	927,782
Linn	Jackson Township of Linn Co	2,648,512	0.7353	19,475
	Jefferson Township of Linn Co	8,194,080	0.1622	13,291
	Locust Creek Township of Linn Co	5,046,890	0.3405	17,185
	Meadville R-IV School District	11,556,915	0.9200	106,324
	Marceline R-V School District	27,901,942	0.7525	209,962
	Brookfield R-III School District	51,548,207	0.3900	201,038
Livingston	Chillicothe R-II School District	108,328,674	0.5000	541,643
Mc Donald	City of Anderson	8,575,157	0.3985	34,172
	City of Southwest City	12,260,049	0.2871	35,199
Macon	City of Callao	921,603	1.5359	14,155
	La Plata R-II School District	16,961,918	1.2300	208,632
Madison	Marquand-Zion R-VI School District	7,568,270	0.5946	45,001
Maries	City of Vienna	5,933,909	0.2000	11,868
Marion	City of Hannibal	143,054,314	0.1738	248,628
	Marion Co R-II School District	8,426,635	0.3400	28,651
	Palmyra R-I School District	93,262,600	0.5800	540,923
	Hannibal 60 School District	193,683,702	0.4600	890,945
Mercer	North Mercer Co R-III School Dist	11,736,003	0.3698	43,400
Miller	Miller County Nursing Home District	276,763,499	0.0425	117,624
	Lake Ozark Fire Protection District	271,637,031	0.0834	226,545
	Eldon R-I School District	122,044,148	0.5100	622,425
	Miller Co R-III School District	7,639,539	0.1000	7,640
	St. Elizabeth R-IV School District	9,756,792	0.1800	17,562
	School of the Osage R-II Sch Dist	328,104,820	0.2500	820,262
Mississippi	East Prairie R-II School District	41,515,770	0.3500	145,305
Moniteau	City of Tipton	20,605,465	0.3276	67,504
	Moniteau Co R-I School District	60,742,948	0.8200	498,092
	Moniteau Co R-VI School District	34,971,645	0.8861	309,884
	Moniteau Co C-1 School District	9,983,384	0.7100	70,882
Monroe	Monroe County Library	73,660,359	0.0718	52,888

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Madison C-3 School District	9,695,909	0.6425	62,296
	Paris R-II School District	28,471,697	0.4900	139,511
Montgomery	City of Jonesburg	7,611,760	0.4300	32,731
	Wellsville-Middletown R-I Sch Dist	23,322,559	0.4600	107,284
	Montgomery Co R-II School District	82,654,231	0.0200	16,531
Morgan	Morgan Co R-I School District	51,392,000	0.3800	195,290
New Madrid	City of Lilbourn	6,563,253	0.2298	15,082
	Portageville School District	41,327,939	0.2500	103,320
	New Madrid Co R-I School District	260,940,436	0.2400	626,257
Newton	Redings Mill Area Fire Prot Dist	123,461,491	0.1151	142,104
	East Newton Co R-VI School District	48,820,425	0.5500	268,512
	Diamond R-IV School District	41,937,299	0.9900	415,179
	Westview C-6 School District	5,144,341	0.0945	4,861
Nodaway	City of Maryville	105,829,348	0.1450	153,453
	Atchison Township of Nodaway Co	4,750,737	0.8175	38,837
	Independence Township of Nodaway Co	3,948,432	0.9149	36,124
	Jackson Township of Nodaway Co	8,980,547	0.4878	43,807
	Lincoln Township of Nodaway Co	4,972,364	1.0342	51,424
	Monroe Township of Nodaway Co	4,168,831	0.8889	37,057
	Nodaway Township of Nodaway Co	6,863,358	0.5464	37,501
	Union Township of Nodaway Co	4,668,455	0.5945	27,754
	White Cloud Township of Nodaway Co	6,266,452	0.8002	50,144
	West Nodaway Co R-I School District	16,994,510	0.7000	118,962
	Jefferson C-123 School District	5,436,540	0.5535	30,091
	North Nodaway Co R-VI School Dist	11,472,570	0.3800	43,596
	Maryville R-II School District	154,786,918	0.4643	718,676
	South Nodaway Co R-IV School Dist	8,849,300	0.4007	35,459
Oregon	Couch R-I School District	7,394,211	0.6100	45,105
	Oregon-Howell R-III School District	9,140,144	0.8000	73,121
Osage	City of Linn	13,512,369	0.9199	124,300
	Osage Co R-II School District	40,418,352	0.3900	157,632
	Osage Co R-III School District	55,780,962	0.4200	234,280
Ozark	Thornfield R-I School District	4,501,539	0.5397	24,295
	Bakersfield R-IV School District	8,418,462	0.2600	21,888
	Gainesville R-V School District	31,266,550	0.5800	181,346
	Dora R-III School District	10,148,883	0.2300	23,342
	Lutie R-VI School District	12,917,775	0.4900	63,297
Pemiscot	Caruthersville 18 School District	40,428,975	0.3000	121,287
Perry	City of Altenburg	3,263,860	0.2145	7,001
	City of Frohna	4,326,256	0.1640	7,095
	City of Perryville	110,492,536	0.2500	276,231
Pettis	City of Green Ridge	2,327,372	0.6564	15,277
	City of Smithton	2,988,447	0.0556	1,662

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate	
			Levied	Revenue
	Pettis Co R-V School District	17,539,941	0.4303	75,474
	La Monte R-IV School District	13,689,595	0.5600	76,662
	Smithton R-VI School District	26,935,660	0.4000	107,743
	Green Ridge R-VIII School District	15,968,167	0.3786	60,455
Phelps	City of Edgar Springs	787,429	0.5373	4,231
	St. James R-I School District	71,711,633	0.5300	380,072
	Newburg R-II School District	14,799,716	0.3200	47,359
	Rolla 31 School District	226,434,354	0.3299	747,007
	Phelps Co R-III School District	9,101,244	0.4000	36,405
Pike	City of Bowling Green	23,197,690	0.6642	154,079
	City of Clarksville	2,748,488	0.3100	8,520
	Pike Co R-III School District	42,389,915	0.7629	323,393
	Louisiana R-II School District	38,677,073	0.6700	259,136
Platte	City of Platte City	41,173,290	0.5000	205,866
	City of Platte Woods	7,955,957	0.2700	21,481
	City of Tracy	1,299,761	1.7443	22,672
	City of Weatherby Lake	32,016,134	1.2296	393,670
	City of Parkville	106,788,912	0.0988	105,507
	Central Platte Fire Protection Dist	102,445,458	0.2000	204,891
	Southern Platte Fire Prot Dist	248,933,719	0.1218	303,201
	West Platte Co R-II School District	53,054,050	0.8567	454,514
	Platte Co R-III School District	250,858,046	0.6700	1,680,749
Polk	Park Hill R-V School District	895,335,522	0.6562	5,875,192
	City of Fair Play	1,721,988	0.1500	2,583
	Bolivar R-I School District	106,533,390	0.8377	892,430
	Fair Play R-II School District	11,576,040	0.9800	113,445
	Humansville R-IV School District	15,291,929	0.4400	67,284
	Marion C. Early R-V School District	21,151,000	0.5500	116,331
	Pleasant Hope R-VI School District	27,530,130	0.6000	165,181
Pulaski	City of Dixon	9,356,162	0.5800	54,266
	Laquey R-V School District	17,212,530	0.2205	37,954
	Dixon R-I School District	36,584,978	0.2700	98,779
	Crocker R-II School District	17,087,155	0.8900	152,076
Putnam	York Township of Putnam Co	3,045,691	0.8706	26,516
	Putnam Co R-I School District	47,396,673	0.3700	175,368
Ralls	Ralls Co R-II School District	47,669,670	0.7100	338,455
Randolph	City of Higbee	2,132,077	0.7500	15,991
	Randolph County Library	283,694,279	0.0654	185,536
	Northeast Randolph Co R-IV Sch Dist	13,371,970	0.8700	116,336
	Higbee R-VIII School District	6,763,015	1.0380	70,200
	Moberly School District	113,669,897	0.7000	795,689
Ray	City of Orrick	5,716,295	0.2497	14,274
	City of Richmond	49,655,217	0.4253	211,184
	City of Wood Heights	6,709,290	0.5267	35,338
	City of Lawson	19,337,620	0.9800	189,509



## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Lawson R-XIV School District	51,029,769	0.9500	484,783
	Orrick R-XI School District	17,889,852	0.4500	80,504
	Richmond R-XVI School District	87,062,007	0.6839	595,417
Reynolds	Southern Reynolds Co R-II Sch Dist	30,658,224	0.4500	137,962
Ripley	Doniphan-Ripley County Library	68,970,666	0.0300	20,691
	Ripley Co R-III School District	3,816,674	0.1000	3,817
St. Charles	St Charles County Ambulance Dist	4,487,464,689	0.0200	897,493
	City of Lake St Louis	162,968,797	0.3994	650,897
	City of O'Fallon	850,556,668	0.3300	2,806,837
	City of Portage Des Sioux	3,288,382	0.2889	9,500
	City of St Charles	838,322,646	0.1000	838,323
	City of St Peters	744,021,148	0.2600	1,934,455
	Cottleville Com Fire Prot District	738,064,434	0.1200	885,677
	Central County Fire and Rescue	1,133,661,601	0.0986	1,117,790
	St. Charles Co. Community College	4,461,801,356	0.0800	3,569,441
	Fort Zumwalt R-II School District	1,324,205,345	0.9000	11,917,848
	Francis Howell R-III School Dist	1,452,763,743	0.9313	13,529,589
	Wentzville R-IV School District	718,141,784	0.6200	4,452,479
	St Charles R-VI School District	668,828,015	0.6501	4,348,051
	St Charles Co R-V School District	161,713,281	0.4698	759,729
St. Clair	Roscoe C-1 School District	5,193,860	0.3759	19,524
	Lakeland R-III School District	21,716,700	0.4200	91,210
St. Francois	City of Desloge	24,445,055	0.2237	54,684
	City of Farmington	122,150,947	0.0600	73,291
	City of Leadwood	4,196,009	1.5080	63,276
	City of Iron Mountain Lake	2,467,632	0.9890	24,405
	Mineral Area College	573,718,088	0.1300	745,834
	Bismarck R-V School District	18,755,761	0.6500	121,912
	Farmington R-VII School District	207,333,104	0.6200	1,285,465
	North St. Francois Co R-I Sch Dist	116,301,219	0.6700	779,218
	Central R-III School District	65,010,797	0.8583	557,988
	West St Francois Co R-IV Sch Dist	30,471,894	0.9300	283,389
Ste. Genevieve	City of Ste Genevieve	44,342,072	0.0600	26,605
	Ste. Genevieve Co R-II School Dist	201,543,949	0.2600	524,014
St. Louis	Village of Bel Nor	16,101,360	0.5000	80,507
	City of Berkeley	185,147,106	0.2090	386,957
	City of Clayton	669,446,959	0.0760	508,780
	City of Kirkwood	500,561,245	0.2870	1,436,611
	City of Rock Hill	66,400,408	0.3500	232,401
	City of Shrewsbury	97,868,477	0.6500	636,145
	City of Velda City	5,964,883	0.6900	41,158
	City of Warson Woods	49,179,706	0.4290	210,981
	City of Webster Groves	372,774,581	0.6590	2,456,584
	City of Chesterfield	1,237,598,782	0.0600	742,559
	Black Jack Fire Protection District	470,692,856	0.2250	1,059,059
	Chesterfield Fire Prot District	1,531,084,795	0.0130	199,041
	Community Fire Protection District	476,867,214	0.2500	1,192,168

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate		Revenue
			Levied		
	Eureka Fire Protection District	236,484,232	0.1500		354,726
	Florissant Valley Fire Prot Dist	675,233,378	0.1700		1,147,897
	Lemay Fire Protection District	145,358,375	0.0900		130,823
	West County EMS & Fire Prot Dist	557,884,307	0.1800		1,004,192
	Moline Fire Protection District	111,911,430	0.0520		58,194
	Normandy Fire Protection District	165,318,666	0.0800		132,255
	Pattonville-Bridgeton Terr Fire Dis	670,256,615	0.0370		247,995
	Riverview Fire Protection District	129,831,013	0.1500		194,747
	Robertson Fire Protection District	304,887,912	0.1000		304,888
	Spanish Lake Fire Protection Dist	155,053,053	0.2670		413,992
	Valley Park Fire Protection Dist	179,302,212	0.0400		71,721
	Mid-County Fire Protection District	122,761,798	0.4200		515,600
	Hazelwood R-I School District	1,593,886,617	0.3900		6,216,158
	Ferguson-Florissant R-II Sch Dist	906,921,292	0.3000		2,720,764
	Pattonville R-III School District	1,202,493,481	0.4900		5,892,218
	Rockwood R-VI School District	2,496,253,961	0.7500		18,721,905
	Kirkwood R-VII School District	843,843,263	0.2450		2,067,416
	Lindbergh R-VIII School District	961,282,183	0.2800		2,691,590
	Mehlville R-IX School District	1,275,464,074	0.3400		4,336,578
	Parkway C-2 School District	3,396,892,410	0.2400		8,152,542
	Bayless School District	121,405,193	0.6300		764,853
	Brentwood School District	219,062,870	0.2020		442,507
	Clayton School District	788,081,946	0.3600		2,837,095
	Hancock Place School District	51,099,735	0.7527		384,628
	Jennings School District	91,151,608	1.0738		978,786
	Ladue School District	1,100,142,423	0.4500		4,950,641
	Maplewood-Richmond Heights Sch Dist	175,705,220	0.8280		1,454,839
	Normandy School District	218,239,966	0.8240		1,798,297
	Ritenour School District	474,667,248	0.8900		4,224,539
	Riverview Gardens School District	228,530,896	1.6050		3,667,921
	University City School District	440,425,484	0.7380		3,250,340
	Valley Park School District	118,645,520	0.4840		574,244
	Webster Groves School District	521,124,489	0.5640		2,939,142
	St. Louis County	17,948,893,642	0.0850		15,256,560
Saline	Blackburn Elmwood Sp Rd Saline Co	5,003,420	0.5720		28,620
	City of Slater	12,178,723	0.2335		28,437
	City of Sweet Springs	8,522,549	0.1407		11,991
	Orearville R-IV School District	4,314,399	0.8500		36,672
	Malta Bend R-V School District	7,380,325	0.7500		55,352
	Hardeman R-X School District	5,040,647	1.0600		53,431
	Marshall School District	103,063,293	0.3600		371,028
	Slater School District	15,971,191	0.5400		86,244
	Sweet Springs R-VII School District	19,161,739	0.6445		123,497
Schuyler	Village of Glenwood	963,854	0.3780		3,643
	Schuyler Co R-I School District	29,144,119	0.7700		224,410
Scott	City of Scott City	34,146,792	0.4900		167,319
	Scott City R-I School District	43,004,865	0.4900		210,724
	Chaffee R-II School District	19,760,965	0.8500		167,968
	Scott Co R-IV School District	39,077,060	0.4200		164,124
	Scott Co R-V School District	12,374,870	1.1900		147,261
	Sikeston R-VI School District	185,721,278	0.2250		417,873

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Oran R-III School District	15,218,010	0.1800	27,392
Shannon	Eminence R-I School District	14,921,575	0.6900	102,959
Shelby	Shelby Co C-1 School District	22,712,514	0.3300	74,951
Stoddard	City of Bloomfield	9,380,498	0.2115	19,840
	Richland R-I School District	19,269,318	0.3300	63,589
	Bell City R-II School District	17,933,057	0.3975	71,284
	Advance R-IV School District	23,777,406	0.4300	102,243
	Dexter R-XI School District	127,422,352	0.5700	726,307
	Bernie R-XIII School District	27,000,183	0.3000	81,001
Stone	City of Crane	5,662,434	0.2977	16,857
	Hurley R-I School District	7,020,757	0.3204	22,495
	Galena R-II School District	19,642,853	0.5248	103,086
	Reeds Spring R-IV School District	205,451,581	0.7100	1,458,706
	Blue Eye R-V School District	58,417,873	0.8000	467,343
Sullivan	City of Green Castle	896,521	1.2345	11,068
	Village of Newtown	732,621	0.4163	3,050
	Green City R-I School District	16,358,029	0.5800	94,877
Taney	City of Forsyth	17,658,929	0.3500	61,806
	City of Hollister	33,233,646	0.1200	39,880
	City of Rockaway Beach	5,221,514	0.6781	35,407
	Village of Merriam Woods	5,210,866	0.5382	28,045
	Bradleyville R-I School District	6,044,807	0.3500	21,157
	Taneyville R-II School District	7,288,619	0.9400	68,513
	Forsyth R-III School District	54,282,410	0.6300	341,979
	Branson R-IV School District	458,077,085	0.7000	3,206,540
	Hollister R-V School District	91,121,429	0.6000	546,729
	Kirbyville R-VI School District	23,609,775	0.9000	212,488
Texas	City of Houston	15,336,332	0.1819	27,897
	City of Licking	9,262,278	0.1922	17,802
	City of Summersville	2,274,041	0.9935	22,593
	Houston R-I School District	35,325,695	0.8512	300,692
	Raymondville R-VII School District	5,656,067	0.7200	40,724
Vernon	Nevada R-V School District	142,610,680	0.1800	256,699
	Bronaugh R-VII School District	9,710,333	0.3086	29,966
	Sheldon R-VIII School District	8,089,418	0.4900	39,638
	Northeast Vernon County R-I	13,873,687	0.0400	5,549
Warren	City of Truesdale	14,506,678	0.2582	37,456
	City of Wright City	20,800,336	0.2578	53,623
	Wright City R-II School District	106,529,970	0.6800	724,404
	Warren Co R-III School District	167,868,994	0.4595	771,358
Washington	Kingston K-14 School District	18,104,819	0.8400	152,080
	Potosi R-III School District	57,854,873	0.5000	289,274
Wayne	Greenville R-II School District	29,507,098	0.3600	106,226

## LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
	Clearwater R-I School District	51,186,274	0.3642	186,420
Webster	City of Rogersville	12,294,569	0.9900	121,716
	Fordland R-III School District	21,305,669	0.7900	168,315
	Marshfield R-I School District	116,797,126	0.5500	642,384
Wright	Hartville R-II School District	24,815,172	0.4800	119,113
	Mansfield R-IV School District	23,686,387	0.8000	189,491
St. Louis City	St. Louis City School District	3,161,745,493	0.5500	17,389,600
	City of St. Louis	3,236,780,276	0.1513	4,897,249
Total Revenue Generated from Debt Service Levies				<u>\$410,225,242</u>

NOTE:

An additional 11 taxing authorities completed the substantiating data for the State Auditor to review its debt service levy and then did not levy a rate.

The revenue generated is computed by multiplying the tax rate levied by the assessed valuation and dividing by 100.

## LISTING OF RECENT VOTER APPROVED LEVIES

County	Name of Political Subdivision	Purpose	Assessed Valuation	Actual Rate Levied	Revenue	Expiration
Andrew	Andrew County	Senior Services	\$152,445,698	\$0.0300	\$45,734	
Audrain	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	13,549,941	0.3500	47,425	2005
Barry	Washburn Sp Rd Dist 4 Barry Co	Special Road and Bridge	8,447,527	0.1300	10,982	2005
Barton	Barton City Township of Barton Co	Special Road and Bridge	2,876,878	0.2500	7,192	2005
	Richland Township of Barton County	Special Road and Bridge	7,436,563	0.3900	29,003	2005
	Union Township of Barton County	Special Road and Bridge	3,999,380	0.3500	13,998	2005
Carroll	De Witt Township of Carroll Co	Special Road and Bridge	7,123,341	0.3500	24,932	2005
	Moss Creek Township of Carroll Co	Special Road and Bridge	5,757,751	0.3500	20,152	2005
	Trotter Township of Carroll Co	Special Road and Bridge	3,905,406	0.3500	13,669	2005
	Van Horn Township of Carroll Co	Special Road and Bridge	5,930,992	0.3500	20,758	2005
	Wakenda Township of Carroll Co	Special Road and Bridge	6,343,586	0.3500	22,203	2005
Cedar	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	3,830,455	0.3500	13,407	2005
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	647,304	0.3500	2,266	2005
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,021,565	0.3500	7,075	2005
	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	785,769	0.3500	2,750	2005
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	946,691	0.3500	3,313	2005
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	36,254,798	0.3500	126,892	2005
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	721,056	0.3500	2,524	2005
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	838,039	0.3500	2,933	2005
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,459,426	0.3500	8,608	2005
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,248,049	0.3500	4,368	2005
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,415,185	0.3500	4,953	2005
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,230,662	0.3500	14,807	2005
	Korth Special Road Subdistrict	Special Road and Bridge	2,094,386	0.3500	7,330	2005
Chariton	Clark Township of Chariton Co	Special Road and Bridge	4,547,499	0.3500	15,916	2005
Christian	Billings Spec Rd Dist Christian Co	Special Road and Bridge	26,825,389	0.3500	93,889	2005
	Chadwick Rural Fire Protection Dist	General Revenue	6,708,796	0.3000	20,126	
Clay	Village of Oakwood	Fire	3,465,787	0.3000	10,397	2003
		General Revenue-Temp	3,465,787	0.1800	6,238	2003
Clinton	Cameron Spec Rd Dist Clinton Co	Special Road and Bridge	43,547,408	0.3500	152,416	2005
DeKalb	Dallas Township of DeKalb Co	Special Road and Bridge	3,109,757	0.3500	10,884	2005
Gasconade	Bland Fire Protection District	General Revenue	13,135,474	0.2500	32,839	
Gentry	City of King City	Police	4,788,114	0.1500	7,182	2005
	Bogle Township of Gentry Co	Gravel & Maintenance	4,560,487	0.4500	20,522	2005
	Stanberry Fire Protection Dist	General Revenue-Temp	17,529,304	0.3000	52,588	2005
Greene	C and E Community Improvement Dist	General Revenue	5,762,520	3.0000	172,876	
Grundy	Spickard Special Road District	Special Road and Bridge	1,132,120	0.3500	3,962	2005
Henry	Bear Creek Township of Henry Co	Special Road and Bridge	2,743,088	0.2600	7,132	2005

## LISTING OF RECENT VOTER APPROVED LEVIES

County	Name of Political Subdivision	Purpose	Assessed Valuation	Actual Rate Levied	Revenue	Expiration
	Bogard Township of Henry Co	Special Road and Bridge	6,906,149	0.2500	17,265	
	Tebo Township of Henry Co	Special Road and Bridge	6,514,178	0.1800	11,726	2005
Holt	Corning Special Road Dist Holt Co	Special Road District	2,265,629	0.3500	7,930	2005
Jackson	Village of River Bend	General Revenue	786,973	0.5000	3,935	
Johnson	Johnson County Ambulance District	General Revenue	389,316,806	0.3000	1,167,950	
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	184,390,873	0.2000	368,782	2005
	Phillipsburg Spec Rd #3 Laclede Co	Special Road and Bridge	10,968,415	0.2300	25,227	2005
	Town of Twin Bridges	Building Maintenance	707,476	0.3000	2,122	2005
		Fire Equipment	707,476	0.3000	2,122	2005
		Fire Truck Maintenance	707,476	0.3000	2,122	2005
		Police Truck	707,476	0.3000	2,122	2005
		Police Truck #2	707,476	0.3000	2,122	2005
		Pumper Fire Truck	707,476	0.3000	2,122	2005
Lafayette	City of Alma	General Revenue-Temp	2,944,679	0.3000	8,834	2005
Lawrence	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	25,891,916	0.3100	80,265	2005
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,475,450	0.2400	3,541	2005
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	14,015,693	0.1900	26,630	2005
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,564,933	0.2000	7,130	2005
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	69,008,279	0.1600	110,413	2005
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,968,666	0.2000	7,937	2005
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	16,447,410	0.1900	31,250	2005
	Lawrence County	Common I Road District	21,793,402	0.2000	43,587	2005
		Common II Road District	8,730,444	0.2100	18,334	2005
Livingston	Cream Ridge Township, Livingston Co	Special Road and Bridge	5,089,433	0.2500	12,724	2005
	Sampsel Township of Livingston Co	Special Road and Bridge	3,404,337	0.2500	8,511	2005
Marion	Marion County Ambulance District	Pension	276,160,483	0.0500	138,080	
Monroe	Madison-West Monroe Fire Prot Dist	General Revenue	20,564,111	0.3000	61,692	
Montgomery	Wellsville Road Dist Montgomery Co	Special Road and Bridge	17,314,763	0.2000	34,630	2005
Morgan	Gravois Spec Rd Dist #8 Morgan Co	Special Road and Bridge	118,967,988	0.1000	118,968	2004
Nodaway	City of Elmo	Streets	566,566	0.4500	2,550	
	City of Graham	Streets	744,327	1.1400	8,485	
	City of Hopkins	Street Improvements	2,361,125	0.7500	17,708	2005
Osage	Linn Fire Protection District	General Revenue	53,016,632	0.3000	159,050	
Putnam	Unionville Spec Road Dist Putnam Co	Special Road and Bridge	9,513,527	0.3500	33,297	2005
	Grant Township Fire Protection Dist	General Revenue	1,448,079	0.3000	4,344	
Ray	Village of Rayville	Fire	675,933	0.2000	1,352	2002
		General Revenue	675,933	0.7500	5,069	2004
		Streets	675,933	0.4000	2,704	2004

## LISTING OF RECENT VOTER APPROVED LEVIES

County	Name of Political Subdivision	Purpose	Assessed Valuation	Actual Rate Levied	Revenue	Expiration
	City of Crystal Lakes	Streets	3,511,803	0.3000	10,535	2005
	Lawson Community Fire & Rescue Dist	Ambulance	61,470,238	0.3000	184,411	
St. Clair	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	5,129,594	0.2800	14,363	2005
Saline	Blackburn Elmwood Sp Rd Saline Co	Special Road and Bridge	5,003,420	0.3600	18,012	2005
	Slater Spec Rd Dist Saline Co	Special Road and Bridge	21,992,092	0.3600	79,172	2005
	City of Blackburn	General Revenue-Temp	1,364,962	0.2900	3,958	2005
Scott	Village of Kelso	Fire	4,536,018	0.1300	5,897	2005
Shelby	City of Shelbyville	Gen Rev-Temp	3,104,469	0.3000	9,313	2005
Stoddard	Bluff Spec Rd Dist Stoddard Co	Special Road and Bridge	8,361,495	0.3500	29,265	2005
Vernon	Dover Township of Vernon Co	Special Road and Bridge	3,931,128	0.3500	13,759	2005
	Lake Township of Vernon Co	Special Road and Bridge	2,414,645	0.3500	8,451	2002
Warren	Village of Pendleton	General Revenue	313,328	0.5000	1,567	
Wayne	Clearwater Ambulance District	General Revenue	51,693,481	0.3000	155,080	
Worth	Village of Allendale	Gen Revenue-Temp	462,650	0.2000	925	2005
	City of Sheridan	Fire-Temp	778,980	0.2000	1,558	2005
	Worth County	Spec Rd & Bridge-Temp	22,252,980	0.3300	73,435	2005
St. Louis City	Gardenside Special Business Dist	General Revenue	7,307,560	0.8500	62,114	2006
Total Revenue Generated from New Levies					<u>\$4,298,693</u>	

NOTE:

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

The tax rates listed above were approved by voters at an election held after the 2001 tax rates were set and, thus, 2002 was the first year the additional voter approved rates or rate increases were levied.

## LISTING OF RECENT VOTER APPROVED INCREASES TO EXISTING LEVIES

County	Name of Political Subdivision	Purpose	Assessed Valuation	Actual Rate		Revenue	Expiration
				Increase			
Andrew	Village of Country Club FPD	General Revenue	16,057,787	0.2500		40,144	
Audrain	Van-Far R-I School District	Operating Funds-Schools	35,147,750	0.4230		148,675	
Bates	Hudson Township of Bates County	Special Road and Bridge	4,037,438	0.1100		4,441	2004
	Adrian R-III School District	Operating Funds-Schools	26,511,448	0.4196		111,242	
Boone	Centralia R-VI School District	Operating Funds-Schools	65,022,585	0.3100		201,570	
Buchanan	Colony Hills Fire Protection Dist	General Revenue	6,591,158	0.1574		10,374	
	Lake Contrary Fire Protection Dist	Fire	3,946,120	0.1000		3,946	
Caldwell	Caldwell County	Health	78,566,116	0.1000		78,566	
Callaway	South Callaway Fire Protection Dist	General Revenue	239,954,404	0.1000		239,954	
Cape Girardeau	Whitewater Fire Protection Dist	General Revenue	10,181,032	0.1000		10,181	
Cass	City of Lake Winnebago	General Revenue	21,799,075	0.4388		95,654	
	Strasburg C-3 School District	Operating Funds-Schools	8,696,941	0.4800		41,745	
Christian	Billings Fire Protection District	General Revenue	34,312,601	0.1300		44,606	
Clay	Excelsior Springs 40 School Dist	Operating Funds-Schools	162,455,712	0.4715		765,979	
Cole	Jefferson City School District	Operating Funds-Schools	867,404,492	0.3000		2,602,213	
Franklin	New Haven School District	Operating Funds-Schools	25,325,013	0.5017		127,056	
	Washington School District	Operating Funds-Schools	474,419,709	0.1895		899,025	
Greene	Springfield Greene County Library	General Revenue	2,968,918,637	0.0500		1,484,459	
Jackson	Central Jackson Co Fire Prot Dist	General Revenue	664,438,384	0.3500		2,325,534	
	Lotawana Fire Protection District	General Revenue	47,016,182	0.1500		70,524	
	Lee's Summit R-VII School District	Operating Funds-Schools	1,049,205,302	0.2500		2,623,013	
Jefferson	Joachim-Plattin Ambulance District	General Revenue	521,717,556	0.1500		782,576	
	Antonia Fire Protection District	General Revenue	124,174,502	0.2500		310,436	
	Cedar Hill Fire Protection District	General Revenue	119,162,352	0.2847		339,255	
	Goldman Fire Protection District	General Revenue	43,166,313	0.1500		64,749	
	Hillsboro Fire Protection District	General Revenue	78,725,614	0.1500		118,088	
	Rock Community Fire Prot Dist	Pension	525,763,237	0.0200		105,153	
	Springdale Fire Protection District	General Revenue	97,321,231	0.0500		48,661	
	De Soto Rural Fire Protection Dist	General Revenue	139,671,375	0.0500		69,836	
	Mapaville Fire Protection District	General Revenue	31,539,360	0.1000		31,539	
	Jefferson College	General Revenue	2,023,398,430	0.1200		2,428,078	
	Grandview R-II School District	Operating Funds-Schools	35,140,988	0.7238		254,350	
Johnson	Warrensburg R-VI School District	Operating Funds-Schools	185,600,880	0.5300		983,685	
Lafayette	Odessa R-VII School District	Operating Funds-Schools	100,676,553	0.6885		693,158	
Lawrence	City of Miller	General Revenue	3,700,749	0.4584		16,964	
Mercer	Mercer County	Health	50,419,196	0.1997		100,687	



## LISTING OF RECENT VOTER APPROVED INCREASES TO EXISTING LEVIES

County	Name of Political Subdivision	Purpose	Assessed Valuation	Actual Rate		Revenue	Expiration
				Increase			
Monroe	Middle Grove C-1 School District	Operating Funds-Schools	3,106,823	0.4300		13,359	
	Monroe City R-I School District	Operating Funds-Schools	55,437,982	0.5022		278,410	
New Madrid	City of Howardville	General Revenue	953,458	0.3121		2,976	
Perry	Perry Co 32 School District	Operating Funds-Schools	195,413,788	0.5000		977,069	
Phelps	Rolla 31 School District	Operating Funds-Schools	226,434,354	0.2000		452,869	
Pike	Buffalo Township Fire Prot Dist	General Revenue	29,889,865	0.1500		44,835	
Platte	Edgerton-Trimble Fire Prot Dist	General Revenue	21,177,640	0.2500		52,944	
	North Platte Co R-I School District	Operating Funds-Schools	33,513,694	0.1000		33,514	
	Park Hill R-V School District	Operating Funds-Schools	895,335,522	0.7141		6,393,591	
Putnam	Putnam County	Health	51,346,423	0.1384		71,063	
Reynolds	Centerville R-I School District	Operating Funds-Schools	5,306,432	1.0375		55,054	
St. Charles	Town of Weldon Springs Heights	General Revenue	1,760,325	0.1331		2,343	
St. Clair	Iconium Fire Protection District	General Revenue	7,462,879	0.3000		22,389	
	Lakeland R-III School District	Operating Funds-Schools	21,716,700	0.3605		78,289	
St. Louis	Affton Fire Protection District	General Revenue	401,009,922	0.2100		842,121	
	Metro West Fire Protection District	Dispatch	1,286,952,001	0.0200		257,390	
	Normandy Fire Protection District	General Revenue	165,318,666	0.5000		826,593	
	Pattonville-Bridgeton Terr Fire Dis	General Revenue	670,256,615	0.2500		1,675,642	
	Riverview Fire Protection District	General Revenue	129,831,013	0.2500		324,578	
	Riverview Gardens School District	Operating Funds-Schools	228,530,896	0.2300		525,621	
Saline	Sweet Springs Ambulance District	General Revenue	37,710,134	0.1500		56,565	
Sullivan	Sullivan County Ambulance District	General Revenue	66,050,455	0.2000		132,101	
	Sullivan County	Health	66,050,455	0.1500		99,076	
Taney	Central Taney County Fire Prot Dist Taney County	General Revenue	52,064,097	0.1000		52,064	
		Health	667,591,021	0.0500		333,796	
		Pension	129,831,013	0.1434		186,178	
Warren	Warren County Ambulance District	General Revenue	273,603,258	0.1200		328,324	
	Marthasville Fire Protection Dist	General Revenue	48,766,919	0.1500		73,150	
Total Revenue Generated from Voter Approved Increases						<u>32,468,020</u>	

NOTE:

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

SCHOOLS UTILIZING ARTICLE X, SECTION 11(b) -  
(CONSTITUTIONAL AMENDMENT 2)

County	Name of School District	Assessed Valuation	Actual Rate Levied	Calculated Rate Before Application of Amend. 2	Increase in Revenues
Barry	Southwest Barry Co R-V School Dist	23,933,644	2.7500	1.7320	243,644
	Cassville R-IV School District	108,822,878	2.7500	1.9092	914,983
	Purdy R-II School District	19,189,111	2.7500	2.5263	42,926
	Monett R-I School District	107,697,789	2.7500	2.0535	750,115
Benton	Lincoln R-II School District	26,999,019	2.7500	2.2349	139,072
	Warsaw R-IX School District	93,588,784	2.7500	2.1343	576,226
	Cole Camp R-I School District	35,480,122	2.7500	2.5799	60,352
Bollinger	Meadow Heights R-II School District	23,273,210	2.7500	1.8166	217,232
	Zalma R-V School District	9,038,530	2.7500	2.6553	8,559
	Woodland R-IV School District	37,211,740	2.7500	2.1962	206,079
Butler	Poplar Bluff R-I School District	263,776,262	2.7500	2.7149	92,585
Callaway	South Callaway Co R-II School Dist	237,910,529	2.5000	1.5609	2,234,218
Camden	Climax Springs R-IV School District	58,820,207	2.6700	2.5333	80,407
Carter	East Carter Co R-II School District	17,465,349	2.7500	2.1017	113,228
	Van Buren R-I School District	19,454,921	2.7500	1.8351	177,993
Cedar	Stockton R-I School District	57,298,743	2.5900	2.4780	64,175
Christian	Ozark R-VI School District	197,111,459	2.7500	2.4003	689,299
Crawford	Crawford Co R-I School District	42,068,948	2.7500	2.7383	4,922
Dade	Greenfield R-IV School District	25,512,738	2.7500	2.6769	18,650
Dallas	Dallas Co R-I School District	82,116,534	2.7500	2.6423	88,440
	Salem R-80 School District	51,229,540	2.7500	2.3399	210,092
Dent	Dent-Phelps R-III School District	18,773,315	2.7500	2.6460	19,524
	Skyline R-II School District	6,292,226	2.7500	2.6144	8,532
Douglas	Ava R-I School District	63,905,821	2.6800	2.3181	231,275
	Kennett 39 School District	80,573,442	2.7500	2.2759	381,999
Franklin	St. Clair R-XIII School District	104,683,646	2.6000	2.0289	597,848
Greene	Republic R-III School District	151,340,613	1.8614	1.7854	115,019
	Strafford R-VI School District	114,085,619	2.7500	2.6159	152,989
	Greene Co R-VIII School District	122,804,195	2.7500	2.6263	151,909
Hickory	Hickory Co. R-I School District	26,604,123	2.7500	2.6573	24,662
	Weaubleau R-III School District	15,475,493	2.7500	2.6355	17,719
	Hermitage R-IV School District	25,218,963	2.7500	2.5201	57,978
Howell	Mountain View-Birch Tree R-III SD	46,990,207	2.7500	2.5723	83,502
	Willow Springs R-IV School District	41,843,908	2.7500	1.7999	397,559

SCHOOLS UTILIZING ARTICLE X, SECTION 11(b) -  
(CONSTITUTIONAL AMENDMENT 2)

County	Name of School District	Assessed Valuation	Actual Rate Levied	Calculated Rate Before Application of Amend. 2	Increase in Revenues
	Richards R-V School District	23,501,388	2.7100	2.3993	73,019
	Fairview R-XI School District	26,297,410	2.7000	2.3425	94,013
Iron	Arcadia Valley R-II School District	34,592,890	2.7500	2.5877	56,144
	Bellevue R-III School District	6,849,530	2.7500	1.4770	87,195
Jackson	Kansas City 33 School District	2,529,420,308	2.2500	2.7164	* A
Jasper	Carl Junction R-I School District	165,129,950	2.7500	2.3126	722,278
	Sarcoux R-II School District	28,509,129	2.7500	2.1047	183,969
	Carthage R-IX School District	226,957,990	2.7500	2.7453	10,667
	Webb City R-VII School District	142,626,910	2.7500	2.2471	717,271
	Joplin R-VIII School District	711,945,935	2.7500	2.5608	1,347,002
Johnson	Johnson Co R-VII School District	24,687,573	2.7500	2.6611	21,947
	Knob Noster R-VIII School District	37,522,773	2.7500	2.5365	80,111
Laclede	Laclede Co. R-I School District	24,719,350	2.7500	2.3254	104,958
	Lebanon R-III School District	222,238,996	2.5500	1.9805	1,265,651
Lawrence	Pierce City R-VI School District	26,656,128	2.7500	2.0849	177,290
	Mt. Vernon R-V School District	74,254,310	2.7500	2.6371	83,833
	Aurora R-VIII School District	81,776,516	2.7500	2.5072	198,553
Lewis	Canton R-V School District	24,657,901	2.7500	2.7392	2,663
Madison	Fredericktown R-I School District	62,290,690	2.7500	2.4056	214,529
Mississippi	Charleston R-I School District	60,486,305	2.7500	2.6600	54,438
Moniteau	Moniteau Co R-I School District	60,742,948	2.7500	2.4124	205,068
Morgan	Morgan Co R-I School District	51,392,000	2.4800	2.0751	208,086
	Morgan Co R-II School District	163,683,794	2.7500	1.8162	1,528,479
New Madrid	New Madrid Co R-I School District	260,940,436	2.2800	1.5914	1,796,836
Newton	East Newton Co R-VI School District	48,820,425	2.7500	1.8138	457,057
	Diamond R-IV School District	41,937,299	2.7500	1.9858	320,485
	Westview C-6 School District	5,144,341	2.7500	1.8275	47,457
	Seneca R-VII School District	58,114,724	2.7500	1.8276	536,050
Oregon	Couch R-I School District	7,394,211	2.7500	2.4857	19,543
	Thayer R-II School District	22,035,656	2.7500	2.3961	77,984
	Oregon-Howell R-III School District	9,140,144	2.7500	2.5630	17,092
	Alton R-IV School District	24,405,968	2.7500	2.5130	57,842
Osage	Osage Co R-II School District	40,418,352	2.7500	2.6917	23,564
	Osage Co R-III School District	55,780,962	2.6900	2.4363	141,516
Ozark	Thornfield R-I School District	4,501,539	2.7500	2.7389	500
	Gainesville R-V School District	31,266,550	2.7500	2.4150	104,743

SCHOOLS UTILIZING ARTICLE X, SECTION 11(b) -  
(CONSTITUTIONAL AMENDMENT 2)

County	Name of School District	Assessed Valuation	Actual Rate Levied	Calculated Rate Before Application of Amend. 2	Increase in Revenues
	Dora R-III School District	10,148,883	2.7500	2.5753	17,730
Phelps	Phelps Co R-III School District	9,101,244	2.7500	2.5046	22,334
Polk	Bolivar R-I School District	106,533,390	2.3148	2.0873	242,363
Pulaski	Laquey R-V School District	17,212,530	2.6306	2.5506	13,770
	Waynesville R-VI School District	112,197,325	2.7075	1.7954	1,023,352
	Dixon R-I School District	36,584,978	2.7500	2.6639	31,500
Ralls	Ralls Co R-II School District	47,669,670	2.7500	2.5221	108,639
Ripley	Naylor R-II School District	7,973,441	2.7500	2.4758	21,863
	Doniphan R-I School District	48,600,375	2.7500	2.5886	78,441
	Ripley Co R-III School District	3,816,674	2.7500	2.5323	8,309
St. Louis	Ladue School District	1,100,142,423	2.7500	2.5456	2,248,691
Scott	Scott Co R-IV School District	39,077,060	2.7500	2.6380	43,766
Shannon	Winona R-III School District	12,973,962	2.7500	1.9370	105,478
	Eminence R-I School District	14,921,575	2.7500	2.2615	72,892
Stoddard	Advance R-IV School District	23,777,406	2.7500	2.7326	4,137
	Puxico R-VIII School District	30,652,627	2.7500	2.1941	170,398
	Dexter R-XI School District	127,422,352	2.7500	2.7064	55,556
Stone	Reeds Spring R-IV School District	205,451,581	2.7500	2.7433	13,765
Taney	Forsyth R-III School District	54,282,410	2.7500	2.6905	32,298
	Branson R-IV School District	458,077,085	2.6700	2.7290	*
Texas	Success R-VI School District	5,017,674	2.7500	2.5846	8,299
	Licking R-VIII School District	24,798,284	2.7500	2.1435	150,402
	Cabool R-IV School District	32,065,993	2.7500	2.6586	29,308
Washington	Potosi R-III School District	57,854,873	2.7500	2.6236	73,129
Wayne	Greenville R-II School District	29,507,098	2.7500	2.0435	208,468
	Clearwater R-I School District	51,186,274	2.7500	1.8837	443,427
Webster	Niangua R-V School District	10,462,076	2.7500	1.7837	101,095
	Fordland R-III School District	21,305,669	2.7500	1.6764	228,738
	Marshfield R-I School District	116,797,126	2.4000	2.3290	82,926
	Seymour R-II School District	31,108,756	2.7500	1.8572	277,739
Wright	Hartville R-II School District	24,815,172	2.7500	2.6646	21,192
	Mountain Grove R-III School Dist	63,821,929	2.7500	2.3456	258,096
	Mansfield R-IV School District	23,686,387	2.7500	2.2257	124,188
Total					26,533,836

SCHOOLS UTILIZING ARTICLE X, SECTION 11(b) -  
(CONSTITUTIONAL AMENDMENT 2)

County	Name of School District	Assessed Valuation	Actual Rate Levied	Calculated Rate Before Application of Amend. 2	Increase in Revenues
--------	-------------------------	-----------------------	-----------------------	---------------------------------------------------------	-------------------------

NOTE:

The increase in revenue is computed by multiplying the increase in tax rate (actual rate levied - calculated rate) by the assessed valuation and dividing by 100.

- \* The school district increased the tax rate ceiling using Amendment 2 but then voluntarily reduced the operating levy below the rate that would have been allowed without using Amendment 2. Therefore there was not a revenue increase to be calculated.

A The Kansas City 33 School District levied an additional \$2.7000 beyond what state law normally allows to comply with a court order to support desegregation by maintaining a levy of \$4.9500.

The schools listed below utilized Amendment 2 by waiving part or all of the required sales tax (Proposition C) rollback by school board vote only.

County	Name of School District	Assessed Valuation	Prop. C Rollback Required	Prop. C Rollback Taken	Increase in Revenues
Audrain	Mexico 59 School District	156,187,742	0.5579	0.5171	63,725
Barry	Shell Knob 78 School District	38,527,525	0.0316	0.0174	5,471
Bates	Rich Hill R-IV School District	17,639,949	0.9951	0.6914	53,573
Boone	Sturgeon R-V School District	22,658,789	0.7869	0.7519	7,931
Caldwell	Braymer C-4 School District	13,951,959	0.9041	0.8653	5,413
Cole	Cole Co. R-I School District	34,856,371	0.7303	0.6598	24,574
Grundy	Trenton R-IX School District	60,072,592	0.7086	0.6625	27,693
Lawrence	Miller R-II School District	31,257,770	0.8196	0.6627	49,043
Lincoln	Troy R-III School District	260,069,502	0.5738	0.2377	874,094
Stoddard	Bell City R-II School District	17,933,057	0.6600	0.5280	23,672
Total					1,135,188
Grand Total Increase in Revenues					27,669,024

NOTE:

The increase in revenue is computed by multiplying the decrease in tax rate reduction (Prop C required reduction - Prop C reduction taken) by the assessed valuation and dividing by 100.

Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 allows school districts to levy a minimum of \$2.7500 by school board vote only.

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Adair	Adair Co. R-I School District	Full	04/1994	
	Adair Co. R-II School District	Full	04/1994	
	Kirksville R-III School District	Full	08/1993	
Andrew	Avenue City R-IX School District	Full	04/1996	
	North Andrew Co. R-VI School Dist	Full	10/1993	
	Savannah R-III School District	Full	02/2000	
Atchison	Fairfax R-III School District	Full	08/1994	
	Rock Port R-II School District	Full	06/1995	
Audrain	Community R-VI School District	Full	04/1994	
	Van-Far R-I School District	Full	04/1999	
Barry	Cassville R-IV School District	Partial	02/1994	Waived to allow \$2.7500
	Exeter R-VI School District	Full	08/2001	
	Monett R-I School District	Partial	02/1994	Waived to allow \$2.7500
	Purdy R-II School District	Full	08/1993	
	Southwest Barry Co R-V School Dist	Partial	02/1994	Waived to allow \$2.7500
	Wheaton R-III School District	Partial	02/1994	Waived to allow \$2.7500
Barton	Golden City R-III School District	Full	02/1994	
	Lamar R-I School District	Full	04/2001	
	Liberal R-II School District	Full	02/1996	
Bates	Adrian R-III School District	Full	02/1994	
	Ballard R-II School District	Full	04/1998	
	Butler R-V School District	Full	04/1994	
	Hudson R-IX School District	Full	08/1993	
	Hume R-VIII School District	Full	04/1995	
	Miami R-I School District	Full	04/1996	
Benton	Cole Camp R-I School District	Partial	02/1994	Waived to allow \$2.7500
	Lincoln R-II School District	Full	02/1994	
	Warsaw R-IX School District	Full	02/1994	
Bollinger	Leopold R-III School District	Partial	04/1997	Waived to allow \$2.9500
	Meadow Heights R-II School District	Full	10/1993	
	Woodland R-IV School District	Full	10/1993	
	Zalma R-V School District	Partial	04/1994	Waived to allow \$2.7500
Boone	Boone Co. R-IV School District	Full	04/1995	
	Centralia R-VI School District	Full	02/2002	
	Harrisburg R-VIII School District	Partial	04/1997	Waive \$0.6500 of rollback
	Southern Boone Co. R-I School Dist	Full	04/1995	
Buchanan	Buchanan County R-IV School Dist	Full	04/1997	
	East Buchanan Co. C-1 School Dist	Full	04/2001	
	Mid-Buchanan Co R-V School Dist	Full	04/1997	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Butler	Neelyville R-IV School District	Full	10/1993	
	Poplar Bluff R-I School District	Full	02/1994	
	Twin Rivers R-X School District	Full	10/1993	
Caldwell	Cowgill R-VI School District	Full	08/1994	
	Hamilton R-II School District	Full	04/1995	
	Kingston 42 School District	Full	06/1995	
	Mirabile C-1 School District	Full	08/1994	
	Polo R-VII School District	Full	04/1997	
Callaway	Fulton 58 School District	Full	06/1996	
	New Bloomfield R-III School Dist	Full	08/1993	
	North Callaway Co R-I School Dist	Partial	04/1994	Waived to allow \$2.7500
Camden	Camden Co. R-II School District	Partial	04/1994	Waived to allow \$2.7500
	Camdenton R-III School District	Full	04/1999	
	Macks Creek R-V School District	Full	04/2002	
Cape Girardeau	Cape Girardeau 63 School District	Full	04/1997	
	Delta R-V School District	Full	04/2000	
	Jackson R-II School District	Partial	10/1993	Waived to allow \$2.7500
	Oak Ridge R-VI School District	Partial	10/1993	Waived to allow \$2.7500
Carroll	Bosworth R-V School District	Full	04/1997	
	Carrollton R-VII School District	Full	04/1998	
	Norborne R-VIII School District	Full	06/1995	
	Tina-Avalon R-II School District	Full	08/1998	
Carter	East Carter Co R-II School District	Full	10/1993	
	Van Buren R-I School District	Partial	10/1993	Waived to allow \$2.7500
Cass	Belton 124 School District	Full	04/2000	
	Cass Co R-V School District	Full	04/1998	
	Drexel R-IV School District	Full	04/1996	
	Harrisonville R-IX School District	Full	11/2001	
	Pleasant Hill R-III School District	Full	06/1994	
	Raymore-Peculiar R-II School Dist	Full	04/1995	
	Sherwood Cass R-VIII School Dist	Partial	04/2000	Waived to allow \$3.0000
	Strasburg C-3 School District	Full	04/1996	
Cedar	El Dorado Springs R-II School Dist	Partial	04/1994	Waived to allow \$2.7500
	Stockton R-I School District	Full	02/1997	
Chariton	Keytesville R-III School District	Full	04/1994	
	Northwestern R-I School District	Full	02/1997	
	Salisbury R-IV School District	Partial	06/1999	Waived to allow \$3.4500
Christian	Billings R-IV School District	Full	08/1999	
	Chadwick R-I School District	Full	08/1993	
	Clever R-V School District	Full	04/1997	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
	Nixa R-II School District	Full	08/1998	
	Ozark R-VI School District	Full	08/1993	
	Sparta R-III School District	Full	08/1993	
	Spokane R-VII School District	Full	02/1994	
Clark	Clark Co. R-I School District	Partial	04/1994	Waived to allow \$2.7500
	Luray 33 School District	Full	08/1999	
	Revere C-3 School District	Full	04/1997	
	Wyaconda C-1 School District	Full	04/1995	
Clay	Excelsior Springs 40 School Dist	Full	08/2002	
	Liberty 53 School District	Full	10/1994	
	North Kansas City 74 School Dist	Full	04/2001	
	Smithville R-II School District	Full	04/1997	
Clinton	Cameron R-I School District	Full	08/1997	
	Clinton County R-III School Dist	Partial	10/1993	Waive 1/2 of rollback
	Lathrop R-II School District	Full	08/2002	
Cole	Cole Co R-II School District	Full	04/1996	
	Cole Co. R-V School District	Partial	08/2000	Waived to allow \$2.9500
Cooper	Blackwater R-II School District	Full	04/1996	
	Boonville R-I School District	Full	08/1996	
	Cooper Co. R-IV School District	Full	04/1996	
	Oterville R-VI School District	Full	08/1995	
	Pilot Grove C-4 School District	Full	08/1995	
	Prairie Home R-V School District	Full	04/1996	
Crawford	Crawford Co R-I School District	Partial	04/1994	Waived to allow \$2.7500
	Crawford Co R-II School District	Partial	02/1994	Waived to allow \$2.7500
	Steelville R-III School District	Full	06/1996	
Dade	Everton R-III School District	Full	11/1994	
	Greenfield R-IV School District	Full	11/1993	
	Lockwood R-I School District	Full	11/1995	
Dallas	Dallas Co R-I School District	Full	04/1994	
Daviess	Gallatin R-V School District	Full	04/1996	
	North Daviess R-III School District	Full	04/1998	
	Pattonsburg R-II School District	Full	03/1996	
	Tri-County R-VII School District	Full	08/1996	
	Winston R-VI School District	Full	04/1996	
De Kalb	Maysville R-I School District	Full	04/1994	
	Osborn R-O School District	Full	08/1997	
Dent	Dent-Phelps R-III School District	Full	08/1993	
	Green Forest R-II School District	Full	11/1993	



## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
	North Wood R-IV School District	Full	08/1993	
	Oak Hill R-I School District	Full	08/1993	
	Salem R-80 School District	Full	02/1994	
Douglas	Ava R-I School District	Full	11/1993	
	Plainview R-VIII School District	Full	11/1993	
	Skyline R-II School District	Partial	08/1993	Waived to allow \$2.7500
Dunklin	Campbell R-II School District	Full	08/1993	
	Clarkton C-4 School District	Full	08/1993	
	Holcomb R-III School District	Full	08/1993	
	Kennett 39 School District	Full	10/1993	
	Malden R-I School District	Full	04/1995	
	Senath-Hornersville C-8 School Dist	Full	08/1993	
	Southland C-9 School District	Full	08/1993	
Franklin	Franklin Co R-II School District	Full	11/1999	
	Franklin County R-XVI School Dist	Full	04/1994	
	Lonedell R-XIV School District	Full	02/1994	
	Meramec Valley R-III School Dist	Partial	02/1994	Waived to allow \$2.7500
	New Haven School District	Full	04/1995	
	Spring Bluff R-XV School District	Full	11/1993	
	St. Clair R-XIII School District	Full	02/1994	
	Sullivan C-2 School District	Full	11/1993	
	Union R-XI School District	Partial	06/1994	Waived to allow \$2.7500
	Washington School District	Full	11/1995	
Gasconade	Gasconade Co R-II School District	Partial	04/2001	Waived to allow \$2.9800
	Gasconade County R-I School Dist	Full	08/1995	
Gentry	Albany R-III School District	Full	02/1994	
	Stanberry R-II School District	Full	06/1997	
Greene	Ash Grove R-IV School District	Partial	02/1994	Waived to allow \$2.7500
	Greene Co R-VIII School District	Full	08/1993	
	Republic R-III School District	Partial	02/1994	Waived to allow \$2.7500
	Springfield R-XII School District	Full	04/1996	
	Strafford R-VI School District	Partial	02/1994	Waived to allow \$2.7500
	Walnut Grove R-V School District	Full	02/1994	
	Willard R-II School District	Partial	02/1994	Waived to allow \$2.7500
Grundy	Grundy Co R-V School District	Full	08/2001	
	Laredo R-VII School District	Full	06/2000	
	Pleasant View R-VI School District	Full	11/1997	
	Spickard R-II School District	Full	04/1999	
Harrison	Gilman City R-IV School District	Full	08/1999	
	North Harrison Co R-III School Dist	Full	02/1994	
	South Harrison Co R-II School Dist	Full	08/1998	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Henry	Calhoun R-VIII School District	Full	06/1995	Waived to allow \$2.7500
	Clinton School District	Full	11/1993	
	Davis R-XII School District	Full	04/1995	
	Henry County R-I School District	Partial	02/1994	
	Leesville R-IX School District	Full	08/1993	
	Shawnee R-III School District	Full	04/1994	
Hickory	Hermitage R-IV School District	Full	04/1994	
	Hickory Co. R-I School District	Full	02/1994	
	Weaubleau R-III School District	Full	02/1994	
	Wheatland R-II School District	Full	11/1993	
Holt	Craig R-III School District	Full	04/1996	
	Mound City R-2 School District	Full	04/1998	
	South Holt Co R-I School District	Full	04/2001	
Howard	Fayette R-III School District	Partial	08/1999	Waived to allow \$3.5000
	Howard Co R-II School District	Partial	08/2000	Waive \$0.2500 of rollback
	New Franklin R-I School District	Full	06/1995	
Howell	Fairview R-XI School District	Partial	08/1993	Waived to allow \$2.7500
	Glenwood R-VIII School District	Partial	08/1993	Waived to allow \$2.7500
	Howell Valley R-I School District	Full	11/1995	
	Junction Hill C-12 School District	Full	02/2001	
	Mountain View-Birch Tree R-III SD	Partial	04/1994	Waived to allow \$2.7500
	Richards R-V School District	Partial	08/1993	Waived to allow \$2.7500
	Willow Springs R-IV School District	Full	04/1994	
Iron	Arcadia Valley R-II School District	Partial	10/1993	Waived to allow \$2.7500
	Bellevue R-III School District	Full	10/1993	
	Iron Co C-4 School District	Full	04/1995	
Jackson	Center 58 School District	Full	08/2000	Waive \$0.5000 rollback
	Fort Osage R-I School District	Partial	04/1996	
	Grain Valley R-V School District	Full	04/1994	
	Grandview C-4 School District	Full	08/1999	
	Hickman Mills C-1 School District	Full	04/1995	
	Independence 30 School District	Full	10/1994	Waive \$0.2000 rollback
	Lee's Summit R-VII School District	Partial	04/1996	
	Lone Jack C-6 School District	Full	04/1996	
	Raytown C-2 School District	Full	06/1994	
Jasper	Avilla R-XIII School District	Partial	04/1994	Waived to allow \$2.7500
	Carl Junction R-I School District	Full	04/1997	
	Carthage R-IX School District	Partial	02/1994	Waived to allow \$2.7500
	Jasper County R-V School District	Partial	04/1995	Waived to allow \$3.2100
	Joplin R-VIII School District	Full	06/1998	
	Sarcozie R-II School District	Partial	02/1994	Waived to allow \$2.7500
	Webb City R-VII School District	Full	02/1994	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Jefferson	Crystal City 47 School District	Full	04/2001	
	Festus R-VI School District	Full	11/1998	
	Fox C-6 School District	Full	02/1995	
	Grandview R-II School District	Full	11/1993	
	Hillsboro R-III School District	Full	04/1998	
	Jefferson Co R-VII School District	Full	08/1998	
	Northwest R-I School District	Full	04/1995	
	Sunrise R-IX School District	Partial	11/1993	Waived to allow \$2.7500
	Windsor C-1 School District	Full	04/1997	
Johnson	Chilhowee R-IV School District	Full	04/1996	
	Holden R-III School District	Full	02/1996	
	Johnson Co R-VII School District	Full	04/1994	
	Kingsville R-I School District	Full	04/1994	
	Knob Noster R-VIII School District	Full	02/1994	
	Leeton R-X School District	Full	04/1997	
Johnson	Warrensburg R-VI School District	Full	04/1999	
Knox	Knox Co R-I School District	Full	08/1995	
Laclede	Gasconade C-4 School District	Full	08/1993	
	Laclede Co C-5 School District	Full	04/1994	
	Laclede Co. R-I School District	Partial	08/1993	Waived to allow \$2.7500
	Lebanon R-III School District	Partial	08/1993	Waived to allow \$2.7500
Lafayette	Concordia R-II School District	Full	06/1996	
	Lafayette Co C-1 School District	Full	02/1998	
	Lexington R-V School District	Partial	11/1996	Waive \$0.6000 of rollback
	Odessa R-VII School District	Full	11/1993	
	Santa Fe R-X School District	Full	04/2001	
Lawrence	Aurora R-VIII School District	Partial	02/1994	Waived to allow \$2.7500
	Marionville R-IX School District	Partial	02/1994	Waived to allow \$2.7500
	Mt. Vernon R-V School District	Full	02/1995	
	Pierce City R-VI School District	Partial	02/1994	Waived to allow \$2.7500
	Verona R-VII School District	Partial	03/1994	Waived to allow \$2.7500
Lewis	Canton R-V School District	Full	04/1994	
	Lewis Co C-1 School District	Full	02/1994	
Lincoln	Elsberry R-II School District	Full	04/1994	
	Silex R-I School District	Full	04/1994	
	Winfield R-IV School District	Full	04/1998	
Linn	Brookfield R-III School District	Partial	02/1990	Waive \$0.3500 of rollback
	Bucklin R-II School District	Full	08/1993	
Livingston	Chillicothe R-II School District	Full	08/2002	
	Southwest Livingston Co R-I Sch Dis	Full	11/1999	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Macon	La Plata R-II School District	Full	08/1996	Waived to allow \$2.7500
	Macon Co R-I School District	Partial	04/1994	
Madison	Fredericktown R-I School District	Full	10/1993	Waived to allow \$3.0500
	Marquand-Zion R-VI School District	Partial	08/1997	
Maries	Maries Co R-I School District	Full	06/1995	
	Maries Co R-II School District	Full	04/1999	
Marion	Marion Co R-II School District	Full	04/1995	Waived to allow \$2.7500
	Palmyra R-I School District	Partial	04/1994	
Mc Donald	McDonald Co R-I School District	Partial	02/1994	Waived to allow \$2.7500
Mercer	Princeton R-V School District	Partial	04/2001	Waive \$0.2500 of rollback
Miller	Eldon R-I School District	Partial	04/1994	Waived to allow \$2.7500
	Iberia R-V School District	Full	02/2001	
	Miller Co R-III School District	Full	04/1995	
	St. Elizabeth R-IV School District	Full	08/1993	
Mississippi	Charleston R-I School District	Full	10/1993	Waived to allow \$2.7500
	East Prairie R-II School District	Partial	10/1993	
Moniteau	Clarksburg C-2 School District	Full	08/1996	
	High Point R-III School District	Full	04/1994	
	Moniteau Co C-1 School District	Full	04/1997	
	Moniteau Co R-I School District	Full	02/1994	
	Moniteau Co R-V School District	Full	06/2002	
	Moniteau Co R-VI School District	Full	04/1994	
Monroe	Holliday C-2 School District	Full	08/1993	
	Madison C-3 School District	Full	08/1996	
	Middle Grove C-1 School District	Full	08/2002	
	Monroe City R-I School District	Full	11/1994	
	Paris R-II School District	Full	04/1998	
Montgomery	Montgomery Co R-II School District	Full	04/1999	
	Wellsville-Middletown R-I Sch Dist	Full	04/1996	
Morgan	Morgan Co R-I School District	Full	02/1994	
	Morgan Co R-II School District	Full	11/1993	
New Madrid	Gideon 37 School District	Full	04/1996	Waived to allow \$2.7500
	New Madrid Co R-I School District	Full	11/1996	
	Portageville School District	Partial	10/1993	
	Risco R-II School District	Full	08/1996	
Newton	Diamond R-IV School District	Full	02/1994	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
	East Newton Co R-VI School District	Full	02/1994	
	Neosho R-V School District	Partial	02/1994	Waived to allow \$2.7500
	Seneca R-VII School District	Partial	02/1994	Waived to allow \$2.7500
	Westview C-6 School District	Partial	02/1994	Waived to allow \$2.7500
Nodaway	Nodaway-Holt R-VII School District	Full	04/1994	
	North Nodaway Co R-VI School Dist	Full	04/1998	
	Northeast Nodaway Co R-V Sch Dist	Full	10/1995	
Oregon	Alton R-IV School District	Full	10/1993	
	Couch R-I School District	Full	08/1993	
	Oregon-Howell R-III School District	Partial	04/1994	Waived to allow \$2.7500
	Thayer R-II School District	Full	10/1993	
Osage	Osage Co R-II School District	Full	02/1994	
	Osage Co R-III School District	Full	02/1994	
Ozark	Bakersfield R-IV School District	Full	04/1998	
	Dora R-III School District	Partial	04/1994	Waived to allow \$2.7500
	Gainesville R-V School District	Full	04/1994	
	Lutie R-VI School District	Full	04/1995	
	Thornfield R-I School District	Full	02/1994	
Pemiscot	Caruthersville 18 School District	Full	08/1993	
	Cooter R-IV School District	Full	08/1993	
	Hayti R-II School District	Full	10/1993	
	North Pemiscot Co R-I School Dist	Full	08/1996	
	Pemiscot Co C-7 School District	Full	08/1996	
	Pemiscot Co R-III School District	Full	08/1996	
	South Pemiscot Co R-V School Dist	Full	10/1993	
Perry	Altenburg 48 School District	Full	04/1996	
	Perry Co 32 School District	Full	11/2001	
Pettis	Green Ridge R-VIII School District	Full	08/1996	
	La Monte R-IV School District	Full	04/1996	
	Pettis Co R-V School District	Full	04/1996	
	Pettis Co R-XII School District	Full	04/1994	
	Sedalia 200 School District	Partial	02/1994	Waived to allow \$2.7500
	Smithton R-VI School District	Full	04/2000	
Phelps	Newburg R-II School District	Full	08/1993	
	Phelps Co R-III School District	Full	08/1993	
	St. James R-I School District	Partial	04/1994	Waived to allow \$2.7500
Pike	Bowling Green R-I School District	Full	06/1995	
	Louisiana R-II School District	Full	08/1995	
	Pike Co R-III School District	Full	04/1994	
Platte	North Platte Co R-I School District	Full	06/1996	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
	Park Hill R-V School District	Full	06/1994	
	West Platte Co R-II School District	Full	08/2000	
Polk	Bolivar R-I School District	Partial	10/1993	Waived to allow \$2.7500
	Fair Play R-II School District	Full	08/1994	
	Halfway R-III School District	Full	06/1999	
	Humansville R-IV School District	Full	08/1993	
	Marion C. Early R-V School District	Partial	08/1993	Waived to allow \$2.8100
	Pleasant Hope R-VI School District	Full	04/1994	
Pulaski	Crocker R-II School District	Full	08/1993	
	Dixon R-I School District	Full	11/1993	
	Laquey R-V School District	Full	08/1993	
	Pulaski Co R-IV School District	Full	08/1993	
	Swedeborg R-III School District	Full	10/1993	
	Waynesville R-VI School District	Full	06/1994	
Putnam	Putnam Co R-I School District	Full	02/1994	
Ralls	Ralls Co R-II School District	Partial	04/1994	Waived to allow \$2.7500
Randolph	Higbee R-VIII School District	Full	04/1998	
	Moberly School District	Full	04/1999	
	Northeast Randolph Co R-IV Sch Dist	Full	06/2000	
	Renick R-V School District	Partial	02/1997	Waive \$0.4500 of rollback
Ray	Lawson R-XIV School District	Full	04/1998	
	Orrick R-XI School District	Partial	04/2001	Waived to allow \$3.3000
	Richmond R-XVI School District	Full	08/2001	
Reynolds	Centerville R-I School District	Full	04/2001	
	Lesterville R-IV School District	Full	08/1993	
Ripley	Doniphan R-I School District	Full	04/1994	
	Naylor R-II School District	Full	10/1993	
	Ripley Co R-III School District	Full	04/1994	
	Ripley Co R-IV School District	Partial	04/1994	Waived to allow \$2.7500
Saline	Gilliam C-4 School District	Full	04/1995	
	Hardeman R-X School District	Full	04/1998	
	Malta Bend R-V School District	Full	04/1997	
	Marshall School District	Full	04/1996	
	Miami R-I School District	Full	08/1995	
	Orearville R-IV School District	Full	04/1997	
	Slater School District	Full	04/1995	
	Sweet Springs R-VII School District	Full	04/1996	
Schuyler	Schuyler Co R-I School District	Partial	04/1994	Waived to allow \$2.7500
Scotland	Scotland Co R-I School District	Full	04/2002	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Scott	Chaffee R-II School District	Full	10/1993	
	Kelso C-7 School District	Full	10/1993	
	Oran R-III School District	Full	10/1993	
	Scott City R-I School District	Full	10/1993	
	Scott Co R-IV School District	Full	10/1993	
	Scott Co R-V School District	Full	10/1993	
	Sikeston R-VI School District	Full	10/1993	
Shannon	Eminence R-I School District	Partial	04/1994	Waived to allow \$2.7500
	Winona R-III School District	Partial	04/1994	Waived to allow \$2.7500
Shelby	Shelby Co C-1 School District	Full	04/1995	
	Shelby Co R-IV School District	Full	06/2001	
St. Charles	Fort Zumwalt R-II School District	Full	04/2001	
	Francis Howell R-III School Dist	Full	06/1996	
	St Charles R-VI School District	Full	08/1998	
	Wentzville R-IV School District	Full	04/1997	
St. Clair	Appleton City R-II School District	Full	10/1993	
	Lakeland R-III School District	Full	02/1994	
	Osceola School District	Full	02/1994	
	Roscoe C-1 School District	Full	02/1994	
St. Francois	Bismarck R-V School District	Full	04/2000	
	Central R-III School District	Full	11/1995	
	Farmington R-VII School District	Full	06/1995	
	North St. Francois Co R-I Sch Dist	Full	08/2000	
	West St Francois Co R-IV Sch Dist	Full	11/1998	
St. Louis	Affton 101 School District	Full	04/1998	
	Bayless School District	Full	04/1994	
	Ferguson-Florissant R-II Sch Dist	Full	02/1997	
	Hancock Place School District	Full	06/2002	
	Hazelwood R-I School District	Full	11/1997	
	Jennings School District	Full	02/1998	
	Kirkwood R-VII School District	Full	06/1998	
	Maplewood-Richmond Heights Sch Dist	Full	04/1998	
	Mehlville R-IX School District	Full	04/1998	
	Normandy School District	Partial	06/1991	Waive \$0.6000 of rollback
	Parkway C-2 School District	Full	11/1995	
	Ritenour School District	Full	11/1998	
	Riverview Gardens School District	Full	04/1994	
	Rockwood R-VI School District	Full	02/1994	
	University City School District	Full	04/1996	
	Valley Park School District	Full	11/1994	
	Webster Groves School District	Full	06/1994	
	Wellston School District	Full	08/1997	

## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
St. Louis City	St. Louis City School District	Full	06/1994	
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Full	04/1999	
Stoddard	Advance R-IV School District	Partial	10/1993	Waived to allow \$2.7500
	Bernie R-XIII School District	Full	10/1993	
	Bloomfield R-XIV School District	Partial	10/1993	Waived to allow \$2.7500
	Dexter R-XI School District	Full	10/1993	
	Puxico R-VIII School District	Full	10/1993	
Stone	Blue Eye R-V School District	Full	04/2001	
	Crane R-III School District	Full	02/1994	
	Galena R-II School District	Full	08/1993	
	Hurley R-I School District	Full	02/1994	
Taney	Bradleyville R-I School District	Full	02/1994	
	Forsyth R-III School District	Full	02/1994	
	Hollister R-V School District	Full	02/1998	
	Kirbyville R-VI School District	Full	02/1994	
	Mark Twain R-VIII School District	Full	02/1994	
	Taneyville R-II School District	Full	02/1994	
Texas	Cabool R-IV School District	Full	11/1993	
	Houston R-I School District	Full	11/1993	
	Licking R-VIII School District	Full	11/1993	
	Plato R-V School District	Full	10/1993	
	Raymondville R-VII School District	Full	11/1993	
	Success R-VI School District	Full	11/1993	
	Summersville R-II School District	Full	11/1993	
Vernon	Bronaugh R-VII School District	Full	04/1998	
	Nevada R-V School District	Full	06/1999	
	Northeast Vernon County R-I	Full	03/1996	
	Sheldon R-VIII School District	Full	04/1997	
Warren	Warren Co R-III School District	Full	04/1995	
	Wright City R-II School District	Full	04/1998	
Washington	Kingston K-14 School District	Partial	10/1993	Waived to allow \$2.7500
	Potosi R-III School District	Partial	10/1993	Waived to allow \$2.7500
	Richwoods R-VII School District	Partial	06/2002	Waived to allow \$3.2500
	Valley R-VI School District	Full	08/1997	
Wayne	Clearwater R-I School District	Full	10/1993	
	Greenville R-II School District	Full	04/1994	
Webster	Fordland R-III School District	Partial	08/1993	Waived to allow \$2.7500
	Marshfield R-I School District	Full	08/1993	
	Niangua R-V School District	Full	11/1993	
	Seymour R-II School District	Partial	02/1994	Waived to allow \$2.7500



## LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Worth	Worth Co R-III School District	Full	04/1997	
Wright	Hartville R-II School District	Full	11/1993	
	Manes R-V School District	Full	11/1993	
	Mansfield R-IV School District	Full	11/1993	
	Mountain Grove R-III School Dist	Full	11/1993	
	Norwood R-I School District	Full	11/1993	

NOTE:

All schools listed above have voter approval for either a full or partial waiver. If a school is not included on this list, then the school does not have a voter approved proposition C waiver.

A partial waiver allows a school to partially waive its required proposition C (sales tax) reduction to the extent necessary to collect \$2.7500 or waive the amount stated on the ballot. While a full waiver allows a school to reduce its required proposition C reduction to \$0.0000 and levy up to its calculated tax rate ceiling.



**MILLER COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-122  
December 31, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Miller, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Miller County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Budgets prepared by the County Clerk contained errors, which caused various funds to show incorrect totals, or prevented the detail in the budget from agreeing to the total presented. In addition, some budgeted and actual amounts in the budget documents were not properly classified by type of receipt or disbursement. Also, formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Miller County's Associate County Commissioners' salaries were each increased approximately \$7,390 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,780 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

(over)

YELLOW SHEET

- Numerous concerns were noted with the county's payroll procedures. Time sheets were not always turned in to the County Commission in a timely manner, some time sheets did not contain a supervisor's signature, and time sheets contained errors in the leave balance calculations. It does not appear the county is following procedures as stated in the county's personnel policy when determining overtime/compensatory time. In addition, several employees had large compensatory balances and one employee had a negative compensatory time balance. Also, some employees were allowed to carry over more vacation leave than allowed by the county's personnel policy without any documentation of the reasons.
- Several weaknesses were noted with the Miller County Health Center's records and procedures. Receipts, disbursements, and year-end cash balances reported on the Health Center's annual budget did not agree to the Health Center's accounting records. Monies received are not deposited timely and intact, and are not always recorded on receipt slips immediately upon receipt. Checks are not restrictively endorsed immediately upon receipt. In addition, amounts expended on Comprehensive Family Planning services were not adequately monitored.
- Several weaknesses were noted in the Prosecuting Attorney's office. Prenumbered receipt slips are not issued for all monies received, receipts are not deposited or remitted timely, checks are not restrictively endorsed immediately upon receipt, and a log is not maintained to account for all bad check complaints filed. The monthly reconciliation between the official bank account and the records of restitution received but not yet distributed does not indicate accurate records of outstanding checks or restitution held in the account.
- The current Sheriff has made some changes that improved the controls, procedures, and records of the Sheriff's office. However, weaknesses were still noted regarding the segregation of duties, the disbursing of accountable fees, the handling of petty cash and K-9 funds, the reconciliation of inmate account balances, and the control of bond forms and bond receipts.

The audit also included some matters related to published financial statements, general fixed assets, and the County Clerk's account book.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

MILLER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports:.....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-22
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000..... 10-22
Notes to the Financial Statements .....	23-28
Schedule: .....	29-32
Schedule of Findings, Years Ended December 31, 2001 and 2000 .....	30-32
<u>Number</u>	
01-1.	Budgetary Practices.....30
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	33-34

MILLER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings.....	36-56
<u>Number</u>	<u>Description</u>
1.	Published Financial Statements .....38
2.	Officials' Salaries .....39
3.	Personnel and Payroll Procedures .....40
4.	County Clerk's Account Book.....42
5.	General Fixed Assets .....43
6.	Miller County Health Center Controls and Procedures .....44
7.	Prosecuting Attorney Controls and Procedures .....46
8.	Sheriff's Accounting Controls and Procedures .....51
Follow-Up on Prior Audit Findings .....	57-69
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information.....	71-77

## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Miller County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Miller County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Miller County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Miller County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 29, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Miller County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

July 29, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Rosemarie Edwards
	Anissa Falconer
	Mary Johnson
	Mapwesera Munlo



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Miller County, Missouri

We have audited the special-purpose financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Miller County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 01-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Miller County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the

special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 01-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Miller County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

July 29, 2002 (fieldwork completion date)

## Financial Statements

## Exhibit A-1

MILLER COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 520,880	2,342,426	1,942,905	920,401
Special Road and Bridge - Road District #1	261,835	1,088,321	1,319,315	30,841
Assessment	72,129	305,497	354,352	23,274
Law Enforcement Training	7,483	5,142	7,257	5,368
Prosecuting Attorney Training	718	1,127	1,396	449
Prosecuting Attorney Bad Check Fee	5,555	28,799	31,580	2,774
911	60,052	457,093	491,994	25,151
Capital Improvement Tax	419,506	1,676,562	1,777,192	318,876
Senior Citizens Service	61,420	134,143	147,877	47,686
Sheriff's Discretionary	18,594	47,671	46,752	19,513
Prosecuting Attorney Delinquent Sales Tax	4,830	215	0	5,045
Shelter for Victims of Domestic Violence	3,034	1,515	0	4,549
House Bill 786 (Recorder's User Fee)	35,786	26,700	3,921	58,565
Criminal Forfeiture	242	81	0	323
Road District #1 Marina Tax	33,217	15,723	5,960	42,980
Circuit Clerk Interest	28,157	3,427	31	31,553
Associate Division Interest	1,596	856	1,700	752
Drug Awareness and Resistance Education	1,784	6,473	7,518	739
W-12 Construction Maintenance	69,868	26,870	22,811	73,927
Tax Increment Financing - Economic Activity Taxes	47,311	12,323	222	59,412
Tax Increment Financing - Special Account for Developer	7	3,533	3,533	7
Tax Increment Financing - Administrative	679	26	43	662
Tax Increment Financing - Special Allocation	39,176	383,914	292,797	130,293
1998 FEMA Flood Money	0	45,005	45,005	0
Associate Court Services	8,295	2,738	9,065	1,968
Health Center	31,287	615,067	466,685	179,669
W-15C Neighborhood Improvement District	50,617	14,669	14,012	51,274
Bagnell Marina Tax	148,424	50,156	30,970	167,610
Kaiser Marina Tax	2,294	1,858	4,077	75
Local Emergency Preparedness	2,600	4,447	4,087	2,960
Detention Center Commissary	4,163	5,805	0	9,968
POST Commission	3,284	2,348	0	5,632
Law Library	15,260	11,055	10,270	16,045
Family Access Motion	296	9	0	305
Juvenile Assessment Fee	475	433	0	908
K-9	14	319	80	253
Election Services	0	3,421	995	2,426
Recorder's Technology	0	4,152	0	4,152
Capital Improvement Inventory Courthouse	0	107,605	0	107,605
Total	\$ 1,960,868	7,437,524	7,044,402	2,353,990

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

MILLER COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 467,776	2,286,231	2,233,127	520,880
Special Road and Bridge - Road District #1	316,027	1,131,554	1,185,746	261,835
Assessment	59,233	215,200	202,304	72,129
Law Enforcement Training	6,169	8,458	7,144	7,483
Prosecuting Attorney Training	606	1,232	1,120	718
Prosecuting Attorney Bad Check Fee	15,026	27,696	37,167	5,555
911	13,798	502,950	456,696	60,052
Capital Improvement Tax	333,152	1,737,973	1,651,619	419,506
Senior Citizens Service	39,864	132,623	111,067	61,420
Sheriff's Discretionary	15,178	40,647	37,231	18,594
Prosecuting Attorney Delinquent Sales Tax	1,039	3,791	0	4,830
Shelter for Victims of Domestic Violence	38,835	4,864	40,665	3,034
House Bill 786 (Recorder's User Fee)	24,255	14,431	2,900	35,786
Criminal Forfeiture	226	16	0	242
Road District #1 Marina Tax	28,617	19,293	14,693	33,217
Circuit Clerk Interest	24,031	4,358	232	28,157
Associate Division Interest	371	1,225	0	1,596
Drug Awareness and Resistance Education	1,410	1,495	1,121	1,784
W-12 Construction Maintenance	65,840	27,082	23,054	69,868
Tax Increment Financing - Economic Activity Taxes	33,537	13,966	192	47,311
Tax Increment Financing - Special Account for Developer	1,146	26	1,165	7
Tax Increment Financing - Administrative	640	39	0	679
Tax Increment Financing - Special Allocation	123,183	59,366	143,373	39,176
1998 FEMA Flood Money	73,024	0	73,024	0
Associate Court Services	6,697	3,765	2,167	8,295
Health Center	0	31,287	0	31,287
W-15C Neighborhood Improvement District	62,509	3,568	15,460	50,617
Bagnell Marina Tax	104,146	63,015	18,737	148,424
Kaiser Marina Tax	3,572	2,393	3,671	2,294
Local Emergency Preparedness	0	2,600	0	2,600
Detention Center Commissary	0	4,163	0	4,163
POST Commission	1,018	2,266	0	3,284
Law Library	12,127	16,907	13,774	15,260
Training and Equipment	2,831	1,649	4,480	0
Family Access Motion	274	22	0	296
Juvenile Assessment Fee	250	225	0	475
K-9	0	20	6	14
Total	\$ 1,876,407	6,366,396	6,281,935	1,960,868

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 7,205,167	7,310,530	105,363	6,103,643	6,238,281	134,638
DISBURSEMENTS	7,232,922	7,033,057	199,865	6,255,329	6,225,807	29,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,755)	277,473	305,228	(151,686)	12,474	164,160
CASH, JANUARY 1	1,885,379	1,944,823	59,444	1,664,613	1,689,680	25,067
CASH, DECEMBER 31	1,857,624	2,222,296	364,672	1,512,927	1,702,154	189,227
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	139,379	143,844	4,465	132,370	158,011	25,641
Sales taxes	1,070,000	1,159,384	89,384	980,000	1,068,082	88,082
Intergovernmental	122,985	320,580	197,595	462,421	359,978	(102,443)
Charges for services	427,400	502,965	75,565	439,700	508,061	68,361
Interest	40,355	42,521	2,166	26,025	42,665	16,640
Other	138,300	167,807	29,507	126,000	144,522	18,522
Transfers in	0	5,325	5,325	0	4,912	4,912
Total Receipts	1,938,419	2,342,426	404,007	2,166,516	2,286,231	119,715
DISBURSEMENTS						
County Commission	112,320	108,272	4,048	107,770	107,564	206
County Clerk	83,950	81,186	2,764	80,400	83,400	(3,000)
Elections	89,150	82,110	7,040	201,109	181,545	19,564
Buildings and grounds	104,750	63,383	41,367	161,000	100,430	60,570
Employee fringe benefits	280,066	276,361	3,705	282,000	247,470	34,530
County Treasurer	44,127	41,317	2,810	43,495	42,179	1,316
County Collector	98,000	99,323	(1,323)	92,180	93,455	(1,275)
Ex Officio Recorder of Deeds	48,457	47,878	579	45,075	45,833	(758)
Circuit Clerk	10,815	9,759	1,056	12,225	8,902	3,323
Associate Circuit Court	31,700	16,007	15,693	31,700	25,776	5,924
Court administration	13,336	10,249	3,087	15,570	10,355	5,215
Public Administrator	29,200	30,679	(1,479)	15,350	18,743	(3,393)
Sheriff	428,406	498,710	(70,304)	370,742	431,452	(60,710)
Prosecuting Attorney	159,940	170,831	(10,891)	173,000	164,093	8,907
Juvenile Officer	67,955	63,557	4,398	70,153	52,709	17,444
County Coroner	26,225	24,782	1,443	18,000	23,701	(5,701)
Public health and welfare services	0	12	(12)	265,175	302,817	(37,642)
Other	152,000	122,973	29,027	93,950	146,677	(52,727)
Transfers out	99,000	195,516	(96,516)	166,989	146,026	20,963
Emergency Fund	58,153	0	58,153	64,995	0	64,995
Total Disbursements	1,937,550	1,942,905	(5,355)	2,310,878	2,233,127	77,751
RECEIPTS OVER (UNDER) DISBURSEMENTS	869	399,521	398,652	(144,362)	53,104	197,466
CASH, JANUARY 1	520,880	520,880	0	466,725	467,776	1,051
CASH, DECEMBER 31	521,749	920,401	398,652	322,363	520,880	198,517



## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE - ROAD DISTRICT #1 FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	236,145	256,496	20,351	227,317	245,758	18,441
Intergovernmental	1,175,750	745,412	(430,338)	1,008,048	722,824	(285,224)
Charges for services	8,000	0	(8,000)	0	0	0
Interest	30,000	11,783	(18,217)	36,890	27,140	(9,750)
Other	14,250	24,630	10,380	350	62,808	62,458
Transfers in	25,000	50,000	25,000	0	73,024	73,024
Total Receipts	1,489,145	1,088,321	(400,824)	1,272,605	1,131,554	(141,051)
<b>DISBURSEMENTS</b>						
Salaries	480,000	471,119	8,881	460,000	418,687	41,313
Employee fringe benefits	167,805	183,571	(15,766)	141,210	117,668	23,542
Supplies	150,000	173,385	(23,385)	97,000	143,219	(46,219)
Road and bridge materials	5,000	22,500	(17,500)	6,000	12,798	(6,798)
Equipment repairs	40,000	91,508	(51,508)	30,000	55,893	(25,893)
Equipment purchases	290,000	287,800	2,200	265,000	266,815	(1,815)
Construction, repair, and maintenance	300,000	72,562	227,438	300,000	156,223	143,777
Other	56,050	16,870	39,180	34,000	14,443	19,557
Total Disbursements	1,488,855	1,319,315	169,540	1,333,210	1,185,746	147,464
RECEIPTS OVER (UNDER) DISBURSEMENTS	290	(230,994)	(231,284)	(60,605)	(54,192)	6,413
CASH, JANUARY 1	261,835	261,835	0	316,027	316,027	0
CASH, DECEMBER 31	262,125	30,841	(231,284)	255,422	261,835	6,413
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	294,965	261,476	(33,489)	280,256	207,492	(72,764)
Interest	7,000	3,856	(3,144)	4,800	7,231	2,431
Other	250	165	(85)	0	477	477
Transfers in	0	40,000	40,000	60,000	0	(60,000)
Total Receipts	302,215	305,497	3,282	345,056	215,200	(129,856)
<b>DISBURSEMENTS</b>						
Assessor	371,430	354,352	17,078	346,712	202,304	144,408
Total Disbursements	371,430	354,352	17,078	346,712	202,304	144,408
RECEIPTS OVER (UNDER) DISBURSEMENTS	(69,215)	(48,855)	20,360	(1,656)	12,896	14,552
CASH, JANUARY 1	72,129	72,129	0	59,233	59,233	0
CASH, DECEMBER 31	2,914	23,274	20,360	57,577	72,129	14,552

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	8,300	4,815	(3,485)	4,192	7,985	3,793
Interest	475	327	(148)	353	473	120
Total Receipts	8,775	5,142	(3,633)	4,545	8,458	3,913
<b>DISBURSEMENTS</b>						
Sheriff	8,775	7,257	1,518	4,545	7,144	(2,599)
Total Disbursements	8,775	7,257	1,518	4,545	7,144	(2,599)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(2,115)	(2,115)	0	1,314	1,314
CASH, JANUARY 1	7,483	7,483	0	6,169	6,169	0
CASH, DECEMBER 31	7,483	5,368	(2,115)	6,169	7,483	1,314
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,200	1,099	(101)	2,700	1,193	(1,507)
Interest	25	28	3	0	39	39
Total Receipts	1,225	1,127	(98)	2,700	1,232	(1,468)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,215	1,396	(181)	1,600	1,120	480
State of Missouri	0	0	0	1,000	0	1,000
Total Disbursements	1,215	1,396	(181)	2,600	1,120	1,480
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	(269)	(279)	100	112	12
CASH, JANUARY 1	718	718	0	606	606	0
CASH, DECEMBER 31	728	449	(279)	706	718	12
<b><u>PROSECUTING ATTORNEY BAD CHECK FEE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	8,500	0	(8,500)	0	1,085	1,085
Charges for services	32,700	28,655	(4,045)	31,000	26,009	(4,991)
Interest	0	144	144	0	602	602
Total Receipts	41,200	28,799	(12,401)	31,000	27,696	(3,304)
<b>DISBURSEMENTS</b>						
Salaries	25,000	28,098	(3,098)	35,000	33,072	1,928
Employee fringe benefits	5,647	3,139	2,508	3,500	3,980	(480)
Victim/witness expenses	9,000	18	8,982	0	100	(100)
Other	1,000	0	1,000	2,000	15	1,985
Transfer out	0	325	(325)	0	0	0
Total Disbursements	40,647	31,580	9,067	40,500	37,167	3,333
RECEIPTS OVER (UNDER) DISBURSEMENTS	553	(2,781)	(3,334)	(9,500)	(9,471)	29
CASH, JANUARY 1	5,555	5,555	0	15,026	15,026	0
CASH, DECEMBER 31	6,108	2,774	(3,334)	5,526	5,555	29

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>911 FUND</b>						
<b>RECEIPTS</b>						
Charges for services	300,500	350,805	50,305	284,505	352,483	67,978
Interest	2,250	1,759	(491)	2,500	3,324	824
Other	0	1,529	1,529	0	2,143	2,143
Transfers in	99,000	103,000	4,000	106,989	145,000	38,011
Total Receipts	401,750	457,093	55,343	393,994	502,950	108,956
<b>DISBURSEMENTS</b>						
Salaries	270,000	285,406	(15,406)	250,800	270,475	(19,675)
Fringe benefits	74,170	73,360	810	49,244	57,504	(8,260)
Office supplies	4,000	4,201	(201)	3,500	6,089	(2,589)
Equipment and leasing	67,500	70,750	(3,250)	77,000	66,238	10,762
Equipment repair and maintenance	4,600	5,424	(824)	3,000	4,473	(1,473)
Line charge	30,000	33,329	(3,329)	8,000	29,682	(21,682)
Training and mileage	2,000	3,779	(1,779)	5,700	1,945	3,755
Mapping and signs	8,000	10,425	(2,425)	0	18,520	(18,520)
Other	1,500	5,320	(3,820)	10,500	1,770	8,730
Total Disbursements	461,770	491,994	(30,224)	407,744	456,696	(48,952)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(60,020)	(34,901)	25,119	(13,750)	46,254	60,004
CASH, JANUARY 1	60,052	60,052	0	13,750	13,798	48
CASH, DECEMBER 31	32	25,151	25,119	0	60,052	60,052
<b>CAPITAL IMPROVEMENT TAX FUND</b>						
<b>RECEIPTS</b>						
Sales taxes	1,100,000	1,159,527	59,527	975,000	1,067,922	92,922
Intergovernmental	0	4,943	4,943	0	0	0
Charges for services	611,050	474,782	(136,268)	365,000	614,448	249,448
Interest	22,000	14,831	(7,169)	15,000	21,969	6,969
Other	29,000	22,479	(6,521)	17,000	33,634	16,634
Total Receipts	1,762,050	1,676,562	(85,488)	1,372,000	1,737,973	365,973
<b>DISBURSEMENTS</b>						
Salaries	556,308	566,921	(10,613)	433,700	491,652	(57,952)
Fringe benefits	175,104	177,291	(2,187)	101,042	97,496	3,546
Building maintenance	16,500	35,166	(18,666)	32,164	44,405	(12,241)
Equipment and leasing	56,000	35,633	20,367	74,200	54,671	19,529
Equipment maintenance and operating supplies	65,300	80,387	(15,087)	300	68,184	(67,884)
Utilities	95,000	89,352	5,648	114,900	92,508	22,392
Insurance	37,000	24,769	12,231	33,000	36,337	(3,337)
Board of prisoners	204,500	235,601	(31,101)	52,000	196,197	(144,197)
Jail supplies	47,500	27,511	19,989	20,000	52,835	(32,835)
Medical and emergency supplies	1,500	0	1,500	24,650	1,612	23,038
Lease/purchase payment	491,177	383,762	107,415	493,502	493,752	(250)
Other	16,000	13,383	2,617	3,075	21,970	(18,895)
Transfers out	0	107,416	(107,416)	0	0	0
Total Disbursements	1,761,889	1,777,192	(15,303)	1,382,533	1,651,619	(269,086)
RECEIPTS OVER (UNDER) DISBURSEMENTS	161	(100,630)	(100,791)	(10,533)	86,354	96,887
CASH, JANUARY 1	419,506	419,506	0	333,586	333,152	(434)
CASH, DECEMBER 31	419,667	318,876	(100,791)	323,053	419,506	96,453

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>SENIOR CITIZENS SERVICE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	127,000	128,263	1,263	120,001	126,748	6,747
Intergovernmental	0	693	693	0	14	14
Interest	7,000	5,187	(1,813)	4,900	5,861	961
Total Receipts	134,000	134,143	143	124,901	132,623	7,722
<b>DISBURSEMENTS</b>						
Contractual services	128,750	147,287	(18,537)	124,350	110,578	13,772
Mileage	600	246	354	500	375	125
Other	150	344	(194)	100	114	(14)
Total Disbursements	129,500	147,877	(18,377)	124,950	111,067	13,883
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,500	(13,734)	(18,234)	(49)	21,556	21,605
CASH, JANUARY 1	61,420	61,420	0	39,864	39,864	0
CASH, DECEMBER 31	65,920	47,686	(18,234)	39,815	61,420	21,605
<b>SHERIFF'S DISCRETIONARY FUND</b>						
<b>RECEIPTS</b>						
Charges for services	39,000	46,819	7,819	24,400	33,347	8,947
Interest	1,700	852	(848)	461	1,632	1,171
Other	0	0	0	0	5,668	5,668
Total Receipts	40,700	47,671	6,971	24,861	40,647	15,786
<b>DISBURSEMENTS</b>						
Salaries	0	373	(373)	0	0	0
Fringe benefits	0	54	(54)	0	0	0
Equipment	25,000	21,909	3,091	22,774	12,262	10,512
Office expenditures	25,000	18,516	6,484	0	23,969	(23,969)
Other	0	0	0	0	1,000	(1,000)
Transfers out	0	5,900	(5,900)	0	0	0
Total Disbursements	50,000	46,752	3,248	22,774	37,231	(14,457)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,300)	919	10,219	2,087	3,416	1,329
CASH, JANUARY 1	18,594	18,594	0	15,178	15,178	0
CASH, DECEMBER 31	9,294	19,513	10,219	17,265	18,594	1,329
<b>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</b>						
<b>RECEIPTS</b>						
Charges for services	2,000	0	(2,000)	990	3,590	2,600
Interest	0	215	215	15	201	186
Total Receipts	2,000	215	(1,785)	1,005	3,791	2,786
<b>DISBURSEMENTS</b>						
Office expenditures	4,000	0	4,000	1,000	0	1,000
Total Disbursements	4,000	0	4,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	215	2,215	5	3,791	3,786
CASH, JANUARY 1	4,830	4,830	0	1,039	1,039	0
CASH, DECEMBER 31	2,830	5,045	2,215	1,044	4,830	3,786

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	665	665
Charges for services	2,400	1,325	(1,075)	2,500	1,894	(606)
Interest	200	190	(10)	2,010	2,305	295
Total Receipts	2,600	1,515	(1,085)	4,510	4,864	354
<b>DISBURSEMENTS</b>						
Domestic violence shelters	2,600	0	2,600	0	40,665	(40,665)
Total Disbursements	2,600	0	2,600	0	40,665	(40,665)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,515	1,515	4,510	(35,801)	(40,311)
CASH, JANUARY 1	3,034	3,034	0	38,835	38,835	0
CASH, DECEMBER 31	3,034	4,549	1,515	43,345	3,034	(40,311)
<b><u>HOUSE BILL 786 (RECORDER'S USER FEE) FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	12,000	24,781	12,781	14,000	11,262	(2,738)
Interest	2,100	1,919	(181)	1,025	2,143	1,118
Transfers in	0	0	0	0	1,026	1,026
Total Receipts	14,100	26,700	12,600	15,025	14,431	(594)
<b>DISBURSEMENTS</b>						
Computer equipment	12,500	3,921	8,579	21,000	2,900	18,100
Contractual agreements	3,000	0	3,000	0	0	0
Total Disbursements	15,500	3,921	11,579	21,000	2,900	18,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	22,779	24,179	(5,975)	11,531	17,506
CASH, JANUARY 1	35,786	35,786	0	24,255	24,255	0
CASH, DECEMBER 31	34,386	58,565	24,179	18,280	35,786	17,506
<b><u>CRIMINAL FORFEITURE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	15	6	(9)	12	16	4
Other	0	75	75	0	0	0
Total Receipts	15	81	66	12	16	4
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	81	66	12	16	4
CASH, JANUARY 1	242	242	0	226	226	0
CASH, DECEMBER 31	257	323	66	238	242	4

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ROAD DISTRICT #1 MARINA TAX FUND</u></b>						
RECEIPTS						
Sales tax	23,000	14,146	(8,854)	29,000	17,936	(11,064)
Interest	280	1,577	1,297	282	1,357	1,075
Total Receipts	23,280	15,723	(7,557)	29,282	19,293	(9,989)
DISBURSEMENTS						
Road maintenance supplies	14,693	5,960	8,733	29,000	14,693	14,307
Total Disbursements	14,693	5,960	8,733	29,000	14,693	14,307
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,587	9,763	1,176	282	4,600	4,318
CASH, JANUARY 1	33,217	33,217	0	28,617	28,617	0
CASH, DECEMBER 31	41,804	42,980	1,176	28,899	33,217	4,318
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	4,200	3,427	(773)	4,500	4,358	(142)
Total Receipts	4,200	3,427	(773)	4,500	4,358	(142)
DISBURSEMENTS						
Unclassified	0	31	(31)	0	232	(232)
Total Disbursements	0	31	(31)	0	232	(232)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,200	3,396	(804)	4,500	4,126	(374)
CASH, JANUARY 1	0	28,157	28,157	0	24,031	24,031
CASH, DECEMBER 31	4,200	31,553	27,353	4,500	28,157	23,657
<b><u>ASSOCIATE DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,000	856	(144)	800	1,225	425
Total Receipts	1,000	856	(144)	800	1,225	425
DISBURSEMENTS						
Office expenditures	1,500	1,700	(200)	800	0	800
Total Disbursements	1,500	1,700	(200)	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(844)	(344)	0	1,225	1,225
CASH, JANUARY 1	1,596	1,596	0	0	371	371
CASH, DECEMBER 31	1,096	752	(344)	0	1,596	1,596

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DRUG AWARENESS AND RESISTANCE EDUCATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	0	500	500	0	387	387
Interest	0	51	51	100	108	8
Other	100	22	(78)	0	1,000	1,000
Transfers in	0	5,900	5,900	0	0	0
Total Receipts	100	6,473	6,373	100	1,495	1,395
<b>DISBURSEMENTS</b>						
Office expenditures	1,750	7,518	(5,768)	100	1,121	(1,021)
Total Disbursements	1,750	7,518	(5,768)	100	1,121	(1,021)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,650)	(1,045)	605	0	374	374
CASH, JANUARY 1	1,784	1,784	0	1,410	1,410	0
CASH, DECEMBER 31	134	739	605	1,410	1,784	374
<b><u>W-12 CONSTRUCTION MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	22,000	23,526	1,526	21,643	22,431	788
Interest	3,500	3,344	(156)	3,832	4,651	819
Total Receipts	25,500	26,870	1,370	25,475	27,082	1,607
<b>DISBURSEMENTS</b>						
Bond payment	24,000	22,508	1,492	25,000	22,423	2,577
Other	0	303	(303)		631	(631)
Total Disbursements	24,000	22,811	1,189	25,000	23,054	1,946
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	4,059	2,559	475	4,028	3,553
CASH, JANUARY 1	69,868	69,868	0	65,840	65,840	0
CASH, DECEMBER 31	71,368	73,927	2,559	66,315	69,868	3,553
<b><u>TAX INCREMENT FINANCING - ECONOMIC ACTIVITY TAXES</u></b>						
<b>RECEIPTS</b>						
Economic activity taxes and payments in lieu of tax	22,000	10,149	(11,851)	23,344	11,227	(12,117)
Interest	500	2,174	1,674	654	2,739	2,085
Total Receipts	22,500	12,323	(10,177)	23,998	13,966	(10,032)
<b>DISBURSEMENTS</b>						
Unclassified	22,500	222	22,278	23,000	192	22,808
Total Disbursements	22,500	222	22,278	23,000	192	22,808
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	12,101	12,101	998	13,774	12,776
CASH, JANUARY 1	47,311	47,311	0	33,537	33,537	0
CASH, DECEMBER 31	47,311	59,412	12,101	34,535	47,311	12,776

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TAX INCREMENT FINANCING - SPECIAL ACCOUNT FOR DEVELOPER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	0	3,533	3,533	0	0	0
Interest	5	0	(5)	0	26	26
Total Receipts	5	3,533	3,528	0	26	26
<b>DISBURSEMENTS</b>						
Legal services	0	0	0	0	1,165	(1,165)
Transfers out	0	3,533	(3,533)	0	0	0
Total Disbursements	0	3,533	(3,533)	0	1,165	(1,165)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	0	(5)	0	(1,139)	(1,139)
CASH, JANUARY 1	7	7	0	1,146	1,146	0
CASH, DECEMBER 31	12	7	(5)	1,146	7	(1,139)
<b><u>TAX INCREMENT FINANCING - ADMINISTRATIVE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	740	0	(740)
Interest	20	26	6	68	39	(29)
Total Receipts	20	26	6	808	39	(769)
<b>DISBURSEMENTS</b>						
Office expenditures	0	43	(43)	0	0	0
Unclassified	0	0	0	800	0	800
Total Disbursements	0	43	(43)	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	(17)	(37)	8	39	31
CASH, JANUARY 1	679	679	0	640	640	0
CASH, DECEMBER 31	699	662	(37)	648	679	31
<b><u>TAX INCREMENT FINANCING - SPECIAL ALLOCATION FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	180,000	372,427	192,427	199,800	55,336	(144,464)
Interest	3,000	7,954	4,954	5,800	4,030	(1,770)
Transfers in	2,000	3,533	1,533	0	0	0
Total Receipts	185,000	383,914	198,914	205,600	59,366	(146,234)
<b>DISBURSEMENTS</b>						
Bond payment	0	35,000	(35,000)	0	35,000	(35,000)
Court ordered bankruptcy settlement payments	0	250,000	(250,000)	0	103,498	(103,498)
Other	0	2,797	(2,797)	0	0	0
Transfers out	0	5,000	(5,000)	0	4,875	(4,875)
Unclassified	185,000	0	185,000	127,000	0	127,000
Total Disbursements	185,000	292,797	(107,797)	127,000	143,373	(16,373)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	91,117	91,117	78,600	(84,007)	(162,607)
CASH, JANUARY 1	39,176	39,176	0	123,183	123,183	0
CASH, DECEMBER 31	39,176	130,293	91,117	201,783	39,176	(162,607)



## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>1998 FEMA FLOOD MONEY FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	14,250	45,005	30,755	30,000	0	(30,000)
Total Receipts	14,250	45,005	30,755	30,000	0	(30,000)
<b>DISBURSEMENTS</b>						
1998 flood repair	14,250	45,005	(30,755)	30,000	0	30,000
Transfers out	0	0	0	0	73,024	(73,024)
Total Disbursements	14,250	45,005	(30,755)	30,000	73,024	(43,024)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(73,024)	(73,024)
CASH, JANUARY 1	0	0	0	73,024	73,024	0
CASH, DECEMBER 31	0	0	0	73,024	0	(73,024)
<b><u>ASSOCIATE COURT SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	50,000	6	(49,994)	24,000	3,185	(20,815)
Interest	500	232	(268)	350	580	230
Transfers in	0	2,500	2,500	0	0	0
Total Receipts	50,500	2,738	(47,762)	24,350	3,765	(20,585)
<b>DISBURSEMENTS</b>						
Salaries	6,000	8,385	(2,385)	18,750	2,002	16,748
Fringe benefits	500	680	(180)	2,433	165	2,268
Office expenditures	4,000	0	4,000	0	0	0
Total Disbursements	10,500	9,065	1,435	21,183	2,167	19,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	40,000	(6,327)	(46,327)	3,167	1,598	(1,569)
CASH, JANUARY 1	8,295	8,295	0	6,697	6,697	0
CASH, DECEMBER 31	48,295	1,968	(46,327)	9,864	8,295	(1,569)

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	382,243	371,901	(10,342)			
Intergovernmental	271,183	219,805	(51,378)			
Interest	0	7,511	7,511			
Other	200	15,551	15,351			
Unclassified	0	299	299			
Total Receipts	653,626	615,067	(38,559)			
DISBURSEMENTS						
Salaries	321,531	315,907	5,624			
Fringe benefits	37,925	70,923	(32,998)			
Office expenditures	18,335	6,303	12,032			
Equipment and equipment repairs	8,126	2,224	5,902			
Insurance	7,929	0	7,929			
Mileage	5,000	2,429	2,571			
Public health services	63,372	87,302	(23,930)			
Other	31,222	476	30,746			
Transfers out	151,058	0	151,058			
Unclassified	0	(18,879)	18,879			
Total Disbursements	644,498	466,685	177,813			
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,128	148,382	139,254			
CASH, JANUARY 1	0	31,287	31,287			
CASH, DECEMBER 31	9,128	179,669	170,541			
<b><u>W-15C NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</u></b>						
RECEIPTS						
Property taxes	8,000	12,256	4,256			
Interest	0	2,413	2,413			
Total Receipts	8,000	14,669	6,669			
DISBURSEMENTS						
Bond payment	7,200	14,012	(6,812)			
Total Disbursements	7,200	14,012	(6,812)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	800	657	(143)			
CASH, JANUARY 1	50,617	50,617	0			
CASH, DECEMBER 31	51,417	51,274	(143)			

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>BAGNELL MARINA TAX FUND</u></b>						
RECEIPTS						
Sales taxes	63,000	43,027	(19,973)			
Interest	0	7,129	7,129			
Total Receipts	63,000	50,156	(12,844)			
DISBURSEMENTS						
Road maintenance supplies	18,400	0	18,400			
Unclassified	0	30,970	(30,970)			
Total Disbursements	18,400	30,970	(12,570)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	44,600	19,186	(25,414)			
CASH, JANUARY 1	148,424	148,424	0			
CASH, DECEMBER 31	193,024	167,610	(25,414)			
<b><u>KAISER MARINA TAX FUND</u></b>						
RECEIPTS						
Sales taxes	2,392	1,768	(624)			
Interest	0	90	90			
Total Receipts	2,392	1,858	(534)			
DISBURSEMENTS						
Unclassified	2,300	4,077	(1,777)			
Total Disbursements	2,300	4,077	(1,777)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	92	(2,219)	(2,311)			
CASH, JANUARY 1	2,294	2,294	0			
CASH, DECEMBER 31	2,386	75	(2,311)			
<b><u>LOCAL EMERGENCY PREPAREDNESS FUND</u></b>						
RECEIPTS						
Intergovernmental	2,600	4,351	1,751			
Interest	0	96	96			
Total Receipts	2,600	4,447	1,847			
DISBURSEMENTS						
Equipment	0	2,470	(2,470)			
Mileage	0	1,617	(1,617)			
Unclassified	2,600	0	2,600			
Total Disbursements	2,600	4,087	(1,487)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	360	360			
CASH, JANUARY 1	2,600	2,600	0			
CASH, DECEMBER 31	2,600	2,960	360			

## Exhibit B

## MILLER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DETENTION CENTER COMMISSARY FUND</u></b>						
RECEIPTS						
Commissary profit	7,000	5,508	(1,492)			
Interest	0	297	297			
Total Receipts	7,000	5,805	(1,195)			
DISBURSEMENTS						
Equipment	5,000	0	5,000			
Total Disbursements	5,000	0	5,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	5,805	3,805			
CASH, JANUARY 1	4,163	4,163	0			
CASH, DECEMBER 31	6,163	9,968	3,805			
<b><u>POST COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	4,000	2,181	(1,819)			
Interest	0	167	167			
Total Receipts	4,000	2,348	(1,652)			
DISBURSEMENTS						
Training	5,000	0	5,000			
Total Disbursements	5,000	0	5,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	2,348	3,348			
CASH, JANUARY 1	3,284	3,284	0			
CASH, DECEMBER 31	2,284	5,632	3,348			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

MILLER COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Miller County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Tax Increment Financing Commission, the Health Center Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2001 and 2000
Family Access Motion Fund	2001 and 2000
Juvenile Assessment Fee Fund	2001 and 2000
K-9 Fund	2001 and 2000
Election Services Fund	2001
Recorder's Technology Fund	2001
Capital Improvement Inventory	
Courthouse Fund	2001
Health Center Fund	2000
W-15C Neighborhood Improvement	
District Fund	2000
Bagnell Marina Tax Fund	2000
Kaiser Marina Tax Fund	2000
Local Emergency Preparedness Fund	2000
Detention Center Commissary Fund	2000
POST Commission Fund	2000
Training and Equipment Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2001
Law Enforcement Training Fund	2000
Prosecuting Attorney Training Fund	2001
911 Fund	2001 and 2000
Capital Improvement Tax Fund	2001 and 2000
Senior Citizens Service Fund	2001
Sheriff's Discretionary Fund	2000
Shelter for Victims of Domestic	
Violence Fund	2000
Circuit Clerk Interest Fund	2001 and 2000
Associate Division Interest Fund	2001
Drug Awareness and Resistance	
Education Fund	2001 and 2000
Tax Increment Financing - Special	
Account for Developer Fund	2001 and 2000
Tax Increment Financing -	
Administrative Fund	2001

Tax Increment Financing - Special	
Allocation Fund	2001 and 2000
1998 FEMA Flood Money Fund	2001 and 2000
W-15C Neighborhood Improvement	
District Fund	2001
Bagnell Marina Tax Fund	2001
Kaiser Marina Tax Fund	2001
Local Emergency Preparedness Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2001 and 2000
Associate Division Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Juvenile Assessment Fee Fund	2001 and 2000
K-9 Fund	2001 and 2000
Training and Equipment Fund	2000

Additionally, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or



through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance, and \$105,438 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amount of uninsured and under collateralized balances were substantially higher at those times than such amount at year-end.

The Health Center's deposits at December 31, 2000 were entirely covered by federal depositary insurance.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

### Investments

The only investment of the various funds at December 31, 2001 and 2000, was a repurchase agreement with a reported amount of \$2,373,676 and \$2,262,929, respectively (which approximated fair value). This investment represents an uninsured and unregistered investment for which the security was held by the dealer bank's trust department or agent in the county's name.

3. Prior Period Adjustment

The Debt Service Reserve fund's cash balance at January 1, 2000, as previously stated has been decreased by \$518,431 to reflect the exclusion of monies held and expended on behalf of the county by an independent trustee who is not under the direct supervision of the County Commission or other county officials.

The Circuit Clerk Interest fund's cash balance at January 1, 2000, as previously stated has been increased by \$24,031 to reflect county monies held by the Circuit Clerk that were not reported previously.

The W-15C Neighborhood Improvement District fund's cash balance at January 1, 2000, as previously stated has been increased by \$62,509 to reflect county monies held by the County Treasurer that were not reported previously.

The POST Commission fund's cash balance at January 1, 2000, as previously stated has been increased by \$1,018 to reflect county monies held by the County Treasurer that were not reported previously.

The Family Access Motion fund's cash balance at January 1, 2000, as previously stated has been increased by \$274 to reflect county monies held by the County Treasurer that were not reported previously.

The Juvenile Assessment Fee fund's cash balance at January 1, 2000, as previously stated has been increased by \$250 to reflect county monies held by the Circuit Clerk that were not reported previously.

Schedule

MILLER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**01-1.**

**Budgetary Practices**

Problems with county budgetary practices have been noted in the past several audit reports and county officials indicated their intent to implement reported recommendations where possible. However, little or no improvement has been made and similar budgetary problems still existed during the current audit. The budget documents prepared by the County Clerk for the years ended December 31, 2001, and 2000 contained errors and misclassifications, and some disbursements were unclassified. Disbursements exceeded budgeted amounts in many funds and the County Commission did not prepare budget amendments to ensure that unanticipated receipts and disbursements were included in the budget amounts. Additionally, budgets were not prepared or obtained for some county funds held by the County Treasurer or other county officials.

- A. Budgets prepared or obtained by the County Clerk and approved by the County Commission were not accurate.
- 1) Budgets prepared by the County Clerk contained errors which caused various funds to show incorrect totals or prevented the detail in the budget from agreeing to the total presented. These errors were created when the budget was prepared on an electronic spreadsheet. This spreadsheet does not include appropriate edit checks to detect differences between the input data and calculated totals. Adjustments have been made to the audited financial statements to correct these errors.
  - 2) Some budgeted and actual amounts in the budget documents were not properly classified by type of receipt or disbursement. In addition, some transfers were not classified as transfers in or out. To more accurately present the county's financial statements, we reclassified more than \$816,000 of receipts and disbursements in eleven different funds during the two years ended December 31, 2001. Over \$271,000 of these amounts were originally classified as other receipts or other disbursements, over \$107,000 was recorded as a lease purchase payment but was really a transfer, and \$250,000 was recorded as a bond payment but was really a distribution, ordered by a bankruptcy court, to a creditor of one of the county's vendors.

In addition, some budget and actual disbursement amounts were not classified but were simply listed as "disbursements" or were shown as an amount with no description. To more accurately present the county's financial statements, we reclassified over \$114,000 of unclassified disbursements in two funds during the two years ended December 31, 2001.

The county's budget should include accurate financial information and classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools.

- B. Disbursements exceeded budgeted amounts in various funds during the two years ended December 31, 2001, as followed:

Fund	Year Ended December 31,	
	2001	2000
General Revenue	\$ 5,355	NA
Law Enforcement Training	NA	2,599
Prosecuting Attorney Training	181	NA
911	30,224	48,952
Capital Improvement Tax	15,303	269,086
Senior Citizens Service	18,377	NA
Sheriff's Discretionary	NA	14,457
Shelter for Victims of Domestic Violence	NA	40,665
Circuit Clerk Interest	31	232
Associate Division Interest	200	NA
Drug Awareness and Resistance Education	5,768	1,021
Tax Increment Financing - Special Account for Developer	3,533	1,165
Tax Increment Financing - Administrative	43	NA
Tax Increment Financing - Special Allocation	107,797	16,373
1998 FEMA Flood Money	30,755	43,024
W-15C Neighborhood Improvement District	6,812	NA
Bagnell Marina Tax	12,570	NA
Kaiser Marina Tax	1,777	NA
Local Emergency Preparedness	1,487	NA

The County Commission does not ensure that budget variances are reviewed and that budget amendments are periodically prepared in accordance with statute.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If

there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budgets.

- C. The County Clerk had no procedures to ensure budgets were prepared for all county funds or were obtained for some county funds held outside the county treasury for the two years ended December 31, 2001. Some unbudgeted funds made significant expenditures during the two years including the W-15C Neighborhood Improvement District Fund, the Bagnell Marina Tax Fund, and the Law Library Fund which is maintained by the Prosecuting Attorney.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all funds, the County Commission can evaluate all county financial resources more effectively.

**WE RECOMMEND** the County Commission:

- A. Ensure budget documents are accurate and complete and that receipts and disbursements are appropriately classified.
- B. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. And the County Clerk work with other officials to ensure financial information for all county funds is included in the annual budgets.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will do our best to correct these problems beginning with budget year 2003.*
- B. *We will correct this problem if it needs to be corrected beginning with budget year 2003.*
- C. *The County Clerk does work with other county officials to the extent possible. Some of these funds were not budgeted because they were created during mid year. We will work to ensure budgets are prepared for new funds created during the year and will follow applicable state law regarding the creation of these budgets.*

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MILLER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

MILLER COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 29, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Miller County Board for Services for the Developmentally Disabled is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2001 and 2000.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of

the special-purpose financial statements of Miller County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Published Financial Statements</b>
------------------------------------------

The annual published financial statements did not include all information required by statute. We noted the following concerns during our review of the county's annual published financial statements for the years ended December 31, 2001 and 2000:

- Although the activity of many county funds was presented in the county's annual published financial statements, the financial activity of six county funds was not presented during the years ended December 31, 2001 and 2000. In addition, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those Health Center Fund amounts that passed through the County Treasurer. Funds expended by the Health Center Board of directors but not presented in the published statements during the year ended December 31, 2001 totaled \$466,685.
- Disbursement detail by vendor was not presented for many funds. Expenditures totaled \$520,263 and \$433,308 in the funds for which details were not presented during the years ended December 31, 2001 and 2000, respectively.
- The disbursement detail presented for some funds did not agree to the published fund summaries or to the county's budget documents. Disbursement details were understated by \$757,119 and \$667,979 for the years ended December 31, 2001 and 2000, respectively.
- We noted that many funds presented only a single revenue total instead of budget category totals as required by statute.

Chapter 50, RSMo 2000, requires the County Commission to prepare and publish a detailed financial statement of the county. Section 50.800.5, RSMo 2000, requires that each fund be shown separately. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

Similar conditions were noted in our prior audit report.

**WE AGAIN RECOMMEND** the County Commission and the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual financial statements.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The County Commission will ensure that the county's calendar year 2002 financial information is published in accordance with state law.*

*The Health Center Administrator provided the following response:*

*The Health Center's calendar year 2002 financial statements will be published in accordance with state law.*

<b>2. Officials' Salaries</b>
-------------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Miller County's Associate County Commissioners salaries were each increased approximately \$7,390 yearly, according to information from the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the two Associate County Commissioners totaling approximately \$14,780 for the years ended December 31, 2000 and 1999, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission and the salary commission review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

## **AUDITEE'S RESPONSE**

*The County Commission and the Salary Commission approved these raises in good faith and will not seek reimbursement of overpayments until a statewide remedy is developed.*

**3.****Personnel and Payroll Procedures**

The County Clerk prepares and distributes payroll for salaried employees before time sheets covering the payroll period are submitted to the County Commission. In addition, numerous weaknesses existed concerning time sheet controls including the county's system of calculating and monitoring compensatory and leave balances.

A. We noted the following problems with time sheets:

- 1) The Sheriff's department and jail supervisors were not signing off on time sheets submitted.
- 2) Time sheets were not always turned in timely to the County Commission. County procedures do not require time sheets to be submitted until after payroll for that period is processed and distributed. In fact, some time sheets were apparently never submitted to the County Commission.
- 3) Time sheets contained errors in the manual calculations of leave balances.

To ensure adequate support for payroll expenditures, the time records should be prepared and signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Commission. In addition, the County Clerk should prepare payroll on the basis of properly submitted time sheets.

B. The County Commission has established policies for leave and compensatory time benefits; however, the county is not complying with various policies. In addition, the County Commission has not implemented adequate controls for the review of compensatory time leave.

- 1) The Sheriff's department is not following the county's policy for awarding compensatory time to emergency service employees. The county's policy states that the pay period for the emergency service personnel in the Sheriff's Department is 28 days (however, the county uses the same pay period for these staff as is used for other county employees) and that compensatory time will be allowed only for employees that work more than 171 hours in the 28 day period. The Sheriff's department was awarding compensatory time for all hours worked each week in excess of forty hours.

Adherence to the county's personnel policy regarding calculations of overtime/compensatory time earnings is necessary to ensure the cost incurred by the county for overtime payments or compensatory time off does not exceed the amounts allowed by policy.

- 2) The County Commission has not implemented proper controls to ensure compensatory time balances are reviewed for accuracy, unusual activity, and excessive balances. We noted several employees with large compensatory time balances and one employee with a negative compensatory time balance. One employee requested cash payment of their large accumulated compensatory time balance. However, the County Commission did not make the requested payment because the county could not afford to pay out other employees' compensatory time balances.

Proper controls over the management of compensatory time balances require the county to evaluate balances for reasonableness, the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the county which could require significant cash resources upon payment.

- 3) The county's personnel policy allows up to ten days of vacation leave to be carried over from year to year. Some employees are allowed to carry over more days than allowed by the policy without any documentation of the reasons.

Adherence to the county policy is necessary to ensure equitable treatment of all county employees.

**WE RECOMMEND** the County Commission:

- A. Require time sheets to be submitted in a timely manner for all employees and ensure the time sheets are appropriately approved by the employees' supervisors. Ensure that leave balances recorded on time sheets are reviewed for accuracy and that they represent actual balances owed to employees.

In addition, the County Commission and the County Clerk should develop payroll procedures (such as lagged payroll payments or other appropriate procedures) which require all county employees to be paid based on actual hours worked.

- B.
  - 1) Ensure that compensatory time earnings are calculated in accordance with county policy.
  - 2) Develop controls and procedures to review compensatory time balances for reasonableness and compliance with county policy. Such controls should provide for the timely detection of compensatory balances which are large and the management of balances which are becoming excessive.

- 3) Ensure that the vacation leave balances carried over from year to year are in compliance with county policy.

#### **AUDITEE'S RESPONSE**

- A. *The County Commission now requires monthly time sheets to be submitted by the fifth day of the following month. If a time sheet is not submitted, the applicable employee does not receive their next paycheck. The applicable supervisors are now signing time sheets to indicate approval and the County Commission's secretary and the Sheriff's payroll specialist now recalculate leave balances to ensure accuracy.*
- B.1. *The County Commission has ensured that compensatory time is now calculated in accordance with law and county policy.*
2. *By the end of calendar year 2003, the County Commission will ensure that compensatory time balances are in compliance with county policy and maintained at reasonable balances. Payroll clerks currently verify that employees are not paid for compensatory time hours they have not earned.*
3. *The County Commission will ensure compliance with this policy by the end of calendar year 2003.*

<b>4. County Clerk's Account Book</b>
---------------------------------------

The County Clerk does not maintain a complete account book with the County Collector. The account book includes information presented on the monthly settlements of the County Collector, but does not include tax book charges, delinquent credits, abatements and additions, and protested amounts. This account book is to be prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and tax books. An accurate account book would enable the County Clerk to ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can also be used by the County Commission to verify the County Collector's annual settlements.

Similar conditions were noted in our prior audit report.

**WE AGAIN RECOMMEND** the County Clerk maintain a complete account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.



## **AUDITEE'S RESPONSE**

*The County Clerk responded that this issue will be researched and other county clerks will be consulted to ensure a complete account book is maintained with the County Collector for the tax year beginning on March 1, 2003.*

<b>5. General Fixed Assets</b>
--------------------------------

- A. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Our review determined that procedures are not adequate to ensure fixed asset purchases are included in the general fixed asset records. The County Clerk maintains an electronic record of county assets and also maintains the county's stock of numbered property tags that should be affixed to new property; however, we noted the following record keeping problems.

Additions are not always recorded in the property records as they occur and fixed asset purchases per the expenditure records are not reconciled to additions to the property records. Some of the fixed assets purchased during the years ended December 31, 2001 and 2000, were not included on the fixed asset records. In addition, some new assets were not consistently numbered, tagged, or otherwise identified as county property. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Property inventories have not been performed during the years ended December 31, 2001 and 2000. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. Mileage logs are not maintained for county owned vehicles. Logs are necessary to document appropriate use of the vehicles. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed to ensure the vehicles are used only for county business, are being properly utilized, and help

identify vehicles which should be replaced.

Conditions similar to Part A were noted in our prior audit report.

**WE RECOMMEND** the County Commission:

- A. Establish a written policy regarding the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.
- B. Require mileage logs to be maintained for county vehicles that reflect the purpose and destination of each trip and review the logs periodically for reasonableness.

**AUDITEE'S RESPONSE**

- A. *The County Commission will develop a county wide policy by the end of calendar year 2003 to address these issues.*
- B. *The County Commission will review legal requirements and county policy during calendar year 2003 to determine applicable actions or changes that may be necessary.*

<b>6. Miller County Health Center Controls and Procedures</b>
---------------------------------------------------------------

In August 2000, the voters approved the creation of a Board of Trustees and authorized a tax to fund the operations of the Health Center. Beginning in January 2001, the board assumed full responsibility for operations. The Miller County Health Center had previously operated under the control of the County Commission and had received its funding from the county's General Revenue Fund.

Our review of the Health Center's activity while under the direction of the Board of Trustees indicated that budgets were not accurate. In addition, during the years ended December 31, 2001 and 2000, controls over receipts were not sufficient, and monitoring of Comprehensive Family Planning services and costs was not adequate.

- A. Receipts, disbursements, and year end cash balances reported on the Health Center's annual budget did not agree to the Health Center's internal accounting records. For example, for the year ended December 31, 2001, actual receipts and/or disbursements were misstated by over \$19,000, the January 1, 2001 beginning cash balance was understated by over \$31,000, and the December 31, 2001 ending cash balance was understated by over \$50,000. The Health Center does not maintain support for

receipts and disbursements reported in the budget and has no procedures to ensure amounts reported in the budget agree to internal accounting records. Adjustments have been made to the audited financial statements to ensure that information presented agrees to the Health Center's receipt, disbursement, and cash balance totals. These adjustments to receipts and disbursements are represented on Exhibit B as "unclassified" line items.

For the annual budgets to present the Health Center's complete financial activity, all monies received and disbursed in a calendar year should be reflected in the Health Center's budget document and agreed to the cash balance per the year end bank statements.

B. The Health Center does not have adequate controls in place to ensure the proper safeguarding of receipts from theft, misuse, or loss. During our review of the cash receipting and depositing procedures we noted that:

- Monies received are not deposited timely and intact.
- The composition of receipts is not reconciled to the composition of deposits.
- Checks are not restrictively endorsed immediately upon receipt.
- Monies are not always recorded on receipt slips immediately upon receipt.

Monies received from September 12, 2001 to October 1, 2001, totaling approximately \$10,800 (which included \$335 in cash) were deposited on October 1, 2001. On May 1, 2002, \$537 was on hand and a deposit had not been made for seven days. In addition, there was also \$20 cash on hand which had not been receipted.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be receipted, deposited intact daily or when accumulated receipts exceed \$100, checks and money orders should be restrictively endorsed immediately upon receipt, and the composition of receipt slips issued should be reconciled to the composition of deposits made.

C. Health Center personnel did not adequately monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period. The average cost per client of providing such services was not periodically calculated as required. The health center's contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 per client (excluding administrative costs). Based on financial information and cost allocation estimates provided by health center personnel, the average cost per client, excluding administrative costs, of approximately \$196 and \$139 was calculated for the grant

years ended September 30, 2001 and 2000, respectively.

Adequate monitoring and documentation of CFP expenditures is necessary to ensure compliance with the contract provisions. Failure to comply with provisions of the contract could result in decreased funding of future services.

**WE RECOMMEND** the Health Center Board of Trustees:

- A. Ensure all receipts, disbursements and ending cash balances are properly reflected in the annual budget document.
- B. Ensure all monies are receipted and deposited intact daily or when accumulated receipts exceed \$100, checks and money orders are restrictively endorsed immediately upon receipt, and the composition of receipt slips issued is reconciled to the composition of deposits made.
- C. Monitor the amounts expended on CFP services and periodically calculate the average cost per client as required by the contract with the Missouri Department of Health.

**AUDITEE'S RESPONSE**

*The Health Center Administrator provided the following responses:*

- A. *We will implement this recommendation beginning with the calendar year 2003 budget.*
- B. *We have already implemented this recommendation.*
- C. *The Health Center's financial records have been modified to facilitate more accurate tracking of CFP costs and program costs are increasing significantly due to making services available to clients on a weekly basis. We believe that the CFP cost per client is well above the minimum limit for program year 2002. Formal calculations for program year 2002 will be performed by calendar year end and program costs will be calculated periodically in the future.*

<b>7. Prosecuting Attorney Controls and Procedures</b>
--------------------------------------------------------

The Prosecuting Attorney received court, law library, and bad check processing fees totaling approximately \$90,000 during the years ended December 31, 2001 and 2000. In addition, the Prosecuting Attorney's office also collected court ordered restitution and bad check restitution; however, summary records were not maintained for total restitution received. Our review of the Prosecuting Attorney's records, controls, and procedures noted the

following areas of concern:

- A. Court and law library fees are received approximately once a month from the state and the courts. Bad check fees are received intermittently from individuals. Court and bad check fees are remitted to the County Treasurer for deposit in the county treasury and law library fees are deposited in the law library bank account held by the Prosecuting Attorney. We noted significant weaknesses in the processing and disposition of these monies.

Receipt slips are not always issued for monies received, monies received are not always remitted to the County Treasurer or deposited in the law library bank account on a timely basis, and checks and money orders received are not restrictively endorsed immediately upon receipt. During the year ended December 31, 2001, the Prosecuting Attorney deposited law library receipts in the law library bank account and transmitted fees received from the courts to the County Treasurer approximately five times per year with time lags between deposits/transmittals as long as five months. For example, we noted that law library receipts from March 23 through July 24, 2001, totaling approximately \$4,800 were not deposited until August 3, 2001.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly, deposits should be made daily or when accumulated receipts exceed \$100 and, checks and money orders should be restrictively endorsed immediately upon receipt.

- B. Bad check collection procedures usually require that the check issuer pay restitution using two money orders. One money order is made payable to the merchant/victim for restitution and the other to the Prosecuting Attorney for the collection fee. The restitution money orders are forwarded to the merchant/victim after a photo copy is made and placed on file. Bad check fee money orders are periodically remitted intact to the county treasurer. In some bad check and court ordered restitution cases, the Prosecuting Attorney requires the defendant to remit money orders made payable to the Prosecuting Attorney. These money orders are deposited to the Prosecuting Attorney's official bank account and are allocated between various fee and victim balances as sufficient funding is received. We noted significant weaknesses in the processing and disposition of these monies as noted below:

- 1. A log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.

In addition, the Prosecuting Attorney does not have any evidence in the official records to ensure that money orders for restitution payments due to victims are actually forwarded to the victim. A copy of the money order is maintained in the case file; however, this does not provide evidence that the money order was actually received by the victim.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition. In addition, the Prosecuting Attorney should obtain receipts for all restitution monies remitted to victims or should issue the payments by official check after depositing restitution receipts in the official bank account.

2. Receipt slips are not issued for some monies received. Receipts which are hand delivered to the Prosecuting Attorney's office are recorded in a receipt book; however, monies received in the mail are not receipted unless a self addressed, stamped envelope is included with the payment. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
3. The monthly reconciliation between the official bank account and the records of restitution received but not yet distributed does not indicate accurate records of outstanding checks or restitution held in the account. The December 31, 2001 reconciliation listed voided checks that had not been removed from the outstanding check list. We also noted that some defendants' cash balances were negative.

Further research performed by the Prosecuting Attorney's office at our request revealed that several of the large voided checks and negative cash balances were data entry errors in the computerized ledger and correcting entries were made to remove the errors. As of May 31, 2002, the uncorrected void check total was \$334 and the uncorrected negative cash balances of defendants' accounts was approximately \$1,360.

In addition, as of May 31, 2002, outstanding checks totaling approximately \$4,300 have remained in the account, dating from January 2000 through May

2001. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Chapter 447 RSMo 2000, which relates to unclaimed property, should be used to disburse these monies.

The Prosecuting Attorney should adopt procedures to ensure timely periodic follow up on errors and other unusual entries that exist on the account reconciliation. In addition, old outstanding checks should be periodically reviewed, reissued, or disposed of in accordance with state law.

4. Money orders received that the Prosecuting Attorney plans to deposit in the official bank account are not restrictively endorsed immediately upon receipt. Endorsements are applied when the monies are deposited; however, as stated above, deposits are not made on a timely basis. To adequately safeguard receipts, all money orders should be restrictively endorsed immediately upon receipt.

Similar conditions were noted in our prior audit report.

**WE AGAIN RECOMMEND** the Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips, deposit or remit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse all checks immediately upon receipt.
- B.1. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office. In addition, the Prosecuting Attorney should obtain receipts from victims for money orders forwarded to the victim or issue restitution payment to victims by official check to account for the ultimate disposition of all restitution receipts received.
2. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
3. Research and correct errors and unusual entries on the monthly account reconciliation and ensure that old outstanding checks are reissued or disposed of in accordance with state law.
4. Restrictively endorse all restitution and bad check fee money orders, when applicable, immediately upon receipt.

## **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

*A,B.2,*

*&B.4. While deposits to the law library and transmitted fees from the courts to the County Treasurer were not always timely there was no danger of loss of funds due to the fact that these remittances were from county offices and, as such, were readily replaceable if lost. Checks could not easily be cashed in that they were made payable to the Prosecuting Attorney's Office and would not be accepted by local financial institutions for other than deposit in a county account. In the future efforts will be made to more timely make deposits of such funds and endorse checks and money orders as applicable. This problem could be alleviated by the hiring of additional staff if county funds are budgeted for such staff.*

*Pre-numbered receipts are routinely issued for any cash payments made to the Prosecuting Attorney's Office, however, office procedure is to require money orders for all restitution. Therefore, in the last 12 months cash received has consisted of small change when the money order was in whole dollars, the total of such small change being likely less than \$10. No receipts are issued to other county officials as their canceled checks serve as receipts. Receipts are issued for payments made in person upon request and upon provision of a stamped, self-addressed envelope for payments by mail. The costs of mailing receipts on all payments would be time consuming and costly. In view of the fact that all money orders are made payable either to the victim, Miller County Bad Check Fund or Miller County Prosecuting Attorney when received or prior to the payor leaving if blank when brought in person, the chances of misuse are minimal. Issuance of a receipt for mail payments would provide little protection in that if such funds were to be stolen the person stealing such funds would simply not issue a receipt and thereby circumvent that procedure.*

*To partially rectify this concern a new office policy will be adopted in calendar year 2003 requiring issuance of pre-numbered receipts to other offices, all payments made in person and to all persons requesting a receipt on a payment by mail upon provision of a stamped, pre-addressed envelope.*

*B.1. No hand written log is made of bad check complaints received. All bad check complaints are logged into the bad check collection program which handles the issuance of demand letters, collection and memorializing receipts of payments and disbursements of restitution and fees. That program does not at this time provide for numbered complaints. A copy of this concern will be provided to the programmer to see whether any currently excluded data, such as complaint numbers, and printing of a log can be added as an update and whether such additions are economically feasible. It is not feasible to issue pre-numbered complaints to merchants as many duplicate the forms as needed or print their own forms. Since Tuscumbia is not the business center of the county most merchants mail their checks to the Prosecutor's office or complete the forms prior to any hand delivery. Current staffing levels do not make*



*feasible the keeping of a separate, written log of such activities.*

*Obtaining receipts back from payments made by mail is not likely to produce an adequate response. To require all payments to pass through the Prosecuting Attorney's trust account would substantially increase staff time expenditures when such staff time is not currently available.*

- B.3. The handling of reconciliation of the trust account has changed substantially over the past 12 months and the process is being further refined as time permits. The duties in that regard have been split to provide further assurance of accuracy. Checks written in the trust account are written by one individual and supplemented by a written memo reviewed by the Prosecuting Attorney prior to issuance. Placement of check ledger information into the computer program and reconciliation of the checking account is performed by a second individual. A third individual maintains a computer record of monies currently held in trust on behalf of each payor. As experience has been gained, the importance of passing information to other persons involved as to returned or voided checks has been emphasized. Negative balances in some defendant's accounts have been a matter of on going review, primarily by the Prosecuting Attorney, and most such balances have been accounted for. All are associated with issues arising before new procedures discussed herein were instituted and some merely involve the credit of a payment or receipt to a wrong co-defendant in a multiple defendant incident. Each such error, as corrected has been documented in the related files and is easily found by referencing monthly balances with the related files. A monthly report of all balances is prepared. Further review is planned to further reduce such negative balances.*

*While it is a goal of the Prosecuting Attorney to review outstanding checks and errors on a monthly basis, time restraints do not allow such nor can such matters be scheduled for any specific date or time of the month. With the new procedures instituted and further instruction where appropriate as to the need to document corrections, it is expected that future errors will be minimal or none and past errors will all be corrected as time permits. Assignment of a person to review outstanding checks and request reissuance or cancellation of the same or disbursements to the unclaimed fund is pending approval of the next years budget to make a part-time employee full time.*

## **8.**

### **Sheriff's Accounting Controls and Procedures**

Prior audit reports have addressed the inadequacy of former Miller County Sheriffs' accounting controls and procedures. The current Sheriff has made some changes that improved the controls, procedures, and records of the Sheriff's office. However, weaknesses were still noted regarding the segregation of duties, the disbursing of accountable fees, the handling of petty cash and K-9 funds, the reconciliation of inmate account balances, and the control of bond forms and bond receipts.

The Sheriff's office handles various receipts including fees for serving court documents, gun permit fees, jail board bills, bond monies, inmate funds/commissary revenues, and Drug Awareness and Resistance Education (DARE) fund donations. During the years ended December 31, 2001 and 2000, the Sheriff's office collected receipts totaling at least \$445,000.

- A. The Sheriff has not adequately segregated the duty of reconciling monies received to monies deposited, including the comparison of the composition of receipt slips (i.e. cash, checks, and money orders) to the composition of deposits, from other accounting duties. Although the Sheriff's office manager performs this reconciliation, she is not independent of the receipting, depositing, transaction recording, and disbursing functions.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording receipt slips and preparing disbursements. If proper segregation of duties cannot be achieved, at a minimum, procedures for adequate independent review should be established.

- B. The Sheriff maintains a bank account which is used to hold monies received each month until receipts are remitted to the County Treasurer. However, the Sheriff sometimes expends these monies for various fund raising activities, training and other miscellaneous activities. During the year ended December 31, 2001 approximately \$5,400 was paid out in this manner.

The monies in this account represent accountable fees which should be turned over to the County Treasurer. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. There is no statutory authority for the Sheriff to expend these monies except as provided for in the official county budget. Disbursements should be authorized by the Sheriff and made through the County Commission's normal disbursement process.

- C. The Sheriff maintains one petty cash fund and two cash investigation funds. Cash received from county funds for the operation of these cash funds totaled approximately \$8,400 during the years ended December 31, 2001 and 2000. Cash associated with these funds is maintained in the Sheriff's safe and must be obtained through the Sheriff, the Sheriff's office manager, or a Captain. The Sheriff's office manager maintains records on the receipts and disbursements of these funds. Our review of these cash funds revealed the following concerns:

- 1) The petty cash fund and the investigation funds are not maintained at set amounts. The Sheriff periodically obtains a check from the county which is cashed and placed in the petty cash fund; however, invoices or purchase receipts are not submitted to the county to support or document the amount being requested to replenish the fund. Monies are obtained from the county and placed in the investigation funds as needed.
- 2) The petty cash fund is used to pay for items which should be purchased through the county's normal disbursement process. We noted that the Sheriff disbursed over \$1,400 from the petty cash fund for food catered during a training session and \$300 was disbursed to an individual for temporary office help. The Sheriff did not retain any documentation to explain what circumstances made it necessary to use the petty cash fund to make these purchases or why it was not possible to follow the county's normal disbursement process.
- 3) The Sheriff's office does not require deputies obtaining money from the petty cash or investigation funds to sign for monies received. In addition, deputies are not required to document the use of monies through summary reports of investigative information or through return receipts for items purchased (as applicable when items are obtained through a retail vendor). We noted several instances where receipts for items purchased were not present in the petty cash fund documentation.
- 4) Although the office manager submits periodic reports of petty cash and investigation fund receipts, disbursements, and balances to the Sheriff and the Captain for review, neither the Sheriff nor the Captain verify that the cash on hand in the funds reconciles to the balances on the reports.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. Furthermore, disbursements from the petty cash fund should be made only for items which are emergency in nature and cannot be obtained through the county's normal purchasing and disbursement process. Individuals should sign for monies received and that documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable). Finally, to provide for adequate supervisory review, the Sheriff or Captain should count and reconcile funds on hand to the periodic activity reports of the funds.

- D. The Sheriff's Adult Detention Center inmate commissary bank account balance has not been reconciled to the individual inmate account balances. The Sheriff's department maintains a separate checking account to account for personal monies of

inmates. Monies received for the inmates' use are deposited into this account and are used by inmates to purchase toiletries, snacks, and various other products from a commissary vendor. A computerized Inmate Bank Report is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made by the inmate from the commissary vendor, and the available cash balance. Commissary vendor invoices and the county's portion of the profit from the sales are paid from the Sheriff's Adult Detention Center bank account.

We obtained a listing of individual inmate account balances as of June 30, 2002, and compared this information to the bank account balance at that date. After adjusting for amounts due to the commissary vendor and County Treasurer for commissary purchases and profits, the total of the inmate account balances exceeded the reconciled bank balance by approximately \$3,500. However, the current Sheriff remitted approximately \$4,000 (a portion of the cash balance inherited from the prior Sheriff) to the county from this account at the beginning of his administration. The Sheriff believed the \$4,000 were excess funds although there were no records to substantiate that these monies were in fact "excess".

The Sheriff has identified numerous instances where inmate account balances maintained in the computer system for inmates incarcerated during the prior Sheriff's administration do not agree to receipt and disbursement records or manual records of inmate balances. However, the Sheriff has not determined which records are the most accurate and has not made any adjustments to correct discrepancies in the records.

The Sheriff should continue to research inmate balances for inmates incarcerated during the prior administration and verify the accuracy of inmate balance records. To ensure proper accountability over inmate and commissary monies, and improve the likelihood of identifying and correcting errors in a timely manner, the individual inmate account balances and amounts due to the commissary vendor and County Treasurer should be compared to the reconciled bank balance on a monthly basis. Any discrepancies should be followed up on and resolved.

- E. During our review we noted that bond forms are not prenumbered and a \$500 bond appears to have been received but not deposited. The bond was not discovered to be missing until the court notified the Sheriff's department that a bond had been posted but not remitted to the court. The Sheriff's department researched the missing monies but could not determine where the receipts were located or why they had not been deposited. The Sheriff's office paid the \$500 to the court from other accountable fees which had not yet been remitted to the County Treasurer.

This shortage could have been prevented or detected in a more timely manner if the Sheriff's department had adequate controls to account for the bond forms issued. To ensure all bond monies are properly accounted for and to adequately safeguard cash

receipts, bond forms should be prenumbered, the numerical sequence should be accounted for frequently, and the bond forms issued should be reconciled to monies deposited.

- F. The Sheriff received donations for the maintenance of the county's canine (K-9) patrol officer during the audit period. The Sheriff opened a bank account to account for the donations and, as a result, the monies were not remitted to and could not be accounted for by the County Treasurer as required by law. Receipts and disbursements totaled \$339 and \$86, respectively for the years ended December 31, 2001 and 2000. The expenditures were not approved by the County Commission and this fund was not budgeted or presented in the county's published financial statements.

These monies represent accountable fees which should be turned over to the County Treasurer. The Sheriff has no statutory authority to maintain such an account outside the county treasury. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states, "...sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury."

Conditions similar to parts A, B, D, and E. were noted in our Special Review of Sheriff's Office Miller County, Missouri report.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented.
- B. Remit all fees collected to the County Treasurer monthly and make all purchases through the county expenditure process.
- C.1. Maintain the petty cash fund and investigation funds on an imprest basis.
  - 2. Ensure the petty cash and investigation funds are used only for supplies and purchases that cannot be obtained through the normal county expenditure process.
  - 3. Require deputies to sign for monies received and reconcile that documentation to documentation of change and purchase receipts returned.
  - 4. Ensure a supervisor reconciles cash on hand to periodic reports of cash balances.
- D. Reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis. In addition, the Sheriff should research and verify the accuracy of inmate balances by reconciling transactions on older inmate records to receipt and disbursement information as well as manual records maintained for each inmate.

- E. Issue prenumbered bond forms for all bond receipts, account for the numerical sequence of bond forms, and reconcile bond forms issued to bond monies deposited.
- F. Turn over custody of the K-9 bank account and all future revenues to the County Treasurer.

### **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *As of December 4, 2002, I have implemented an independent reconciliation between the composition of monies received to the composition of monies deposited in order to accomplish an adequate segregation of duties.*
- B. *We are currently remitting all accountable fees to the County Treasurer and all disbursements are submitted to the County Clerk for payment from official county funds.*
- C.1. *As of January 1, 2003, the multi-county investigation fund will be remitted to the lead county and a receipt will be obtained for the monies remitted. We will begin maintaining the petty cash fund and the county's investigation fund on an imprest basis as of January 1, 2003.*
- C.2.-
- C.4. *We are now complying with these recommendations.*
- D. *We have researched inmate balances due to inmates who have been released for at least one year and have remitted the associated balances to the County Treasurer as unclaimed monies. We now reconcile the remaining inmate balances to monies held in trust and unreconciled differences are being further researched.*
- E. *We will obtain prenumbered bond forms as of January 1, 2003, and will implement procedures to ensure the numerical sequence of bond forms is accounted for and cash bonds received are deposited.*
- F. *We will remit these monies to the County Treasurer on December 5, 2002, and future revenues will be deposited to a county fund.*

This report is intended for the information of the management of Miller County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## MILLER COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Miller County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997 and our Special Review of the Miller County Sheriff's Office for the period January 1, 1999 through August 11, 1999 and the year ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Budgetary Practices

- A. Disbursements exceeded budget amounts in various funds.
- B. Formal budgets were not prepared or obtained for various county funds.
- C. Budgets prepared or obtained by the County Clerk and approved by the County Commission were not accurate. Actual information on the budgets did not agree to the county's financial records, receipts were not always appropriately classified, disbursements made by the County Treasurer were not presented in appropriate expense categories in some funds, and the Senior Citizens Service Fund budget was not included in the county's budget document in 1997.
- D. The annual published financial statements of the county did not include the financial activity of some county funds.

### Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted disbursements.
- B. Ensure budgets for all county funds are prepared or obtained.
- C. Ensure budget documents are accurate and complete, receipts are appropriately classified, the Treasurer's disbursements are properly budgeted and reflected on the financial statements, and that all budgets are filed with the State Auditor's office.
- D. Ensure all county funds are included in the published financial statements.

### Status:



A&B. Not implemented. See finding number 01-1.

C. Partially implemented. Although the County Clerk included budgets for the Senior Citizens Service Fund in the county's budget and properly classified disbursements made directly by the County Treasurer, we noted that summary total errors and errors in the classification of transactions were still prevalent in the budgets. See finding number 01-1.

D. Not implemented. See MAR finding number 1.

2. County Treasurer's Bank Reconciliations

At December 31, 1997, the Treasurer's bank reconciliation included many corrections for old voided outstanding checks, bank errors, and other reconciling items, and the Treasurer's records understated the county's cash balance by approximately \$12,000.

Recommendation:

The County Treasurer should investigate these corrections and make the appropriate entries in the accounting records. In the future, care should be taken to maintain an accurate fund ledger and reconciling items should not remain unadjusted for extended periods of time.

Status:

Implemented.

3. Property Tax Book Controls and Procedures

A. The County Commission did not have sufficient assurance that changes made to the property tax system data by the County Assessor were proper.

B. The County Clerk did not maintain an account book with the County Collector.

C. The computer program did not generate tax book page or control totals.

Recommendation:

A. The County Commission establish procedures so that the County Assessor does not record abatements or additions into the computerized property tax system or ensure that an independent, subsequent comparison of these changes to tax book change orders is performed.

B. The County Clerk establish and maintain an account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.

- C. The County Commission authorize programming changes to print future tax books with the appropriate control totals. This should include page totals and a summary page of all page totals.

Status:

- A. Partially implemented. The County Commission approves annual reports of changes in assessments posted by the County Assessor; however, there is no comparison of these changes to the additions and abatements recorded by the County Collector. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The County Clerk established an account book; however, only the monthly collections reported by the County Collector are recorded in the account book. See MAR finding number 4.
- C. Implemented.

4. County Disbursements

- A. The county did not adequately document bid information obtained.
- B. The County Commission distributed road and bridge monies to the three benefit assessment special road districts and one special road subdistrict within Miller County without a written agreement outlining the services to be provided.
- C. Neither the County Treasurer nor the County Clerk maintained a listing of disbursements by check number in numerical sequence.

Recommendation:

The County Commission:

- A. Solicit bids for purchases in accordance with Section 50.660, RSMo. Documentation of bids solicited and justification for bid awards should be retained. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Discontinue allocating road and bridge monies to special road districts and subdistricts, unless a written agreement is obtained. This agreement should include a system to monitor road district disbursements of distributions from county monies.
- C. Maintain a listing of disbursements in numerical sequence and document procedures

performed to account for the numerical sequence.

Status:

- A. Partially implemented. The County Commission retained documentation of bidding and purchasing decisions for several purchases. However, a purchase made by the Sheriff's department for computer equipment and software was not bid and the County Commission did not adequately document the selection of concrete suppliers for road maintenance projects. Although not repeated in our current report, our recommendation remains as stated above.

B&C. Implemented.

5. Shelter for Victims of Domestic Violence Fund

During the three years ended December 31, 1997, fees totaling \$11,936 were collected and deposited into the Shelter for Victims of Domestic Violence Fund. No monies had been expended from this fund since March 1988. In addition, the county had no plans to distribute these funds to support local shelters which provided services to Miller County residents.

Recommendation:

The County Commission seek out potential users for the Shelter for Victims of Domestic Violence Fund monies.

Status:

Partially implemented. The County Commission distributed over \$40,000 to local shelters during the year ended December 31, 2000, but has not distributed additional monies collected since that time. At December 31, 2001, the fund had a balance of over \$4,500. The Commission should continue to provide domestic violence shelter services to county citizens directly or continue to support local shelters that provide such services to county citizens. Although not repeated in our current report, our recommendation remains as stated above.

6. Federal Financial Assistance

- A. The Sheriff's department received funds from the U.S. Department of Justice, Drug Enforcement Administration, for the Domestic Cannabis Eradication/Suppression Program. The Sheriff's department made a lease payment from grant funds and a buyout payment from county funds for camera equipment on the same day. Federal regulations did not allow purchases of equipment with these funds.

- B. The Sheriff leased radio equipment in 1995 however, the Sheriff's department did

not maintain a copy of the original invoice or lease agreement.

Recommendation:

The County Commission and the Sheriff consult with the grantor agency to resolve the questioned costs and ensure future compliance with applicable federal regulations. In addition, the Sheriff should:

- A. Ensure all future purchases are allowable under the program restrictions.
- B. Maintain copies of original invoices or lease agreements of equipment acquired through the Missouri Sheriff's Association or other federal programs.

Status:

A&B. Partially implemented. The Sheriff could not locate invoices for all expenditures made during the two years ended December 31, 2001, and there was no evidence that the Sheriff's department consulted with the grantor agency to resolve the prior questioned costs. We reviewed copies of invoices obtained from the grantor agency and it appears that expenditures made during the current audit period were allowable under program restrictions. Although not repeated in our current report, our recommendation remains as stated above.

7. Construction of a New Law Enforcement Facility

The County Commission did not document the procedures or reasons for the selection of the financial advisor, architect, or project administrator for the construction of the new jail.

Recommendation:

The County Commission maintain complete documentation of the procurement and purchasing decisions when awarding contracts for the jail project and other major construction projects.

Status:

Partially implemented. The County Commission properly documented bidding procedures and decisions for the courthouse phase of the construction project. There have been no additional selections of financial advisors, architects, or project administrators because the original agreement for these services included both the jail and courthouse phases of design and construction. Although not repeated in our current audit report, our recommendation remains as stated above.

8. General Fixed Asset Records

- A. The fixed asset records had not been updated since 1995 and the County Clerk did not periodically inventory county assets and compare the results of that inventory to the records. County property was disposed of by county officials or department supervisors in the manner they considered appropriate and, as a result, the County Commission and County Clerk were sometimes not aware of the disposal and did not remove the property item from the general fixed asset records.
- B. The County Clerk did not document that he performed quarterly inspections of county owned land and buildings.

Recommendation:

- A. The County Clerk properly record property additions and deletions in the fixed asset records. In addition, the County Clerk should perform annual inventories of county assets and use the results of those inventories to correct the fixed asset records. Finally, the County Commission should establish a formal method of disposing of general fixed assets. Written authorization for all property dispositions should be obtained.
- B. The County Clerk document quarterly inspections of county-owned land and buildings as required by state law.

Status:

A&B. Not implemented. See MAR finding number 5.

9. Sheriff's Accounting Controls and Procedures

See our audit report on the Special Review of Sheriff's Office, Miller County, Missouri, for the period January 1, 1999 through August 11, 1999 and the year ended December 31, 1998 (report number 2000-06).

10. Prosecuting Attorney's Accounting Controls and Procedures

- A. 1. Receipt slips were not issued for some restitution payments.
  - 2. Restitution and bad check fee money orders that were to be deposited in the Prosecutor's trust account or remitted to the County Treasurer for deposit in the county's bank account were not endorsed immediately upon receipt.
- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks had not

been established.

- C. The trust account open-items list included errors, items which are owed to various individuals or the Prosecuting Attorney, and bank service charges which have not been followed up on or corrected in a timely manner.

Recommendation:

The Prosecuting Attorney:

- A. 1. Issue prenumbered receipt slips for all monies received and account for their numerical sequence. In addition, the method of payment indicated on each receipt slip should be reconciled to the composition of the monies deposited, transmitted to merchants, remitted to the County Treasurer, or remitted to the DOR.
- 2. Restrictively endorse money orders and checks for deposit or turnover to the County Treasurer immediately upon receipt.
- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Review the trust account's open items list and resolve any old open items, mistakes, errors, and reimbursable items in a timely manner. Reimbursement for office expenses should be requested from the County Commission and deposited to the trust account.

Status:

A-C. Not implemented. See MAR finding number 7.

11. W-12 Neighborhood Improvement District Project

It was not clear that the county's method of assessing project costs to property owners within the Neighborhood Improvement District (NID) boundaries was authorized by law. In addition, it was not clear that the special assessment revenues would ultimately be sufficient to retire the general obligation, special assessment bonds issued for this project.

Although the County Commission indicated it had consulted the special bond counsel and had been assured the assessment method was allowed by statute and the projected revenues would be sufficient to retire the project's debt, a written legal opinion or documentation of revenue projections had not been obtained to support the Commission's positions.

Recommendation:

The County Commission obtain a written legal opinion supporting the method of assessing project costs and document special assessment revenue projections to provide support that projected revenues will be sufficient to meet debt retirement requirements.

Status:

Not implemented. The County Commission indicated that they had requested but not received a written opinion from the special bond counsel. Although not repeated in our current report, our recommendation remains as stated above.

**SPECIAL REVIEW OF  
MILLER COUNTY SHERIFF'S OFFICE  
FOR THE PERIOD JANUARY 1, 1999 THROUGH AUGUST 11, 1999  
AND THE YEAR ENDED DECEMBER 31, 1998**

1. Sheriff's Sale

On May 16, 1998, the Sheriff held a sale of surplus and unclaimed property. A complete listing of all items to be sold was not prepared and retained. In addition, a complete listing of all monies received was not maintained. Monies received from the sale were not deposited intact. Expenses related to the sale totaling \$678 and flowers for employees totaling \$35 were paid from the proceeds of the sale. The Sheriff received \$50 for working at the sale; however, state law does not allow for this additional compensation to the Sheriff. Total deposits of sale proceeds as of July 7, 1998, were \$225 less than receipts. The Sheriff did not require his father to pay gun permit fees for the six gun permits issued to him at the time of the sale.

Recommendation:

The Sheriff maintain complete listings of items offered for sale and monies received for any future sales. In addition, a report of each sale should be prepared and all sale proceeds deposited and/or paid to the County Treasurer in a timely manner, and gun permit fees need to be collected for all applicable gun permits.

Status:

There have been no sales of surplus or unclaimed property during the two years ended December 31, 2001. Proceeds from several trustee sales have been remitted to the appropriate party and gun permit fees were collected for applicable gun permits issued. Although not repeated in our current report, our recommendation remains as stated above.

2. Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated and there were no independent reviews of the work performed.
- B. 1. Receipt slips were not issued for some monies received and redi-form receipt slips were issued for some monies rather than official, pre-numbered receipt slips. In addition, the numerical sequence of receipt slips was not accounted for properly.  
  
2. Receipts were not deposited in a timely manner.  
  
Two bonds totaling \$1,530 were received but not deposited and were discovered to be missing when the court notified the Sheriff's office that the bond had not been remitted to them. In addition, a \$50 bond was received but not deposited; however, the shortage was not detected and corrected by the Sheriff.
- C. Cash control ledgers or other listings of receipts and disbursements were not complete and periodic book balances were not maintained for the various accounts. In addition, formal bank reconciliations were not prepared for any of the accounts.
- D. Monthly listings of open items (liabilities) were not prepared for the Inmate, Fine and Cost, and Bond and Garnishment Accounts.
  - 1. The total of the monies held for individual inmates exceeded the balance in the Inmate Account by \$148, and the Inmate Account open items listing included some balances that are being held for inmates who have been released.
  - 2. The open items listing for the Fine and Cost Account exceeded the cash balance by \$3,081 and included partial payments on cases dating back to 1991.
  - 3. The cash balance in the Bond and Garnishment Account exceeded the identified open items by \$837.
- E. 1. The Sheriff maintained custody of a Training and Equipment Account and a Petty Cash Fund bank account outside the County Treasurer.  
  
2. Bank interest totaling approximately \$1,300 had accumulated in the various bank accounts as of July 31, 1999.
- F. Adequate supporting documentation was not retained for some cash refunds made to inmates who were incarcerated only for short periods of time.
- G.1. The Sheriff's office had not maintained perpetual inventory records of commissary items.



2. The Sheriff maintained custody of the revenues generated through the sale of commissary items. Invoices to replenish the commissary inventory were paid from sales revenues.

Recommendation:

The Sheriff:

- A. Adequately segregate duties or establish procedures for independent review.
- B.1. Issue official, prenumbered receipt slips for all monies received and reconcile them to bank deposits, including composition. In addition, the numerical sequence of the receipt slips should be accounted for properly.
  2. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, the Sheriff should obtain reimbursement of the \$50 bond.
- C. Maintain complete and accurate cash control records and perform monthly bank reconciliations for the various accounts.
- D. Prepare and reconcile open items listings to cash balances monthly and investigate any differences.

In addition, we recommend the Sheriff:

1. Ensure reimbursement is obtained for the \$148 shortage in the Inmate Account. The Sheriff should attempt to refund balances to inmates which have been released and any monies remaining unclaimed should be disposed of in accordance with state law.
2. Along with the Associate Judge, review the older cases and determine the appropriate disposition of monies being held on inactive cases in the Fine and Cost Account.
3. Dispose of any unidentified monies remaining in the Bond Account.
- E. Turn over custody of the Training and Equipment Account and the Petty Cash Fund bank account and all future revenues to the County Treasurer. In addition, accumulated interest and all future interest should be turned over.
- F. Obtain adequate supporting documentation for any refunds not made by check.
- G.1. Maintain perpetual inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.

2. Turn over commissary proceeds to the County Treasurer, periodically. In addition, invoices to replenish the commissary inventory should be paid by the county.

Status:

- A. Partially implemented. The Sheriff's department has segregated accounting functions for the bank accounts by requiring two signatures on all checks and procuring the services of the County Treasurer for the performance of the monthly bank reconciliations. However, although the office manager reconciles the receipt slips issued and monies deposited, she is not independent of other related accounting duties and an adequate supervisory review is not performed. See MAR finding number 8.
- B.1,  
C&F. Implemented
- B.2. Partially implemented. Deposits appear to be made in a timely manner for the Sheriff's receipts except for gun permits which are deposited approximately once a week. Although not repeated in our current report, our recommendation remains as stated above.
- D. Not implemented. The current Sheriff no longer maintains the Fine and Cost or Bond and Garnishment bank accounts; however, monthly listings of open items are not prepared for the Inmate bank account. See MAR finding number 8.
  1. Not implemented. See MAR finding number 8.
  2. The current Sheriff no longer maintains the Fine and Cost account. The Associate Court resumed the duties of collecting and monitoring fine and cost payments during the year ended December 31, 1999.
  3. The former bond account was closed during the transition to the current Sheriff. The current Sheriff no longer maintains a separate bond account and there are no unidentified bond monies in the current Sheriff's bank accounts and records.
- E. The Training and Equipment and the Petty Cash Fund bank accounts were closed during the transition to the current Sheriff.
- G. 1. The current Sheriff no longer maintains commissary inventory. The commissary goods are provided to inmates through individual orders placed by inmates with a commissary vendor who operates the commissary from an external location.

2. Implemented. The current Sheriff now remits commissary profits to the County Treasurer after each commissary sale is conducted by the vendor. However, as stated above, the sheriff no longer purchases or maintains commissary inventory because an outside vendor operates the commissary from an external location. As a result, there are no invoices for commissary supplies which are paid by either the Sheriff or the County.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

MILLER COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1837, the county of Miller was named after John Miller, Governor of Missouri. Miller County is a county-organized, third-class county and is part of the 26th Judicial Circuit. The county seat is Tuscumbia, Missouri.

Miller County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Miller County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge - Road District #1 Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 400,340	12	403,769	12
Sales taxes	1,159,384	34	1,068,082	31
Federal and state aid	1,065,992	31	1,082,802	32
Fees, interest, and other	805,031	23	863,132	25
Total	\$ 3,430,747	100	3,417,785	100

The following chart shows how Miller County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge - Road District #1 Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,185,025	36	1,561,172	46
Public safety	757,880	23	671,955	19
Highways and roads	1,319,315	41	1,185,746	35
Total	\$ 3,262,220	100	3,418,873	100

During 2001 and 2000, the Capital Improvement Tax Fund had sales tax, intergovernmental revenue, charges for services, interest, and other receipts totaling \$1,676,562 and \$1,737,973 respectively. During 2001 and 2000, the Capital Improvement Tax Fund expended \$1,777,192 and \$1,651,619 respectively, for the operation of the jail.

The county maintains approximately 65 county bridges and 708 miles of county roads.

The county's population was 15,026 in 1970 and 23,564 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	179.0	171.3	85.1	26.6	17.7
Personal property		54.3	48.6	19.7	9.8	5.4
Railroad and utilities		43.6	39.9	40.7	30.7	14.7
Total	\$	276.9	259.8	145.5	67.1	37.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Miller County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.0320	.0430
Special Road and Bridge -Road			
District #1 Fund *		.2217	.2217
Health Center Fund		.1500	.1500
Senior Citizens Services Fund		.0500	.0500
Miller County Board for Services for the		.0819	.0819
Developmentally Disabled Fund			

\* The county retains all tax proceeds from areas not within road districts. The county has three road districts and one special road sub-district that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge - Road District #1 Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	79,287	75,395
General Revenue Fund		98,490	116,043
Road funds		559,641	547,866
Assessment Fund		117,706	111,480
Health Center Fund		383,020	342,090
Miller County Board for Services for the Developmentally Disabled Fund		214,077	203,080
School districts		7,664,421	7,296,807
Library district		333,275	362,207
Ambulance district		247,764	235,678
Fire protection districts		879,315	611,518
Fire protection districts - 2001 collections		71,759	0
Nursing Home District Fund		294,380	279,305
Nursing Home Bond Fund		94,389	91,213
Senior Citizens Service Fund		130,810	124,350
Surtax		109,341	113,659
Cities		20,216	20,786
County Clerk		477	364
County Employees' Retirement		70,903	65,010
Tri County Lodging Association		180,144	171,415
Tax Increment Financing Fund		267,319	274,505
Commissions and fees:			
General Revenue Fund		193,508	181,959
Total	\$	<u>12,010,242</u>	<u>11,224,730</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate	88 %		90 %
Personal property	90		89
Railroad and utilities	97		99
Tax Increment Financing - Payments in Lieu of Taxes	75		72

Miller County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Capital improvements		.0050	10/1/16	None



The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Dan Gier, Presiding Commissioner	\$	29,390	29,390
John Klindt, Associate Commissioner		27,390	
Bernard Evers, Associate Commissioner			27,390
David Whittle, Associate Commissioner		27,390	27,390
Clayton Jenkins, County Clerk		41,500	41,500
Robert Seek, Prosecuting Attorney		51,000	51,000
William Abbott, Sheriff		46,000	27,708
Tom Russell, Sheriff			2,549
Paul Plank, Sheriff			7,062
Danny Slone, County Treasurer		30,710	30,710
Rick Callahan, County Coroner		14,000	
Douglas Griswold, County Coroner			7,000
Janet Whittle, Public Administrator (1)		25,000	
Donna Urfer, Public Administrator (2)			14,781
Roger Bond, County Collector, year ended February 28 (29),	41,500	41,500	
Donald Jarrett, County Assessor (3), year ended August 31,		42,400	42,400
Gerard Harms Sr., County Surveyor (4)			

- (1) Effective January 1, 2001, the public administrator elected to receive a salary in lieu of compensation received from probate case fees.
- (2) Includes fees received from probate cases.
- (3) Includes \$900 annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

Linda Duncan, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Kenneth Oswald, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds	3 (1)	0
County Clerk	4	0
Prosecuting Attorney	7 (2)	0
Sheriff	20	0
County Treasurer	1 (2)	0
County Coroner	0	0
Public Administrator	0	0
County Collector	2	0
County Assessor	7	0
County Surveyor	2 (3)	0
Associate/Probate Division	1 (1)	4
Road and Bridge	24	0
Health Center	13 (4)	0
E 911	23 (5)	0
Jail	29 (2)	0
Total	<u>137</u>	<u>4</u>

- (1) One employee is paid part time by state and part time by county.
- (2) One employee is part time.
- (3) Two employees are part time.
- (4) Four employees are part time.
- (5) Seven employees are part time.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Miller County's share of the 26th Judicial Circuit's expenses is 18.52 percent.

The county has established two neighborhood improvement districts. General obligation bonds which were issued to finance the projects had remaining principal and interest due at December 31, 2001 of \$370,000 and \$234,900, respectively. Although these are general obligation bonds of the county, special assessments will be levied on the property located in the districts to pay the debt principal and interest.

The county entered into an amended lease purchase agreement with Central Trust Bank on August 1, 2001. The terms of the agreement call for the county to lease the new justice center to Central Trust Bank, then the bank leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$9,215,000 were issued by Central Trust Bank on behalf of the county and the proceeds of those certificates were used to construct a new justice center and to refund the outstanding Series 1996 Certificates of Participation which were issued to construct a new jail. The lease is scheduled to be paid off in 2016. The remaining principal and interest due on the lease at December 31, 2001, was \$9,215,000 and \$3,541,486. A one-half cent capital improvement sales tax was extended by the voters to provide funding for these obligations.

At December 31, 2001, the county had bonds payable of \$175,000 consisting of special revenue bonds dated December 19, 1991, to finance the cost of improvements associated with the county tax increment financing district. Bond principal is due annually on April 1 and carries no stated interest rate. Payments in lieu of tax are collected by the county to fund the bond payments and other costs associated with the tax increment financing district.



**DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-121  
December 31, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission.**

---

The operations of the Missouri Veterans Commission (MVC) and the various homes and statewide programs are primarily funded from the Missouri Veterans' Homes Fund (Home Fund) and the Veterans' Commission Capital Improvement Trust Fund (VCCITF), with some additional funding from the state's General Revenue Fund, the Veterans' Trust Fund, and from federal funds.

The VCCITF expenditures significantly exceeded revenues during the last two fiscal years, due to increases in the amounts spent on memorial grants and the Liberty Memorial in Kansas City, increases in construction, maintenance and repairs costs, and significant increases in the amounts transferred to the Home Fund. For fiscal years 1995 through 1999, the VCCITF received nearly \$102 million of the state's proceeds from gaming activities. As a result of legislative changes, since fiscal year 1999 the VCCITF has been allocated only \$3 million each year from the state's proceeds from gaming activities. With this reduction in new revenues to the VCCITF and no significant reduction in the expenditures, the balance in the fund has declined by nearly \$30 million in the most recent two fiscal years. Financial projections prepared by the Commission's fiscal staff show the fund will likely be depleted by the end of fiscal year 2005.

Despite significant amounts transferred from the VCCITF during the last three fiscal years, the Home Fund revenues have not kept pace with the operating and administrative costs of the homes. As of the end of fiscal year 2002, the balance in the Home Fund was approximately \$22,000. According the Commission personnel, overall operating costs of the homes have grown at a much greater pace than resident fees and U.S. Department of Veterans' Affairs per diem reimbursements, which are the primary revenues of this fund.

To ensure appropriate services to veterans can be continued and minimize the funding dependency on the state's General Revenue Fund, it appears additional funding is necessary and other grants and programs not involved with the operations of the homes and cemeteries must be curtailed or eliminated. The Commission recognized the potential problem and has been reviewing various funding options.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

# MISSOURI VETERANS COMMISSION

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDING .....	4-7
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	8-16

### Appendix

A	Comparative Statement of Appropriation and Expenditures Years Ended June 30, 2002 and 2001 .....	12
B	Comparative Statement of Expenditures (By Budget Object) Years Ended June 30, 2002 and 2001 .....	14
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments – Veterans’ Commission Capital Improvement Trust Fund Five Years Ended June 30, 2002 .....	15
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments – Missouri Veterans’ Homes Fund Five Years Ended June 30, 2002.....	16

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Charles R. Jackson, Director  
Department of Public Safety  
and  
Ronald L. Taylor, Executive Director  
Missouri Veterans Commission  
Jefferson City, MO 65102

We have audited the Department of Public Safety, Missouri Veterans Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policy.
2. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the commission's minutes of meetings, written policies, revenues, expenditures, contracts, and other pertinent procedures and documents, and interviewed commission personnel.

As part of our audit, we assessed the commission's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.



The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the Missouri Veterans Commission.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Public Safety, Missouri Veterans Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

July 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDING

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDING

**Missouri Veterans Commission’s Funds**

The operations of the Missouri Veterans Commission (MVC) and the various homes and statewide programs are primarily funded from the Missouri Veterans’ Homes Fund (Home Fund) and the Veterans’ Commission Capital Improvement Trust Fund (VCCITF), with some additional funding from the state’s General Revenue Fund, the Veterans’ Trust Fund, and from federal funds. During the audit period, the Home Fund and the VCCITF provided approximately 75 percent of the funding for the MVC and its homes and programs, while approximately 25 percent of the funding came from state general funds and federal funds.

As noted in Appendix C, the VCCITF expenditures significantly exceeded revenues in the two fiscal years ending June 30, 2001 and 2002. These unfavorable financial results were due to increases in the amounts spent on memorial grants and the Liberty Memorial in Kansas City, increases in construction, maintenance and repairs costs, and significant increases in the amounts transferred to the Home Fund to pay operating costs of existing and newly opened homes. In a two year period from July 2000 to June 2002, the balance of the VCCITF decreased from approximately \$81.5 million to \$52 million.

For fiscal years 1995 through 1999, the VCCITF received nearly \$102 million of the state’s proceeds from gaming activities. As a result of legislative changes, since fiscal year 1999 the VCCITF has been allocated only \$3 million each year from the state’s proceeds from gaming activities. With this reduction in new revenues to the VCCITF and no significant reduction in the expenditures, the balance in the fund has declined by nearly \$30 million in the most recent two fiscal years. Financial projections prepared by the Commission’s fiscal staff show the fund will likely be depleted by the end of fiscal year 2005. It appears some changes or fluctuations in expenditure patterns may allow the fund to continue briefly beyond fiscal year 2005.

As noted in Appendix D, despite the significant amounts transferred from the VCCITF during the last three fiscal years, the Home Fund revenues have not kept pace with the operating and administrative costs of the homes. As of the end of fiscal year 2002, the balance in the Home Fund was approximately \$22,000. According to Commission personnel, overall operating costs of the homes (existing and newly opened), particularly the various medical and pharmaceutical costs, have grown at a much greater pace than resident fees and U.S. Department of Veterans’ Affairs per diem reimbursements, which are the primary revenues of this fund. Federal reimbursements are adjusted each year for the inflation rate. Historically, resident fees have been adjusted at the same rate of increase as federal veterans administration pensions. However, there was a time period, 1998 through 2000, where there were no increases to resident fees. State law provides

for the Commission to establish fees which consider the income or other financial means of the resident, and the cost of care provided.

To ensure services to the residents can be continued, it appears additional funding is necessary and other grants and programs must be curtailed or eliminated. The continued authorization of construction, maintenance and repair costs, and additional programs or grant expenditures from the VCCITF without increased funding could prove detrimental to the veterans homes and veterans cemeteries. In addition, increasing operating costs of the homes without some adjustment to the residential fees will likely result in the need for continued transfers from the VCCITF or additional funding for home operations from the state's General Revenue Fund.

The Commission recognized the potential problem and has been reviewing various funding options (ie; increased residential fees, legislation to increase funding) to improve the financial condition of its funds. Legislation that would have increased the amount of transfers from gaming funds to the VCCITF did not pass in the most recent legislative session. The Commission is therefore giving consideration to a more appropriate level for resident fees. In addition to revenue increasing efforts, the Commission needs to reevaluate and eliminate costs where possible.

The Commission needs to closely monitor the ongoing financial condition of the VCCITF and the Home Fund with its primary goal being to provide necessary services to the residents in the state's veterans homes at a reasonable and appropriate cost.

**WE RECOMMEND** the Missouri Veterans Commission closely monitor the financial condition of the VCCITF and the Home Fund and develop a plan to sustain the solvency of the VCCITF and provide needed services through the veterans homes at a reasonable and appropriate cost. To minimize the funding dependency on the state's General Revenue Fund, other programs and grants not involved with the operations of the homes and cemeteries should be curtailed or eliminated.

### **AUDITEE'S RESPONSE**

*The Missouri Veterans Commission (MVC) appreciates the efforts of the staff of the State Auditor's Office and concurs with the recommendation.*

*The MVC recognizes the funding situation and agrees that the core programs should be the priority: Veterans Homes, Veterans Cemeteries, and Service to Veterans.*

*As established in 1994, the VCCITF was intended only for building veterans' homes and their maintenance. The use of the fund expanded, in part because the transfers to the fund significantly exceeded expectations. The size of the fund allowed the VCCITF to supplement the Home Fund and to reduce General Revenue contributions for the operations of the homes during recent years.*

*For the Homes' Program, the General Revenue funding as a percentage of total funding has dropped from 23.77 percent in fiscal year 1996 to 17.27 percent in fiscal year 2003. This places additional strains on the Home Fund and, ultimately, the VCCITF.*

*In addition, the Service to Veterans (STV) Program is funded 100 percent from General Revenue. The STV Program is statewide and assists veterans in receiving compensation and pension benefits from the federal Department of Veterans Affairs. In federal fiscal year 2001, Missouri veterans received \$449 million in compensation and pension benefits from the federal Department of Veterans Affairs.*

*Plans are underway to increase the revenue sources into the Home Fund to protect the Homes Program. Changes in the resident rate structure will factor in the increase in medical costs but continue to consider the veterans' ability to pay for their care.*

*In conclusion, the Commission plans to focus, as recommended, on ensuring the continued operations of its core programs. The Commission plans to operate these programs as efficiently as possible, prioritize the programs, and ensure that resident charges, while based upon income and assets, enable the Home Fund, with continued General Revenue support, to operate with minimal use of the VCCITF.*

This report is intended for the information of the Missouri Veterans Commission management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Veterans Commission is responsible for representing all Missouri veterans, ensuring their needs are met, and defending the entitlements due them. This is accomplished through various programs and services funded by the state and federal governments, as well as private and corporate contributions. Ongoing programs administered by the Commission include the Veterans Home Program, the Veterans Cemeteries Program, and the Service to Veterans Program.

The Commission operates seven long-term skilled nursing care facilities (veterans homes) with 1,153 beds. The number of available beds will increase to 1,350 upon completion of current construction projects. According to a survey completed by the federal Department of Veterans Affairs, Missouri has the largest number of veterans homes among the fifty states. Seven states do not have any state operated veterans homes, thirty-two states have three or fewer veterans homes, and the ten remaining states have four to six veterans homes. The Commission operates two cemeteries with two others currently under construction. According to federal Department of Veterans Affairs information, about two-thirds of the states maintain state funded cemeteries. Veterans service officers are located in almost every county of the state to provide counseling and assistance to veterans in identifying and applying for state and/or federal benefits.

The Missouri Veterans Commission is funded by five separate sources, as follows:

General Revenue: Annual appropriations from the state's General Revenue Fund are split between the Veterans Homes Program, Service to Veterans Program, and central office operations. The majority of these funds are used for the operation of the veterans homes.

Missouri Veterans' Homes Fund: This fund is comprised of resident fees from individuals living in the homes and per diem reimbursements from the federal Department of Veterans Affairs, and is the primary funding source for the operation of the homes.

Veterans' Commission Capital Improvements Trust Fund: This fund receives monies transferred from the Gaming Commission Fund and is used for the construction, maintenance, renovation, or equipment needs of homes; construction, maintenance, renovation, equipment needs and operation of cemeteries; and, fund transfers to the Home Fund to maintain the solvency of that fund. This fund has also been designated as the funding source for various memorial or museum grants and medallion or other recognition programs.

Missouri Veterans Commission-Federal Fund: Federal funds are provided to supplement the construction/renovation of homes and cemeteries.

Veterans' Trust Fund: This is a charitable fund that receives donations from businesses, individuals, or through the state income tax form check-off box. These funds can be used for any function of the Commission.

In 1931, the state legislature created the Office of State Service Officer. The State Omnibus Reorganization Act of 1974 combined the Missouri Veterans' Home at St. James and the Office of State Service Officer, and established the Division of Veterans Affairs within the Department of Social Services. Under the provision of Reorganization Plan No. 3 of 1981, submitted by the Governor and approved by the 80<sup>th</sup> General Assembly, all powers and duties of the Division of Veterans' Affairs were transferred from the Department of Social Services to the Department of Public Safety, Office of the Adjutant General. On August 28, 1989, the Division of Veterans' Affairs was replaced by the establishment of the Missouri Veterans Commission.

The Commission is composed of five veterans appointed by the Governor and confirmed by the Senate. The Commission appoints an Executive Director who implements policies and is responsible for the statewide management of veterans programs. The Executive Director reports regularly to the Commission concerning all aspects of program operations through quarterly Commission meetings.

Members of the Missouri Veterans Commission as of June 30, 2002, were:

<u>Member</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997 *
Donald J. Gralike, Vice-Chairman	November 2, 2003
Reginald L. Bassa, Member	November 2, 2000 *
Bernadette Miller, Member	December 11, 2004
Emmett W. Fairfax, Member	November 2, 2005

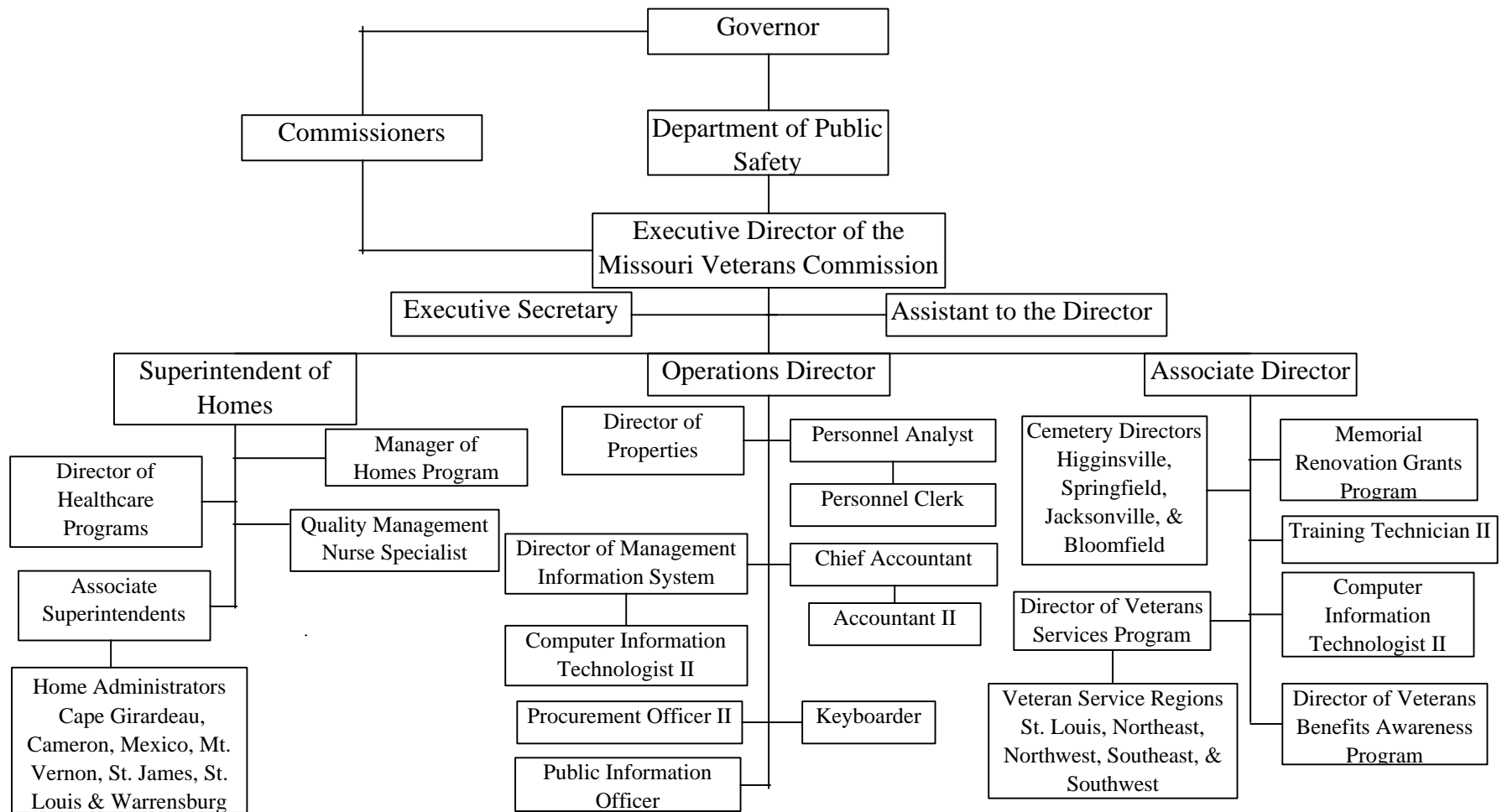
\* Term has expired. Member continues to serve until a successor is appointed.

Sam McVay was appointed Executive Director on December 1, 2000, and served until June 30, 2002. Ronald L. Taylor became Acting Director on July 1, 2002, and was appointed Executive Director on August 12, 2002.

The Missouri Veterans Commission employed 20 full-time employees in the central office and approximately 1,292 other full-time employees throughout the state as of June 2002. An organization chart follows.



DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
ORGANIZATION CHART  
JUNE 30, 2002



## Appendix A

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
	2002			2001		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>						
Demolition and Construction of St. James Veterans Home	\$ 0	0	0	16,908	16,908	0
Veterans Homes Personal Service ***	6,811,310	4,949,140	1,862,170	7,325,069	6,397,121	927,948
Veterans Homes Equipment and Expenses ***	341,121	218,319	122,802	341,121	294,271	46,850
Administrative & Services Personal Service	1,656,052	1,604,197	51,855	1,643,748	1,635,276	8,472
Administrative & Services Equipment and Expenses	278,999	242,729	36,270	278,999	278,999	0
Total General Revenue Fund	9,087,482	7,014,385	2,073,097 *	9,605,845	8,622,575	983,270
<b>MISSOURI VETERANS COMMISSION-FEDERAL FUND</b>						
Construction 100 Bed Dementia Unit	10,021,258	618,423	9,402,835 **	119,896	119,896	0
Veterans Cemetery Bloomfield	6,151,950	153,375	5,998,575 **	0	0	0
Veterans Cemetery Jacksonville	5,533,080	155,251	5,377,829 **	0	0	0
Demolition and Construction of St. James Veterans Home	0	0	0	68,502	12,457	56,045
Design Construction Cameron Veterans Home	256,032	141,082	114,950 **	609,063	609,063	0
Improvements Veterans Homes Statewide	15,781,162	3,617,693	12,163,469 **	2,177,946	2,177,946	0
Design Improvements Veterans Cemeteries	329,405	33,531	295,874 **	221,123	221,123	0
Total Missouri Veterans Commission-Federal Fund	38,072,887	4,719,355	33,353,532	3,196,530	3,140,485	56,045
<b>VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND</b>						
Statewide Maintenance Repair	451,720	383,193	68,527 **	48,280	48,280	0
Erosion Control	292,758	292,758	0	9,948	9,948	0
Construction 100 Bed Dementia Unit	3,304,955	46,781	3,258,174 **	568,767	568,767	0
Construction Outpatient Clinic Statewide	3,250,350	3,229,725	20,625 **	160,045	160,045	0
Veteran Cemetery Bloomfield	333,386	125,357	208,029 **	166,614	166,614	0
Construction Projects Missouri Veterans Home Cape Girardeau	1,401,936	1,212,931	189,005 **	179,596	179,596	0
Veterans Homes Personal Services ***	23,400	19,764	3,636	23,190	19,179	4,011
Design Construction 40 Car Parking Garage	50,000	50,000	0	0	0	0
Flooring and Resident	0	0	0	941,313	941,313	0
Veterans Cemetery Jacksonville	323,661	127,521	196,140 **	176,339	176,339	0
Construction Storage Facilities	277,611	277,611	0	9,262	9,262	0
Veterans Home Warrensburg	0	0	0	3,625	455	3,170
Design Construction Cameron Veterans Home	5,921	3,256	2,665 **	299,970	299,970	0
Veterans Memorial Grant	1,500,000	1,500,000	0	500,000	110,143	389,857
Design Construction St. James Veterans Home	0	0	0	90,632	86,698	3,934
Veterans Commission St. Louis Dementia Wing	1,498,803	11,594	1,487,209 **	1,196	1,196	0
Veterans Commission Mt. Vernon New Home	1,499,079	0	1,499,079 **	921	921	0
Veterans Commission New Clinics	2,427,169	1,886,209	540,960 **	17,830	17,830	0
Maintenance Improvement Statewide	0	0	0	57,065	45,160	11,905
Maintenance Missouri Veterans Homes Statewide	95,840	66,104	29,736 **	21,707	21,707	0
Improvement Veterans Homes Statewide	9,831,635	2,489,210	7,342,425 **	1,584,448	1,584,448	0

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
Design Improvement Veterans Cemeteries	33,349	0	33,349 **	224,585	224,585	0
Design Mexico, Cape Girardeau Veterans Homes	0	0	0	3,149	0	3,149
Administration and Service Personal Services	596,512	564,690	31,822	426,949	418,270	8,679
Administration and Service Equipment and Expenses	963,605	945,650	17,955	338,606	255,790	82,816
Design Construction Statewide Maintenance & Repair	500,000	0	500,000 **	0	0	0
Veterans Commission St. Louis Missouri Veterans Home Roof	71,156	0	71,156 **	0	0	0
Veterans Commission Cemetery Erosion	171,319	72,662	98,657 **	0	0	0
Veterans Commission Higginsville Cemetery	339,897	18,192	321,705 **	0	0	0
Veterans Commission Springfield Cemetery	339,897	17,178	322,719 **	0	0	0
Veterans Commission Cape Girardeau Patio	79,668	3,920	75,748 **	0	0	0
Veterans Service Officer Program	750,000	406,363	343,637	0	0	0
Liberty Memorial	10,000,000	10,000,000	0	0	0	0
Total Veterans' Commission Capital Improvement Trust Fund	40,413,627	23,750,669	16,662,958	5,854,037	5,346,516	507,521
MISSOURI VETERANS' HOMES FUND						
Managed by Facilities Management	22,278	8,153	14,125 **	11,139	8,153	2,986
Veterans Homes Personal Services ***	21,646,061	21,160,529	485,532	19,158,193	16,039,933	3,118,260
Veterans Homes Equipment and Expenses ***	11,930,991	11,165,425	765,566	10,092,475	9,645,170	447,305
Administration and Service Personal Services	460,221	435,392	24,829	457,911	439,428	18,483
Administration and Service Equipment and Expenses	724,353	617,081	107,272	675,384	675,384	0
Total Missouri Veterans Homes Fund	34,783,904	33,386,580	1,397,324	30,395,102	26,808,068	3,587,034
VETERANS' TRUST FUND						
Administration and Service Equipment and Expenses	12,500	12,500	0	12,500	11,722	778
Veterans Homes Equipment and Expenses ***	52,500	51,186	1,314	52,500	49,510	2,990
Total Veterans Trust Fund	65,000	63,686	1,314	65,000	61,232	3,768
Total All Funds	\$ 122,422,900	68,934,675	53,488,225	49,116,514	43,978,876	5,137,638

\* Commission personnel indicated the lapsed balance includes \$767,116 Personal Service withholdings made at the Governor's request from the General Revenue Fund in fiscal year 2002.

\*\* Biennial appropriations set up in fiscal year 2002 are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended fiscal year appropriation balance for a biennial appropriation is established in the next fiscal year. Therefore, there is no lapsed balance for a biennial appropriation.

\*\*\* These funds, although appropriated to the Veterans Commission by the General Assembly, are administered by the various veterans homes and will be audited during veterans home audits.

## Appendix B

### DEPARTMENT OF PUBLIC SAFETY MISSOURI VETERANS COMMISSION COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2002	2001
Salaries and wages	\$ 28,733,711	24,949,208
Travel:		
In-State	263,807	256,093
Out-of-State	17,702	23,719
Fuel and utilities	1,641,434	1,665,278
Supplies:	6,635,689	0
Administrative	0	396,584
Lab and medical	0	2,546,136
Merchandising	0	2,608
Repair, maintenance, and usage	0	465,102
Residential	0	1,873,107
Specific Use	0	96,136
Professional development	149,756	167,764
Communication services and supplies	336,489	279,630
Services:		
Health	0	245,566
Business	0	1,149,992
Professional	1,783,427	445,312
Housekeeping and janitorial	118,685	70,617
Maintenance and repair services	440,016	0
Equipment maintenance and repair	0	303,687
Transportation maintenance and repair	0	24,674
Equipment:		
Computer	346,983	419,584
Educational	0	407
Electronic	0	23,380
Medical and laboratory	0	139,390
Motorized	109,159	92,230
Office	163,326	129,461
Other	629,062	0
Specific Use	0	288,144
Stationary	0	22,009
Property and improvements	14,853,114	7,659,503
Building lease payments	23,698	14,046
Equipment rental and leases:	142,704	0
Equipment lease payments	0	24,191
Building and equipment rentals	0	73,857
Miscellaneous expenses	33,767	21,318
Program distributions	12,512,146	110,143
Total Expenditures	\$ <u>68,934,675</u>	<u>43,978,876</u>

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

Appendix C

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
RECEIPTS					
Cemetery Collections	\$ 62,550	34,650	20,550	0	0
Transfer from Gaming	3,000,000	3,000,000	3,000,000	38,905,493	53,876,014
Interest	2,762,357	4,974,513	4,335,608	3,233,102	1,391,614
Heating, Ventilation, & AC Project Reimbursement	1,099,010	0	0	0	0
Total Receipts	6,923,917	8,009,163	7,356,158	42,138,595	55,267,628
DISBURSEMENTS					
Cemetery Operations	924,321	674,060	657,678	19,488	0
Veterans Organizations Service Officers	406,363	0	0	0	0
Medals and Medallions	627,994	0	0	0	0
Memorial Grants	2,105,783	110,143	0	0	0
Liberty Memorial	10,000,000	0	0	5,000,000	0
Construction, Maintenance and Repair	10,314,203	4,543,133	3,717,553	15,503,251	2,113,353
Benefits	0	129,884	90,738	0	0
Transfer to Home Fund	7,820,000	6,350,000	1,055,000	0	0
Article X transfer	0	43,483	32,839	14,919	9,733
Other	263,761	19,179	7,659	0	0
Total Disbursements	32,462,425	11,869,882	5,561,467	20,537,658	2,123,086
RECEIPTS OVER(UNDER) DISBURSEMENTS	(25,538,508)	(3,860,719)	1,794,691	21,600,937	53,144,542
CASH AND INVESTMENTS, JULY 1	77,618,885	81,479,604	79,684,913	58,083,976	4,939,434
CASH AND INVESTMENTS, JUNE 30	52,080,377	77,618,885	81,479,604	79,684,913	58,083,976

Appendix D

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
MISSOURI VETERANS' HOMES FUND

		Year Ended June 30,				
		2002	2001	2000	1999	1998
RECEIPTS						
Veterans Administration Per Diem	\$	18,606,263	13,070,403	13,200,108	10,480,750	9,465,339
Resident charges		14,650,907	12,508,135	10,721,717	10,007,505	8,905,109
Community Based Outpatient Clinic Leases		31,616	0	0	0	0
Miscellaneous Receipts		226,675	177,839	222,950	136,911	130,448
Interest		50,825	78,750	98,118	113,160	170,644
Transfer from VCCITF		7,820,000	6,350,000	1,055,000	0	0
Total Receipts		41,386,286	32,185,127	25,297,893	20,738,326	18,671,540
DISBURSEMENTS						
Operating Costs		33,457,937	26,808,069	19,653,529	18,306,474	16,903,391
Fringe Benefit and Cost Allocation Plan Transfers		8,847,552	5,734,442	4,655,572	3,218,054	2,940,565
Total Disbursements		42,305,489	32,542,511	24,309,101	21,524,528	19,843,956
RECEIPTS OVER(UNDER) DISBURSEMENTS		(919,203)	(357,384)	988,792	(786,202)	(1,172,416)
CASH AND INVESTMENTS, JULY 1		941,428	1,298,812	310,020	1,096,222	2,268,638
CASH AND INVESTMENTS, JUNE 30		22,225	941,428	1,298,812	310,020	1,096,222

\* \* \* \* \*



**DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-120  
December 31, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Bellefontaine Habilitation Center.**

-----  
Non-appropriated client and facility monies are deposited into a fiduciary checking account that is maintained by personnel at the Bellefontaine Habilitation Center (BHC). All transactions and balances are maintained on the Non-appropriated Funds System (NAFS). BHC personnel are responsible for depositing receipts, disbursing funds, and reconciling the NAFS accounts for the BHC, St. Louis Developmental Disabilities Treatment Centers (SLDDTC), and the St. Louis Regional Center (SLRC). Our audit noted the following concerns:

- NAFS bank statement reconciliations for the BHC, SLDDTC, and SLRC contained over \$117,000 in adjustments. Adjustments are made to force bank statement balances to agree to the facilities' book balances and are not thoroughly reviewed or investigated.
- Bank statement reconciliations for the BHC, SLDDTC, and SLRC contained more than \$360,000 in outstanding checks. More than 100 of these checks were more than one year old.
- NAFS personnel do not perform monthly reconciliations of Mental Health Trust Fund (MHTF) balances.

The proper disposition of monies in a NAFS holding account at the BHC is unknown. NAFS personnel cannot provide a listing of clients who are entitled to \$22,981 of client monies in the holding account. Also, there is \$2,983 in miscellaneous subaccounts within the holding account that are unidentified.

Proper documentation is not maintained for all disbursements from the NAFS. Numerous NAFS checks were made payable to a local bank for cash. Because making checks payable to banks for cash increases the risk of misuse of monies, this practice should be prohibited.

North County Industries (NCI) is a not-for-profit corporation located on the grounds of the BHC to assist individuals in developing marketable skills and good work habits. Although NCI is set up as a private not-for profit corporation, its operations are primarily overseen by BHC personnel, who are paid from state monies. The total salaries paid to the 13 employees for time worked at NCI, from state funds, for the year ended June 30, 2002, was approximately \$234,000.

(over)

YELLOW SHEET



The BHC also provides NCI with five vehicles, fuel for these vehicles, utilities, and a facility on the BHC campus. In addition, during the year ended June 30, 2002, NCI billed BCH over \$13,150, for work that BHC clients, in the NCI program, performed on the campus. The Missouri Constitution prohibits the donation of public funds to a private corporation.

The Bellefontaine Habilitation Center's policy requires all client incidents and injuries be recorded, reviewed, and appropriately acted upon. Our review of ten incident and injury report files revealed the following concerns:

- All ten files contained at least two documents that were incomplete.
- None of the ten files contained any evidence of follow-up or disposition on the incident or injury.

Proper documentation is not maintained for all certified medical technicians. This certification is required for all employees who administer medications to clients. Upon our request for a current listing of medical technicians, personnel noted the listing contained more than 40 employees that no longer worked at the BHC. Documentation of meeting certification requirements was not kept for 139 technicians on the listing and 56 technicians on the listing had expired certifications.

The BHC has approximately 87 state-owned vehicles that are primarily used to transport clients, move goods between campus facilities and for employee travel. We noted vehicle logs were either incomplete or not used by some departments in accordance with BHC policy and that current check-out procedures do not provide adequate control over state-owned vehicles. Additionally, 45 of 87 vehicles were driven less than 5,000 miles during the year ended June 30, 2001. Low mileage can often indicate that a facility has too many vehicles or that a facility does not efficiently utilize vehicles.

The audit report also includes some other matters related to timekeeping procedures, employee recognition fund procedures, fire evacuation drills, and general fixed assets upon which the center should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	4-24
<u>Number</u>	<u>Description</u>
1.	Client Safety and Well-Being .....5
2.	Non-Appropriated Funds System Procedures.....8
3.	Canteen Procedures.....16
4.	North County Industries.....18
5.	Timekeeping Procedures.....20
6.	Employee Recognition Fund Procedures.....21
7.	General Fixed Asset Procedures .....22
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	25-32
<u>Appendix</u>	
A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2002 and 2001 .....29
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2002 and 2001 .....30
C	Comparative Statement of Client Receipts, Disbursements, and Cash Balances (From Non-Appropriated Funds), Years Ended June 30, 2002 and 2001 .....31
D	Comparative Statement of Mental Health Trust Fund Receipts, Disbursements, and Cash Balances (From Non-Appropriated Funds), Years Ended June 30, 2002 and 2001 .....32

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Mental Health Commission  
and  
Dorn Shuffman, Director  
Department of Mental Health  
and  
Ralph J. Sneed, Ph.D., Deputy Director/Acting Superintendent  
Field Services, Eastern District  
Bellefontaine Habilitation Center  
St. Louis, MO 63137

We have audited the Department of Mental Health, Bellefontaine Habilitation Center. The scope of this audit included, but was not necessarily limited to, the two years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the Bellefontaine Habilitation Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed various personnel of the Bellefontaine Habilitation Center.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, Bellefontaine Habilitation Center.

The Department of Mental Health Region XI is a consolidation of the St. Louis Regional Center, St. Louis Developmental Disabilities Treatment Centers, and the Bellefontaine Habilitation Center. The accompanying Management Advisory Report presents our findings arising from our audit of the Bellefontaine Habilitation Center. An audit report has been issued for the St. Louis Regional Center and for the St. Louis Developmental Disabilities Treatment Centers.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	B. Simpson
	Chris Vetter
	Shelley Wekenborg

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Client Safety and Well-Being</b>
-----------	-------------------------------------

- A. The Bellefontaine Habilitation Center's (BHC) policy requires all client incidents and injuries be recorded, reviewed, and appropriately acted upon. BHC policy also requires instances of alleged abuse or neglect be reported to the Quality Assurance department.
- 1) The policy assigns the Assistant Superintendent of Habilitation with the responsibility of ensuring appropriate corrective action is taken for each incident or injury. Furthermore, the policy requires the department's Data Processing Coordinator to maintain an automated database of these reports and prepare monthly reports to be submitted to the Quality Assurance Officer for analysis. Our review of ten incident and injury report files revealed the following concerns:
- a. All ten files contained at least two documents that were incomplete. Some of the significant information omitted from the documents included the location of the injury on the client's body, the names of the individuals notified about the client's incident or injury, and the signatures of Quality Assurance personnel indicating their review of the incident. In addition, six files contained documents that were not signed. Therefore, we could not determine who completed these documents.
  - b. Two of ten incidents (20 percent) reviewed were not posted to the Department of Mental Health's (DMH) database. This database is used to collect and analyze incident data to track follow-up and quality improvement activities. These incidents occurred in February and March 2002.
  - c. None of the ten files contained any evidence of follow-up on the incident or injury. In many cases, the disposition of the incident or injury was not documented. For example, one incident report was filed because an employee left clients in an unattended, locked home. However, there was no documentation in the file to suggest the employee was disciplined. Furthermore, it was indicated that neglect was not suspected, even though one of the clients in the unattended home required direct supervision from no more than 15 feet away at all times.

- d. Photographs of clients' injuries could not be located in four of seven applicable files (57 percent).
  - e. Reference numbers were not assigned to incident or injury reports. BHC policy requires personnel to assign a single document reference number to each incident and injury report. Furthermore, the policy requires all other related documents to be cross-referenced with the same document number.
- 2) BHC personnel initiate an investigation of alleged abuse or neglect incidents and report the results to the Board of Inquiry. Members of this board make recommendations to the Superintendent based upon the investigation reports. The Superintendent is responsible for the final disposition of each case. Five of ten abuse and neglect files (50 percent) reviewed contained incomplete documents. Some items omitted from the files included required incident and injury reports and follow-up on dispositions and recommendations.

It is imperative that personnel comply with BHC policy to ensure the safety and well-being of each client. All incident and injuries as well as alleged abuse and neglect incidents should be thoroughly documented and reviewed as required. In addition, all dispositions should be clearly documented and maintained in the clients' files.

- B. Proper documentation is not maintained for all certified medical technicians. The DMH and BHC policies require employees who administer medication to clients be certified under standards established by the Department of Elementary and Secondary Education. Employees must complete a written examination and administer medication under observation before obtaining certification. In addition, employees must be re-certified every two years.

Personnel within the Superintendent's office are currently responsible for monitoring the certification of medical technicians. The BHC's policy requires personnel to maintain a current listing of all medical technicians, including the term of certification as well as specific documentation, such as written examination scores. Upon our request for a current listing of medical technicians, personnel noted the listing contained more than 40 employees that no longer worked at the BHC, so a new listing was compiled. Our review of the revised listing, dated June 10, 2002, which included approximately 208 certified medical technicians, noted the following:

- 1) There was no supporting documentation for 139 (67 percent) technicians on the listing. Personnel did not maintain written test scores or clinical observation sheets for these technicians.



- 2) Numerous technicians' certification had expired. Fifty-six (27 percent) technicians' certification terms had ended, and there was no support to show the technicians had been re-certified as required by policy.
- 3) The term of certification was not listed for eight (4 percent) technicians. It could not be determined whether or not these technicians were properly certified.

Personnel stated that these exceptions appeared to be simply a lack of adequate record keeping and that the technicians were properly certified. Because of the lack of documentation, we could not verify the certification of numerous medical technicians. Without adequate documentation, BHC management cannot be assured medications are only being distributed to clients by certified personnel.

- C. It appears that fire evacuation drills were not always conducted as required by BHC policy. The policy requires fire evacuation drills to be conducted during each shift every quarter. Personnel at each client home contact the BHC switchboard operator when a drill is performed. The operator silences the alarm and records the beginning and ending time of the drill in a log book. Personnel conducting the drill then complete the required documentation. This documentation was forwarded to the Fire and Safety Specialist until December 2001. At that time, the specialist retired and the responsibility was given to personnel within the Quality Assurance department.

We determined that for the two quarters ended March 31, 2002, and December 31, 2001, 294 fire evacuation drills should have been performed in client homes. However, fire evacuation drill reports were only submitted for 288 drills, indicating that 6 required drills were not conducted. In addition, 75 (26 percent) of the fire evacuation drills conducted did not trace to an entry in the switchboard operator's log book. We could not determine if the switchboard operator failed to record the drill or if personnel submitted drill reports without actually conducting the drills.

Fire drills should be conducted as required by BHC policy to ensure clients and personnel are properly prepared in case of an emergency.

It is the responsibility of BHC management to ensure the safety and well-being of each client. Immediate attention and follow-up should be given to each of the deficiencies noted above.

**WE RECOMMEND** BHC management:

- A. Ensure all client incidents are fully documented as required by policy. In addition, BHC management should ensure a complete follow-up is performed and documented for each incident.

- B. Require personnel to maintain written test scores and clinical observations for each medical technician in accordance with policy and strictly monitor certification dates to ensure that only properly certified technicians are administering medication to clients. In addition, BHC management should ensure personnel keep an up-to-date listing of certified medical technicians.
- C. Ensure fire evacuation drills are conducted and properly documented in accordance with BHC policy.

### **AUDITEE'S RESPONSE**

- A. *We concur. BHC has taken appropriate steps to ensure compliance with the policy.*
- B. *We concur. Documentation was incomplete in this area and procedures have been developed to address this problem. However, BHC was able to verify that all staff passing medications were certified.*
- C. *We concur. BHC will properly document fire drills according to BHC policy.*

<b>2.</b>	<b>Non-Appropriated Funds System Procedures</b>
-----------	-------------------------------------------------

Non-appropriated client and facility monies are deposited into a fiduciary checking account that is maintained by personnel at the BHC. Client monies, such as income and benefits, are used to pay for things such as care, treatment, and personal items. Facility monies, or funds received from fundraisers and donations, are mostly used to purchase items that benefit a group of clients.

All transactions and balances are maintained on the Non-appropriated Funds System (NAFS). BHC personnel are responsible for depositing receipts, disbursing funds, and reconciling the NAFS accounts for the BHC, St. Louis Developmental Disabilities Treatment Centers (SLDDTC), and the St. Louis Regional Center (SLRC). Our review of the NAFS revealed the following serious concerns:

- A. A proper follow-up is not performed on adjustments made on the bank statement reconciliations or on the outstanding check lists. A review of the June 30, 2002, bank statement reconciliations indicated the following:
  - 1) NAFS bank statement reconciliations for the BHC, SLDDTC, and SLRC contained over \$117,000 in adjustments, excluding outstanding checks and deposits in transit.

<b>Entity</b>	<b>Positive Adjustments</b>	<b>Negative Adjustments</b>
BHC	\$ 57,393	\$ 43,691
SLDDTC	0	5,628
SLRC	397	9,955
<b>Total</b>	<b>\$ 57,790</b>	<b>\$ 59,274</b>

Source: NAFS bank statement reconciliations, 06/30/02

Adjustments are made to force bank statement balances to agree to the facilities' book balances. These adjustments are not thoroughly reviewed or investigated. According to personnel, these adjustments are usually due to posting or recording errors. Positive adjustments represent entries that increase the book balance when individual NAFS accounts show less money than shown on the bank statements. Conversely, negative adjustments decrease the book balances when the accounts show more money than shown on the bank statements.

Listings of individual adjustments are maintained for those errors that have been identified; however, some adjustment amounts are simply carried forward because the source of the errors has not been identified. According to these listings, most of the adjustments are made due to keying errors such as:

- monies deposited in the bank but not posted to the NAFS
- check amounts either incorrectly posted or omitted from the NAFS
- client monies incorrectly deposited to the facility account
- receipt amounts incorrectly posted to the NAFS
- checks posted to the NAFS which were actually voided

Since these adjustments had not been reviewed or investigated, we could not verify the propriety of the adjustments made on the bank statement reconciliations. It is imperative that NAFS personnel research individual errors and make the appropriate corrections in the NAFS rather than simply carrying forward the adjustments on the bank statement reconciliation. Ignoring these errors could allow the misuse or theft of NAFS monies to go undetected.

- 2) Bank statement reconciliations for the BHC, SLDDTC, and SLRC contained more than \$360,000 in outstanding checks.

<b>Entity</b>	<b>Outstanding Checks</b>
BHC	\$ 22,731
SLDDTC	37,370
SLRC	300,535
<b>Total</b>	<b>\$ 360,636</b>

Source: Bank statement reconciliations, 06/30/02

There are no procedures in place to follow-up on outstanding checks in a timely manner. Our review noted more than 100 of these checks were more than one year old. The oldest check had been carried forward on the outstanding check list since 1997. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- 3) There is a discrepancy between the actual NAFS book balance at June 30, 2002, and the book balance amount reported on the BHC bank statement reconciliation. The NAFS book, or trial balance report, indicates a balance of \$291,810, while the bank statement reconciliation states a book balance of \$287,810, or a difference of \$4,000.

It appears the discrepancy is partially due to the amount of petty cash reported. The bank statement reconciliation includes an \$8,500 adjustment for petty cash, while the NAFS trial balance reports petty cash of \$4,500. However, neither amount is correct; NAFS personnel maintain petty cash of \$6,000.

It is important to investigate discrepancies between the trial balance report and bank statement reconciliations and make appropriate corrections to ensure all NAFS monies are accounted for properly.

- B. NAFS personnel do not perform monthly reconciliations of Mental Health Trust Fund (MHTF) balances. Facility personnel maintain MHTF balances for their individual institutions, while the DMH maintains records for the MHTF on a department-wide basis. BHC personnel deposit Parent Association donations and other earmarked monies in this fund. We found that the NAFS balances are not reconciled to the DMH balances. As a result, BHC management cannot be assured these monies are accounted for properly, and errors cannot be detected in a timely manner.

At June 30, 2002, NAFS records indicated a MHTF balance for BHC of \$20,896, while DMH records showed a negative balance of \$169. BHC personnel explained that in the past two fiscal years, some MHTF monies were deposited to the state's general fund in error. According to personnel, the monies deposited in error could not be transferred to the MHTF because the fiscal year had ended by the time the errors were discovered. In an attempt to correct the errors, BHC personnel began making MHTF disbursements from the state's general fund. However, adequate documentation was not maintained to show the incorrect amounts deposited to, and subsequently spent from, the state's general fund. Therefore, we could not determine whether the correct amounts were recouped from the state's general fund. In addition, personnel indicated this problem was

now corrected; however, the NAFS balance still does not agree to the DMH balance.

Monthly reconciliations of MHTF balances are necessary to ensure MHTF monies are accounted for properly. If reconciliations had been completed, the errors would have likely been detected and corrected in a timely manner.

- C. More than \$20,270 is maintained in a NAFS holding account at the BHC and the proper disposition of these monies is unknown. The following types of monies make up the holding account balance:

Description	Total
Client monies	\$ 22,981
Theft control accounts	(5,692)
Other	2,983
Total	\$ 20,272

Source: NAFS trial balance, holding account,  
06/28/02

- 1) NAFS personnel cannot provide a listing of clients who are entitled to the \$22,981. Personnel indicated that sometimes client benefits are recorded in the holding account if received before a client's individual account is setup. However, once the account is setup, the monies are to be transferred from the holding account to the individual account. Personnel indicated that a significant portion of this balance has been unidentified and carried forward since 1998.
- 2) We were unable to determine what the balance in the "theft control accounts" represent. A former employee stole monies from the NAFS in 1993 and is required to make monthly restitution payments to the BHC. According to NAFS personnel, internal auditors for the DMH setup a subaccount within the holding account to adjust the NAFS for the amount of the stolen funds. However, there are also two other subaccounts which are used to account for the stolen funds. There is a deficit net balance in the subaccounts of \$5,692, which does not appear to accurately reflect the results of the 1993 theft.
- 3) Miscellaneous subaccounts within the holding account, totaling \$2,983, represent monies that are unidentified. The NAFS report categorizes these monies in subaccounts titled "nursing" and "keying errors." However, NAFS personnel could not identify the source or proper disposition of these monies.

Without documentation to identify the monies in the holding account, BHC management cannot be assured NAFS monies are accounted for properly. BHC management should investigate these accounts to determine why such a

significant amount of client and facility monies have been accumulated in the holding account. In addition, BHC management should implement a policy outlining procedures that require the disposition of unidentified monies to be determined in a timely manner.

- D. Proper documentation is not maintained for all disbursements from the NAFS. BHC policy requires all transactions to be completed within five working days from the time the monies are withdrawn. In addition, personnel are required to submit receipts or other documentation for all purchases. However, we noted the following instances where documentation was not available to support disbursements:

- 1) According to NAFS records, receipts for purchases supporting May 2002 client disbursements of \$2,956 were outstanding at June 30, 2002. NAFS personnel began tracking receipt slips in May 2002 using a spreadsheet that indicates the date, amount, and purpose of each disbursement as well as the client's name and the staff person requesting the monies.

We noted that at least five employees were allowed to withdraw \$1,240 of client monies even after they failed to return documentation to support prior withdrawals.

To ensure client monies are appropriately utilized, personnel who do not comply with BHC policy should be prohibited from withdrawing funds on behalf of clients.

- 2) Numerous NAFS checks were made payable to a local bank for cash. We noted the following concerns relating to disbursements of NAFS facility funds for the year ended June 30, 2002:
  - a) Checks totaling \$7,370, were made payable to a local bank for cash from the Parent's Association fund. We specifically noted disbursements of \$1,300 and \$375 for which there was no documentation regarding the use of these monies.
  - b) Similarly, \$740 in checks were cashed from the North County Industries fund. Documentation was not available to support \$170 of these disbursements.
  - c) There was no documentation to support \$700 in cash disbursements from the Waiver Homes fund.
  - d) A withdrawal form was completed for \$150 from the Assistive Technology fund. The form originally indicated the payment was to a hotel for two employees to attend a conference. However, the hotel name was crossed out and changed to "cash". No

documentation regarding actual use of these funds accompanied the withdrawal form.

Due to the volume of checks made payable to a local bank for cash, we did not test or report all transactions. Because making checks payable to banks for cash increases the risk of misuse of monies, this practice should be prohibited or, if these types of transaction are absolutely necessary, strict accountability standards should be enforced for these transactions.

- E. Required procedures are not followed to adequately monitor BHC's client balances. A client's eligibility for governmental benefits is jeopardized when their personal account balance exceeds \$1,000. Therefore, BHC policy requires action to be taken to reduce clients' balances when they exceed \$750. In addition, NAFS personnel are responsible for verifying client balances before disbursements are made. Based upon a review of a NAFS report dated June 30, 2002, we noted the following concerns:

- 1) Seventeen of the 380 client balances (4 percent) reached or exceeded \$1,000, jeopardizing future benefits. The largest client balance was \$1,631.
- 2) Three client accounts had negative balances. Overspending occurred because client balances were not adequately reviewed to ensure sufficient balances existed before disbursements were made. As a result, disbursements made on behalf of these three clients were made using, or borrowing, other clients' monies.

It is imperative that clients' balances and disbursements are closely monitored to ensure only a client's own funds are disbursed.

- 3) Sixteen (4 percent) of the client accounts, totaling \$1,881, have been designated as inactive. Accounts become inactive when the BHC no longer receives benefits on the client's behalf or when a client leaves or dies. Personnel should investigate these accounts and determine the proper disposition of these monies.

BHC management has a fiduciary responsibility to ensure its clients' balances and benefits are properly monitored. Without proper oversight and compliance with established procedures, management cannot be assured that client monies and benefits are protected.

- F. Several negative subaccount balances exist within the NAFS facility funds. A review of a NAFS trial balance, as of June 30, 2002, noted negative subaccount balances within the following funds:

<b>Facility Account Name</b>	<b>Subaccount Balance</b>
Waiver Home	\$ (6,618)
Canteen	(5,871)
Cottage Program	(107)
Parents Association	(4,107)
Holding Account	(13,192)
<u>Total Negative Balances</u>	<u>\$ (29,895)</u>
Source: NAFS trial balance, 06/28/02	

While these subaccounts were overspent, the facility funds contained other subaccounts with positive balances that offset the deficits. However, overspending indicates balances are not properly reviewed before disbursements are made. As a result, monies which are earmarked for other purposes are used to cover these deficit balances. BHC management should ensure disbursements which exceed individual subaccount balances are not made.

- G. There is no written guidance relating to the disbursement of the NAFS facility monies. According to a NAFS report dated June 30, 2002, approximately eight facility accounts were maintained, totaling \$78,096. Most of these monies are generated through fundraisers, donations, and contracts and are earmarked for specific purposes. However, NAFS personnel rely on verbal guidance in disbursing these monies which increases the risk that funds are not disbursed as intended. We noted one example where NAFS funds were used inappropriately.

Loans totaling \$827 were given to employees from the client welfare subaccount. According to BHC personnel, there were problems with the employees' paychecks, so the loans were given until the problems were resolved and then employees paid the monies back immediately. However, one employee currently makes \$10 payments to the BHC each pay period for a loan which was not immediately repaid.

Article VI, Section 23, of the Missouri Constitution prohibits any political subdivision of the state from granting or lending monies to an individual. BHC management should implement written policies for the disbursement of NAFS facility monies to ensure monies are used as intended.

BHC personnel have a fiduciary responsibility to ensure all non-appropriated monies, including clients' monies, are properly handled. Without proper controls and oversight, management cannot be assured these monies are utilized in a prudent and appropriate manner. Although no misappropriation of these monies was noted, it does not appear that current controls and procedures are adequate to detect the theft or misuse of non-appropriated monies. BHC management should take appropriate action to correct the deficiencies noted above.



**WE RECOMMEND** BHC management:

- A.1. Ensure personnel thoroughly investigate all errors, outstanding items, and adjustments and make appropriate corrections to the NAFS.
- 2. Ensure personnel follow-up on old outstanding checks and transfer all unclaimed checks to the state's Unclaimed Property program as provided by state law.
- 3. Investigate the difference between the NAFS trial balance and the amount shown on the bank reconciliation and make appropriate corrections to the NAFS.
- B. Require personnel to perform a monthly reconciliation of BHC and DMH MHTF records, investigate any differences, and make appropriate corrections when necessary.
- C. Implement a policy to ensure personnel determine the proper disposition of unidentified NAFS monies in a timely manner. In addition, personnel should make appropriate adjustments to properly account for the 1993 theft.
- D.1. Require personnel to submit receipt or other documentation to support all disbursements. In addition, BHC management should ensure that personnel who fail to submit documentation are prohibited from withdrawing additional client monies.
- 2. Prohibit the practice of making checks payable to a local bank for cash or, if these types of payments are absolutely necessary, enforce strict accountability and documentation standards for these transactions.
- E.1. Require monitoring of client account balances on a timely basis and ensure proper action is taken to reduce the balances when necessary.
- 2. Ensure expenditures are not made in excess of clients' balances.
- 3. Ensure each inactive account is investigated to determine the proper disposition of the account balance.
- F. Ensure expenditures are not made in excess of fund balances.
- G. Implement policies regarding the use of NAFS monies. In addition, BHC management should prohibit loans to BHC personnel.

**AUDITEE'S RESPONSE**

- A. *We concur. The recommendations will be implemented within the next three months.*
- B. *We concur. This has been implemented.*

- C. *We concur. BHC has implemented a policy to properly dispose of unidentified NAFS monies in a timely manner. BHC will continue to recoup the remaining balance of client funds stolen in 1993 in compliance with the court sentencing of the former BHC staff. BHC will also make appropriate adjustments to properly account for the 1993 theft.*
- D. *We concur. BHC has implemented the recommendations.*
- E. *We concur. BHC has taken appropriate action to address this finding.*
- F. *We concur. BHC staff will ensure sufficient client funds are available prior to authorizing NAFS expenditures.*
- G. *We concur. BHC will implement policies to control the use of the NAFS monies within the next three months. BHC in April 2001, discontinued the practice of loaning NAFS monies to staff when payroll errors occurred.*

<b>3.</b>	<b>Canteen Procedures</b>
-----------	---------------------------

BHC personnel operate a canteen that sells food, beverages, and other miscellaneous items to clients and employees. Dietary Department personnel order the merchandise, prepare the food, and determine the selling prices. Personnel determine the cost of meals by calculating a per unit price for the items used in preparing the meal and applying a 40 percent markup; however, personnel stated adjustments are sometimes made depending on the prices of similar meals sold within the community. The selling price of all other merchandise is determined by applying the same markup rate to the actual purchase price. Canteen monies are transmitted to the NAFS office daily. We noted the following concerns relating to the canteen:

- A. The balance in the canteen fund is significantly overstated. Several subaccounts in the NAFS make up the canteen fund. The following balances were reported as of June 30, 2002:

Subaccount Description	Subaccount Balance
Petty Cash	\$ 4,000
Sales Tax Payable	1,743
Operating	(7,162)
Client Welfare	11,015
Canteen Fund Balance	\$ 9,596

Source: NAFS trial balance, 06/28/02

After analyzing each of these subaccounts, we determined the following:

- 1) The canteen is operating at a loss. Receipts and disbursements relating to the canteen are recorded in the operating subaccount. As shown above, the balance of the operating account is negative, indicating an overall operating loss for the canteen. However, NAFS personnel continue to disburse monies from this subaccount.
- 2) The client welfare subaccount is incorrectly maintained within the canteen fund. The purpose of client welfare monies is to provide assistance to specific clients who receive no other benefits. Most of the revenues for this fund come from vending machine receipts which are not related to the canteen. Furthermore, because this fund is maintained within the canteen fund, it distorts the operating results of the canteen by offsetting its operating loss.
- 3) The petty cash of \$4,000 does not exist. Personnel cannot explain why the petty cash balance is recorded in the canteen fund. The actual amount of beginning cash used by the canteen is approximately \$630; however, these monies are accounted for separately in the NAFS.

An accurate canteen fund balance, representing actual canteen operating results, should be maintained to provide management with information to make informed decisions.

- B. Neither canteen nor NAFS personnel adequately monitor canteen operating results. Canteen personnel do not track monthly receipts and disbursements, and NAFS personnel do not provide canteen personnel with monthly canteen fund balances. As a result, no actions were taken to identify the reasons for the canteen's poor operating performance. In fact, for the year ended June 30, 2002, the average monthly receipts totaled \$5,793, while the average monthly disbursements totaled \$6,176. There was an operating loss during 11 of 12 months during the year.

Without adequate monitoring of canteen operating results, BHC management cannot be assured that all canteen monies are accounted for appropriately. In addition, BHC management cannot be assured the misuse or theft of canteen monies or merchandise would be detected in a timely manner.

- C. Periodic inventories of canteen merchandise are not performed. Physical inventories should be periodically taken by someone independent of canteen operations. The inventory balances should then be compared to purchase and sales records to reduce the possibility of misuse or theft of canteen merchandise.

Without performing inventories, BHC management cannot analyze the current prices of merchandise to ensure the canteen is operating efficiently or detect any misuse of canteen monies.

**WE RECOMMEND** BHC management:

- A.1. Perform a detailed analysis of canteen operations and take necessary action to ensure the canteen operates within available resources.
- 2. Remove the client welfare subaccount from the canteen fund so that canteen operating results are not distorted and to ensure client welfare funds are properly used.
- 3. Make appropriate adjustments to remove the \$4,000 entry for petty cash in the canteen fund.
- B. Ensure canteen and NAFS personnel work together to establish a reporting system that allows adequate monthly monitoring of canteen operating results.
- C. Require personnel to perform a periodic inventory of canteen merchandise to reduce the possibility of misuse or theft.

**AUDITEE'S RESPONSE**

- A. *We concur. BHC is taking appropriate steps to implement the recommendations within the next three months.*
- B. *We concur. BHC has taken appropriate action to address this finding.*
- C. *We concur. BHC has implemented the recommendations.*

<b>4. North County Industries</b>
-----------------------------------

North County Industries (NCI) is a not-for-profit corporation located on the grounds of the BHC. According to the articles of incorporation, NCI was established in 1978 as a federally certified client work program. Its mission is to assist individuals in developing marketable skills and good work habits to equip clients with a greater opportunity for competitive employment and community integration. The entire NCI Board of Trustees, including the treasurer, is made up of mentally retarded/developmentally disabled BHC clients. The board does not meet or make decisions regarding the activities of NCI. NCI monies are held in the BHC's NAFS. Directives to disburse monies are given by NCI management (state employees). We noted the following concerns relating to NCI:

- A. Although NCI is setup as a private not-for-profit corporation, its operations are primarily overseen by BHC personnel, who are paid from state monies. NCI is

operated and managed by 13 state-paid BHC employees. This includes one habilitation program manager, one habilitation specialist, 11 developmental assistants, and one accounting clerk. NCI management indicated that the developmental assistants spend approximately 75 percent of their time at NCI; the rest of their time is spent performing duties at the BHC. The total salaries paid to employees for time worked at NCI, from state funds, for the year ended June 30, 2002, was approximately \$234,000.

The BHC also provides NCI with five vehicles, fuel for these vehicles, utilities, and a facility on the BHC campus. In addition, during the year ended June 30, 2002, NCI billed BHC over \$13,160, for work that BHC clients, in the NCI program, performed on campus.

The providing of office space and personnel to the NCI appears to be a donation to a not-for-profit corporation. Article III, Sections 38 and 39 of the Missouri Constitution prohibit the donation of public funds to a private corporation.

- B. It appears NCI is subject to substantial fines because of its failure to meet the reporting requirements of a private not-for-profit corporation. Section 501(c) of the Internal Revenue Code requires not-for-profits with annual gross receipts of more than \$25,000 to file annual tax returns. NCI meets this criteria but has not filed any tax returns with the federal government. Section 6652(1)(A) sets a fine, up to \$10,000 per year, for not filing as required.

Failure to comply with the Internal Revenue Code places a significant liability on NCI and possibly the BHC.

- C. Sixteen checks, totaling \$704, were made payable to the bank for cash during the year ended June 30, 2002. Furthermore, supporting documentation was not available to support two (29 percent) of seven cash disbursements reviewed, totaling \$170.

Making checks payable to cash increases the risk of misuse of monies; this practice should be prohibited. In addition, adequate documentation supporting each disbursement is necessary to ensure monies are spent appropriately.

**WE RECOMMEND** NCI and BHC management:

- A. Evaluate the benefits and necessity of NCI's classification as a not-for-profit corporation. NCI and BHC management should research whether the NCI program should be continued as a state operated, client-based work program.
- B. Understand the reporting requirements and properly file tax information as required by the Internal Revenue Code.
- C. Prohibit the practice of making checks payable to the bank for cash.

## **AUDITEE'S RESPONSE**

- A. *We concur. BHC will evaluate North County Industries classification as a not-for-profit corporation and take appropriate action within the next three months.*
- B. *We concur. BHC will request the assistance of the Department's Legal Counsel to fully understand this issue and file all necessary documents required by the Internal Revenue Service.*
- C. *We concur. This practice has been discontinued.*

<b>5. Timekeeping Procedures</b>
----------------------------------

- A. Employee exception sheet information does not always agree to leave balance information. Employees are required to submit a time and attendance input record, or exception sheet, to timekeepers when using annual, sick, or other types of leave. Timekeepers key the exception information into the state's accounting system, which updates employees' leave balances.

Twenty-five employees' attendance and exception sheets were reviewed for the months of April 2002 and 2001, and October 2001 and 2000. Timekeepers could not locate two exception sheets for employees who took leave. In addition, the type of leave taken by four different employees, according to their exception sheets, did not agree to the type of leave keyed into the computer system by the timekeepers. Timekeeping personnel stated these discrepancies occur when employees or supervisors fail to submit exception sheets in a timely manner or when an employee does not have an adequate leave balance for the type of leave taken. Under these circumstances, the timekeepers decide how to record the leave. Adequate communication between timekeepers and employees is necessary to ensure employees' leave balances are appropriately adjusted.

- B. Compensatory balances are not adequately monitored. BHC policy states that no employee shall accumulate more than 40 hours of compensatory and holiday leave. However, a report of leave balances, dated June 3, 2002, revealed that numerous employees were allowed to accrue balances in excess of 40 hours. Of 280 employees reviewed, 136 (49 percent) leave balances exceeded the maximum accrual allowed by policy, with the highest leave balance totaling 537 hours.

During June 2002, Department of Mental Health (DMH) personnel made a decision to reduce employee compensatory and holiday leave balances of certain facilities, which included the BHC, due to the significant liability associated with the facility's balances. Employees received payment for the total amount of compensatory time accumulated and total accrued holiday time in excess of 85 hours. It appears employees are still allowed to carry leave balances in excess of what is allowed by BHC policy since balances were only reduced to 85 hours.

Personnel should properly monitor leave balances for compliance with facility policy to avoid increasing its liability to provide monetary compensation to employees upon termination.

**WE RECOMMEND** BHC management:

- A. Ensure employee exception sheets are submitted to timekeepers in a timely manner. In addition, we recommend BHC management ensure the type of leave recorded on the exception sheets agrees with the type of leave deducted by the timekeepers.
- B. Require personnel to monitor compensatory and holiday leave balances and, where possible, compensate or grant time off to those employees with balances exceeding the maximum allowable hours.

**AUDITEE'S RESPONSE**

- A. *We concur. BHC has implemented this recommendation.*
- B. *We concur. BHC has implemented a policy to monitor leave balances to ensure balances do not exceed the maximum allowable hours.*

<b>6. Employee Recognition Fund Procedures</b>
------------------------------------------------

The Employee Recognition and Employee Relation Committees hold monies in a checking account called the Employee Recognition Fund. Cash awards and recognition gifts are given to employees for things such as perfect attendance, good performance, retirement, and holidays. In addition, the fund is used to pay for employee picnics and luncheons throughout the year.

Eighty-eight and 89 percent of Employee Recognition Fund receipts were from vending machine sales during the two years ended June 30, 2002 and 2001, respectively. These vending machines are placed throughout the BHC campus and are used by BHC employees, clients, and visitors. The remainder of receipts is from donations and fundraisers. The total disbursements from the fund for the years ended June 30, 2002 and 2001, were \$14,837 and \$14,122, respectively. The fund's ending balances were \$10,612 and \$6,419 for the same time periods.

Thirteen checks, totaling \$13,460, were made payable to cash during the two years ended June 30, 2002. In addition, there was inadequate documentation to support nine of thirteen disbursements (69 percent) reviewed. The following are examples of some of the transactions that were not adequately documented:

- Approximately \$9,530 in cash was distributed to employees during Christmas time in December 2002 and 2001. The cash was given to supervisors to be handed out to employees. Although supervisors signed for the monies, there was no listing of the individual employee names of those who actually received the monies.
- One supervisor requested \$25 to take client workers to lunch. However, no documentation regarding the use of these monies was provided.

Making checks payable to cash increases the risk of misuse of monies; this practice should be prohibited. In addition, adequate documentation supporting each disbursement is necessary to ensure monies are spent appropriately.

**WE RECOMMEND** the Employee Recognition and Relation Boards prohibit the practice of making checks payable to cash, and require supporting documentation to be maintained for all disbursements.

### **AUDITEE'S RESPONSE**

*We concur. BHC has implemented the recommendations.*

<b>7.</b>	<b>General Fixed Asset Procedures</b>
-----------	---------------------------------------

- A. The BHC has approximately 87 state-owned vehicles that are primarily used to transport clients, move goods between campus facilities, and for employee travel. BHC policy requires its Maintenance Department personnel to control vehicle usage by maintaining all keys and vehicles logs. We noted the following concerns regarding state-owned vehicles:
- 1) Vehicles logs were either incomplete or not used by some departments in accordance with BHC policy. Personnel indicated each department is responsible for controlling its own vehicles. We reviewed vehicle documentation for five departments (Security, Maintenance, Dietary, Mechanic, and North County Industries) at the BHC and determined that vehicle mileage and the purpose of the trip was not documented by personnel in the Mechanics, Maintenance, and North County Industries departments.
  - 2) Current check-out procedures do not provide adequate control over state-owned vehicles. Personnel indicated that vehicles and vehicle keys are sometimes misplaced because they are not returned to the location where they were checked out. In addition, personnel indicated that vehicles are sometimes returned damaged without police reports.



- 3) Forty-five of 87 vehicles (52 percent) were driven less than 5,000 miles during the year ended June 30, 2001. Information regarding vehicle mileage for the year ended June 30, 2002, was not available. Low mileage can often indicate that a facility has too many vehicles or that a facility does not efficiently utilize vehicles. In fact, we noted instances where personnel received mileage reimbursements when using their personal vehicles for business travel instead of utilizing state-owned vehicles.

Adequate vehicle records are necessary to ensure state vehicles are properly accounted for and used for business purposes. In addition, based upon the utilization information that was available, it appears BHC management should consider reducing the size of its fleet.

- B. The BHC maintains a listing of general fixed assets. Since May 2001, a part-time employee became responsible for maintaining fixed asset listings and conducting inventories for the SLRC, SLDDTC, and the BHC. We noted the following concerns regarding general fixed assets at the BHC:

- 1) Numerous fixed assets could not be accounted for properly. We selected ten items on the general fixed asset listing but could not locate six, or 60 percent, of those items. Similarly, an additional six items located at the facility could not be found on the general fixed asset listing.
- 2) A physical inventory of general fixed assets was not conducted for the year ended June 30, 2002. State regulation 15 CSR 40-3.031 indicates that an annual physical inventory of all fixed assets should be performed and reconciled to the general fixed asset listing.

Adequate general fixed asset records are necessary to secure better internal controls over property and provide assurance to the public that assets purchased with taxpayer monies are properly utilized.

**WE RECOMMEND** BHC management:

- A.1. Ensure vehicle logs are accurately completed for all vehicles in accordance with BHC policy.
2. Enforce policies to ensure accountability of state-owned vehicles.
3. Evaluate the usage and necessity of all vehicles to ensure they are properly utilized.
- B.1. Ensure that the general fixed asset listing includes accurate information for all BHC assets.

2. Perform an annual physical inventory of assets in accordance with state regulation.

**AUDITEE'S RESPONSE**

- A. *We concur. BHC will evaluate the usage of vehicles to ensure vehicles are being used effectively.*
- B. *We concur. BHC will implement policies and procedures to address this issue within the next three months.*

This report is intended for the information of the management of the Bellefontaine Habilitation Center and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Bellefontaine Habilitation Center (BHC) is located in North St. Louis County. The facility was opened in 1924 and was operated by the City of St. Louis. The State of Missouri began operating the facility in 1948. Prior to 1983, the facility was known as the St. Louis State School and Hospital.

The BHC is currently certified as an Intermediate Care Facility for the Mentally Retarded Individuals (IFC/MR). The facility serves individuals living in St. Louis City, St. Louis County, St. Charles County, and Jefferson County. The St. Louis Regional Center (SLRC) evaluates individuals and serves as the entry point to the BHC. The BHC's primary purpose is to provide individual habilitation services to individuals who are mentally retarded or developmentally disabled.

The BHC campus is composed of units, Individualized Supported Living Arrangements, and administrative offices. The campus is located at 10695 Bellefontaine Road.

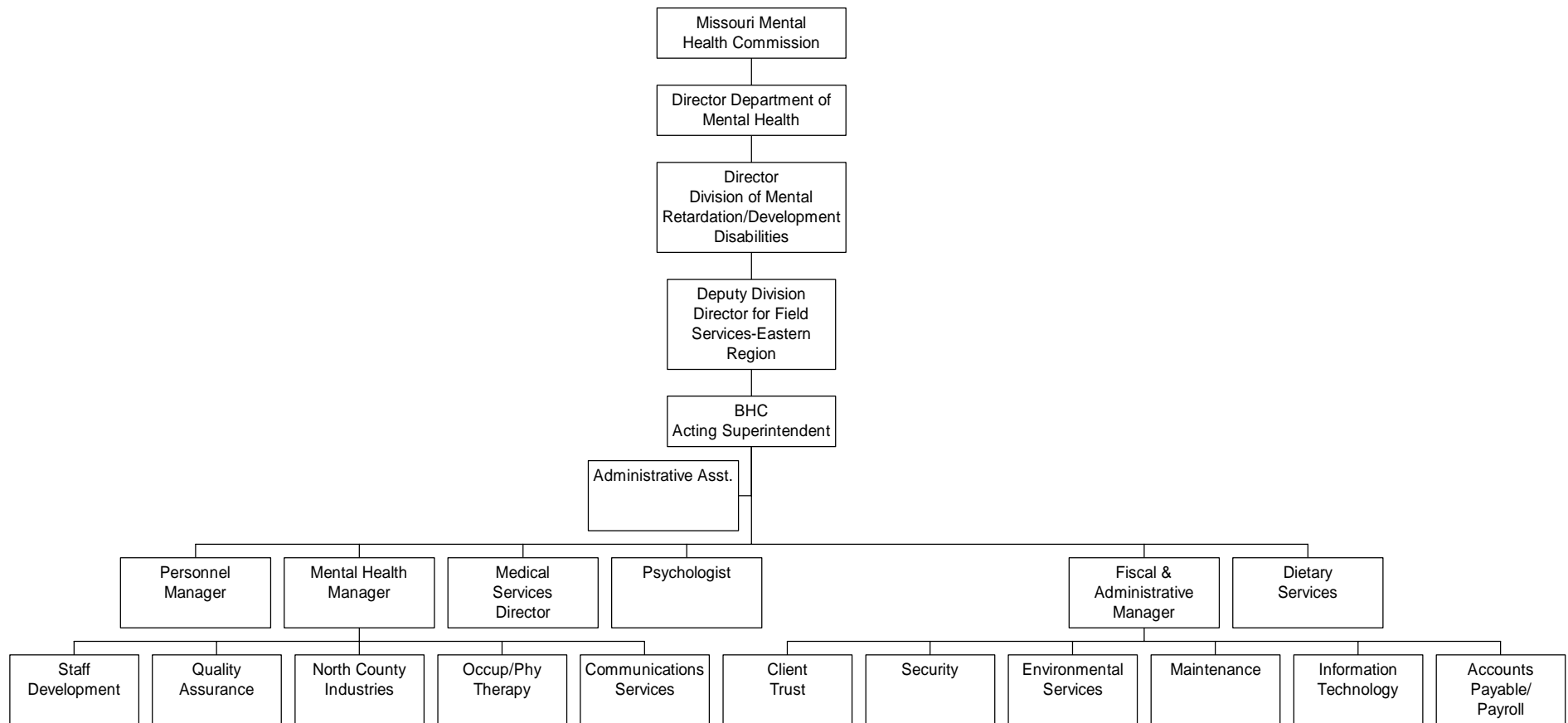
As of June 30, 2002, the BHC housed approximately 391 clients and employed approximately 875 personnel assigned to various administrative, service, and support sections.

The BHC, SLRC, and St. Louis Developmental Disabilities Treatment Centers (SLDDTC) make up the Department of Mental Health Region XI. The consolidation of these facilities was initiated in fiscal year 1989 to enhance the efficiency among the data processing, accounting, and record keeping departments.

In December 2000, Dr. Anne Deaton became the Director of the Division of Mental Retardation and Developmental Disabilities. At June 30, 2002, Dr. Ralph J. Sneed serves as Deputy Division Director for Field Services, Eastern Region, and is responsible for supervising and coordinating operations for Region IX. Kathy Hubbard served as BHC Superintendent until July 2002. As of August 1, 2002, Dr. Ralph Sneed serves as Acting BHC Superintendent.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH  
 BELLEFONTAINE HABILITATION CENTER\*  
 ORGANIZATION CHART  
 JUNE 30, 2002



\* Only personnel at the departmental level are included on this organization chart. There are numerous staff within each department and client units which include Unit managers, Unit Program Supervisors, Developmental Assistants, Clinical Social Workers, Registered Nurses, Physicians, Psychologists, Physical Therapists, Habilitation Specialists, Cooks, Dieticians, Custodians, and other personnel.

DEPARTMENT OF MENTAL HEALTH  
 BELLEFONTAINE HABILITATION CENTER  
 STATISTICAL DATA-CLIENT OCCUPANCY

	June 30,	
	2002	2001
Bellefontaine Habilitation Center Campus:		
Unit I	78	80
Unit II	68	70
Unit III	71	74
Unit IV	76	76
Unit V	86	87
Independent Supported Living Arrangements:	12	12
Total Clients:	391	399

Appendix A

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2002			2001		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE							
Personal Service	\$	19,350,963	18,924,765	426,198	21,071,794	20,627,642	444,152
Expense and Equipment		1,794,102	1,572,170	221,932	1,824,102	1,824,098	4
Total General Revenue Fund - State		21,145,065	20,496,935	648,130	22,895,896	22,451,740	444,156
DEPARTMENT OF MENTAL HEALTH FUND							
Personal Service		978,080	965,199	12,881	742,775	707,611	35,164
Expense and Equipment		526,906	526,905	1	361,906	361,897	9
Total Dept Mental Health Fund		1,504,986	1,492,104	12,882	1,104,681	1,069,508	35,173
Total All Funds	\$	22,650,051	21,989,039	661,012	24,000,577	23,521,248	479,329

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Bellefontaine Habilitation Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2002	2001
Personal Service	\$	424,639	318,752
Expense and Equipment		221,932	0
Total	\$	646,571	318,752

Appendix B

DEPARTMENT OF MENTAL HEALTH  
 BELLEFONTAINE HABILITATION CENTER  
 COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,			
		2002		2001	
		Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For BHC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For BHC
Salaries and Wages	\$	19,889,964	2,214,535	21,335,253	352,231
Travel Expenditures		19,223	444	18,941	0
Fuel and Utilities		0	679,710	1,147	766,659
Communication Services and Supplies		108,928	7,632	91,057	0
Other Supplies		1,415,156	85,710	1,543,160	50,069
Professional Services		386,645	42,774	265,899	8,363
Maintenance and Repair Expenditures		49,957	0	79,656	0
Equipment Expenditures		79,286	0	139,906	307
Property and Improvements		723	1,049,201	419	2,125,394
Building and Equipment Lease Payments		16,841	100	16,072	0
Miscellaneous Expenditures		22,316	111	29,738	11
Total Expenditures	\$	21,989,039	4,080,217	23,521,248	3,303,034



Appendix C

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER  
COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS, AND  
CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
CASH BALANCE, JULY 1	\$ 136,201	187,234
RECEIPTS	1,451,179	1,421,274
DISBURSEMENTS	<u>1,346,636</u>	<u>1,472,307</u>
CASH BALANCE, JUNE 30	\$ <u><u>240,744</u></u>	<u><u>136,201</u></u>

Note: The receipts and disbursements presented in this schedule include client benefits as well as vending, canteen, client payroll, and other facility monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH  
BELLEFONTAINE HABILITATION CENTER  
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,  
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		<u>Year Ended June 30,</u>	
		<u>2002</u>	<u>2001</u>
CASH BALANCE, JULY 1	\$	(6,628)	4,018
RECEIPTS		9,472	112
DISBURSEMENTS		3,013	10,758
CASH BALANCE, JUNE 30	\$	<u>(169)</u>	<u>(6,628)</u>

Note: The receipts and disbursements presented in this schedule primarily represent donations from the Parent's Association. According to BHC personnel, the negative balances occurred as a result of incorrectly depositing these monies to the state's general fund. See Management Advisory Report for more information about this fund.

\* \* \* \* \*



**DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-119  
December 20, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, St. Louis Developmental Disabilities Treatment Centers.**

-----  
St. Louis Developmental Disabilities Treatment Centers (SLDDTC) client monies, such as income and benefits, are either directly deposited or received by SLDDTC personnel and transmitted to the Bellefontaine Habilitation Center for deposit into a fiduciary checking account. All client transactions and balances are maintained on the Non-Appropriated Funds System (NAFS). Our audit noted the following concerns:

- Numerous client balances exceeded the maximum allowable balance which can jeopardize future client benefits.
- Inactive client accounts are not monitored or disposed of in a timely manner. More than \$7,000 was held in inactive client accounts.
- Some clients' balances were negative as a result of overspending. Expenditures for these clients were made using or borrowing other clients' monies.
- The oversight of client expenditures is inadequate. Personnel are allowed to withdraw monies, on behalf of clients, from the NAFS for clients' personal expenditures. However, SLDDTC policy requires personnel to deposit any unspent monies to the NAFS by the 10<sup>th</sup> day of the following month. We noted several instances where personnel did not adhere to this policy.

Furthermore, the NAFS contains numerous duplicative and obsolete SLDDTC facility funds. Aside from client monies, the NAFS includes facility funds such as commissions from vending, revenues from fund raisers, and other miscellaneous funds. There were more than 70 facility funds established for the SLDDTC, some of which were inactive, maintained for facilities or operations that no longer existed, or held monies that had not been disbursed in a timely manner.

Operating procedures for the canteens at some facilities were inadequate. Canteen receipts were not always deposited/transmitted intact on a timely basis. Also, some facility personnel did not maintain adequate records of canteen sales receipts. Therefore, we could not determine if sales agreed to the amount transmitted for deposit.

(over)

YELLOW SHEET

The facilities do not adequately monitor canteen operations and related financial activity or results. For example, a report dated April 30, 2002, indicated a deficit balance in the St. Charles Habilitation Center canteen fund of \$1,907. Operating losses occur when sufficient revenue is not generated to cover the costs of items purchased for resale. Adequate monitoring is necessary to detect and correct problems contributing to operating losses. These problems could include an inadequate pricing system for items sold or changes to inventories as a result of activities other than sales.

The procedures and records relating to the SLDDTC revolving fund are inadequate. The Department of Mental Health (DMH) issued a policy in 1998, outlining procedures for the use and maintenance of an institutional fund. This fund was established at \$4,000 and is maintained by the SLDDTC Administrative Office. Our review noted the following concerns:

- Monthly bank reconciliations are not performed on the revolving fund.
- Accurate records of cash transactions are not maintained for revolving fund transactions.

Procedures for tracking employees' time worked and leave balances are inadequate and do not allow personnel to detect errors. Compensatory balances are not adequately monitored. A significant number of employees have been allowed to accrue compensatory leave in excess of the maximum allowed. A SLDDTC policy limits the combined accruals of holiday and compensatory time to 40 hours per employee. A review of a leave balance report for the year ended June 30, 2001, revealed that more than 270 employees' balances exceeded 40 hours. During June 2002, the DMH reduced employee compensatory and holiday leave balances by paying employees for leave balances in excess of 85 hours. However, the 85 hour balance still exceeds the accruals allowed by SLDDTC policy.

The SLDDTC has approximately 51 state-owned vehicles that are primarily used by the habilitation centers, community residences, and administration building personnel. These vehicles are used by employees for business travel and providing assistance to clients. We noted vehicle logs were not maintained for 20 percent of the vehicles reviewed. Additionally, 40 percent of the vehicles reviewed were driven less than 5,000 miles in a year. Low mileage can often indicate that a facility has too many vehicles or that a facility does not efficiently utilize vehicles. During the year ended June 30, 2002, the SLDDTC expended approximately \$24,600 to reimburse employees for instate mileage costs.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	4-15
 <u>Number</u>	 <u>Description</u>
1.	Payroll and Personnel Procedures.....5
2.	Non-Appropriated Funds System Procedures.....6
3.	Canteen Procedures.....9
4.	Cash Procedures.....11
5.	General Fixed Asset Policies and Procedures.....13
 HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	 16-23
 <u>Appendix</u>	
A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2002 and 2001 .....20
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2002 and 2001 .....21
C	Comparative Statement of Client Receipts, Disbursements, and Cash Balances (From Non-Appropriated Funds), Years Ended June 30, 2002 and 2001 .....22
D	Comparative Statement of Mental Health Trust Fund Receipts, Disbursements, and Cash Balances (From Non-Appropriated Funds), Years Ended June 30, 2002 and 2001 .....23

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Mental Health Commission  
and  
Dorn Shuffman, Director  
Department of Mental Health  
and  
Ralph J. Sneed, Ph.D., Deputy Director  
Field Services, Eastern District  
and  
Jerry Clubbs, Acting Superintendent  
St. Louis Developmental Disabilities Treatment Centers  
St. Louis, MO 63141

We have audited the Department of Mental Health, St. Louis Developmental Disabilities Treatment Centers. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the St. Louis Developmental Disabilities Treatment Centers.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed various personnel of the facility.



As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, St. Louis Disabilities Treatment Centers.

The Department of Mental Health Region XI is a consolidation of the St. Louis Regional Center, St. Louis Developmental Disabilities Treatment Centers, and the Bellefontaine Habilitation Center. The accompanying Management Advisory Report presents our findings arising from our audit of the St. Louis Developmental Disabilities Treatment Centers. An audit report was issued for the St. Louis Regional Center on June 3, 2002, and a separate audit report will be issued for the Bellefontaine Habilitation Center.



Claire McCaskill  
State Auditor

June 30, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	A. Dailey
	B. Simpson

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Payroll and Personnel Procedures</b>
-----------	-----------------------------------------

Procedures for tracking employees' time worked and leave balances are inadequate and do not allow personnel to detect errors. Employees are required to record their daily arrival and departure times on a weekly attendance sheet. In addition, employees are required to submit a time and attendance input record, or exception sheet, to the timekeeper when using annual, sick, or other types of leave. The timekeeper keys the exception information into the state's accounting system which updates employees' leave balances. If no exceptions are keyed, the system generates a regular payroll check for each employee. We noted the following concerns:

- A. Compensatory balances are not adequately monitored. A significant number of employees have been allowed to accrue compensatory leave in excess of the maximum allowed. A St. Louis Developmental Disabilities Treatment Center (SLDDTC) policy limits the combined accruals of holiday and compensatory time to 40 hours per employee. A review of a leave balance report for the year ended June 30, 2001, revealed that more than 270 employees' balances exceeded 40 hours.

Facility	Number of Employee Balances Exceeding 40 Hrs.	Total Employees	Percentage	Highest Balance (Hours)
Administrative Office	5	48	10%	173.50
Community Residences	53	83	64%	312.00
Midtown	39	132	30%	133.25
South County	59	186	32%	524.50
St. Charles	47	157	30%	312.00
Northwest	74	201	37%	340.50

During June 2002, Department of Mental Health (DMH) personnel made a decision to reduce employee compensatory and holiday leave balances of certain facilities, which included SLDDTC, due to the significant liability associated with the facility's balances. Employees received payment for the total amount of compensatory time accumulated and total accrued holiday time in excess of 85 hours. It appears employees are still allowed to carry leave balances in excess of what is allowed by SLDDTC policy since balances were only reduced to 85 hours. SLDDTC personnel should properly monitor leave balances for compliance with facility policy and to avoid increasing its liability to provide monetary compensation to employees upon termination.

- B. Leave balances are not always appropriately adjusted to reflect leave used. According to weekly attendance sheets, 8 of 30 employees (26 percent) reviewed either left early, arrived late, or used several days of leave; however, no exception sheets could be located for these employees and their leave balances had not been adjusted for the leave used. In addition, 3 employees' leave balances (10 percent) were incorrectly adjusted due to keying errors. For example, one employee's balance indicated the use of 15 minutes of leave, while an exception sheet indicated the employee actually used 8 hours. Also, timekeepers could not locate 4 of 30 weekly attendance sheets (13 percent) chosen for review. Nineteen of 30 attendance sheets (63 percent) reviewed were not signed by supervisors.

While there are six full-time employees performing timekeeping duties, these errors were not detected. An accurate accounting for employees' time and a supervisory review of this documentation is necessary to ensure compliance with leave policies and to ensure employees are paid correctly. In addition, retention of important employee documentation is necessary to ensure time worked is adequately supported.

**WE RECOMMEND** SLDDTC management:

- A. Monitor compensatory balances and appropriately reduce those employees balances exceeding the maximum.
- B. Require timekeepers to perform a documented comparison of weekly attendance sheets to exception sheets, supervisors to document their review of weekly attendance sheets, and personnel to maintain documentation of records of time worked. In addition, SLDDTC management should ensure that discrepancies noted in employees' leave balances are corrected.

**AUDITEE'S RESPONSE**

- A. *We concur. DDTC has implemented a policy to monitor leave balances to ensure balances do not exceed the maximum allowable hours.*
- B. *We concur. DDTC has implemented this recommendation.*

<b>2. Non-Appropriated Funds System Procedures</b>
----------------------------------------------------

Client monies, such as income and benefits, are either directly deposited to the Bellefontaine Habilitation Center (BHC) or received by SLDDTC personnel and transmitted to the BHC for deposit into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for SLDDTC clients. All client transactions and balances are maintained on the Non-Appropriated Funds System (NAFS). Our review of the SLDDTC responsibilities for the clients' monies noted:

A. There is no written policy or procedure for monitoring client balances. A review of a report of client balances dated April 30, 2002, revealed the following concerns:

- 1) Numerous client balances exceeded the maximum allowable balance which can jeopardize future client benefits. Personnel indicated that action should be taken to reduce balances when balances exceed \$750, because client benefits are jeopardized when the balance exceeds \$1,000. However, 43 of 258 client balances (17 percent) exceeded \$750. Of these, 21 accounts exceeded \$1,000. There was no documentation to support that any actions had been taken to reduce the client's balances.

SLDDTC personnel should develop policies and procedures to ensure client's balances are properly monitored and appropriate actions are taken to reduce those balances so that client benefits are not jeopardized.

- 2) Inactive client accounts are not monitored or disposed of in a timely manner. More than \$7,000 is held in inactive client accounts. Fifteen of 258 individual client accounts (6 percent) have been designated as inactive in the NAFS, indicating that benefits are no longer received on behalf of these clients. However, no actions have been taken to dispose of these accounts. The largest inactive account balance totaled more than \$1,400. An additional \$2,091 is held in a separate holding fund within the NAFS on behalf of other clients who are no longer at the SLDDTC. Personnel should investigate these accounts and determine the proper disposition of these monies.
- 3) Four clients' balances were negative as a result of overspending. Overspending occurs when accounts are not adequately monitored to ensure a sufficient balance exists before expenditures are made. As a result, expenditures for these clients were made using or borrowing other clients' monies. It is imperative that clients' balances and expenditures are closely monitored to ensure only a client's own funds are used for expenditures.

B. In some instances, the oversight of client expenditures is inadequate. Personnel are allowed to withdraw monies, on behalf of clients, from the NAFS for clients' personal expenditures. However, SLDDTC policy requires personnel to deposit any unspent monies to the NAFS by the 10<sup>th</sup> day of the following month. We noted the following instances where personnel did not adhere to this policy:

- 1) One client's unspent monies were never deposited to the client's account by personnel. Northwest Habilitation Center personnel requested \$300 on behalf of a client for household items; however, sales receipts submitted indicated total purchases of \$256. The NAFS records did not indicate a

deposit of the remaining \$44, and personnel could not explain the discrepancy.

- 2) Facility personnel held another client's unspent monies instead of depositing it to the NAFS in accordance with SLDDTC policy. South County Habilitation Center personnel requested \$600 to purchase clothing and bedroom items for a client. The first purchase was made April 24, 2001, and personnel continued to make purchases for the client through June 11, 2001, or one month after policy required the purchase to be completed and excess monies returned.
- 3) Checks were issued and held for several months before making a purchase for one client. Facility personnel requested four separate checks, totaling \$2,685, to purchase a specialized mattress system for the client. These checks were held at Midtown Habilitation Center for a period of five months before the purchase was made. Checks for client purchases should be issued to vendors and not held by facility personnel.

SLDDTC management has a fiduciary responsibility to ensure its clients' monies are requested, spent, and accounted for properly. Without proper oversight and compliance with established procedures, management cannot be assured that client monies are handled in a prudent and appropriate manner. Furthermore, discrepancies should be investigated promptly.

- C. The NAFS contains numerous duplicative and obsolete SLDDTC facility funds. Aside from client monies, the NAFS includes facility funds such as commissions from vending, revenues from fund raisers, and other miscellaneous funds. There are more than 70 facility funds established for the SLDDTC. The following are examples of funds that are no longer needed:

- 1) There are seven separate funds to account for vending commissions. However, commissions are currently received from only one vending company.
- 2) Another fund is maintained for a client home that no longer exists. In addition, a Midtown Habilitation Center canteen fund is maintained; however, a canteen is no longer operated at this facility.
- 3) Restitution monies totaling \$1,286 are maintained in one fund and have not been disbursed. According to SLDDTC personnel, these monies were placed in the fund under a prior administration as restitution for property damage caused by a client at the Northwest Habilitation Center.

SLDDTC personnel should determine the need for each NAFS fund and combine or eliminate those funds which are not utilized. In addition, personnel should determine the proper disposition of those monies held in old inactive funds.

**WE RECOMMEND** SLDDTC management:

- A.1. Require monitoring of client balances on a monthly basis and ensure appropriate actions are taken to reduce the clients' balances when necessary.
- 2. Ensure each inactive account, as well as the total in the holding fund, is investigated to determine the proper disposition of the these monies.
- 3. Ensure expenditures are not made in excess of clients' balances.
- B. Ensure unspent monies are deposited back to client accounts as required by facility policy and investigate the missing client monies. In addition, SLDDTC management should ensure checks for client purchases are not held by facility personnel.
- C. Thoroughly review each fund in the NAFS to determine the necessity of each fund. SLDDTC management should combine funds where possible, delete obsolete funds, and determine the proper disposition of monies held in old inactive funds.

**AUDITEE'S RESPONSE**

- A. *We concur. DDTC has implemented a process to monitor client balances on a monthly basis and take appropriate action.*
- B. *We concur. DDTC has implemented these recommendations.*
- C. *We concur. Within the next three months, DDTC will review each NAFS fund and delete funds that are no longer necessary.*

<b>3. Canteen Procedures</b>
------------------------------

Operating procedures for the canteens at some facilities are inadequate. The South County, St. Charles, and Northwest Habilitation Centers have canteens which sell food, beverages, and other small items to clients and employees. Canteen receipts from the South County and Northwest Habilitation Center are transmitted to the BHC for deposit into the NAFS. Canteen receipts from the St. Charles Habilitation Center are deposited directly to the bank. We noted the following concerns:

- A. Canteen receipts are not deposited/transmitted to the BHC intact on a timely basis. In addition, adequate records of sales are not maintained or reconciled to receipts prior to depositing/transmitting the monies.

- 1) South County Habilitation Center records indicate that over a seven-month period, receipts were held an average of one month prior to transmitting to the BHC for deposit. In addition, the average deposit totaled \$525.

Also, on February 2, 2002, total cash on-hand totaled \$334, while records indicated total canteen sales of \$119. South County Habilitation Center personnel stated that the overage of \$215 was most likely an accumulation of overages over a long period of time, because personnel simply transmit an amount of cash equal to monthly sales recorded rather than reconciling the cash drawer; therefore, shortages or overages go undetected. Without adequate records, it cannot be determined if excess monies were received or if sales were not recorded.

- 2) St. Charles Habilitation Center personnel did not maintain adequate records of sales receipts. Therefore, we could not determine if sales agreed to the amount transmitted to the BHC for deposit. On March 13, 2002, cash-on-hand totaled \$569. St. Charles Habilitation Center records indicated monies were last transmitted to the BHC on December 12, 2001, or more than three months earlier.

In addition, personnel indicated that sometimes monies from the cash drawer are used to purchase additional items for the canteen. This procedure does not allow for a proper accounting of receipts.

To ensure receipts are accounted for properly, records of canteen sales should be maintained and reconciled to amounts deposited/transmitted. In addition, monies should be deposited/transmitted intact on a timely basis to reduce the risk of loss or misuse.

- B. The facilities do not adequately monitor operations and related financial activity or results. Our review noted that deficit balances exist in two of the canteen funds. A report dated April 30, 2002, indicated a deficit balance in the St. Charles Habilitation Center canteen fund of \$1,907. Also, the Northwest Habilitation Center canteen fund's deficit balance totaled \$197; this site's canteen was temporary closed during April 2002 due to the losses it was incurring. Operating losses occur when sufficient revenue is not generated to cover the costs of items purchased for resale.

Deficit fund balances could indicate problems with the canteen operations. These problems could include an inadequate pricing system for items sold at the canteen or changes to inventories as a result of activities other than sales. To adequately monitor canteen operations and to reduce the risk of loss or misuse of funds, the facilities should determine the cost of goods sold and calculate the net profit or loss of the canteen. Any net losses or unusual fluctuations in net income should be investigated and any explanation documented.



**WE RECOMMEND** SLDDTC management:

- A. Require personnel to deposit/transmit canteen receipts intact to the BHC in a timely manner and maintain and reconcile records of sales to actual collections daily.
- B. Monitor canteen operations through periodic reviews of changes in inventory levels for the canteen and by calculating a cost of goods sold. All losses and any unusual fluctuations in performance levels should be fully investigated and any explanations documented.

**AUDITEE'S RESPONSE**

*A&B. We concur. DDTC has implemented procedures to address these issues.*

<b>4. Cash Procedures</b>
---------------------------

- A. The procedures and records relating to the SLDDTC revolving fund are inadequate. The DMH issued a policy in 1998, outlining procedures for the use and maintenance of an institutional fund. This fund was established at \$4,000, and is maintained by the SLDDTC Administrative Office. These monies are available to all SLDDTC facilities to be used for miscellaneous or emergency purchases. A review of the fund noted the following concerns:

- 1) Monthly bank reconciliations are not performed on the revolving fund. Upon our request, a bank reconciliation was prepared for the month ended March 31, 2002. The reconciled bank balance totaled \$3,805, but the checkbook balance totaled \$4,132, indicating a shortage of \$327. It appears the custodian does not properly record all transactions, such as bank fees, in the checkbook.

To ensure a proper accounting of all revolving fund monies, monthly bank reconciliations should be performed and all discrepancies should be promptly investigated.

- 2) Accurate records of cash transactions are not maintained for revolving fund transactions. When unused portions of requested monies are returned, the custodian retains those monies to be used as petty cash. The custodian then adjusts the amount requested on the original request form. For example, an employee completed a withdrawal request for \$60 to take a client to an event. The employee apparently spent only \$5 of the requested monies and returned \$55 in cash. The custodian then crossed out the entry of \$60 on the request form and changed the requested amount to \$5.

This is not a proper way to account for cash transactions. The original request forms should not be altered. Instead, a cash log should be maintained to document all cash receipts and disbursements and the balance on hand. This log should be reconciled to the actual cash on hand on a periodic basis. Any excess petty cash should be returned to the revolving fund.

Since the revolving fund is maintained on an imprest basis, the sum of the reconciled bank balance, cash-on-hand, and reconciling items should total \$4,000, the fund's established amount, at any given time. Without monthly reconciliations and proper cash logs, SLDDTC management cannot be assured these monies are accounted for properly.

- B. SLDDTC operates several soda machines within its habilitation centers. Personnel and clients are responsible for replenishing the machines and one SLDDTC employee empties and deposits monies from the machines on a periodic basis.

An independent party does not periodically reconcile the amount of soda purchased and remaining in inventory with receipts from the sale of the soda. Failure to reconcile monies received to items sold could result in the loss or misuse of funds.

- C. Non-appropriated monies, totaling \$598, were stored in a locked cabinet at the South County Habilitation Center. These monies were not recorded, and personnel were not aware of the amount of monies held. According to personnel, these monies represented fund-raiser revenues, recycling revenues, and candy machine commissions. Personnel indicated some of these funds had been distributed to various program personnel throughout the facility and some had been used to purchase miscellaneous supplies.

SLDDTC policy requires non-appropriated monies to be deposited/transmitted to the BHC for deposit into the fiduciary checking account. Personnel should comply with SLDDTC policy to ensure these monies are accounted for properly. In addition, personnel should cease distributing and spending these funds in cash. All funds collected should be deposited to the NAFS and then disbursed through normal procedures as required by facility policy.

**WE RECOMMEND** SLDDTC management:

- A.1. Require monthly bank reconciliations be performed on the revolving fund; reconciliations should be performed by someone other than the custodian of the fund. In addition, SLDDTC management should investigate the apparent shortage in the fund.

2. Require personnel to maintain a cash log documenting all cash transactions and a balance. Also, SLDDTC management should ensure that the practice of changing entries on withdrawal requests is stopped immediately.
- B. Ensure independent reconciliations of soda machine monies received to sodas purchased and remaining in inventory are performed.
- C. Ensure all non-appropriated monies are deposited/transmitted to the BHC for deposit into the NAFS. In addition, SLDDTC management should ensure personnel properly record all monies prior to depositing/transmitting the monies to the BHC.

### **AUDITEE'S RESPONSE**

- A. *We concur. DDTC has implemented these recommendations.*
- B. *We concur. DDTC staff will conduct routine reconciliations to account for the soda machine inventory and soda machine monies.*
- C. *We concur. DDTC has implemented procedures to address this finding.*

<b>5. General Fixed Asset Policies and Procedures</b>
-------------------------------------------------------

- A. Adequate vehicles usage logs are not maintained for all state vehicles. Fifty-one vehicles are used by the habilitation centers, community residences, and administration building personnel. These vehicles are used by employees for business travel and providing assistance to clients. We noted the following concerns:
  - 1) Usage logs are not maintained for 3 of the 15 vehicles (20 percent) reviewed. Two of these vehicles are maintained by the Administrative Office, and the other is maintained by the South County Habilitation Center.  
  
 Of the remaining 12 vehicles reviewed, 5 usage logs were missing (Community Residences and St. Charles Habitation Center) and 3 were incomplete (Northwest and Midtown Habilitation Centers).  
  
 Vehicle logs are necessary to ensure state vehicles are properly used for business purposes.
  - 2) Some state vehicles are driven less than 5,000 miles in a year. Six of 15 vehicles (40 percent) reviewed were driven between 745 and 4884 miles in a year. These vehicles were maintained by the Administrative Office, South County and Midtown Habilitation Centers, and the Community

Residences. Low mileage can often indicate that a facility has too many vehicles or that a facility does not efficiently utilize vehicles. In addition, during the year ended June 30, 2002, the SLDDTC expended approximately \$24,600 to reimburse employees for instate mileage costs.

Based on this underutilization, it appears SLDDTC management should consider reducing the size of its vehicle fleet.

B. The general fixed asset listing is incomplete and inaccurate. Currently, the listing is maintained by an employee at the BHC. We noted the following concerns:

- 1) Nine of 15 items (60 percent) reviewed could not be accounted for properly. Of the 9 items, 7 items were physically located within SLDDTC facilities but could not be found on the general fixed asset listing (Community Residences; St. Charles, South County, Midtown, and Northwest Habilitation Centers). The remaining 2 items were listed but could not be located at their assigned location (Community Residences and Northwest Habilitation Center).
- 2) Physical inventories of general fixed assets are not performed at all facilities. State regulation 15 CSR 40-2.031 indicates that an annual physical inventory of all fixed assets should be performed and reconciled to the general fixed asset listing. Since May 2001, an employee at the BHC has been working on this process. However, physical inventories have still not been completed at the community residences or the administration building, and a reconciliation of the physical inventory to facility records has not been completed for the South County Habilitation Center.
- 3) General fixed asset records do not properly indicate the date of acquisition. We noted that the recorded acquisition date represents the date the item was recorded in the computer system rather than the date the item was acquired.

Adequate general fixed asset records are necessary to secure better internal controls over property, provide a basis for determination of proper insurance coverage, and provide assurance to the public that assets purchased with taxpayer monies are properly utilized.

**WE RECOMMEND** SLDDTC management:

- A.1. Ensure vehicle usage logs are accurately completed and retained for all vehicles.
2. Evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

- B.1. Ensure the general fixed asset listing includes accurate information for all SLDDTC assets.
- 2. Perform an annual physical inventory of assets in accordance with state regulations.
- 3. Ensure the actual acquisition date is included on the general fixed asset listing.

**AUDITEE'S RESPONSE**

- A. *We concur. DDTC will ensure logs are kept on all vehicles and evaluate vehicle usage to ensure vehicles are being used effectively.*
- B. *We concur. DDTC will maintain an accurate fixed asset listing with all required information and complete an annual physical inventory in accordance with state regulations.*

This report is intended for the information of the management of the St. Louis Developmental Disabilities Treatment Centers and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES  
TREATMENT CENTERS  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The St. Louis Developmental Disabilities Treatment Centers (SLDDTC) was established by the Department of Mental Health, on the grounds of the St. Louis State Hospital at 5400 Arsenal, in 1974. The facility was created for individuals who had potential to benefit from intensive medical and habilitation services. The SLDDTC mission is "working to develop partnerships that support opportunities, choices, and community membership", and it is committed to ensuring that people with developmental disabilities receive the services, supports, and opportunities necessary to empower them to achieve increased interdependency, productivity, inclusion, and participation in the community. The St. Louis Regional Center (SLRC) serves as the primary point of entry for SLDDTC services.

Today, the SLDDTC is composed of four habilitation centers, six community residences, and three independent supported living arrangement (ISLA) facilities, located throughout the city of St. Louis and St. Louis and St. Charles counties. The habilitation center sites are comprised of numerous homes clustered around a resource program center. The community residences and ISLA's are single family homes and apartments located in neighborhood settings. The administrative offices for the SLDDTC are located at 211 N. Lindbergh.

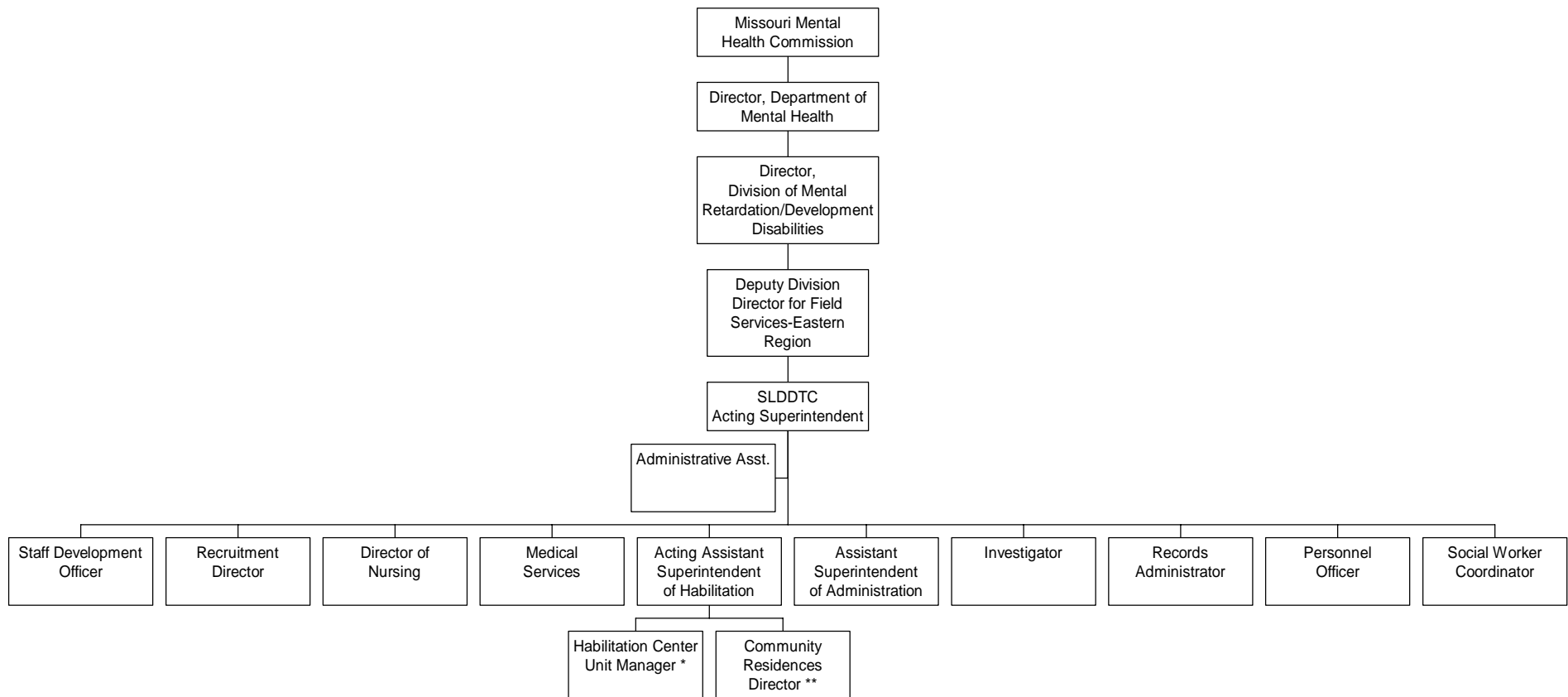
As of June 30, 2002, the SLDDTC housed approximately 277 clients within its facilities and employed approximately 807 personnel assigned to various administrative, service, and support sections.

The SLDDTC, SLRC, and Bellefontaine Habitation Center (BHC) make up the Department of Mental Health Region XI. The consolidation of these facilities was initiated in fiscal year 1989 to enhance efficiency among the data processing, accounting, and record keeping departments. This audit reports only on the management practices and operations of the SLDDTC. An audit report was issued on the SLRC on June 3, 2002, and a separate audit report will be issued on the management practices and operations of the BHC.

In December 2000, Dr. Ann Deaton became the Director of the Division of Mental Retardation and Developmental Disabilities. At June 30, 2002, Dr. Ralph J. Sneed serves as Deputy Division Director for Field Services, Eastern Region, and is responsible for supervising and coordinating operations for Region XI. Jerry Clubbs serves as the SLDDTC Acting Superintendent.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
ORGANIZATION CHART  
JUNE 30, 2002



\* The habilitation centers are primarily organized in the same manner. Unit managers are responsible for overseeing operations at these facilities. Other positions include Executives, Unit Program Supervisors, Developmental Assistants, Clinical Social Workers, Registered Nurses, Physicians, Psychologists, Physical Therapists, Habilitation Specialists, Cooks, Dieticians, and Custodians.

\*\* Positions at the community residences include Unit Program Supervisor, Executives, Developmental Assistants, Registered Nurses, and Habilitation Specialists.



DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
STATISTICAL DATA-NUMBER OF CLIENTS

	Year Ended June 30,	
	2002	2001
<b>Habilitation Centers:</b>		
South County	71	71
Midtown	30	41
St. Charles	55	48
Northwest	80	80
Total Clients	236	240
<b>Community Residences:</b>		
Bancroft	4	4
Longfellow	5	6
Greenbough	5	5
Ballwin	8	8
Manchester	8	8
Hazelwood	5	5
Total Clients	35	36
<b>Independent Supported Living Arrangements:</b>		
Ridge Point Crossing	2	2
Carrollton Garden	2	2
Hampton Garden *	2	2
Total Clients	6	6
Grand Total Clients	277	282

\* Formerly Riverbend

Appendix A

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service	\$ 14,989,223	14,514,597	474,626	16,282,847	16,253,424	29,423
Expense and Equipment	1,900,000	1,665,813	234,187	1,900,000	1,900,000	0
Personal Service and/or Expense and Equipment	1,665,469	1,663,551	1,918	0	0	0
Office of Administration, for maintenance, repairs, and improvements to facilities	30,222	7,049	23,173 <sup>A</sup>	0	0	0
Board of Public Buildings, for the operation and maintenance of SLDDTC improvements	84,861	82,648	2,213	84,861	84,861	0
Total General Revenue Fund - State	18,669,775	17,933,658	736,117	18,267,708	18,238,285	29,423
DEPARTMENT OF MENTAL HEALTH FUND						
Personal Service	675,906	674,984	922	492,984	396,482	96,502
Personal Service and/or Expense and Equipment	75,101	67,310	7,791	0	0	0
Total Department of Mental Health Fund	751,007	742,294	8,713	492,984	396,482	96,502
Total All Funds	\$ 19,420,782	18,675,952	744,830	18,760,692	18,634,767	125,925

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to St. Louis Developmental Disabilities Treatment Centers are noted in Appendix B.

<sup>A</sup> Biennial appropriations setup in fiscal year 2002 are re-appropriated to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for the biennial appropriation at the end of fiscal year 2002.

The lapsed balances for the year ended June 30, 2002, include the following withholdings made at the Governor's request:

Personal Service	\$ 445,400
Expense and Equipment	229,548
Total	<u>\$ 674,948</u>

Appendix B

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,			
		2002		2001	
		Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLDDTC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLDDTC
Salaries and Wages	\$	16,841,043	506,240	16,649,906	1,032,687
Travel Expenditures		14,582	10,075	24,432	3,979
Fuel and Utilities		0	357,546	2,540	360,649
Communication Services and Supplies		55,627	29,571	81,225	16,431
Other Supplies		1,259,378	108,907	1,051,155	165,524
Professional Services		402,600	63,787	557,918	35,775
Maintenance and Repair Expenditures		24,195	1,197	134,162	6,127
Equipment Expenditures		44,839	9,976	88,204	4,810
Property and Improvements		13,342	140,078	4,302	113,302
Building and Equipment Lease Payments		3,957	0	15,796	0
Miscellaneous Expenditures	\$	16,389	0	25,127	4,137
Total Expenditures		18,675,952	1,227,377	18,634,767	1,743,421

Appendix C

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS,  
AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2002	2001
CASH BALANCE, JULY 1	\$	136,201	187,234
RECEIPTS		1,451,179	1,421,274
DISBURSEMENTS		1,346,636	1,472,307
CASH BALANCE, JUNE 30	\$	240,744	136,201

Note: The receipts and disbursements presented in this schedule include client benefits as well as vending, canteen, client payroll, and other facility monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS DEVELOPMENTAL DISABILITIES TREATMENT CENTERS  
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,  
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2002	2001
CASH BALANCE, JULY 1	\$	20,499	18,264
RECEIPTS		11,414	2,801
DISBURSEMENTS		281	616
CASH BALANCE, JUNE 30	\$	31,582	20,449

Note: The receipts and disbursements presented in this schedule include fundraiser, donated, and client work program monies.

\* \* \* \* \*



**GASCONADE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-118  
December 20, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Gasconade, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Gasconade County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The approved budget documents for the General Revenue and the Special Road and Bridge Funds did not adequately project the anticipated financial condition for the funds.
- The county received approximately \$5,500 more in state assessment fund reimbursements in 2001 than entitled. The County Clerk did not reconcile assessment reimbursement claims to actual expenditures.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Gasconade County's Associate County Commissioners salaries were each increased approximately \$10,253 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$20,506 for the two years ended December 31, 2000 should be repaid.

(over)

YELLOW SHEET

- A listing of accrued costs owed to the Circuit court was not maintained by the Circuit Clerk, and monitoring procedures for accrued costs was not adequate. As of June 2002, accrued costs totaled approximately \$429,500, of which approximately \$120,000 was waiting to be written off as uncollectible.

The audit also includes a recommendation regarding vehicles used by two Road and Bridge supervisors for commuting. In addition, recommendations were made to improve accounting controls and procedures of the Associate Circuit/Probate Division, Sheriff, Prosecuting Attorney, and Health Center.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



GASCONADE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports:.....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-16
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000..... 10-16
Notes to the Financial Statements .....	17-20
Schedule: .....	21-22
Schedule of Findings, Years Ended December 31, 2001 and 2000 .....	22
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	23-24

GASCONADE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings.....	26-38
<u>Number</u>	<u>Description</u>
1.	County Procedures .....28
2.	Circuit Clerk's Accrued Costs .....31
3.	Associate Circuit/Probate Division's Controls and Procedures .....32
4.	Prosecuting Attorney's Controls and Procedures .....34
5.	Sheriff's Controls and Procedures .....35
6.	Health Center .....36
Follow-Up on Prior Audit Findings .....	39-55
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information.....	57-62

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Gasconade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Gasconade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Gasconade County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Gasconade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 11, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Gasconade County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

July 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Becky Webb
	Norma Payne
	Nicki E. Russell, CPA



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Gasconade County, Missouri

We have audited the special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Gasconade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Gasconade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Gasconade County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

July 11, 2002 (fieldwork completion date)



## Financial Statements

Exhibit A-1

GASCONADE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 544,411	1,527,907	1,439,961	632,357
Special Road and Bridge	792,053	1,806,244	1,744,591	853,706
Assessment	14,004	181,514	163,747	31,771
Union Electric	35,765	13,272	47,062	1,975
Law Enforcement Training	5,637	2,626	3,388	4,875
Prosecuting Attorney Training	1,170	582	115	1,637
Prosecuting Attorney Bad Check	7,645	6,973	1,531	13,087
Emergency 911	23,452	287,707	297,174	13,985
Sheriff's Department Law Enforcement	9,512	19,261	22,013	6,760
Recorder's Record Retention	20,654	11,607	11,955	20,306
Family Service and Justice	10,314	7,174	2,600	14,888
Law Library	1,733	6,904	3,835	4,802
Associate Circuit Interest	5,152	633	0	5,785
Local Records Grant	5,779	21,457	25,118	2,118
Health Center	7,296	394,672	381,725	20,243
County Health Building	26,506	6,203	0	32,709
Community Mental Health Board	13,848	151,460	148,605	16,703
Circuit Clerk Interest	11,914	1,128	0	13,042
Recorder's Technology	0	3,109	0	3,109
Domestic Violence	1,496	540	1,000	1,036
Total	\$ 1,538,341	4,450,973	4,294,420	1,694,894

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

GASCONADE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 472,964	1,467,570	1,396,123	544,411
Special Road and Bridge	614,034	1,592,428	1,414,409	792,053
Assessment	6,042	163,410	155,448	14,004
Union Electric	1,147	75,989	41,371	35,765
Law Enforcement Training	4,769	3,614	2,746	5,637
Prosecuting Attorney Training	1,039	745	614	1,170
Prosecuting Attorney Bad Check	6,759	6,701	5,815	7,645
Emergency 911	17,838	232,871	227,257	23,452
Sheriff's Department Law Enforcement	20,373	26,234	37,095	9,512
Recorder's Record Retention	16,156	12,225	7,727	20,654
Family Service and Justice	4,047	6,667	400	10,314
Law Library	1,898	2,505	2,670	1,733
Associate Circuit Interest	4,627	525	0	5,152
Local Records Grant	0	10,779	5,000	5,779
Health Center	22,986	355,500	371,190	7,296
County Health Building	30,209	3,209	6,912	26,506
Community Mental Health Board	42,460	146,267	174,879	13,848
Circuit Clerk Interest	13,278	1,120	2,484	11,914
Domestic Violence	1,973	523	1,000	1,496
Helds Island Road Project - CDBG	1,006	80,443	81,449	0
Total	\$ 1,283,605	4,189,325	3,934,589	1,538,341

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 4,249,296	4,446,196	196,900	4,046,840	4,097,580	50,740
DISBURSEMENTS	5,343,515	4,293,420	1,050,095	4,952,476	3,847,140	1,105,336
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,094,219)	152,776	1,246,995	(905,636)	250,440	1,156,076
CASH, JANUARY 1	1,524,931	1,524,931	0	1,280,626	1,280,626	0
CASH, DECEMBER 31	430,712	1,677,707	1,246,995	374,990	1,531,066	1,156,076
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	206,822	227,147	20,325	197,800	204,756	6,956
Sales taxes	825,000	864,781	39,781	813,000	823,575	10,575
Intergovernmental	14,650	5,590	(9,060)	20,400	33,479	13,079
Charges for services	314,897	322,338	7,441	290,725	311,590	20,865
Interest	25,000	44,500	19,500	22,000	27,963	5,963
Other	24,988	12,728	(12,260)	25,750	24,962	(788)
Transfers in	45,000	50,823	5,823	45,500	41,245	(4,255)
Total Receipts	1,456,357	1,527,907	71,550	1,415,175	1,467,570	52,395
DISBURSEMENTS						
County Commission	113,127	110,209	2,918	120,126	115,975	4,151
County Clerk	91,700	89,657	2,043	97,668	94,337	3,331
Elections	29,548	28,530	1,018	90,623	90,426	197
Buildings and grounds	443,261	36,717	406,544	386,790	38,287	348,503
County Treasurer	39,665	38,832	833	39,027	38,312	715
County Collector	115,199	114,247	952	111,841	104,160	7,681
Circuit Clerk	45,407	43,839	1,568	44,669	40,539	4,130
Associate Circuit Court	27,156	9,669	17,487	17,800	5,631	12,169
Court administration	2,250	700	1,550	1,650	633	1,017
Public Administrator	36,578	34,245	2,333	28,275	32,271	(3,996)
Sheriff	349,713	345,203	4,510	312,316	314,587	(2,271)
Jail	170,076	165,951	4,125	124,348	170,409	(46,061)
Prosecuting Attorney	122,198	111,835	10,363	125,515	111,345	14,170
Juvenile Officer	43,850	31,187	12,663	52,007	33,091	18,916
County Coroner	16,538	13,943	2,595	8,979	9,913	(934)
Surveyor	10,524	8,053	2,471	4,987	3,801	1,186
Other	157,288	135,144	22,144	148,750	122,406	26,344
Transfers out	93,000	122,000	(29,000)	80,313	70,000	10,313
Emergency Fund	43,691	0	43,691	42,455	0	42,455
Total Disbursements	1,950,769	1,439,961	510,808	1,838,139	1,396,123	442,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(494,412)	87,946	582,358	(422,964)	71,447	494,411
CASH, JANUARY 1	544,411	544,411	0	472,964	472,964	0
CASH, DECEMBER 31	49,999	632,357	582,358	50,000	544,411	494,411

## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	386,800	398,850	12,050	380,300	382,928	2,628
Sales taxes	495,000	519,670	24,670	487,000	494,715	7,715
Intergovernmental	712,650	717,150	4,500	685,400	571,812	(113,588)
Interest	27,000	44,672	17,672	22,000	29,005	7,005
Other	40,480	125,902	85,422	29,000	113,968	84,968
Total Receipts	1,661,930	1,806,244	144,314	1,603,700	1,592,428	(11,272)
<b>DISBURSEMENTS</b>						
Salaries	397,344	381,046	16,298	403,335	372,721	30,614
Employee fringe benefits	115,932	110,920	5,012	113,046	104,200	8,846
Supplies	8,000	5,295	2,705	7,000	7,640	(640)
Insurance	46,000	51,486	(5,486)	40,000	43,263	(3,263)
Road and bridge materials	606,000	487,839	118,161	505,000	481,530	23,470
Equipment repairs	87,000	91,342	(4,342)	89,000	75,446	13,554
Rentals	1,000	420	580	1,000	400	600
Equipment purchases	370,500	312,917	57,583	292,000	149,947	142,053
Construction, repair, and maintenance	482,558	225,210	257,348	433,529	117,787	315,742
Other	44,650	27,293	17,357	38,325	20,230	18,095
Transfers out	45,000	50,823	(5,823)	45,500	41,245	4,255
Total Disbursements	2,203,984	1,744,591	459,393	1,967,735	1,414,409	553,326
RECEIPTS OVER (UNDER) DISBURSEMENTS	(542,054)	61,653	603,707	(364,035)	178,019	542,054
CASH, JANUARY 1	792,053	792,053	0	614,034	614,034	0
CASH, DECEMBER 31	249,999	853,706	603,707	249,999	792,053	542,054
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	167,900	177,872	9,972	161,104	160,322	(782)
Interest	1,000	1,090	90	1,000	1,286	286
Other	1,400	2,552	1,152	1,500	1,802	302
Transfers in	6,000	0	(6,000)	10,313	0	(10,313)
Total Receipts	176,300	181,514	5,214	173,917	163,410	(10,507)
<b>DISBURSEMENTS</b>						
Assessor	175,993	163,747	12,246	173,399	155,448	17,951
Total Disbursements	175,993	163,747	12,246	173,399	155,448	17,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	307	17,767	17,460	518	7,962	7,444
CASH, JANUARY 1	14,004	14,004	0	6,042	6,042	0
CASH, DECEMBER 31	14,311	31,771	17,460	6,560	14,004	7,444

## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>UNION ELECTRIC</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	12,500	12,775	275	6,724	6,000	(724)
Contract receipts	0	0	0	34,391	69,391	35,000
Interest	540	497	(43)	400	525	125
Other	50	0	(50)	0	73	73
Total Receipts	13,090	13,272	182	41,515	75,989	34,474
<b>DISBURSEMENTS</b>						
Emergency Operations Center	48,817	47,062	1,755	42,659	41,371	1,288
Total Disbursements	48,817	47,062	1,755	42,659	41,371	1,288
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,727)	(33,790)	1,937	(1,144)	34,618	35,762
CASH, JANUARY 1	35,765	35,765	0	1,147	1,147	0
CASH, DECEMBER 31	38	1,975	1,937	3	35,765	35,762
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	86	86	1,200	1,050	(150)
Charges for services	2,500	2,451	(49)	2,570	2,436	(134)
Interest	100	89	(11)	50	128	78
Total Receipts	2,600	2,626	26	3,820	3,614	(206)
<b>DISBURSEMENTS</b>						
Sheriff	3,600	3,388	212	3,800	2,746	1,054
Total Disbursements	3,600	3,388	212	3,800	2,746	1,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(762)	238	20	868	848
CASH, JANUARY 1	5,637	5,637	0	4,769	4,769	0
CASH, DECEMBER 31	4,637	4,875	238	4,789	5,637	848
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	320	560	240	720	544	(176)
Interest	20	22	2	20	201	181
Total Receipts	340	582	242	740	745	5
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	750	115	635	750	614	136
Total Disbursements	750	115	635	750	614	136
RECEIPTS OVER (UNDER) DISBURSEMENTS	(410)	467	877	(10)	131	141
CASH, JANUARY 1	1,170	1,170	0	1,039	1,039	0
CASH, DECEMBER 31	760	1,637	877	1,029	1,170	141

## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	6,500	6,823	323	4,700	6,551	1,851
Interest	100	150	50	100	150	50
Total Receipts	6,600	6,973	373	4,800	6,701	1,901
DISBURSEMENTS						
Prosecuting Attorney	6,500	1,531	4,969	10,700	5,815	4,885
Total Disbursements	6,500	1,531	4,969	10,700	5,815	4,885
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	5,442	5,342	(5,900)	886	6,786
CASH, JANUARY 1	7,645	7,645	0	6,759	6,759	0
CASH, DECEMBER 31	7,745	13,087	5,342	859	7,645	6,786
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
911 phone tax	144,000	155,211	11,211	132,248	146,986	14,738
Intergovernmental	42,000	9,000	(33,000)	15,000	15,000	0
Interest	700	517	(183)	400	660	260
Other	300	979	679	50	225	175
Transfers in	122,000	122,000	0	70,000	70,000	0
Total Receipts	309,000	287,707	(21,293)	217,698	232,871	15,173
DISBURSEMENTS						
Salaries	192,443	199,525	(7,082)	159,654	164,884	(5,230)
Office expenditures	54,173	52,207	1,966	48,708	47,195	1,513
Equipment	25,415	16,346	9,069	12,900	7,822	5,078
Other	30,477	29,096	1,381	7,800	7,356	444
Total Disbursements	302,508	297,174	5,334	229,062	227,257	1,805
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,492	(9,467)	(15,959)	(11,364)	5,614	16,978
CASH, JANUARY 1	23,452	23,452	0	17,838	17,838	0
CASH, DECEMBER 31	29,944	13,985	(15,959)	6,474	23,452	16,978
<b><u>SHERIFF'S DEPARTMENT LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,167	1,167	0	1,170	1,170
Charges for services	26,000	17,830	(8,170)	24,000	24,563	563
Interest	200	79	(121)	120	256	136
Other	245	185	(60)	245	245	0
Total Receipts	26,445	19,261	(7,184)	24,365	26,234	1,869
DISBURSEMENTS						
Equipment	28,245	21,163	7,082	39,490	35,845	3,645
Other	0	850	(850)	3,100	1,250	1,850
Total Disbursements	28,245	22,013	6,232	42,590	37,095	5,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(2,752)	(952)	(18,225)	(10,861)	7,364
CASH, JANUARY 1	9,512	9,512	0	20,373	20,373	0
CASH, DECEMBER 31	7,712	6,760	(952)	2,148	9,512	7,364

## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S RECORD RETENTION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	2,390	2,391	1
Charges for services	10,900	10,960	60	9,800	9,088	(712)
Interest	600	510	(90)	601	746	145
Other	0	137	137	0	0	0
Total Receipts	11,500	11,607	107	12,791	12,225	(566)
<b>DISBURSEMENTS</b>						
Recorder	11,460	11,955	(495)	9,800	7,727	2,073
Total Disbursements	11,460	11,955	(495)	9,800	7,727	2,073
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	(348)	(388)	2,991	4,498	1,507
CASH, JANUARY 1	20,654	20,654	0	16,156	16,156	0
CASH, DECEMBER 31	20,694	20,306	(388)	19,147	20,654	1,507
<b><u>FAMILY SERVICE AND JUSTICE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	8,550	6,988	(1,562)	7,025	6,498	(527)
Interest	0	186	186	0	169	169
Total Receipts	8,550	7,174	(1,376)	7,025	6,667	(358)
<b>DISBURSEMENTS</b>						
Other	4,000	2,600	1,400	5,000	400	4,600
Total Disbursements	4,000	2,600	1,400	5,000	400	4,600
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,550	4,574	24	2,025	6,267	4,242
CASH, JANUARY 1	10,314	10,314	0	4,047	4,047	0
CASH, DECEMBER 31	14,864	14,888	24	6,072	10,314	4,242
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	5,400	6,904	1,504	1,700	2,505	805
Total Receipts	5,400	6,904	1,504	1,700	2,505	805
<b>DISBURSEMENTS</b>						
Law Library	4,000	3,835	165	2,585	2,670	(85)
Total Disbursements	4,000	3,835	165	2,585	2,670	(85)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,400	3,069	1,669	(885)	(165)	720
CASH, JANUARY 1	1,733	1,733	0	1,898	1,898	0
CASH, DECEMBER 31	3,133	4,802	1,669	1,013	1,733	720



## Exhibit B

## GASCONADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT INTEREST FUND</u></b>						
RECEIPTS						
Interest	525	633	108	500	525	25
Total Receipts	525	633	108	500	525	25
DISBURSEMENTS						
Associate Circuit	2,000	0	2,000	2,000	0	2,000
Total Disbursements	2,000	0	2,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,475)	633	2,108	(1,500)	525	2,025
CASH, JANUARY 1	5,152	5,152	0	4,627	4,627	0
CASH, DECEMBER 31	3,677	5,785	2,108	3,127	5,152	2,025
<b><u>LOCAL RECORDS GRANT</u></b>						
RECEIPTS						
Intergovernmental	19,825	21,381	1,556			
Interest	0	76	76			
Total Receipts	19,825	21,457	1,632			
DISBURSEMENTS						
Equipment	25,576	25,118	458			
Total Disbursements	25,576	25,118	458			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,751)	(3,661)	2,090			
CASH, JANUARY 1	5,779	5,779	0			
CASH, DECEMBER 31	28	2,118	2,090			
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	142,000	148,055	6,055	135,000	142,945	7,945
Intergovernmental	221,599	228,027	6,428	213,058	195,915	(17,143)
Charges for services	10,000	11,240	1,240	9,000	10,110	1,110
Interest	2,000	2,486	486	2,500	2,322	(178)
Other	350	4,864	4,514	3,700	4,208	508
Transfers in	20,000	0	(20,000)	20,000	0	(20,000)
Total Receipts	395,949	394,672	(1,277)	383,258	355,500	(27,758)
DISBURSEMENTS						
Salaries	275,863	267,397	8,466	286,127	267,646	18,481
Office expenditures	58,150	50,188	7,962	58,580	51,280	7,300
Equipment	7,500	6,078	1,422	5,750	6,602	(852)
Mileage and training	20,500	18,978	1,522	20,500	19,218	1,282
Programs	7,200	11,834	(4,634)	15,600	13,230	2,370
Other	25,400	27,250	(1,850)	14,500	13,214	1,286
Total Disbursements	394,613	381,725	12,888	401,057	371,190	29,867
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,336	12,947	11,611	(17,799)	(15,690)	2,109
CASH, JANUARY 1	7,296	7,296	0	22,986	22,986	0
CASH, DECEMBER 31	8,632	20,243	11,611	5,187	7,296	2,109

## Exhibit B

GASCONADE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>COUNTY HEALTH BUILDING FUND</b>						
RECEIPTS						
Interest	500	349	(151)	500	796	296
Other	2,500	5,854	3,354	5,000	2,413	(2,587)
Total Receipts	3,000	6,203	3,203	5,500	3,209	(2,291)
DISBURSEMENTS						
Equipment	0	0	0	8,000	6,912	1,088
Transfers out	20,000	0	20,000	20,000	0	20,000
Total Disbursements	20,000	0	20,000	28,000	6,912	21,088
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,000)	6,203	23,203	(22,500)	(3,703)	18,797
CASH, JANUARY 1	26,506	26,506	0	30,209	30,209	0
CASH, DECEMBER 31	9,506	32,709	23,203	7,709	26,506	18,797
<b>COMMUNITY MENTAL HEALTH BOARD FUND</b>						
RECEIPTS						
Property taxes	148,885	148,032	(853)	143,336	143,134	(202)
Intergovernmental	500	624	124	700	232	(468)
Interest	2,500	2,804	304	5,000	2,901	(2,099)
Total Receipts	151,885	151,460	(425)	149,036	146,267	(2,769)
DISBURSEMENTS						
Office expenditures	600	404	196	600	426	174
Mileage and training	100	0	100	100	0	100
Contract payments	150,000	148,011	1,989	175,000	174,453	547
Contingency reserve	10,000	190	9,810	15,000	0	15,000
Total Disbursements	160,700	148,605	12,095	190,700	174,879	15,821
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,815)	2,855	11,670	(41,664)	(28,612)	13,052
CASH, JANUARY 1	13,848	13,848	0	42,460	42,460	0
CASH, DECEMBER 31	5,033	16,703	11,670	796	13,848	13,052
<b>CIRCUIT CLERK INTEREST FUND</b>						
RECEIPTS						
Interest				1,300	1,120	(180)
Total Receipts				1,300	1,120	(180)
DISBURSEMENTS						
Circuit Clerk				4,500	2,484	2,016
Total Disbursements				4,500	2,484	2,016
RECEIPTS OVER (UNDER) DISBURSEMENTS				(3,200)	(1,364)	1,836
CASH, JANUARY 1				13,278	13,278	0
CASH, DECEMBER 31				\$ 10,078	11,914	1,836

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

GASCONADE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Gasconade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Community Mental Health Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Fund	2001 and 2000
Circuit Clerk Interest Fund	2001
Recorder's Technology Fund	2001
Local Records Grant Fund	2000
Helds Island Road Project - CDBG Fund	2000

Warrants issued were in excess of the budgeted amount for the Recorder's Record Retention Fund in the year ended December 31, 2001 and the Law Library Fund in the year ended December 31, 2000. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2001
Helds Island Road Project Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Community Mental Health Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance.

Schedule

GASCONADE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

GASCONADE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

GASCONADE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Gasconade County but do not

meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.</b>	<b>County Procedures</b>
-----------	--------------------------

- A. The approved budget documents for the General Revenue and the Special Road and Bridge Funds did not adequately project the anticipated financial condition for the two years ended December 31, 2001. The following are estimated cash balances as compared to actual ending cash balances of the two funds at December 31, 2001 and 2000:

Cash Balance - December 31, 2001

	Estimated Per Budget	Actual
General Revenue Fund	\$ 49,999	632,357
Special Road and Bridge Fund	249,999	853,706

Cash Balance - December 31, 2000

	Estimated Per Budget	Actual
General Revenue Fund	\$ 50,000	544,411
Special Road and Bridge Fund	249,999	792,053

These significant differences resulted mainly from overestimating disbursements. The overestimated disbursements of the General Revenue Fund are due primarily to the county estimating disbursements each year of approximately \$300,000 for a courthouse elevator project. During the two years ended December 31, 2001, due to delays, there were no monies spent on the project. The overestimated disbursements of the Special Road and Bridge Fund are due to a combination of the county estimating significantly more capital improvements than were done, overestimated materials which were not purchased and long-term equipment needs which were not filled. For the past few years, the county has budgeted significantly more for some of these categories than has historically been spent, in an attempt to allow for possible, but not specifically identified, contingencies.

Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies. While it appears the County Commission's intent is to keep sufficient reserves in the General Revenue and Special Road and Bridge Funds; the current budgets do not effectively inform county residents of this intent. Such intent would be more properly communicated to county residents through a formal reserve of fund balance or in writing in the budget message.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, disbursements and ending cash balance. The practice of routinely budgeting to spend significantly more resources than truly intended decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

- B. The County Clerk does not reconcile assessment reimbursement claims to actual expenditures. Section 137.750, RSMo 2000, allows counties to be reimbursed for a portion of all qualified costs and expenses of the Assessor's Office. The county received approximately \$5,504 more in state assessment fund reimbursements in 2001 than entitled. This overstatement primarily resulted from including the Assessor's salary twice in the amount claimed for the first quarter of 2001 and including a payment to a mapping company twice, once in the claim for the first quarter of 2001 and again in the claim for the second quarter of 2001. Since the County Clerk does not reconcile assessment reimbursement claims to actual expenditures, these errors went undetected. In addition, similar errors noted in our audit report for the two years ended December 31, 1997, amounting to \$1,628, remain uncorrected. As a result, the county owes approximately \$7,132 to the state.
- C. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Gasconade County's Associate County Commissioners' salaries were each increased approximately \$10,253 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$20,506 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- D. Two Road and Bridge employees are allowed to use county vehicles to commute to and from work. The County Commission indicated these employees are on-call 24 hours a day for emergency situations; however, the county does not keep records of mileage incurred on the county vehicles for commuting purposes and there is no written policy allowing the use of these vehicles for commuting purposes. The County Commission estimated that one of the employees commutes approximately 2 miles per day and the other employee commutes approximately 18 miles a day in their county owned vehicles.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. The county does not require such usage logs for these vehicles. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

Conditions B and D were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Prepare reasonable estimates of receipts and disbursements so that projected reserves are more properly presented in the annual budgets. If the County Commission desires to build up reserves for future specific needs, this information should be communicated through the budget message.
- B. Contact the State Tax Commission regarding this situation and take appropriate action to correct this overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.
- C. Review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.
- D. Comply with IRS guidelines for reporting fringe benefits related to commuting in county owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.



## **AUDITEE'S RESPONSE**

- A. *The County Commission indicated they agree with the recommendation. They indicated they believe establishing such reserves for long-term needs is necessary, but they will try to more accurately budget for these long-term needs through the budget message and reserving the fund balances as necessary.*
- B. *The County Commission and the County Clerk indicated they agree and will ensure the State Tax Commission adjusts future reimbursements.*
- C. *The County Commission indicated they will review the recommendation further and discuss the issue with the Prosecuting Attorney, as well as other counties. Based on the results of that discussion, the issue may also be discussed with the full Salary Commission.*
- D. *The County Commission indicated they will adopt a written policy requiring the supervisors to take the vehicles home so the supervisors have access to radio communications and the ability to respond timely to emergencies as they occur.*

<b>2. Circuit Clerk's Accrued Costs</b>
-----------------------------------------

A listing of accrued costs owed to the court is not maintained by the Circuit Clerk, nor are monitoring procedures adequate. At our request, the Circuit Clerk provided a listing of accrued costs (court costs, court ordered restitution, fines on criminal cases and court costs on civil cases) as of June 2002 totaling approximately \$309,500. In addition, she provided a listing of additional accrued costs to be written off which totaled approximately \$120,000. This listing consisted of old, inactive cases some of which dated back to the 1980's. It appears that the court has not periodically written off uncollectible cases on a regular basis.

Our review of both current accrued costs and accrued costs to be written off revealed that although the Circuit Clerk does attempt to pursue collection of accrued costs through periodic re-billings, it appears the court did not always use various other options available to collect unpaid monies. Such options may include probation and parole officer recommendations, show cause orders, and requesting the Circuit Judge to issue warrants. Ineffective monitoring of cases with accrued costs and failure to utilize available options in a timely manner can result in lost revenue for the court and lost restitution for victims. In addition, the lack of timely write offs of old inactive case balances increases the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Circuit Clerk maintain a listing of accrued costs and pursue timely collection utilizing all available options. In addition, old inactive case balances should be written off in a more timely manner.

### **AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following response:*

*Listing of accrued costs - The current accounting software version that has been installed will allow the court to generate a report that will show accrued costs in detail. That feature has not been available to the clerks prior to court automation. I anticipate that this report would be generated twice a year, at the end of June and at the end of December. I anticipate that the amount of accrued costs due will be less than previously noted, due to the fact that law has changed and we are no longer allowed to assess any costs on adult abuse cases. Those types of cases were the ones that typically were not paid.*

*Timely collection - My office will make an effort to monitor cases more closely as to payment of costs. We have already begun to schedule "payment review" hearings on criminal cases where the defendant is on probation. We rely a great deal on the Office of Probation and Parole to encourage their clients to pay what is due, however, we will review the probation reports when we receive them, and will call such matters to the Judge's attention when we feel it is necessary.*

*Writing off accrued costs - My office has obtained an order from the Presiding Judge, dated July 12, 2002, that certain accrued costs be written off as uncollectible. We have started to create a new listing of uncollectible costs since that date and will review and write off such balances at least once a year.*

<b>3. Associate Circuit / Probate Division's Controls and Procedures</b>
--------------------------------------------------------------------------

The Associate Circuit/Probate Division processes monies for civil and criminal cases, traffic tickets, and bonds. Receipts totaled approximately \$303,000 and \$266,000 for the years ended December 31, 2001 and 2000, respectively. We noted the following concerns regarding Associate Circuit/Probate Division operations:

- A. Accounting duties are not adequately segregated. The Division Clerk performs most of the duties of receiving, recording, depositing, and disbursing monies with help from the deputy clerk in receiving and recording monies. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent review of the records should be performed and documented.
- B. Monthly bank reconciliations were not prepared for the Banner account. The Banner account was established in September 2000 and handles all transactions of the Associate and Probate courts. As of June, 2002, the account had not been reconciled

since November 2000. At our request, bank reconciliations were prepared for each month and the account was brought up to date. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.

- C. Receipts are not deposited timely. During the four months reviewed, we noted deposits were made approximately once per week, with the average deposit ranging between approximately \$3,200 and \$6,700. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when the accumulated receipts exceed \$100.
- D. Fees received are not always turned over to the state and the County Treasurer on a timely basis. We noted several instances where fees were not disbursed to the state and the County Treasurer monthly. For example, the November 2000 fees were not disbursed until February 26, 2001. By December 2001, the division clerk was still approximately one month late in disbursing fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

Conditions A, C, and D were noted in our prior report.

**WE RECOMMEND** the Associate Circuit Judge:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare bank reconciliations for all accounts on a monthly basis.
- C. Ensure that deposits are made intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

**AUDITEE'S RESPONSE**

*The Associate Circuit Clerk indicated that she agrees and will attempt to implement all the recommendations.*

**4.****Prosecuting Attorney's Controls and Procedures**

The Prosecuting Attorney collected approximately \$47,000 in restitution and administrative fees on bad checks during the year ended December 31, 2001. The Prosecuting Attorney requests offenders to remit two money orders, one payable to the merchant for restitution and merchant fees and one payable to the Prosecuting Attorney for the administrative fee. In addition, some cash payments are received. We noted the following concerns regarding the Prosecuting Attorney's bad check operations:

- A. Some monies received are not properly accounted for on a timely basis in the Prosecuting Attorney's computerized accounting system. While manual receipt slips are issued for partial payments of restitution, the total amount of restitution received is not receipted into the computerized accounting system until payment has been made in full. To promote greater control over partial payments and ensure the accuracy of the accounting system, all receipts should be entered into the computerized system when received.
- B. Mode of payment is not always accurately recorded on receipt slips and procedures were not established to reconcile amounts received to deposits and transmittals. All receipt slips indicate the mode of payment as being by money order despite the fact that the Prosecuting Attorney accepts some payments in cash. To ensure all collections are properly deposited into the bank account or transmitted to the proper parties, the proper mode of payment should be recorded on all receipt slips and the composition of the receipt slips should be reconciled to the composition of the bank deposits and other transmittals.
- C. Monthly listings of open items (liabilities) are not prepared and, consequently, open items are not reconciled to cash balances. Index cards are used to summarize and track partial payments received and held until full payment. We prepared an open items listing from these index cards as of March 31, 2002 and noted the reconciled cash balance exceeded identified open items on the listing by \$239. The Prosecuting Attorney's staff was able to reconcile these amounts by identifying additional partial payments which had been received and tracked in the individual case files rather than on index cards.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient money is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, differences noted when performing monthly reconciliations should be promptly investigated and resolved. Various statutes provide for the disposition of unclaimed and unidentified monies.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Ensure all receipts are entered into the computerized system when received.
- B. Ensure that the proper mode of payment is recorded on all receipt slips and that the composition of the receipt slips is reconciled to the composition of the bank deposits and other transmittals.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following response:*

- A. *We agree with your recommendation and are now entering into our computer system all payments, including partial payments, as we receive them. Once the partial payments are paid in full, a trust fund check is issued to the merchant.*
- B. *We agree with your recommendation and are now correctly recording onto the receipt slips whether we have received cash or a money order as payment. We are also comparing the payments we receive with the bank deposits and with the receipts the County Treasurer provides us with monthly.*
- C. *We are presently attempting to implement this recommendation. However, we are experiencing some accounting difficulty and do not know when this problem will be resolved.*

<b>5. Sheriff's Controls and Procedures</b>
---------------------------------------------

The Sheriff's Department handled receipts of approximately \$64,000 and \$95,000 for the years ended December 31, 2001 and 2000, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. Duties are not adequately segregated. The Sheriff's bookkeeper performs the duties of receiving, recording, depositing, disbursing, and reconciling all monies. While the County Treasurer indicates he reviews the monthly bank reconciliations, this review is not documented and does not include a review of the actual accounting records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent review of the records should be performed and documented.

- B. Bond forms are not prenumbered or sequentially numbered when used, and prenumbered receipt slips are not issued for monies received. In addition, a log listing the bonds and their disposition is not maintained.

To adequately safeguard bond and other receipts and reduce the risk of loss or misuse of funds, bond forms should be prenumbered or sequentially numbered when used, prenumbered receipt slips should be used for other monies collected, the bond forms and receipt slips should indicate the method of payment, and the numerical sequence of the bond forms and receipt slips should be accounted for properly. In addition, the method of payment of bonds received per the bond forms should be reconciled to the receipt ledger and the receipt ledger should be reconciled to deposits on a timely basis.

These conditions were also noted in our prior audit.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic independent or supervisory reviews of the accounting records are performed and documented.
- B. Require the use of prenumbered bond forms and/or prenumbered receipt slips, and establish a log of bonds received, including disposition information. In addition, cash bonds received should be reconciled to the Sheriff's receipt ledger, and the receipt ledger should be reconciled to subsequent deposits to ensure that all monies have been accounted for properly.

**AUDITEE'S RESPONSE**

- A. *The Sheriff indicated that he agrees and will ask the County Treasurer to sign and date his bank reconciliation reviews. He will also ask the County Treasurer to periodically review the supporting accounting records. He indicated he intends to implement this recommendation by the end of 2002.*
- B. *The Sheriff indicated that by the end of 2002 he will begin using a prenumbered receipt book to be completed by the officers at the time cash bonds, or other monies they collected, are placed into the drop box safe. In addition, all other monies received by the bookkeeper will be recorded on prenumbered receipt slips and accounted for properly.*

<b>6. Health Center</b>
-------------------------

- A. The duties of transmitting monies to the County Treasurer and reconciling the Health Center receipt slips to the County Treasurer's receipt slips are not adequately segregated. The Office Manager is responsible for receipting monies at the main office, recording transactions, preparing transmittals, transmitting monies to the

County Treasurer, and reconciling receipt slips from the County Treasurer to the accounting records. No one independent of these duties performs reconciliations of the various records.

To ensure proper accountability, the duties of receiving and recording payments should be segregated from the duties of disbursing/transmitting monies and reconciling receipt slips from the County Treasurer to the accounting records. If the duties cannot be adequately segregated, at a minimum, someone independent should periodically review and compare Health Center records of monies received with documentation of transmittal to the County Treasurer, as well as ensuring recorded transactions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

B. We noted the following concerns relating to the Health Center's fixed assets:

- 1) The Health Center has not recorded fixed assets acquired during the four years ended December 31, 2001 on the property control record. Although a physical inventory was conducted in June 2000, the results have not been used to update the property control record. Complete and accurate records for fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage.
- 2) Expenditures for fixed asset purchases are not periodically reconciled to the additions to the property control record. Such a reconciliation is necessary to ensure all assets have been recorded.
- 3) Written authorization is not obtained prior to disposition of assets. Written authorization for the disposal of property is necessary to lessen the possibility of misuse and to provide adequate support for changes to the fixed asset records.

**WE RECOMMEND** the Health Center:

- A. Segregate accounting duties to the extent possible. At a minimum, someone independent should periodically review and compare Health Center records of monies received with documentation of transmittal to the County Treasurer, as well as ensuring recorded transactions appear proper.
- B.1. Update the property control record to include all fixed asset items currently on hand and record purchases of fixed assets in the control record at the time of purchase.
2. Conduct periodic reconciliations of expenditures for fixed assets to the additions to the property control record.

3. Obtain written authorization prior to the disposition of fixed assets.

**AUDITEE'S RESPONSE**

- A. *The Health Center Administrator indicated that because it is not possible to further segregate duties due to the small size of the office, she will try instead to immediately implement periodic independent reconciliations.*
- B.1. *The Health Center Administrator indicated that she agrees with the recommendation and that by the end of 2002 the office intends to update the fixed asset control records and will then keep them current.*
2. *The Health Center Administrator indicated that she agrees and the office will begin this reconciliation by January 2003.*
3. *The Health Center Administrator indicated that once the records are updated she will begin indicating her authorization for dispositions on the fixed asset control records.*

This report is intended for the information of the management of Gasconade County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



## Follow-Up on Prior Audit Findings

## GASCONADE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Gasconade County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Enhanced 911

- A. The county did not have a plan which clearly documented the amount of E911 system costs which were emergency versus non-emergency related and the amounts of non-emergency costs to be subsidized by other funds or entities.
- B. Contracts and invoices for the E911 consultant and a mapping firm were not adequate to ensure the county did not overpay for some services.

#### Recommendation:

The County Commission:

- A. Develop and document a written plan separating E911 costs from non-emergency services and the proportionate share to be paid by each fund. The commission should also consider how much of these costs, if any, to pass along to other entities utilizing non-emergency services.
- B. Ensure that future payment agreements are based on specific contractor performance and that invoices are adequately detailed. If work is to be performed by a subcontractor, the agreements should adequately detail who is responsible for paying for that work and how that is to be reported. In addition, the County Commission should review the above contracts and related invoices with legal counsel and parties involved to determine if the county has overpaid for services and if so, what recourse the county has to recoup those monies.

#### Status:

- A. Implemented. The County Commission developed and documented the written plan and began billing some entities; however, full implementation of the plan has been delayed, pending the outcome of a legal dispute with the City of Hermann over non-payment of E-911 fees. The County has ceased providing services to the City of Hermann pending resolution of the dispute.

- B. Implemented. The county maintains no current contracts with an E911 consultant. Further, while investigating legal recourse regarding overpayments, the County Commission discovered the contractor had gone bankrupt.

2. County Expenditures

- A. Bids were not always solicited or advertised for various purchases made and documentation was not maintained to substantiate items only available as sole source. In addition, a purchase made from the County Treasurer presented a potential conflict of interest and the procedures used for bidding fuel purchases were inadequate.
- B. Proposals or other information were not requested for some professional services, written contracts were not obtained for all such services and payments to the County Surveyor gave the appearance of a conflict of interest.
- C. Payments for some services were made to several organizations without entering into written agreements.
- D. The County Commission did not always obtain and review supporting documentation for expenditures and some travel expenses were not adequately documented and did not comply with the county's travel policy.
- E. The County Clerk did not reconcile assessment reimbursement claims to actual expenditures. As a result, the county was reimbursed \$1,628 more for assessment expenses than it incurred.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances. In addition, the County Commission should refrain from entering into transactions that represent a conflict of interest.
- B. Solicit and document proposals or other applicable information for professional services and ensure that agreements for professional services are in writing and payments are adequately supported.
- C. Enter into written contracts when providing and/or receiving goods and services. Further, the rights and duties of both parties to the contract should be adequately defined.

- D. Obtain and review vendor invoices and ensure that the invoices adequately document the items and/or services for which payment is being requested before approving payment or reimbursement. In addition, the County Commission should review all travel expenses and ensure that all travel expenses claimed for reimbursement are necessary, reasonable, adequately documented, and in accordance with the county's travel policy.
- E. Contact the State Tax Commission regarding this situation and take appropriate action to correct this overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.

Status:

- A. Partially implemented. While bids were solicited in accordance with state law and the County Commission appeared to refrain from entering into transactions that represented a conflict of interest, fuel purchases were bid annually with the bid amount valid only for the date bid. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. While contracts for professional services were obtained and payments were adequately supported, there was no documentation retained regarding the solicitation process for professional services. In addition, the County Surveyor is currently paid on a salaried basis for his survey work. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The county has entered written agreements with two of the entities, no longer has arrangements with two other entities, and has not entered into written contracts with the remaining two entities. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. While the invoices adequately documented the items and/or services for which payment was being requested, the County Commission did not always review supporting documentation for all expenditures, such as normal recurring monthly expenses. Although not repeated in the current report, our recommendation remains as stated above.
- E. Not implemented. See MAR No. 1.

3. Federal Financial Assistance

- A. Costs claimed for reimbursement from two U.S. Department of Justice grants were based on budgeted amounts rather than actual expenditures, resulting in \$4,734 in questioned costs, and related quarterly financial status reports were inaccurate.

- B. Deputy sheriff's wages from a marijuana eradication grant were paid in cash directly to the deputies and some hours claimed were not properly supported, resulting in questioned costs totaling \$749.
- C. The county did not have a drug-free workplace policy in place prior to receiving federal financial assistance as required by law.
- D. The county's Schedule of Federal Financial Assistance contained numerous errors and omissions.

Recommendation:

The County Commission:

- A. Review the actual costs related to the COPS MORE and COPS FAST programs, and determine if all allowable costs have been documented. In addition, the County Commission should contact the grantor agency to resolve the questioned costs. Furthermore, the County Commission should ensure that future financial status reports reflect actual expenditures and that total amounts claimed for reimbursement do not exceed the total amounts paid.
- B. And the Sheriff ensure appropriate documentation is maintained for expenditures and resolve the questioned costs.
- C. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act. The drug-free workplace policy and programs should be adequately communicated to all county employees who perform functions associated with federal funds.
- D. County Clerk, and the Health Center ensure all federal financial expenditure amounts are properly recorded on the Schedule of Federal Financial Assistance.

Status:

- A. Not implemented. While the County no longer participates in the two grant programs, no action was taken to resolve the questioned costs. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. While appropriate documentation is currently maintained for expenditures, the questioned costs have not been resolved. Although not repeated in the current report, our recommendation remains as stated above.
- C&D. Implemented.

4. Road and Bridge Controls and Procedures

- A.1. Inventory records were not maintained for culvert pipes.
- 2. Records of billings and collections for culvert pipes sold to county residents were not retained.
- B. Differences noted between fuel usages, purchases, and fuel on hand were not investigated and the related reconciliations were not retained.
- C. The county did not comply with Internal Revenue Service guidelines for reporting fringe benefits related to county-owned vehicles for two employees that were allowed to use county vehicles for commuting.

Recommendation:

The County Commission:

- A.1. Maintain inventory records for culvert pipes, and periodically reconcile purchases, usage, and items on hand.
- 2. Maintain records of all amounts billed and collected for the sale of culvert pipes.
- B. Require reconciliations of fuel usages and purchases to fuel on-hand be retained, and differences be investigated and resolved.
- C. Ensure the county complies with IRS guidelines for reporting fringe benefits related to county-owned vehicles.

Status:

- A. Not applicable. The Gasconade County Road and Bridge Department no longer sells culvert pipe to county residents.
- B. Partially implemented. While reconciliations of fuel usages and purchases to fuel on-hand were retained, differences were not always investigated and resolved. Although not repeated in the current report, our recommendation remains as stated above.
- C. Not implemented. The County Commission indicated the two employees with fringe benefits related to county-owned vehicles commute minimal distances; and, since they are considered on-call and utilize the vehicles at the county's request, the Commission believed they are not required to report the fringe benefits. See MAR No. 1.

5. Computer Controls

- A. Some computer backups were not stored in a secure, off-site location.
- B. Access to computer files was not always adequately restricted. Some passwords were not changed periodically and were not kept confidential.

Recommendation:

The County Commission work with the applicable county officials to:

- A. Ensure backup disks are prepared and stored in a secure, off-site location.
- B. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential. In addition, the County Commission and the County Assessor should review the current assessment system and evaluate the changes that would be necessary to the system to adequately restrict access to the computer files.

Status:

- A. Implemented.
- B. Partially implemented. While each employee is assigned a password which is kept confidential, passwords were not periodically changed in the offices of the Assessor and County Clerk. Although not repeated in the current report, our recommendation remains as stated above.

6. Personnel and Payroll Policies and Procedures

- A. Centralized leave records were not maintained for some employees and leave policies being used by various departments were different from the county employee manual and had not been formally approved by the County Commission.
- B. Sheriff's Department time sheets contained errors, did not provide sufficient information for the County Clerk to verify the amount of compensatory time earned, and were not all checked for mathematical accuracy.
- C. A Road and Bridge Department employee was considered an independent contractor for some work performed after hours.

Recommendation:

The County Commission:

- A. Revise and expand the county's written personnel policies regarding overtime and leave to address all relevant issues and ensure that all policies and procedures are applied equitably and in compliance with the Fair Labor Standards Act (FLSA). In addition, the County Clerk should maintain centralized records of vacation leave, sick leave, compensatory time, and holiday pay earned and taken for all employees and periodically verify the centralized records with the departmental records and the respective employee. Any differences noted should be investigated.
- B. Require all county employees' time sheets to be checked for mathematical accuracy by the County Clerk. In addition, adjustments should be made to the Sheriff's Department time sheets that would allow the 28 day work cycles to be properly evaluated for FLSA compliance.
- C. Review whether this person is an employee or an independent contractor and take appropriate action.

Status:

A,B&

C. Implemented.

7. Prosecuting Attorney's Bad Check Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not issued for all monies received.
- C. Checks and money orders for partial payments were not restrictively endorsed immediately upon receipt and partial payments were not adequately secured.

Recommendation:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for all monies received.



- C. Restrictively endorse checks and money orders payable to the county immediately upon receipt and keep receipts in a secure location until deposited or transmitted to the County Treasurer or the merchant. In addition, the Prosecuting Attorney should either disburse the partial payments to the merchant upon receipt or deposit monies in the bank account and when payments are received in full, disburse the money to the merchant by check.

Status:

- A. Partially implemented. Reviews of monthly bank reconciliations performed by the Prosecuting Attorney are now documented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. Computerized receipt slips were issued only for cases upon payment in full. Manual receipt slips were issued for partial payments. See MAR No. 4.
- C. Partially implemented. The volume of partial payments collected is fairly low. Most partial payments were deposited in the bank account and disbursed to the merchant by check when payments were received in full. Partial payments by money order made payable to the merchant are filed in the case file until payment is made in full. These files are kept locked in the vault. However, money orders were not restrictively endorsed upon receipt. Although not repeated in the current report, our recommendation remains as stated above.

8. Sheriff's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Gun permit monies were not deposited intact or timely and were used to make change throughout the month.
- C. Bond forms were not prenumbered, a log listing the bonds and their disposition was not maintained, and entries were noted on the receipt ledger for four bonds, totaling \$758, for which a bond form was not on file with the Sheriff's Department.
- D. Fuel usage was not reconciled to the amount billed to the department by the Road and Bridge Department, nor was the fuel usage compared to actual mileage to evaluate fuel efficiency.
- E.1. Information on partition sales was not complete.
  - 2. The former Sheriff appeared to have personally retained commissions totaling \$823 from partition sales.

Recommendation:

- A. The Sheriff adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Sheriff deposit gun permit monies with other receipts daily or when receipts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.
- C. The Sheriff require the use of prenumbered bond forms and/or prenumbered receipt slips, and establish a log of bonds received, including disposition information. In addition, cash bonds received should be reconciled to the Sheriff's receipt ledger, and to subsequent deposits to ensure that all bonds have been accounted for properly. Bond forms should be completed and retained for all bonds.
- D. The Sheriff ensure recorded fuel usage is reconciled to the amounts billed by the Road and Bridge Department and investigate any differences. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the department's vehicles.
- E.1. The Sheriff ensure that the fees on partition sales are properly computed and supporting documentation is maintained of the calculation of the Sheriff fee.
- 2. The County Commission require the former Sheriff turn over \$823 in partition sale commissions to the County Treasurer for deposit into the General Revenue Fund.

Status:

- A. Partially implemented. While the Sheriff and County Treasurer indicated the County Treasurer performed reviews of the Sheriff's bank reconciliations, such reviews were not documented, nor did the County Treasurer review the actual supporting records. See MAR No. 5.
- B,D&
- E.1. Implemented.
- C. Not implemented. See MAR No. 5.
- E.2. Not implemented. There was no documentation that the County Commission requested repayment from the prior Sheriff. Although not repeated in the current report, our recommendation remains as stated above.

9. Circuit Clerk's Procedures

- A. Child support duties were not adequately segregated.
- B. Several old cases were noted on the open items listing for the Fee Account.
- C. A complete listing of accrued costs owed to the court was not maintained and monitoring procedures related to accrued costs were not adequate.
- D. An interest ledger was not maintained to account for all interest earned on the various investments and the amounts presented on the Circuit Clerk's Interest Account budget were not accurate.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate the duties of receipting child support payments and making changes to child support system files. The Circuit Clerk should designate one employee to be responsible for making changes to the data files, and that employee should be independent of any receipting or disbursement functions.
- B. Along with the Circuit Judge, review the older cases on the open items listing and determine the appropriate disposition of inactive cases.
- C. Maintain a listing of accrued costs and pursue timely collection.
- D. Maintain records to account for all interest earnings and ensure the budgets accurately reflect the actual beginning cash balances, estimated revenues, expenditures, and projected ending cash balances.

Status:

- A. No longer applicable. The handling of child support transactions was taken over by the state in July, 2000.
- B. Implemented.
- C. Not implemented. See MAR No. 2.
- D. Partially implemented. While records were maintained to account for all interest earnings, an annual budget was not prepared for the Circuit Clerk's Interest Fund for the year ended December 31, 2001. Although not repeated in the current report, our recommendation remains as stated above.

10. Associate Circuit and Probate Divisions' Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis.
- C. Disbursements were not made in a timely manner.
- D. Listings of open items were not periodically reconciled to cash balances.
- E. Old outstanding checks were not followed up on timely.

Recommendation:

The Associate Circuit Judge:

- A. Adequately segregate accounting duties between available employees and/or establish a documented periodic review of the Associate Circuit and Probate Divisions' accounting records by an independent person.
- B. Require the Associate/Probate Clerk to deposit receipts daily or when accumulated receipts exceed \$100.
- C. Require the Associate/Probate Clerk to distribute fees on a monthly basis.
- D. Investigate the remaining unreconciled difference of \$171 and ensure that open items listings are reconciled monthly to the cash balance.
- E. Attempt to identify and/or disburse all old outstanding checks through the applicable statutory provision.

Status:

A,B&

C. Not implemented. See MAR No. 3.

D. Implemented.

E. Partially implemented. While the old outstanding checks noted above were investigated and disposed, additional old outstanding checks totaling \$887 have accumulated since the prior audit. Although not repeated in the current report, our recommendation remains as stated above.

11. Assessment Procedures

The County Assessor completed assessment forms for some taxpayers. In doing so, the County Assessor did not adequately document the items assessed as "other tangible property" and assessment lists prepared by the County Assessor were not signed by the taxpayer to attest to the accuracy, as required by law.

Recommendation:

The County Assessor ensure that all assessed valuations assigned to the taxpayers' personal property are adequately documented by including a listing of all items that make up each category on the assessment form. In addition, the taxpayer should be required to sign and date the assessment form attesting to the fact that the form is a true and complete listing.

Status:

Implemented.

12. County Treasurer's Procedures

- A. The County Treasurer had not set up a fund for the deposit of Sheriff's civil fees as required by law.
- B. Bank reconciliations were not prepared for the General Warrant Account or the Health Center Warrant Account.

Recommendation:

The County Treasurer:

- A. Establish a Sheriff's Civil Fees fund as required by state law, and work with the Sheriff's Department to ensure that the proper fees are placed in this fund. In addition, the County Commission should require the Sheriff to submit an annual budget outlining his plans for this fund.
- B. Perform and adequately document bank reconciliations for all accounts maintained.

Status:

A&B. Implemented.

13. Closed Meeting Minutes

Minutes were not maintained of closed County Commission meetings.

Recommendation:

The County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. The County Clerk indicated that the Prosecuting Attorney had advised them to not keep minutes of closed meetings for legal reasons. However the regular minutes of County Commission meetings do disclose the reason for entering into closed session and decisions reached (if any) during closed session. Although not repeated in the current report, our recommendation remains as stated above.

14. Health Center's Accounting Controls and Procedures

- A. Records accounting for donations were not adequate and donations were not transmitted intact timely to the County Treasurer for deposit.
- B. Computer backups were not done in a timely manner and not stored off-site.
- C. An annual physical inventory of fixed assets was not formally conducted.

Recommendation:

The Health Center Board of Trustees:

- A. Require logs to be maintained to document the amount of donations received each day at the Health Center and its satellite locations. In addition, receipt slips should be issued to each office for the donations remitted and periodically be reconciled to the log of donations. In addition, donations should be remitted to the County Treasurer intact along with the Health Center's regular receipts.
- B. Require timely backups of the computer system, and require the backup disks to be stored in a secure, off-site location.
- C. Ensure that physical inventories are periodically performed and compared to the fixed asset records, and retain documentation of any adjustments made.

Status:

- A. Partially implemented. Receipt slips were prepared at each location for each day's collections, receipt slips were prepared by the central office for the donations remitted by each office, and donations were remitted intact to the County Treasurer along with the Health Center's regular receipts. However, logs were not maintained to document the amount of individual donations received each day at the Health

Center and its satellite locations. Although not repeated in the current report, our recommendation remains as stated above.

- B. Implemented.
- C. Partially implemented. A physical inventory was performed in 2000; however, the results were not compared to the fixed asset records. See MAR No. 6.

15. Community Mental Health Board

- A. A 1996 contract with one service provider was not adequate. The not-for-profit (NFP) provider went bankrupt after receiving most of the requested funding from the board but before all related services were provided.
- B. A review of provider records to ensure compliance with contract requirements was not done timely.
- C. Budget documents were inaccurate.
- D. No procedures were established to monitor collateral securities pledged and the board's bank account was under-collateralized.

Recommendation:

The Community Mental Health Board:

- A. Ensure that future payment agreements are based on specific contractor performance, and refrain from paying the total contract price before the end of the contract period. In addition, the board should consult with its legal counsel to determine if the board would be able to recoup any of the monies previously paid to the NFP.
- B. Perform timely reviews of contracts and vendor records to ensure bills for services are properly supported and that contract terms have been complied with.
- C. Improve the quality and usefulness of the budget documents by preparing more accurate budgets.
- D. Establish monitoring procedures to ensure its depository bank pledges adequate collateral securities at all times. In addition, the board should enter into a written depository agreement with all banks holding the board's monies.

Status:

- A. Implemented.

B. Partially implemented. While more timely reviews of contracts and vendor records occurred on some contractors, there were two contractors who were not reviewed during 2000, but rather in 2001 and one contractor that was not reviewed during 2001, but instead was reviewed in the first quarter of 2002. Although not repeated in the current report, our recommendation remains as stated above.

C&D. Implemented.

16. Senate Bill 40 Board

A.1. The sheltered workshop's audit report was incomplete and there was no documentation that it was reviewed by the board.

2. The contract with the sheltered workshop was not adequate.

3. Invoices and documentation to support some payments did not appear to be obtained or adequately reviewed.

B. Budgets contained several errors and omissions and did not adequately reflect the board's anticipated financial position.

C. The Senate Bill 40 (SB40) Fund had an excessive cash balance.

D. Receipts were not recorded or deposited on a timely basis and checks were not restrictively endorsed when received.

E. Meeting minutes did not reflect that a board member abstained from a vote to fund equipment for a relative and the board did not have a written agreement regarding the board's residual interest in the equipment.

Recommendation:

The SB40 Board:

A.1. Document the review of audit reports in the official board minutes. In addition, the board should ensure that the audit report is a complete report of all of the sheltered workshop's accounts.

2. Ensure that future payment agreements are based on specific contractor performance. In addition, the board should discontinue the practice of paying for services prior to them being performed.

3. Require adequate supporting documentation for all expenditures.



- B. Ensure all receipts are recorded as received and that budget information accurately presents all financial activity. In addition, the board should estimate expenditures as closely as possible to the anticipated actual amounts to more accurately reflect the board's financial condition.
- C. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the board minutes and budget messages.
- D. Restrictively endorse checks as received and deposit monies daily or when accumulated receipts exceeds \$100. In addition, monies received should be recorded when received.
- E. Ensure that the minutes clearly reflect when board members have abstained from voting. In addition, the board should obtain a written agreement establishing the board's rights to equipment purchased.

Status:

A.1&3,

B,C&

D. Implemented.

- A.2. Partially implemented. While contractual payments were spread more evenly throughout the year, the payment agreements were not based upon specific contractor performance. Although not repeated in the current report, our recommendation remains as stated above.
- E. Partially implemented. While minutes reflected when board members abstained from voting, the board has not obtained written agreements establishing their rights to equipment purchased. Although not repeated in the current report, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# GASCONADE COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1820, the county of Gasconade was named after the Gasconade River. Gasconade County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Hermann.

Gasconade County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Gasconade County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 625,997	19	587,684	19
Sales taxes	1,384,451	41	1,318,290	43
Federal and state aid	722,740	22	605,291	20
Fees, interest, and other	600,963	18	548,733	18
Total	\$ 3,334,151	100	3,059,998	100

The following chart shows how Gasconade County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 717,634	22	709,975	25
Public safety	722,327	23	686,148	25
Highways and roads	1,744,591	55	1,414,409	50
Total	\$ 3,184,552	100	2,810,532	100

The county maintains approximately 67 county bridges and 485 miles of county roads.

The county's population was 11,878 in 1970 and 15,342 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	93.5	86.0	44.1	35.3	18.5
Personal property		44.0	41.7	13.0	6.8	5.2
Railroad and utilities		21.9	20.1	12.9	.2	.1
Total	\$	159.4	147.8	70.0	42.3	23.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Gasconade County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1496	.1465
Special Road and Bridge Fund		.2706	.2713
Health Center Fund		.0998	.1000
Senate Bill 40 Board Fund		.0998	.1000
Community Mental Health Fund		.0998	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 47,795	44,531
General Revenue Fund	266,154	245,361
Special Road and Bridge Fund	428,765	400,469
Assessment Fund	86,874	82,367
Health Center Fund	157,427	146,938
Senate Bill 40 Board Fund	157,427	146,938
Community Mental Health Fund	155,540	145,028
School districts	5,835,547	5,408,120
Library district	157,427	146,938
Ambulance districts	477,861	448,890
Fire protection districts	41,525	37,567
Hospital district	438,993	415,872
Junior College	1,249	1,062
Tax Increment Financing District	38,310	31,684
Morrison Levee	443	521
Tri-County Levee/Bond	7,249	7,249
A-1 Levee	992	894
Cities	40,215	33,299
County Employees' Retirement	56,769	53,487
Commissions and fees:		
General Revenue Fund	123,720	117,676
Total	\$ 8,520,282	7,914,891

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	94 %	94 %
Personal property	90	92
Railroad and utilities	100	100

Gasconade County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
General	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Charles Schlottach, Presiding Commissioner	\$	28,400	28,400
Max Aubuchon, Associate Commissioner		26,400	26,400
Jerry Lairmore, Associate Commissioner		26,400	26,400
Roger Prior, County Clerk		40,000	40,000
Ada Brehe-Krueger, Prosecuting Attorney		47,000	47,000
Glenn Ebker, Sheriff		44,000	37,000
Ralph Grannemann, Jr., County Treasurer		29,600	29,600
Landon Grosse, County Coroner		12,000	6,000
Fay Owsley, Public Administrator		22,000	0
Kathy Meyer, Public Administrator (1)		4,876	27,166
Shawn Gerschefske, County Collector, year ended February 28,	40,000	39,833	
Joseph Mundwiller, County Assessor (2), year ended August 31,		13,558	
Ray Berlemer, County Assessor (3), year ended August 31,		27,117	39,967
Paul Dopuch, County Surveyor (4)		900	75

- (1) Includes fees received from probate cases.
- (2) Includes \$225 annual compensation received from the state.
- (3) Includes annual compensation received from the state of \$450 and \$900 for 2001 and 2000, respectively.
- (4) Compensation on a fee basis.

State-Paid Officials:

Judith Schulte, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
John Berkemeyer, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2 *	0
Prosecuting Attorney	3 **	0
Sheriff	8 **	0
County Collector	6 ***	0
County Assessor	3 **	0
Associate and Probate Divisions	1 **	2
Road and Bridge	16	0
Health Center	10 ****	0
Building & Grounds	1	0
E911	10 ****	0
Jail	1	0
Union Electric	2 **	0
Total	<u>64</u>	<u>4</u>

\* Vacant job which is split equally among County Clerk, County Commission, and Elections.

\*\* Includes one part-time employee.

\*\*\* Includes five part-time employees.

\*\*\*\* Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Gasconade County's share of the Twentieth Judicial Circuit's expenses is 12.55 percent.





**WORTH COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-117  
December 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Worth, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Worth County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Worth County has faced financial difficulty within the General Revenue Fund for several years, making it difficult for the county to provide basic services to county residents. Debt incurred in the General Revenue Fund has increased from \$46,012 at December 31, 1995, to \$132,742 at December 31, 2001. Statutory salaries for elected officials and other required or essential operating expenses comprised at least 80 percent of total expenditures during 2001, making it difficult for the county to decrease expenditures. Increases in taxes to generate additional revenues require voter approval. These factors, along with a declining county population and tax base, will make it difficult to improve the financial condition of the General Revenue Fund. The county should consider alternative ways of providing services, including the consolidation of certain services with adjoining counties or a merger of the counties current operations with one or more of the adjoining counties.

The county indicated it expects some improvement in the financial condition during 2003 because the voters approved a local use tax and a new retail store opened in the county. The county also indicated it will consider presenting measures before the voters to raise additional revenues.

- The county has not sufficiently reduced its general property tax levy to reduce property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by county voters. Procedural errors, combined with higher than estimated sales tax revenues, resulted in the county collecting excess property tax

(over)

YELLOW SHEET

revenues totaling \$12,190. The county indicated it will make the additional rollbacks starting in 2003 over a period of three to four years.

- The county spent \$7,125 from the Special Road and Bridge Fund during 2000 for the salary of a safety officer. This employee was a certified law enforcement officer and this expenditure did not appear to be an allowable use of road and bridge funds. The county should consider reimbursing the Special Road and Bridge Fund for the amount of salary related to law enforcement.
- The county made various purchases for road and bridge purposes without maintaining sufficient documentation that bids were obtained or advertised. The county indicated bids were solicited for these purchases and that better bid documentation would be maintained for future purchases.

The audit also suggested improvements for approving and paying invoices, obtaining written contracts, use of the Victims of Domestic Violence Fund, and budgetary practices. The audit also noted improvements needed in the accounting controls and procedures of the County Clerk, Prosecuting Attorney, Circuit Clerk, and Sheriff. Some of these issues have been mentioned in prior audits.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

WORTH COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

State Auditor's Reports:..... 2-6

Financial Statements ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards*..... 5-6

Financial Statements: ..... 7-17

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....8

A-2

Year Ended December 31, 2000 .....9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000..... 10-17

Notes to the Financial Statements ..... 18-21

Schedule: ..... 22-23

Schedule of Findings, Years Ended December 31, 2001 and 2000 .....23

Follow-Up on Prior Audit Findings for an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards* ..... 24-25

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report - State Auditor's Findings..... 27-41

Number

Description

1.

Financial Condition.....29

2.

Property Tax Reduction Due to Sales Tax .....31

3.

Expenditures and Related Matters .....32

4.

Budgets .....35

5.

County Clerk .....37

6.

Prosecuting Attorney's Accounting Controls and Procedures .....38

7.

Circuit Clerk's Accounting Controls and Procedures .....39

WORTH COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
<u>Number</u>	<u>Description</u>
8.	Sheriff's Accounting Controls and Procedures .....40
	Follow-Up on Prior Audit Findings ..... 42-47
<u>STATISTICAL SECTION</u>	
	History, Organization, and Statistical Information..... 49-54

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Worth County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Worth County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Worth County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Worth County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Worth County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we also have issued our report dated August 22, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Worth County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 22, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Lucinda Elliott
	Anne Marie Jenkins
	Nicole Griffith



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Worth County, Missouri

We have audited the special-purpose financial statements of various funds of Worth County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Worth County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Worth County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Worth County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 22, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

WORTH COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 479	439,059	439,213	325
Special Road and Bridge	36,125	226,830	218,296	44,659
Assessment	0	37,769	37,769	0
Law Enforcement Training	1,391	844	1,227	1,008
Prosecuting Attorney Training	459	72	0	531
County Aid Road Trust	51,841	272,219	312,038	12,022
Capital Improvement Sales Tax 40%	9,301	14,927	12,373	11,855
Capital Improvement Sales Tax 60%	38,128	23,933	26,350	35,711
Bad Check	3,700	1,359	130	4,929
Emergency Management Program	0	8,041	7,701	340
Local Emergency Planning Committee	8,043	3,066	851	10,258
CART/Patron Gravel	0	121,865	121,865	0
Law Enforcement Sales Tax	3,625	50,444	47,115	6,954
Prosecuting Attorney Delinquent Tax	516	120	230	406
Recorder's Preservation	8,235	1,164	448	8,951
Senior Citizens Services	10,479	11,053	6,958	14,574
Victims of Domestic Violence	1,067	111	0	1,178
Rural Economic Assistance Program	6,231	28,558	34,759	30
Juvenile Grant	1,787	31	0	1,818
Peace Officer Standards and Training Commission	669	550	720	499
Circuit Clerk Interest	1,121	173	0	1,294
Law Library	289	580	262	607
Sheriff Civil	0	1,027	542	485
Technology	0	256	0	256
Special Juvenile	1,664	4	1,668	0
Total	\$ 185,150	1,244,055	1,270,515	158,690

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WORTH COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 0	443,077	442,598	479
Special Road and Bridge	4,370	171,480	139,725	36,125
Assessment	0	42,597	42,597	0
Law Enforcement Training	2,618	445	1,672	1,391
Prosecuting Attorney Training	361	98	0	459
County Aid Road Trust	48,469	282,799	279,427	51,841
Capital Improvement Sales Tax 40%	26,597	22,664	39,960	9,301
Capital Improvement Sales Tax 60%	34,946	23,448	20,266	38,128
Bad Check	2,000	1,700	0	3,700
Emergency Management Program	93	7,745	7,838	0
Local Emergency Planning Committee	8,552	2,060	2,569	8,043
CART/Patron Gravel	0	68,644	68,644	0
Law Enforcement Sales Tax	2,631	59,427	58,433	3,625
Prosecuting Attorney Delinquent Tax	1,054	3	541	516
Recorder's Preservation	7,118	1,117	0	8,235
Senior Citizens Services	2,566	10,248	2,335	10,479
Victims of Domestic Violence	997	70	0	1,067
Rural Economic Assistance Program	0	40,790	34,559	6,231
Juvenile Grant	1,744	43	0	1,787
Peace Officer Standards and Training				
Commission	769	500	600	669
Circuit Clerk Interest	778	386	43	1,121
Law Library	812	839	1,362	289
Special Juvenile	0	13,244	11,580	1,664
Local Law Enforcement Block Grant	0	4,727	4,727	0
Total	\$ 146,475	1,198,151	1,159,476	185,150

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 1,906,771	1,242,768	(664,003)	1,181,452	1,178,455	(2,997)
DISBURSEMENTS	1,391,368	1,268,305	123,063	1,185,345	1,141,164	44,181
RECEIPTS OVER (UNDER) DISBURSEMENTS	515,403	(25,537)	(540,940)	(3,893)	37,291	41,184
CASH, JANUARY 1	154,979	183,486	28,507	146,826	144,116	(2,710)
CASH, DECEMBER 31	670,382	157,949	(512,433)	142,933	181,407	38,474
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	156,739	169,333	12,594	165,750	159,966	(5,784)
Sales taxes	52,926	57,435	4,509	55,000	56,424	1,424
Intergovernmental	15,151	25,639	10,488	17,148	16,049	(1,099)
Charges for services	52,275	42,248	(10,027)	55,379	51,124	(4,255)
Interest	35	63	28	145	43	(102)
Other	5,575	3,435	(2,140)	10,319	5,198	(5,121)
Tax anticipation notes	147,097	133,190	(13,907)	130,384	145,126	14,742
Transfers in	28,731	7,716	(21,015)	8,578	9,147	569
Total Receipts	458,529	439,059	(19,470)	442,703	443,077	374
DISBURSEMENTS						
County Commission	24,147	23,591	556	24,283	24,060	223
County Clerk	34,897	34,803	94	35,278	35,372	(94)
Elections	12,850	1,690	11,160	15,719	11,293	4,426
Buildings and grounds	19,112	20,811	(1,699)	22,135	19,805	2,330
Employee fringe benefits	15,500	14,304	1,196	15,040	14,839	201
County Treasurer	13,625	13,480	145	13,965	13,435	530
County Collector	23,155	21,404	1,751	22,925	20,660	2,265
Ex Officio Recorder of Deeds	1,395	1,393	2	1,853	646	1,207
Circuit Clerk	1,320	1,654	(334)	1,400	1,399	1
Associate Circuit Court	3,000	293	2,707	8,000	5,373	2,627
Court administration	1,430	729	701	1,055	1,283	(228)
Public Administrator	8,200	8,245	(45)	5,860	5,771	89
Sheriff	29,025	29,465	(440)	27,775	31,787	(4,012)
Jail	21,775	27,015	(5,240)	15,955	22,293	(6,338)
Prosecuting Attorney	36,510	43,691	(7,181)	36,775	37,138	(363)
Juvenile Officer	3,900	2,567	1,333	0	0	0
County Coroner	4,080	4,091	(11)	3,990	4,241	(251)
Public health and welfare services	2,500	2,500	0	2,500	2,500	0
Tax anticipation note repayment	141,065	140,906	159	121,380	126,048	(4,668)
Interfund loan repayment	0	0	0	8,000	7,446	554
Other	34,239	34,199	40	31,505	30,250	1,255
Transfers out	18,146	12,382	5,764	18,121	26,959	(8,838)
Emergency Fund	8,658	0	8,658	9,189	0	9,189
Total Disbursements	458,529	439,213	19,316	442,703	442,598	105
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(154)	(154)	0	479	479
CASH, JANUARY 1	0	479	479	0	0	0
CASH, DECEMBER 31	0	325	325	0	479	479

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	173,270	181,326	8,056	181,485	169,579	(11,906)
Intergovernmental	742,440	41,955	(700,485)	0	0	0
Interest	2,650	2,325	(325)	0	1,901	1,901
Other	2,800	1,224	(1,576)	780	0	(780)
Total Receipts	921,160	226,830	(694,330)	182,265	171,480	(10,785)
<b>DISBURSEMENTS</b>						
Salaries	114,783	111,878	2,905	120,580	109,689	10,891
Employee fringe benefits	18,822	15,920	2,902	17,594	17,778	(184)
Equipment repairs	38,650	31,249	7,401	15,000	6,219	8,781
Construction, repair, and maintenance	167,780	48,513	119,267	0	0	0
Plat maps	2,800	2,910	(110)	0	0	0
Other	515	1,206	(691)	1,801	571	1,230
Transfers out	10,395	6,620	3,775	5,468	5,468	0
Total Disbursements	353,745	218,296	135,449	160,443	139,725	20,718
RECEIPTS OVER (UNDER) DISBURSEMENTS	567,415	8,534	(558,881)	21,822	31,755	9,933
CASH, JANUARY 1	25,106	36,125	11,019	4,370	4,370	0
CASH, DECEMBER 31	592,521	44,659	(547,862)	26,192	36,125	9,933
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	28,294	29,438	1,144	29,929	30,121	192
Interest	0	62	62	40	48	8
Other	40	6	(34)	0	47	47
Transfers in	14,646	8,263	(6,383)	13,371	12,381	(990)
Total Receipts	42,980	37,769	(5,211)	43,340	42,597	(743)
<b>DISBURSEMENTS</b>						
Assessor	42,980	37,769	5,211	43,340	42,597	743
Total Disbursements	42,980	37,769	5,211	43,340	42,597	743
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	475	307	(168)	475	396	(79)
Interest	50	4	(46)	81	49	(32)
Other	0	533	533	0	0	0
Total Receipts	525	844	319	556	445	(111)
<b>DISBURSEMENTS</b>						
Sheriff	1,650	1,227	423	4,110	1,672	2,438
Total Disbursements	1,650	1,227	423	4,110	1,672	2,438
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,125)	(383)	742	(3,554)	(1,227)	2,327
CASH, JANUARY 1	1,353	1,391	38	2,576	2,618	42
CASH, DECEMBER 31	228	1,008	780	(978)	1,391	2,369



## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	110	72	(38)	120	98	(22)
Total Receipts	110	72	(38)	120	98	(22)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	110	72	(38)	120	98	(22)
CASH, JANUARY 1	457	459	2	351	361	10
CASH, DECEMBER 31	567	531	(36)	471	459	(12)
<b><u>COUNTY AID ROAD TRUST FUND</u></b>						
RECEIPTS						
Intergovernmental	254,500	257,264	2,764	282,995	280,368	(2,627)
Interest	1,105	1,076	(29)	1,500	1,047	(453)
Other	4,265	13,879	9,614	1,930	1,384	(546)
Total Receipts	259,870	272,219	12,349	286,425	282,799	(3,626)
DISBURSEMENTS						
Salaries	0	0	0	2,200	0	2,200
Supplies	73,250	61,785	11,465	54,500	51,139	3,361
Insurance	2,500	2,500	0	6,500	5,447	1,053
Road and bridge materials	70,000	74,460	(4,460)	95,500	64,526	30,974
Equipment purchases	41,000	33,200	7,800	3,500	22,619	(19,119)
Construction, repair, and maintenance	65,000	84,240	(19,240)	80,000	92,672	(12,672)
Other	3,490	3,459	31	16,553	9,990	6,563
Transfers out	51,000	52,394	(1,394)	30,000	33,034	(3,034)
Total Disbursements	306,240	312,038	(5,798)	288,753	279,427	9,326
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,370)	(39,819)	6,551	(2,328)	3,372	5,700
CASH, JANUARY 1	46,432	51,841	5,409	53,631	48,469	(5,162)
CASH, DECEMBER 31	62	12,022	11,960	51,303	51,841	538
<b><u>CAPITAL IMPROVEMENT SALES TAX 40% FUND</u></b>						
RECEIPTS						
Sales taxes	14,040	14,653	613	15,400	14,794	(606)
Interest	400	274	(126)	820	424	(396)
Interfund loan repayment	0	0	0	7,350	7,446	96
Total Receipts	14,440	14,927	487	23,570	22,664	(906)
DISBURSEMENTS						
Road and bridge materials	17,500	11,940	5,560	15,650	0	15,650
Construction, repair, and maintenance	0	0	0	25,000	38,509	(13,509)
Transfers out	433	433	0	1,451	1,451	0
Total Disbursements	17,933	12,373	5,560	42,101	39,960	2,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,493)	2,554	6,047	(18,531)	(17,296)	1,235
CASH, JANUARY 1	8,396	9,301	905	24,197	26,597	2,400
CASH, DECEMBER 31	4,903	11,855	6,952	5,666	9,301	3,635

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX 60% FUND</u></b>						
RECEIPTS						
Sales taxes	21,060	21,980	920	23,015	22,191	(824)
Interest	750	1,048	298	2,790	960	(1,830)
Other	300	905	605	2	297	295
Total Receipts	22,110	23,933	1,823	25,807	23,448	(2,359)
DISBURSEMENTS						
Courthouse repairs	23,675	25,687	(2,012)	27,325	18,606	8,719
Transfers out	0	663	(663)	1,660	1,660	0
Total Disbursements	23,675	26,350	(2,675)	28,985	20,266	8,719
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,565)	(2,417)	(852)	(3,178)	3,182	6,360
CASH, JANUARY 1	36,833	38,128	1,295	34,946	34,946	0
CASH, DECEMBER 31	35,268	35,711	443	31,768	38,128	6,360
<b><u>BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	1,400	1,278	(122)	1,540	1,630	90
Interest	75	81	6	150	70	(80)
Total Receipts	1,475	1,359	(116)	1,690	1,700	10
DISBURSEMENTS						
Prosecuting Attorney	0	130	(130)	0	0	0
Total Disbursements	0	130	(130)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,475	1,229	(246)	1,690	1,700	10
CASH, JANUARY 1	3,599	3,700	101	2,000	2,000	0
CASH, DECEMBER 31	5,074	4,929	(145)	3,690	3,700	10
<b><u>EMERGENCY MANAGEMENT PROGRAM FUND</u></b>						
RECEIPTS						
Intergovernmental	5,533	5,292	(241)	5,532	5,624	92
Interest	0	0	0	8	5	(3)
Transfers in	2,000	2,749	749	2,800	2,116	(684)
Total Receipts	7,533	8,041	508	8,340	7,745	(595)
DISBURSEMENTS						
Salaries	7,200	7,200	0	7,200	7,200	0
Employee fringe benefits	571	501	70	675	526	149
Mileage and training	100	0	100	464	112	352
Total Disbursements	7,871	7,701	170	8,339	7,838	501
RECEIPTS OVER (UNDER) DISBURSEMENTS	(338)	340	678	1	(93)	(94)
CASH, JANUARY 1	563	0	(563)	93	93	0
CASH, DECEMBER 31	225	340	115	94	0	(94)

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING</u></b>						
<b><u>COMMITTEE FUND</u></b>						
RECEIPTS						
Intergovernmental	0	2,899	2,899	1,700	1,820	120
Interest	190	167	(23)	185	210	25
Other	0	0	0	0	30	30
Total Receipts	190	3,066	2,876	1,885	2,060	175
DISBURSEMENTS						
Office expenditures	1,897	851	1,046	1,127	2,569	(1,442)
Total Disbursements	1,897	851	1,046	1,127	2,569	(1,442)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,707)	2,215	3,922	758	(509)	(1,267)
CASH, JANUARY 1	6,203	8,043	1,840	8,552	8,552	0
CASH, DECEMBER 31	4,496	10,258	5,762	9,310	8,043	(1,267)
<b><u>CART/PATRON GRAVEL FUND</u></b>						
RECEIPTS						
Charges for services	30,000	68,040	38,040	30,000	35,265	5,265
Interest	345	1,431	1,086	0	345	345
Transfers in	51,000	52,394	1,394	30,000	33,034	3,034
Total Receipts	81,345	121,865	40,520	60,000	68,644	8,644
DISBURSEMENTS						
Road and bridge materials	81,000	121,865	(40,865)	60,000	68,644	(8,644)
Total Disbursements	81,000	121,865	(40,865)	60,000	68,644	(8,644)
RECEIPTS OVER (UNDER) DISBURSEMENTS	345	0	(345)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	345	0	(345)	0	0	0
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	48,535	48,844	309	48,000	49,315	1,315
Intergovernmental	1,985	1,035	(950)	0	1,980	1,980
Interest	45	49	4	199	52	(147)
Other	10	516	506	0	2	2
Transfers in	0	0	0	0	8,078	8,078
Total Receipts	50,575	50,444	(131)	48,199	59,427	11,228
DISBURSEMENTS						
Salaries	32,010	34,031	(2,021)	39,083	39,625	(542)
Employee fringe benefits	5,808	5,046	762	4,144	6,220	(2,076)
Office expenditures	965	1,759	(794)	1,870	1,513	357
Equipment	8,150	6,279	1,871	5,732	11,075	(5,343)
Training	3,600	0	3,600	0	0	0
Total Disbursements	50,533	47,115	3,418	50,829	58,433	(7,604)
RECEIPTS OVER (UNDER) DISBURSEMENTS	42	3,329	3,287	(2,630)	994	3,624
CASH, JANUARY 1	0	3,625	3,625	2,631	2,631	0
CASH, DECEMBER 31	42	6,954	6,912	1	3,625	3,624

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	500	120	(380)	300	0	(300)
Interest	7	0	(7)	7	3	(4)
Total Receipts	507	120	(387)	307	3	(304)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	0	230	(230)	0	0	0
Transfers out	0	0	0	0	541	(541)
Total Disbursements	0	230	(230)	0	541	(541)
RECEIPTS OVER (UNDER) DISBURSEMENTS	507	(110)	(617)	307	(538)	(845)
CASH, JANUARY 1	516	516	0	1,054	1,054	0
CASH, DECEMBER 31	1,023	406	(617)	1,361	516	(845)
<b><u>RECORDER'S PRESERVATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	950	992	42	870	928	58
Interest	175	172	(3)	176	189	13
Total Receipts	1,125	1,164	39	1,046	1,117	71
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deeds	0	448	(448)	5,930	0	5,930
Total Disbursements	0	448	(448)	5,930	0	5,930
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,125	716	(409)	(4,884)	1,117	6,001
CASH, JANUARY 1	8,214	8,235	21	7,118	7,118	0
CASH, DECEMBER 31	9,339	8,951	(388)	2,234	8,235	6,001
<b><u>SENIOR CITIZENS SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	9,500	10,701	1,201	10,971	10,002	(969)
Interest	200	342	142	124	245	121
Other	0	10	10	2	1	(1)
Total Receipts	9,700	11,053	1,353	11,097	10,248	(849)
<b>DISBURSEMENTS</b>						
Contract services	8,500	6,843	1,657	8,500	2,065	6,435
Rent	0	0	0	900	150	750
Other	115	115	0	240	120	120
Total Disbursements	8,615	6,958	1,657	9,640	2,335	7,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,085	4,095	3,010	1,457	7,913	6,456
CASH, JANUARY 1	10,621	10,479	(142)	2,566	2,566	0
CASH, DECEMBER 31	11,706	14,574	2,868	4,023	10,479	6,456

Exhibit B

WORTH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	80	100	20	100	65	(35)
Interest	5	11	6	0	5	5
Total Receipts	85	111	26	100	70	(30)
DISBURSEMENTS						
Crime victims	0	0	0	640	0	640
Total Disbursements	0	0	0	640	0	640
RECEIPTS OVER (UNDER) DISBURSEMENTS	85	111	26	(540)	70	610
CASH, JANUARY 1	1,062	1,067	5	997	997	0
CASH, DECEMBER 31	1,147	1,178	31	457	1,067	610
<b><u>RURAL ECONOMIC ASSISTANCE PROGRAM FUND</u></b>						
RECEIPTS						
Intergovernmental	33,600	27,100	(6,500)	33,600	36,800	3,200
Interest	60	88	28	0	76	76
Transfers in	0	1,370	1,370	10,364	3,914	(6,450)
Total Receipts	33,660	28,558	(5,102)	43,964	40,790	(3,174)
DISBURSEMENTS						
Salaries	27,868	27,868	0	27,000	27,868	(868)
Employee fringe benefits	2,132	2,132	0	2,766	2,132	634
Other	5,600	4,759	841	7,864	4,559	3,305
Total Disbursements	35,600	34,759	841	37,630	34,559	3,071
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,940)	(6,201)	(4,261)	6,334	6,231	(103)
CASH, JANUARY 1	3,479	6,231	2,752	0	0	0
CASH, DECEMBER 31	1,539	30	(1,509)	6,334	6,231	(103)
<b><u>JUVENILE GRANT FUND</u></b>						
RECEIPTS						
Interest	0	31	31	38	43	5
Total Receipts	0	31	31	38	43	5
DISBURSEMENTS						
Foster care	0	0	0	500	0	500
Equipment	0	0	0	275	0	275
Total Disbursements	0	0	0	775	0	775
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	31	31	(737)	43	780
CASH, JANUARY 1	201	1,787	1,586	1,744	1,744	0
CASH, DECEMBER 31	201	1,818	1,617	1,007	1,787	780

## Exhibit B

## WORTH COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PEACE OFFICER STANDARDS AND TRAINING</u></b>						
<b><u>COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	500	500	0			
Other	0	50	50			
Total Receipts	500	550	50			
DISBURSEMENTS						
Sheriff	600	720	(120)			
Total Disbursements	600	720	(120)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	(170)	(70)			
CASH, JANUARY 1	669	669	0			
CASH, DECEMBER 31	569	499	(70)			
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	52	173	121			
Total Receipts	52	173	121			
DISBURSEMENTS						
Circuit Clerk	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	52	173	121			
CASH, JANUARY 1	774	1,121	347			
CASH, DECEMBER 31	826	1,294	468			
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	300	573	273			
Interest	0	7	7			
Total Receipts	300	580	280			
DISBURSEMENTS						
Law books	500	262	238			
Total Disbursements	500	262	238			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	318	518			
CASH, JANUARY 1	501	289	(212)			
CASH, DECEMBER 31	\$ 301	607	306			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

WORTH COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Worth County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:



<u>Fund</u>	<u>Years Ended December 31,</u>
Peace Officer Standards and Training	
Commission Fund	2000
Circuit Clerk Interest Fund	2000
Law Library Fund	2000
Local Law Enforcement Block Grant Fund	2000
Sheriff Civil Fund	2001
Technology Fund	2001
Special Juvenile Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Aid Road Trust Fund	2001
Capital Improvement Sales Tax 60% Fund	2001
Bad Check Fund	2001
Recorder's Preservation Fund	2001
Peace Officer Standards and Training	
Commission Fund	2001
CART/Patron Gravel Fund	2001 and 2000
Prosecuting Attorney Delinquent	
Tax Fund	2001 and 2000
Local Emergency Planning	
Committee Fund	2000
Law Enforcement Sales Tax Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Law Enforcement Training Fund for the year ended December 31, 2000.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements for the years ended December 31, 2001 and 2000, did not include the Circuit Clerk Interest Fund or the Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Taxes

Through December 31, 2001, Worth County collected \$12,910 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Worth County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Schedule

WORTH COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

WORTH COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Worth County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

99-1. Overspending of Budgets

Actual expenditures exceeded budgeted amounts in several funds.

Recommendation:

The County Commission adopt procedures to compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons, necessitate excess expenditures, the original budget should be formally amended.

Status:

Some improvement was noted; however, actual expenditures exceeded budgeted amounts for some funds during 2000 and 2001. See Management Advisory Report (MAR) finding number 4.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



WORTH COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Worth County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 22, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Worth County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.****Financial Condition**

Worth County has faced financial difficulty for several years and is currently facing difficulty in providing basic services to its residents. The problems exist within the General Revenue Fund, which pays the majority of the general operating costs of the county.

The county uses proceeds from tax anticipation notes (TAN) to fund normal operating expenses of the General Revenue Fund. Borrowing with TAN's occurs throughout the year, and the notes are paid off from the proceeds of property tax revenues which are collected by the County Collector primarily in December and remitted to the county in January. In recent years, the county has borrowed money as early as January to pay operating expenses, immediately following the pay off of the previous year's debt. In addition, the TAN balances at the end of the year have increased substantially over the past few years, from \$46,012 at December 31, 1995, to \$132,742 at December 31, 2001. The current operating budget projects a deficit of \$151,165 at December 31, 2002, which is the amount of anticipated TAN borrowing for the year.

The majority of the expenses of the General Revenue Fund are comprised of salary and related payroll expenses for elected officials and deputy officials. For 2001, these expenses comprised approximately \$168,000 of total fund expenses of approximately \$298,000 (56 percent). While the elected officials have not taken pay raises for many years, the minimum amounts paid are generally fixed by state law. Other required or essential expenses include conduct of elections, board of prisoners, courthouse maintenance, phone and utilities, insurance, and the county's share of the health department, juvenile office, and assessment expenses. These expenses comprised approximately 24 percent of total General Revenue Fund expenses for 2001. Based on the current 2002 budget, there appears to be very few non-essential operating expenses that could be reduced.

The following are additional factors which could or will have an effect on the financial condition of the General Revenue Fund.

- The county is required to roll back it's general property tax levy for 50 percent of the county's general sales tax revenues. As noted in Management Advisory Report (MAR) No. 2, the county has not adequately rolled back the property tax levy in 1999, 2000, and 2001. As a result, the county must reduce future property taxes by \$12,910.
- The county paid the salary of a law enforcement officer from the Special Road and Bridge Fund in 2000. Although the county indicated this officer was involved in training of road and bridge employees and reviewing the safety of road work sites, the county could not justify paying the entire salary from the Special Road and Bridge Fund. As a result, the county should reimburse part of the salary expense to this fund from either the General Revenue Fund or the Law Enforcement Sales Tax Fund. See MAR No. 3.

- The General Revenue Fund is incurring some expenses which could be shifted to other funds that are under the control of other county officials. For example, the General Revenue Fund incurred training expenses for the Prosecuting Attorney of approximately \$700 annually during 2000 and 2001, and the Prosecuting Attorney Training Fund had a balance of \$531 at December 31, 2001. The County Commission should review the use of this fund and other funds and discuss with the applicable officials the possibility of shifting certain expenses to these other funds.

It appears that developing both short- and long-term solutions to the county's financial problems will be difficult. The county currently has a general property tax rate of \$.37 per \$100 assessed valuation and an additional voter-approved general property tax levy of \$.35 per \$100 assessed valuation. The county also has a general sales tax of ½ cents per \$1 of retail sales and in November 2002 approved a local use tax. Any additional taxes to increase general operating revenues will need voter approval and must be authorized by state law or the Missouri Constitution. The county is the smallest in the state in both square miles and population, and there are few businesses located in the county. The population of the county has decreased from 3,359 in 1970 to 2,382 in 2000. The total assessed valuation of the county's real and personal property has remained approximately \$20 million since 1985, which was the first year of statewide reassessment. The county has experienced no growth in its assessed valuation, and considering inflationary factors, the county's tax base has been in decline.

Considering all these factors, it would seem necessary for the county to consider alternative ways of providing services to the residents of the county. Some of the alternatives may include consolidation of certain services with adjoining counties and/or a merger of the county's current operations with one or more of the adjoining counties which would have the benefit of reducing administrative expenses. Article VI, Sections 3 and 5 of the Missouri Constitution specifically address the procedures required for counties to merge.

**WE RECOMMEND** the County Commission consider various alternatives of increasing revenues and reducing expenses to ensure that the General Revenue Fund's financial condition improves. The County Commission should obtain the residents' input regarding increased taxation, decreased services, and the possibility for shared services or consolidation with another county.

### **AUDITEE'S RESPONSE**

*We agree that the financial condition of the General Revenue Fund needs to be improved. We are continually trying to come up with ways to increase revenues and decrease expenses. We asked for and received a significant amount of public input prior to the November 2002 election, and the voters approved by overwhelming majorities the continuation of the general operating tax levy and the establishment of a local use tax. This, along with the establishment of a separate office for the recorder of deeds (which results in state aid to cover the cost of operating the recorder's office) and the opening of a new retail business in the county, should result in some improvement of the financial condition in 2003. We will also consider presenting additional measures before the voters*

during 2003, including an additional general property tax levy and a repeal of rollback for the general sales tax.

<b>2.</b>	<b>Property Tax Reduction Due to Sales Tax</b>
-----------	------------------------------------------------

The county has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Worth County voters under the provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2001, and excess property taxes of prior years:

		Year Ended December 31,	
		2001	2000
ACTUAL SALES TAX REVENUES	\$	57,435	56,424
Required percentage of revenue reduction	X	50%	50%
Required property tax revenue reduction		28,718	28,212
Assessed valuation		21,387,251	21,448,293
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.13	0.09
Actual property tax revenue reduction		27,804	19,304
EXCESS PROPERTY TAX REVENUES COLLECTED		914	8,908
Excess property tax revenue collections from prior years		11,996	3,088
NET EXCESS	\$	12,910	11,996

The county's actual sales tax revenues significantly exceeded the preliminary estimates in 1999 and 2000, and as a result, the county's net excess collections increased significantly. In addition, the net excess was not properly taken into consideration when calculating the 2000 and 2001 property tax rollbacks. The County Clerk should ensure any excess collections from prior years are included in his worksheets when computing future property tax rollbacks.

**WE RECOMMEND** the County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

**AUDITEE'S RESPONSE**

*We agree and will make the additional rollback starting in 2003, probably over a period of three to four years or sooner if the financial condition of the General Revenue Fund improves.*

<b>3. Expenditures and Related Matters</b>
--------------------------------------------

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases for road and bridge purposes. Examples of the items purchased for which documentation and/or advertisement of bids could not be located are as follows:

<u>Items purchased</u>	<u>Cost</u>
Machine hire (total paid in 2001)	24,622
Bridge materials	7,500
Culverts	6,752
Grader repairs	6,109

The County Commission indicated bids were often solicited by phone, preference is given to vendors located in the county, and some items were only available from one vendor (sole source suppliers). However, the County Commission frequently did not retain adequate documentation of phone calls and reasons for decisions made. The county could not locate documentation of advertisements for bids for the road rock purchase noted above.

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, and the solicitation of bids for purchases greater than \$4,500 from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures, as well as statutory requirements, are being followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

A similar condition was noted in prior reports.

- B. During the year ended December 31, 2000, the County Commission authorized expenditures totaling \$7,125 from the Special Road and Bridge Fund for the entire salary of a Safety Officer. This employee was a Sheriff's Deputy and the county paid for him to attend law enforcement training. As Safety Officer, the employee occasionally would show training videos to road and bridge employees and make visits at work sites to check that safety rules were being followed but his main duty was law enforcement. This employee terminated his employment with the county in 2000 and was not replaced. The county did not have any documentation to support the decision to pay this employee's entire salary from the Special Road and Bridge Fund.

Section 137.555, RSMo 2000, provides that Special Road and Bridge funds are restricted for "road and bridge purposes and for no other purpose whatever." The Safety Officer's salary does not appear to be an allowable use of the Special Road and Bridge Fund. Although the county discontinued paying this salary upon the employee's termination, the county should determine the portion paid for the employee's time spent on law enforcement and reimburse this amount from either the General Revenue Fund or the Law Enforcement Sales Tax Fund to the Special Road and Bridge Fund.

- C. The county's procedures for approving and paying invoices should be improved as follows:
- 1) The County Commission approves most payments to vendors without requiring the applicable employee or office holder to acknowledge receipt of goods or services by signing or initialing the invoice. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved by the applicable party.
  - 2) Invoices are not canceled upon payment. All invoices should be canceled to prevent reuse or repayment of the invoice.
  - 3) The Prosecuting Attorney's Office retains the original invoices and submits only copies to the County Commission for payment. To ensure all payments represent valid expenditures, payments should only be made from original invoices.
- D. The county had not been disbursing monies it collects for victims of domestic violence. No disbursements were made from the county's Victims of Domestic Violence Fund since it was opened in the early 1990's, and the balance of the fund at December 31, 2001 was \$1,178.

In 2002, the county paid \$1,000 from the Victims of Domestic Violence Fund to a children's hospital. The County Commission did not consider the statutory restrictions on the fund or consider Sections 455.200 to 455.230, RSMo 2000, which govern how and to whom the monies in this fund may be distributed and the reporting requirements of recipients. Monies are to be distributed to shelters for victims of domestic violence. It does not appear the children's hospital meets the definition of a shelter for victims of domestic violence as provided in Section 455.200 RSMo 2000.

Although there appears to be no applicable shelter located in Worth County, the county should determine whether any shelters located in neighboring counties provide services to Worth County residents and consider providing funding to those shelters as applicable. In addition, the County Commission should consider obtaining reimbursement of the \$1,000 paid to the children's hospital or otherwise reimburse this amount to the Victims of Domestic Violence Fund.

- E. The county has not entered into written contracts for the following agreements:
- 1) The county operates an emergency management program to develop disaster preparedness plans, programs, and capabilities. Cities participate in the program and are assessed and pay a fee based on population. There are no written agreements between the county and the cities.
  - 2) The county has loaned a patrol car to the city of Grant City for the city's use without a written agreement.
  - 3) The Sheriff's department houses county prisoners in a privately-owned jail without a written agreement with the jail.

Written contracts are necessary to outline the terms of the arrangements, specify the services to be provided and compensation to be paid, and help prevent misunderstandings. Section 432.070, RSMo 2000, requires all contracts to be in writing.

Similar conditions were noted in prior reports.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain all applicable bid documentation, including reasons for decisions made. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

- B. Reimburse the Special Road and Bridge Fund for the amount paid to the Safety Officer that was related to law enforcement and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- C.1. Require acknowledgment of receipt of goods and/or services prior to payment.
- 2. Ensure all invoices are canceled upon payment.
- 3. Make payments only from original invoices and retain all original invoices.
- D. Determine if there are any shelters for domestic violence victims which provide services to county residents and ensure all the future expenditures from the Victims of Domestic Violence Fund comply with state law. In addition, the county should consider seeking reimbursement for the \$1,000 paid to the children's hospital or otherwise reimburse \$1,000 to the Victims of Domestic Violence Fund.
- E. Enter into written contracts as required by state law.

#### **AUDITEE'S RESPONSE**

- A. *Bids were solicited for these items by both advertisement and by phone. We agree that better bid documentation should be kept and we will do so in the future.*
- B. *We have discontinued the safety officer position and do not plan to do this in the future. We established this position and funded it in the Special Road and Bridge Fund based on legal advice and advice from other counties. We will consider reimbursing the Special Road and Bridge Fund.*
- C. *We will implement these recommendations immediately.*
- D. *We will follow the applicable statutes when making future distributions and will consider seeking reimbursement for the \$1,000.*
- E. *We will immediately work on obtaining these written agreements.*

<b>4.</b>	<b>Budgets</b>
-----------	----------------

The County Clerk and County Commission are responsible for preparing and approving the county budgets. Our review of the county's 2001 and 2000 budgets noted the following concerns:

- A. Although the county did prepare and submit budget amendments for some funds, actual disbursements exceeded approved budgeted amounts in several funds for the years ended December 31, 2001 and 2000, as follows:



<u>Fund</u>	<u>2001</u>	<u>2000</u>
County Aid Road Trust	\$ 5,798	N/A
Capital Improvement Sales Tax 60%	2,675	N/A
Bad Check	130	N/A
Local Emergency Planning Committee	N/A	1,442
CART /Patron Gravel	40,865	8,644
Law Enforcement Sales Tax	N/A	7,604
Prosecuting Attorney Delinquent Tax	230	541
Recorder's Preservation	448	N/A
Peace Officer Standards and Training Commission	120	N/A

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in the which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

A similar condition was noted in a prior report.

- B. The county currently prepares and approves its budgets prior to January 1 of each year, and as a result, final amounts for the prior year's actual receipts and disbursements are not available for presentation on the budget. The budgets include estimated prior year's receipts and disbursements; however, these amounts are not labeled as estimated amounts and are included in the column labeled as prior year's actual amounts.

While the estimated amounts are generally close to the final actual amounts, the county does not compare the estimated and actual amounts when the final actual amounts become available. In addition, the county does not include actual amounts for the first year presented on the budget, even though actual information should be readily available. For example, the 2002 budget still contained the estimated amounts for 2000 receipts and disbursements.

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, the county should replace the estimated data on the budgets for the years in which final actual data is available. In addition, the county should clearly indicate applicable amounts as estimated.

**WE RECOMMEND** the County Commission:

- A. Keep disbursements within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Include the actual receipts and disbursements on the budgets when available for prior years. Any estimated amounts should be clearly marked or explained on the budgets.

**AUDITEE'S RESPONSE**

- A. *We agree and will ensure budget amendments are prepared when necessary.*
- B. *We agree and will implement this when preparing the 2003 budget.*

<b>5. County Clerk</b>
------------------------

The County Clerk maintains an account book with the County Collector. However, the account book only includes the monthly tax collections. The account book should summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

A similar condition was noted in a prior report.

**WE RECOMMEND** the County Clerk ensure the account book includes all information regarding property tax charges and credits, and the County Commission make use of this account book to verify the County Collector's annual settlements.

**AUDITEE'S RESPONSE**

*We are working to implement this immediately.*

<b>6. Prosecuting Attorney's Accounting Controls and Procedures</b>
---------------------------------------------------------------------

The Prosecuting Attorney collected restitution and administrative fees on bad checks totaling approximately \$10,800 and \$10,700 for the years ended December 31, 2001 and 2000, respectively. Administrative fees are remitted to the County Treasurer monthly. Our review of the Prosecuting Attorney's accounting controls and procedures indicated the following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated. The Prosecuting Attorney's secretary is primarily responsible for collecting, recording, depositing, and disbursing all monies. To ensure proper safeguarding of assets and recording of all transactions, the cash custodial duties should be segregated from record keeping duties. If the duties cannot be adequately segregated, at a minimum, an independent person, such as the Prosecuting Attorney, should review and initial bank reconciliations and agree recorded receipts to deposits. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. Monthly open-items listings (liabilities) are not prepared, and consequently, liabilities are not reconciled to the cash balance. We attempted to reconcile liabilities to the cash balance, and it appears that an unidentified amount of \$45 has remained in the Prosecuting Attorney's Trust Account bank account since January 2000. The reconciled cash balance at December 31, 2001 was \$416.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure the cash balance is sufficient to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

- C. Receipt slips are issued only for monies paid in person. To provide assurance all monies received have been properly handled, prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
- D. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, has not been established. The bad check complaints are not assigned sequential control numbers nor are they recorded on an initial log or listing as they are received.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a sequential number should be assigned to each bad check complaint received and a log should be maintained listing each complaint and its disposition. The log should contain information such as the complaint number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of

the bad check, including the date restitution was received and disbursed to the merchant, the date and criminal case in which charges were filed, or other disposition.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to bank and book balances. Unidentified monies should be disposed of in accordance with state law.
- C. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.

**AUDITEE'S RESPONSE**

A,B,  
&D. *I agree and plan to implement.*

C. *This has already been implemented.*

<b>7. Circuit Clerk's Accounting Controls and Procedures</b>
--------------------------------------------------------------

The Circuit Clerk is responsible for assessing, collecting, and distributing monies in connection with circuit court proceedings and handled approximately \$32,000 and \$71,000 for the years ended December 31, 2001 and 2000, respectively. Our review of the Circuit Clerk's accounting controls and procedures indicated the following concerns:

- A. The Circuit Clerk has not prepared monthly listings of open items (liabilities) for the fee account. As a result, the Circuit Clerk has not been able to reconcile liabilities to the balance in the fee account. The Circuit Clerk is in the process of performing these reconciliations beginning with the time period that she took office on January 1, 1999, and has completed the reconciliations through December 2000.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of errors and omissions.

- B. The method of payment received (cash, check, money order, etc.) is not always indicated on receipt slips. To ensure receipts are accounted for properly and deposited intact, the method of payment received should be recorded on all receipt slips, and the composition of receipt slips issued should be reconciled to the composition of bank deposits.

**WE RECOMMEND** the Circuit Clerk:

- A. Prepare monthly listings of open items and reconcile the listings to the cash balance.
- B. Indicate the method of payment on all receipts slips and reconcile the composition of receipt slips to the composition of bank deposits.

**AUDITEE'S RESPONSE**

- A. *We have been working on this and will continue to work on this.*
- B. *We are doing this now and will continue.*

<b>8. Sheriff's Accounting Controls and Procedures</b>
--------------------------------------------------------

The Sheriff's office collected approximately \$24,000 and \$10,000 for the years ended December 31, 2001 and 2000, respectively, in fees, bonds, gun permits, and garnishments. Our review of accounting controls and procedures indicated the following:

- A. Accounting and bookkeeping duties are not adequately segregated. The Sheriff's dispatcher is primarily responsible for collecting, recording, depositing, and disbursing all monies. To ensure proper safeguarding of assets and recording of all transactions, the cash custodial duties should be segregated from record keeping duties. If the duties cannot be adequately segregated, at a minimum, an independent person, such as the Sheriff, should review and initial bank reconciliations and agree recorded receipts to deposits. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. Receipt slips are issued only for bonds and gun permits. To adequately account for receipts, prenumbered receipt slips should be issued for all receipts immediately upon receipt and the numerical sequence accounted for properly. In addition, the method of payment (cash, check, or money order) should be indicated on the receipt slip and the composition of recorded receipts should be reconciled to the composition of bank deposits.
- C. In December 2001, the Sheriff received \$551 in proceeds from the sale of advertising space on a calendar featuring the Sheriff's department. These monies were deposited

into a special bank account opened by the Sheriff in January 2002 to be used for law enforcement purposes.

These monies represent accountable fees which should be turned over to the County Treasurer. The Sheriff has no statutory authority to maintain such an account outside the county treasury. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states, "...sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury."

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips immediately upon receipt for all monies received and account for the numerical sequence. In addition, the method of payment received should be recorded on the receipt slips and reconciled to bank deposits.
- C. Turn over the amounts in the Sheriff's special account to the County Treasurer, and in the future, turn over all accountable fees to the County Treasurer.

**AUDITEE'S RESPONSE**

*A&C. We will implement.*

*B. We have already implemented.*

This report is intended for the information of the management of Worth County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## WORTH COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Worth County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997, and our audit of the Worth County Collector for the period March 1, 1998 through October 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Federal Financial Assistance

- A.1. The county had not provided any local matching funds for the Community Oriented Policing Services (COPS) grant.
- A.2. The county's quarterly COPS grant report for the period ending December 31, 1997, incorrectly indicated local matching funds totaling \$4,006 had been provided.
- B. The county had not advertised for bids or maintained documentation of bids for purchases made with Federal Emergency Management Agency funds.
- C. The county had not updated its general fixed asset records for property acquired with federal funds.

### Recommendation:

The County Commission:

- A.1. Provide the proper amount of match as required by the grant agreement. In addition, the county should contact the federal grantor agency to resolve the questioned costs.
- A.2. Ensure amounts are reported accurately on the federal reports. In addition, the county should submit an amended report to correct the misstatement.
- B. Advertise for bids as required by state law and maintain documentation of bids solicited and justification for bid awards. Additionally, the county should contact the federal grantor agency to resolve the questioned costs.
- C. Maintain detailed property records of all county-owned equipment purchased with federal funds.



Status:

- A.1. Implemented.
- A.2. Not implemented. The county is no longer receiving the COPS grant. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The questioned costs were resolved and the county was not required to pay back any of the amount questioned. However, bids were not always solicited for applicable purchases during the current audit period. See MAR finding number 3.
- C. Implemented.

2. County Purchases and Contracts

- A. The county did not always maintain documentation of bids received, advertise for bids, or document sole source procurement purchases. In addition, the evaluation of bid proposals and the justification for awarding bids was not always documented in the commission minutes.
- B. There was no written agreement between the county and the city of Grant City for a county patrol car loaned to the city. In addition, there was no written lease agreements for office space and radio equipment leased for the Sheriff's department.

Recommendation:

The County Commission:

- A. Advertise for bids as required by state law and maintain documentation of bids solicited and justification for bid awards.
- B. Ensure that all agreements are supported by current written agreements.

Status:

- A. Not implemented. See MAR finding number 3.
- B. The county no longer leases office space for the Sheriff's department and the radio equipment lease has also expired. There is currently no written agreement between the county and the city for the loaning of the patrol car. See MAR finding number 3.

3. Vehicle and Equipment Usage Logs

The county did not have a written policy for usage of official vehicles or detailed usage log reports for vehicles or equipment. The county allowed Road and Bridge employees to use county vehicles for commuting purposes.

Recommendation:

The County Commission prepare a written policy on use of official vehicles and require detailed vehicle usage reports be prepared for all vehicles and equipment. The County Commission should review these reports periodically for reasonableness.

Status:

Partially implemented. While the county does not have a written policy, county vehicles are no longer used for commuting purposes. Usage reports are prepared; however, the County Commission does not review the reports. Although not repeated in the current report, our recommendation remains as stated above.

4. Emergency Management Program

The county operated an emergency management program. Cities participated in the program and were assessed a fee based on population.

- A. Written agreements between the county and the cities outlining the terms and responsibilities of the relationship were not developed.
- B. Fee assessments were not received from the cities in 1995.

Recommendation:

The County Commission:

- A. Develop written agreements with the cities that outline the terms and responsibilities of each party.
- B. Ensure the annual assessments from the cities are collected. In addition, the county should consider collecting the 1995 amounts.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Implemented.

5. County Clerk's Records and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. The County Clerk did not file monthly reports of fees collected with the County Commission.
- C. The County Clerk did not update the general fixed asset records for property acquisitions and property tags were not used.
- D. The County Clerk did not conduct annual inspections and inventories of all county-owned personal property and quarterly inspections of county-owned land and buildings.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.
- B. Prepare and submit a monthly report of fees collected to the County Commission.
- C. Maintain detailed property records of all county-owned equipment and reconcile purchases to fixed asset additions. Additionally, property tags should be attached to all items.
- D. Perform and document inspections and inventories of county-owned property as required by state law.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Not implemented. The County Clerk only collects a small amount of money which is turned over to the County Treasurer the same day received. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. Although, the property records have been updated, the county does not reconcile purchases to fixed asset additions and does not use property tags. Although not repeated in the current report, our recommendation remains as stated above.

- D. Partially implemented. The County Clerk now conducts annual physical inventories and annual inspections of county-owned real property, although state law requires quarterly inspections of real property. Although not repeated in the current report, our recommendation remains as stated above.

6. County Collector's Accounting Controls and Procedures

See our audit report on Worth County, Missouri, County Collector, for the period March 1, 1998 to October 31, 1998 (report number 99-08).

WORTH COUNTY, MISSOURI, COUNTY COLLECTOR  
PERIOD MARCH 1, 1998 TO OCTOBER 31, 1998

Receipts were not always deposited intact or on a timely basis.

Recommendation:

The County Collector deposit all monies received intact daily or when amounts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.

Status:

Partially implemented. The current County Collector has established a change fund which is maintained at a constant amount; however, she holds monies received for duplicate tax receipts and deposits them once a month. Although not repeated in the current report, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# WORTH COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1861, the county of Worth was named after William Worth, a general of the Florida and Mexican wars. Worth County is a third-class county and is part of the Fourth Judicial Circuit. The county seat is Grant City.

Worth County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Worth County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 350,659	66	329,545	70
Sales taxes	57,435	11	56,424	12
Federal and state aid	67,594	12	16,049	4
Fees, interest, and other	57,011	11	67,413	14
Total	\$ 532,699	100	469,431	100

The following chart shows how Worth County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 191,478	37	221,091	48
Public safety	106,829	21	95,459	21
Highways and roads	218,296	42	139,725	31
Total	\$ 516,603	100	456,275	100

The above amounts do not include receipts and disbursements for tax anticipation notes.

In addition, Worth County has a Law Enforcement Sales Tax Fund, with receipts of approximately \$50,000 and \$59,000 in 2001 and 2000, respectively, for the purpose of public safety; and a County Aid Road Trust Fund with receipts of approximately \$272,000 and \$283,000 in 2001 and 2000, respectively, for the purpose of highways and roads.

The county maintains approximately 78 county bridges and 285 miles of county roads.

The county's population was 3,359 in 1970 and 2,382 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	12.5	12.5	13.4	12.2	8.7
Personal property		5.8	5.9	3.5	3.6	3.0
Railroad and utilities		3.1	3.1	2.1	2.4	2.2
Total	\$	21.4	21.5	19.0	18.2	13.9

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Worth County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	0.72	0.76
Special Road and Bridge Fund		0.83	0.83
Senior Citizens Services Fund		0.05	0.05



Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 6,452	6,351
General Revenue Fund	159,560	165,167
Special Road and Bridge Fund	176,640	173,884
Assessment Fund	12,200	12,039
School districts	749,752	733,936
Library district	21,093	20,153
Ambulance district	31,932	31,434
Fire district	3,972	3,908
Watershed district	2,208	2,227
Senior Citizens Services Fund	10,651	10,484
Cities	5,350	5,243
Surtax	25,021	25,454
County Clerk	361	346
County Employees' Retirement	6,642	5,360
Commissions and fees:		
General Revenue Fund	24,980	25,091
Total	\$ <u>1,236,814</u>	<u>1,221,077</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	95 %	97 %
Personal property	92	94
Railroad and utilities	100	100

Worth County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .00500	None	50 %
Capital improvements	.00375	2008	None
Law enforcement	.00500	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2002	2001	2000
County-Paid Officials:			
Billy F. Mozingo, Presiding Commissioner	\$	7,534	7,534
Lorace A. Waldeier, Associate Commissioner		4,238	
Darwin Gay, Associate Commissioner		2,511	
Jim Larson, Associate Commissioner			7,534
William Calhoon, Associate Commissioner		7,534	
Paul Hiatt, Associate Commissioner			7,534
John P. Jones, County Clerk		20,252	20,252
David B. Parman, Prosecuting Attorney		24,035	24,035
Neal Groom, Sheriff		20,800	
Lorace A. Waldeier, Sheriff			20,800
Linda Brown, County Treasurer		12,490	12,490
Gary D. Hann, County Coroner		3,575	
Rick Ridge, County Coroner			3,575
Patsy A. Worthington, Public Administrator		7,500	5,200
Julie Tracy, County Collector,			
year ended February 28,	17,750	17,750	
Carolyn Hardy, County Assessor (1), year ended			
August 31,		21,300	21,300

(1) Included \$900 annual compensation received from the state.

State-Paid Officials:

Jana Findley Smyser, Circuit Clerk and			
Ex Officio Recorder of Deeds		47,300	46,127
William Rex Beavers, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	0	1
County Clerk	1	0
Prosecuting Attorney	1	0
Sheriff	2	0
County Collector *	1	0
County Assessor *	1	0
Associate Division	0	1
Road and Bridge	6	0
Custodian	1	0
Total	<u>13</u>	<u>2</u>

\* Includes one part time employee.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Worth County's share of the 4th Judicial Circuit's expenses is 5.55 percent.



**VILLAGE OF SILEX, MISSOURI  
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-116  
December 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

The following problems were discovered as a result of an audit conducted by our office of the Village of Silex, Missouri.

---

Inadequate oversight and monitoring by the Board of Trustees, inadequate records, accounting errors, and improper uses of restricted monies have all contributed to a serious financial situation for the village. Village monies were used to purchase personal items, checks were written to cash, cash was withheld from deposits, and it appears some monies were never deposited to village funds. Also, a significant amount of money is due to the federal government for unpaid payroll taxes.

The Village Clerk does not adequately record all transactions on village accounting records or reconcile the accounting records to bank records. Disbursements were usually recorded on check registers but deposits were seldom recorded, and account balances were not maintained and reconciled to bank balances.

The Board of Trustees does not review and approve the payment of village expenditures. In addition, interfund transfers are not approved by the board. The Village Clerk receives the invoices and prepares and signs the checks. Vendor invoices or other supporting documentation was not properly maintained for 47 of 61 expenditures reviewed. One check, in the amount of \$3,000 was used to make payments on personal loans of the former Chief of Police. Seven of the payments (totaling approximately \$3,140) represented reimbursements to the former Village Clerk, and several checks (totaling approximately \$2,400) were made payable to cash.

During the year ended December 31, 2001, the village spent approximately \$1,000 on three cellular telephones, telephone supplies and calling cards, none of which can be located. The telephone company indicated there were no telephones in the village's name.

During the year ended December 31, 2001, the wife of the former Chairman of the Board was paid approximately \$1,300 to cook the weekly Saturday morning breakfast. We found no evidence in the minutes of approval or to document if the former Chairman of the Board abstained from voting to hire his wife. The Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the forth degree shall forfeit his office.

The village does not properly report wages on Form W-2. We noted that salary amounts reported on the employee's W-2 forms were approximately \$2,000 more than what was

(over)

YELLOW SHEETS

reported on the Division of Employment Security Quarterly Contribution and Wage Reports. In addition, there was no evidence to show the village had filed the employees' W-2 forms with the Internal Revenue Service (IRS).

The village does not withhold federal or state income taxes from the compensation paid the village employees. Furthermore, the village did not have employee withholding forms (W-4) on file for any individuals employed by the village.

The social security and Medicare taxes withheld from employees' payroll checks and the village's matching taxes were not disbursed to the IRS. The village has not filed Form 941, Employer's Quarterly Federal Tax Return, since 2000.

Village appointed officials received raises in December 2001, during their terms of office. The Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, state law requires the salary of a municipal officer shall not be changed during the time for which he/she is elected or appointed.

The board regularly conducts closed meetings. Minutes were not always prepared to document the matters discussed in closed meetings. Additionally, open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting, the specific reasons for closing the meeting, and actions taken by the board in closed meetings.

The village has not complied with the requirements of its revenue bond ordinance. In February 2001, the village attempted to refinance its outstanding bonds in order to obtain a reduced interest rate; however, the company indicated they were unable to refinance due to this noncompliance.

The village has not performed a formal review of the adequacy of the water and sewer rates. In March 2001, the board voted to increase the rates from \$7.75 to \$8.75 for the first 1,000 gallons of usage and also increase rates from \$3 to \$4 for every additional 1,000 gallons used; however, the board did not prepare a statement of costs to maintain the water and sewer system as required when increasing rates.

Additionally, the village is not correctly calculating the sales tax amounts charged and collected on water and sewer services. Sales tax rates charged ranged from 0.48 percent to 15 percent on the bills reviewed.

The audit also includes some matters related to expenditures, written contracts, bidding policies, personnel, ordinances and board meetings, restricted revenues, budgets and financial reporting, general fixed assets and the Fall Festival, upon which the village should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

VILLAGE OF SILEX, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-30
<u>Number</u>	<u>Description</u>
1.	Financial Oversight and Monitoring .....5
2.	Accounting Controls, Records, and Procedures.....6
3.	Village Expenditures.....10
4.	Payroll and Personnel.....15
5.	Board Minutes, Policies and Ordinances .....18
6.	Restricted Revenues.....21
7.	Water and Sewer Records and Procedures .....22
8.	Budgets and Financial Reporting.....27
9.	General Fixed Asset Records and Procedures .....28
10.	Fall Festival.....29
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	31-34

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Chairman  
and  
Board of Trustees  
Village of Silex, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Silex, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Silex, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

July 29, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Michael J. Monia

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

VILLAGE OF SILEX, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Financial Oversight and Monitoring</b>
----------------------------------------------

Inadequate oversight and monitoring by the Board of Trustees, inadequate records, accounting errors, and improper uses of restricted monies have all contributed to a serious financial situation for the village.

As noted elsewhere in this report, the village has used restricted law enforcement training monies and restricted water and sewer monies for payment of expenditures of the General Fund. In addition, village monies were used to purchase personal items, checks were written to cash, cash was withheld from deposits, and it appears some monies were never deposited to village funds. Also, a significant amount of money is due to the federal government for unpaid payroll taxes. During 2001, the village spent approximately \$5,800 more than it received and had approximately \$14,000 in their various bank accounts at year end. In addition, village personnel indicated they have had to spend a lot of money in 2002 making various repairs to the water and sewer system. The village was unable to make the \$10,000 sewer bond payment due in December 2002; however, they were able to obtain a 120 day extension. The Chairman of the Board indicated they should be able to make the payment within the 120 days.

Inadequate records and procedures have inhibited the board's ability to effectively monitor and manage the village and have resulted in or contributed to the problems noted above. These weaknesses included absence of budgets and other financial reports, the lack of bank reconciliations, numerous errors and inadequate detail in accounting records, the lack of supporting documentation for numerous disbursements, and inadequate segregation of accounting duties or review of work performed. In addition, the Board was unable to refinance their outstanding bonds at a lower interest rate because they had not complied with bond requirements.

The Board of Trustees should review disbursements, reducing discretionary spending as much as possible, and ensure adequate receipts exist to fund the necessary core village services. These plans should be formalized in a detailed annual budget. In addition, the board should ensure adequate accounting records and an effective system of accounting and administrative controls are in place, including an effective financial reporting system and procedures to frequently monitor budgeted and actual activity. The specific recommendations contained in the following findings, if implemented, will help establish these records, controls, and procedures. The weaknesses noted throughout our report must be corrected to achieve the required level of accountability, to more effectively use the village's resources, and to establish the public's confidence in its village government.

**WE RECOMMEND** the Board of Trustees review the current financial condition of the village and consider the various alternatives of reducing disbursements and/or increasing receipts. In addition, the board should ensure adequate budgets and financial records are prepared and maintained in the future, and adequate controls and procedures are in place to properly oversee village operations.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

*We concur with this recommendation and are working to improve the current financial condition of the village. We are also working to ensure budgets and financial records are prepared and maintained for fiscal year 2003.*

<b>2. Accounting Controls, Records, and Procedures</b>
--------------------------------------------------------

- A. The Village Clerk does not adequately record all transactions on village accounting records or reconcile the accounting records to bank records. Disbursements were usually recorded on check registers but deposits were seldom recorded, and account balances were not maintained and reconciled to bank balances. In addition, receipts and disbursements are not classified and monthly summary reports are not prepared.

All transactions should be recorded on check registers and account balances should be maintained and reconciled to bank balances to ensure records are in balance and errors are detected and corrected in a timely manner. In addition, summaries showing receipt sources and disbursement classifications should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of village operations. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to village officials upon which effective management decisions may be made.

- B. The Chairman of the Board, Village Clerk, and an additional board member are authorized to sign checks issued on the village's bank accounts. Checks require two signatures; however, checks are sometimes signed in advance. In addition, the board members and village clerk are not bonded.

Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures. In addition, failure to properly bond individuals who have access to funds exposes the village to risk of loss.

- C. Receipts are not deposited intact on a timely basis. Monies were generally deposited five times per month. In addition, prenumbered receipt slips are not

issued for monies received nor is the composition of receipts reconciled to the composition of deposits. As a result, the following errors went undetected:

- 1) A deposit was made on January 7, 2002, in the amount of \$706 but the actual check composing the deposit was for \$2,306. There was no village explanation for this transaction. Upon our inquiry in July, 2002, and after being questioned several times about the check, one board member (the former Chairman of the Board), finally indicated he had withheld the \$1,600 in cash to be placed in the safe for unexpected repair costs to the village's water and sewer systems. The board member further indicated these monies had been stolen from his vehicle while parked at a local gas station in route back to city hall on the same day the deposit was made. However, he had not filed a police report, nor was this loss noted in any village records. Village personnel were not made aware of the stolen monies until late July 2002, when the deposit was in question.
- 2) On July 31, 2001, \$3,000 was deposited but the actual check composing the deposit was for \$3,296. Village personnel indicated the \$296 was withheld in cash and deposited into another village account; however, a deposit could not be located in any of the village accounts. (See C.3. below)
- 3) During the year ended December 31, 2001, the village deposited approximately \$50,000 in water and sewer receipts to the General Fund. However, based on deposit records, only \$470 in water and sewer receipts was deposited in cash, none of which was deposited during the first eight months of 2001. Confirmations received from village residents indicated there were several water and sewer bills paid in cash during the first eight months of 2001.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all deposits should be made intact daily or when accumulated receipts exceed \$100. In addition, to properly account for all receipts and ensure they are properly deposited, official prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence accounted for properly. The Board should consult with the village attorney to determine the village's options in relation to any possible investigation of the missing monies.

- D. The Board of Trustees has not appointed separate individuals to serve as Village Collector or Village Treasurer. Presently, the Village Clerk also serves as both the Village Collector and the Village Treasurer. She collects receipts, maintains the village's financial records, makes bank deposits, co-signs checks, and handles water and sewer billings.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. The statutes pertaining to villages are similar to those cited in this opinion; therefore, the opinion's conclusion appears applicable to villages also.

Holding all three of these offices does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

- E. The village does not have a written agreement with its current depository bank. A written depository agreement helps both the bank and the village understand and comply with the requirements of any banking arrangement. As of December 31, 2001, the village maintained three non-interest bearing bank accounts. The average monthly bank balance for the year ended December 31, 2001, was approximately \$8,100.

The village should review its bank accounts in an effort to maximize any interest earned on the accounts. In addition, the village should ensure any depository agreement includes provisions that detail any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

- F. Village personnel indicated a petty cash fund of \$100 is maintained and used to make change and buy miscellaneous items for the village. The petty cash fund is not maintained on an imprest basis. In addition, a petty cash ledger is not maintained showing receipts, disbursements and balances, nor is supporting documentation retained for disbursements. During the year ended December 31, 2001, there were no checks issued to replenish the petty cash fund. Thus it appears cash received from the Saturday breakfast and water and sewer payments might have been used to replenish the fund; however, records were inadequate to determine the amount of transactions that might have been handled through this fund.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact, and the petty cash fund should be replenished only by checks approved by the Board of Trustees. In addition, supporting documentation should be maintained for all disbursements from the fund, and a petty cash ledger should be maintained to properly account for village monies.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure that a complete financial accounting system is established including summaries documenting monthly receipt sources and disbursement classifications. This information should be used to compare to budget estimates and monitor village operations. In addition, the Board should ensure officials record account balances and all transactions on the check registers, and reconcile account balances to bank balances for all village accounts on a monthly basis.
- B. Ensure village officials discontinue the practice of signing checks in advance and obtain bond coverage for all individuals handling village monies.
- C. Ensure all receipts are deposited intact daily or when receipts exceed \$100, prenumbered receipt slips are issued for all monies collected, the composition of monies collected is reconciled to the composition of receipt slips and bank deposits, and the numerical sequence of receipt slips are accounted for properly. In addition, the Board should consult with the village attorney to determine the village's options in relation to any possible investigation of the missing monies.
- D. Consider appointing separate individuals to the positions of Village Clerk, Village Collector, and Village Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- E. Review the village's bank accounts in an effort to maximize any interest earned and enter into a written agreement with the village's depository bank.
- F. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. In addition, the Board should ensure a petty cash ledger showing beginning balance, receipts, disbursements, and ending balance is maintained to properly document the financial activity of the fund, and that the petty cash fund is replenished only by checks approved by the Board.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *These recommendations have been partially implemented. The village is now keeping a complete accounting system, recording all transactions on check registers, and performing bank reconciliations on a monthly basis. We will immediately start classifying revenues and expenditures and will compare the information to the budget estimates starting with the 2003 budget.*



- B. *This recommendation has been partially implemented. We have discontinued the practice of signing checks in advance. We will immediately obtain bond coverage for all individuals handling village monies.*
- C. *These recommendations have been partially implemented. We have started depositing on a daily basis and are issuing prenumbered receipt slips for all monies received. We will immediately start reconciling the composition of receipt slips to the bank deposits and accounting for the numerical sequence of the receipt slips. We will also consult with the village attorney about a possible investigation of missing monies.*
- D. *We concur with this recommendation. We will try to establish an independent review of record keeping functions immediately.*
- E. *We concur with this recommendation. We will consult with bank officials about obtaining a written depository agreement immediately. We have discussed obtaining interest bearing accounts with the bank and they will not switch our accounts to interest bearing accounts at this time.*
- F. *We concur with these recommendations. We will immediately begin maintaining the petty cash fund on an imprest basis, preparing a petty cash ledger, and retaining supporting documentation for all petty cash disbursements.*

<b>3.</b>	<b>Village Expenditures</b>
-----------	-----------------------------

- A. The village does not have a formal bidding policy. As a result, the decision to solicit bids for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for approximately \$4,800 in construction services and \$4,100 in miscellaneous purchases at a local hardware store (which included large equipment rental and the purchase of a lawn mower).

Formal bidding procedures for major purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with bidders that offer the best value. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Not only can bids be handled by telephone quotation but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. Vendor invoices or other supporting documentation were not properly retained for 47 of 61 expenditures (77 percent) reviewed. One check, in the amount of \$3,000, was made payable to a local bank. Village personnel indicated that the village does not do business with this bank and were unsure why this payment

was made. The bank indicated this check had been applied to two personal loans of the former Chief of Police. Seven of the payments (totaling approximately \$3,140), represented reimbursements to the former Village Clerk. The memo portion of a check written to the Village Clerk for \$723 indicated that the reimbursements were for supplies, and other checks indicated reimbursements were for hardware and Christmas supplies. However, there was no documentation of what supplies or hardware was purchased to support the reimbursements. In addition, several checks, totaling approximately \$2,400, were made payable to cash. The memo portion of one check made payable to cash for \$450 indicated it was for Christmas lights; however, village personnel indicated that the village does not own any Christmas lights.

All expenditures should be supported by sufficiently detailed vendor invoices to ensure the obligations were actually incurred and the expenditures represent appropriate uses of public funds. In addition, to reduce the risk of misuse of monies, the practice of writing checks payable to cash should be prohibited.

- C. The Board of Trustees does not review and approve the payment of village expenditures. In addition, interfund transfers are not approved by the board. The Village Clerk receives the invoices and prepares and signs the checks. The Board Chairman normally co-signs the checks. Expenditures made from village funds should be reviewed and approved by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the village. The board should review all vendor invoices, ensure goods or services were actually received by the village, and agree the invoices to the checks issued. In addition, board approval should be documented for all expenditures and interfund transfers.
- D. The village does not have a written contract with its attorney outlining the types of services that are to be provided and at what cost. Attorney expenses of approximately \$3,000 were incurred during the year ended December 31, 2001. In addition, the village did not file a Form 1099 with the Internal Revenue Service for these legal services.

Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on the Form 1099.

- E. During the year ended December 31, 2001, the village spent approximately \$1,000 on three cellular telephones, telephone supplies and calling cards, none of

which can be located. In addition, the village made two payments to a telephone company (totaling approximately \$770) that appear to have been for cellular telephone usage; however, the invoices for these payments could not be located. The telephone company indicated there were no telephones in the village's name; therefore, it appears the telephones were activated in an employee's name.

The Board should determine who has the cellular telephones and attempt to recover the telephones or their cost. Personal use of village assets is inappropriate and increases the risk of loss or misuse of those assets. While cellular telephones can help increase employee productivity, they are also costly. If the Board determines cellular telephones are necessary, a formal written policy regarding cellular telephones and their usage should be developed. Such a policy should address which employees need a cellular telephone, proper use of the telephone, and a review and authorization process.

F. During our review of expenditures, we noted the following expenditures that do not appear to be necessary costs of operating the village:

- 1) During the year ended December 31, 2001, the village spent approximately \$3,200 on supplies and personnel for the weekly Saturday morning breakfast. Village personnel indicated a fee was collected for each breakfast to cover the costs to the village. Approximately \$950 in proceeds from the breakfast were deposited to village accounts (see also MAR finding number 2.F.). The Board should evaluate the cost against the benefits of this program.
- 2) Village funds were used to purchase personal items. During the year ended December 31, 2001, approximately \$4,000 was spent at two local department stores. Department store receipts included items such as cigarettes, shaving items, hunting products, laundry detergent, dog treats, videos, and toys. Village personnel had no explanations as to the need or use of these items.

These disbursements do not appear to be necessary costs of operating the village and are a questionable use of public funds. The village's residents have placed a fiduciary trust in their public officials to expend tax revenues and fees in a necessary and prudent manner.

G. During the year ended December 31, 2001, the former Chief of Police was paid approximately \$3,000 for maintenance and repair work in addition to his regular salary. In addition, the former chairman was paid approximately \$700 for maintenance work and a trustee was paid approximately \$500 for preparation of water and sewer billings in addition to their regular salary.

Officers and agents of a village serve in a fiduciary capacity. Personal interests in business matters of the village create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness.

Section 105.454, RSMo, prohibits financial transactions between a village and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that village that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received.

In addition, Section 105.458.1, RSMo, states: "No member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency or the political subdivision for any consideration other than the compensation provided for the performance of his official duties."

To reduce the appearance of conflict of interest and to ensure full compliance with state law, the village should bid all services provided by village officials and employees, and particularly where it is possible the payments may exceed \$500 per transaction or \$1,500 per year. The Board should also consider establishing an ordinance that addresses these types of situations and provides a code of conduct for village officials.

- H. During the year ended December 31, 2001, the wife of the former Chairman of the Board was paid approximately \$1,300 to cook the weekly Saturday morning breakfast. We found no evidence in the minutes of approval or to document if the former Chairman of the Board abstained from voting to hire his wife.

Article VII, Section 6, of the Missouri Constitution, provides that any public official who names or appoints to public office or employment any relative within the forth degree shall forfeit his office.

**WE RECOMMEND** the Board of Trustees:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- B. Require adequate supporting documentation for all expenditures and prohibit the practice of making checks payable to cash. In addition, the Board should discuss the payments applied to personal loans with their city attorney to determine if these monies can be collected from the former Chief of Police.

- C. Review and approve all expenditures of village funds prior to disbursements being made. In addition, approval for all expenditures and interfund transfers should be documented.
- D. Enter into a written contract with the attorney detailing the duties to be performed and the costs associated with the service. In addition, the Board should ensure 1099 forms are issued in accordance with IRS regulations.
- E. Attempt to determine who has the cellular phones purchased by the village and recover the phones or the cost of the phones. In addition, the Board should develop a formal written policy regarding the use of cellular phones, including a provision limiting their personal use.
- F. Ensure expenditures are limited to those necessary to operate the village.
- G. More closely examine future village transactions to identify and avoid apparent and actual conflicts of interests and establish procedures to ensure all services obtained from village officials are properly bid in accordance with state law.
- H. Ensure all appointments to village positions comply with the restrictions of Article VII, Section 6, of the Missouri Constitution, in regard to the appointment of relatives. If a relative of a village official is considered for appointment, that official should abstain from voting on the appointment and that action should be adequately documented in the minutes.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *We concur with this recommendation and will begin developing a policy/ordinance for bidding procedures immediately.*
- B. *We have already implemented this recommendation.*
- C. *We have already implemented this recommendation.*
- D. *We concur with this recommendation and will enter into a written agreement with the village attorney immediately.*
- E. *We concur with these recommendations and will try to locate the cellular telephones and or recoup the costs immediately. In addition, we will evaluate the need for cellular telephones and if they are determined to be necessary, we will develop a formal written policy regarding their usage.*
- F. *We have already implemented this recommendation.*

- G. *We concur with this recommendation and will try to avoid any possible conflicts of interest in the future and will bid out all material services beginning in 2003.*
- H. *We concur with this recommendation and will ensure we are in compliance with the Missouri Constitution in the future. We do not recall ever voting on this matter.*

<b>4. Payroll and Personnel</b>
---------------------------------

The village incurred approximately \$32,000 in gross wages during the year ended December 31, 2001. We noted the following concerns:

- A. The village has not formalized a written personnel policy for village employees and appointed officials. This policy should outline job duties and qualifications, wage rates, hiring and firing procedures, vacation and sick leave, regular work hours and official holidays, and compensatory time.

According to the village officials, there is an ordinance that identifies the salaries of the village appointed officials; however, this ordinance could not be located. There was no documentation maintained in personnel files or noted in the board minutes authorizing the hiring or termination of employees. In addition, some employees were hired and began working in the village before they were approved by the Board of Trustees.

A comprehensive personnel policy manual would provide guidance and control for the effective and consistent management of the village's employees. In addition, Section 79.320, RSMo, provides that the duties and term of office for the Village Clerk are to be set by ordinance.

- B. We reviewed village procedures for reporting wages, withholdings, and payroll taxes, and noted the following concerns:
- 1) The village does not properly report wages on Form W-2. We noted that salary amounts reported on the employees' W-2 forms were approximately \$2,000 more than what was reported on the Division of Employment Security Quarterly Contribution and Wage Reports. The actual gross wages could not be determined, since various payroll records could not be located (see MAR finding number 4. C. below). In addition, there was no evidence to show the village had filed the employees' W-2 forms with the Internal Revenue Service (IRS).
  - 2) The village does not withhold federal or state income taxes from the compensation paid to the village employees. Furthermore, the village did not have employee withholding forms (W-4) on file for any individuals employed by the village.

- 3) The social security and Medicare taxes withheld from employees payroll checks and the village's match were not disbursed to the IRS. The village has not filed Form 941, Employer's Quarterly Federal Tax Return, since 2000. This form should be filed with the IRS on a quarterly basis along with payment of social security and Medicare taxes withheld from the employee and the employer's share. An estimated \$4,600 (excluding interest and penalties) is owed to the IRS for these delinquent taxes.
- 4) The first and third quarter wage reports were not filed with Division of Employment Security on a timely basis, resulting in \$200 in late reporting penalty charges. The Code of State regulations, CSR 8 10-4.030, requires all employers to file wage reports on or before the last day of the month following each calendar quarter. To avoid late charges, the village should ensure the quarterly wage reports are filed in a timely manner.

The Internal Revenue Code requires employers to withhold and remit federal income taxes; report accurate wages on Form W-2; submit quarterly 941 forms and payments of social security and Medicare taxes; and ensure W-4 forms are completed by all employees. Similarly, Chapter 143, RSMo includes requirements for reporting wages and withholding state income taxes. The village should determine the total taxes due the applicable taxing authorities and make the required payments.

- C. Village personnel indicated time sheets are prepared by village employees and submitted to the Village Clerk; however, they are not reviewed by the board. In addition, a payroll register was not maintained and most timesheets to support payments could not be located. The times shown as worked did not agree to the number of hours paid on some of the timesheets reviewed. As a result, some employees appear to have been overpaid. In addition, many time sheets for employees noted only total hours worked for the pay period instead of documenting the time worked per day. Due to the lack of payroll records, total amounts overpaid to employees could not be determined.

Complete and accurate time sheets are necessary to document hours worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The village should require all employees to prepare detailed time sheets that are reviewed and approved by the board to provide evidence that the recorded hours worked accurately reflects amounts paid.

- D. Village appointed officials received raises in December 2001, during their terms of office. Article VII, Section 13, of the Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, Section 79.270, RSMo, states that the salary of a municipal officer shall not be changed during the time for which he/she is elected or appointed.

- E. Salaries for the village trustees have not been established by ordinance. Compensation rates set by ordinance document the approved amounts each village trustee should be paid, and can reduce potential misunderstandings regarding pay. In addition, ordinance hearings provide for public input and information concerning salaries paid.
- F. Duties are not adequately segregated to provide the necessary internal controls over the payroll function. The village clerk handles all payroll duties including preparation, record keeping, disbursing payroll checks, and distributing employee W-2s. We noted no review by the Board of Trustees related to payroll procedures.

Proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employee time sheets by the board would provide another supervisory review to minimize the risk of loss, theft, or misuse of funds.

**WE RECOMMEND** the Board of Trustees:

- A. Prepare and maintain a personnel policy to provide documentation of the village's procedures and policies for all village appointed officials and employees.
- B. Ensure payroll taxes are properly withheld and remitted on a timely basis for any wages or salaries paid and that all individuals receiving salaries or wages from the village have a properly completed W-4 form on file. The board should ensure that compensation paid to elected or appointed officials is properly reported on W-2 forms and payroll tax reports are filed with the proper authorities. In addition, the board should file the 941 forms and ensure the taxes due to the applicable taxing authorities are paid for past years.
- C. Ensure timesheets are accurately prepared and maintained. In addition, time sheets should be signed by the official or employee and review by the board should be documented.
- D. Ensure salaries of the village officials are not changed during their term of office.
- E. Establish by ordinance the salaries or pay rates for the village trustees.
- F. Properly segregate payroll duties or, if segregation of duties is not possible, periodically perform an independent review of the related payroll records.



## **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. We concur with this recommendation and will establish an ordinance providing documentation of the village's policies and procedures for all employees immediately.*
- B. We concur with these recommendations and will ensure proper procedures are being followed for current payroll. We will work to pay back amounts for prior years as the financial condition of the village improves.*
- C. We have already implemented these recommendations.*
- D. We concur with this recommendation and will ensure that the salaries are not changed during a term of office in the future.*
- E. We concur with this recommendation and will establish an ordinance setting the salaries for the village trustees immediately.*
- F. We have already implemented this recommendation.*

<b>5. Board Minutes, Policies and Ordinances</b>
--------------------------------------------------

- A. Improvement is needed in the organization of the village's ordinances. Village personnel could not locate several ordinances requested and did not have a comprehensive list. The village's ordinances have not been codified, thus hindering the village's ability to locate specific ordinances. In addition, many of the ordinances in effect appear outdated or do not represent current practices. For example, Ordinance 2000-3 establishes a fee of \$8.75 for the first 1,000 gallons of water and sewer usage, while current records indicate the village is collecting \$7.75. Ordinance 1998-2, Section 23-12, states that a reconnection charge of \$30 shall be paid prior to water and sewer services being reestablished; however, the village is charging a reconnection fee of \$35.

Since ordinances represent the legislation passed by the Board of Trustees to govern the village and its residents, it is important they be maintained in a complete, well-organized, and up-to-date manner. Ordinances also give taxpayers information on how the village is to be governed.

- B. The board minutes prepared by the Village Clerk or the Assistant Village Clerk are not signed and are sometimes illegible. In addition, minutes were not prepared for three board meetings during the year ended December 31, 2001.

Section 610.020, RSMo, requires that a journal of minutes shall be taken and retained by the public governmental body for all open meetings. These minutes

are to include the date, time, place, members present, members absent, and a record of any votes taken. The board minutes should be legible and signed by the Village Clerk or Assistant Village Clerk as preparer and a board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

C. The board regularly conducts closed meetings. A review of closed meetings noted the following concerns:

- 1) Minutes were not always prepared to document the matters discussed in closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Trustees.

Formal written minutes for closed meetings result in a better record of village transactions, proceedings, and decisions. In addition, minutes help the village demonstrate that closed discussions or business relate to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo.

- 2) Open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting, the specific reasons for closing the meeting, and actions taken by the board in closed meetings.

Section 610.022, RSMo, requires that before any meeting may be closed, it shall be voted on at open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, requires certain matters discussed in closed meetings be made public upon final disposition.

- 3) Board minutes did not document how some items discussed by the Board of Trustees in closed session, such as discussion about a ½ cent sales tax for police funding, complied with provisions of the Sunshine Law.

Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, personnel issues, and privileged communications with auditors.

D. The village does have a policy regarding public access to village records. However, the policy does not establish a contact person or an address for mailing requests. In addition, the policy states that the custodian may charge \$10 per hour and \$.25 per copy; however, village employees are paid \$8 per hour.

Section 610.023, RSMo, lists requirements for making village records available to the public. Section 610.026, RSMo, allows the village to charge fees for copying public records, not to exceed the village's actual cost of document search and duplication.

- E. Village officials indicated that a tentative agenda is prepared and posted for each board meeting; however, agendas were not retained during the year ended December 31, 2001. Section 610.020, RSMo, requires all public governmental bodies to give advance notice of their meetings. The notice is to include the time, date, and place of the meeting, as well as the tentative agenda, and should be given in a reasonable manner. This section of law describes reasonable notice as making available copies of the notice to any representative of the news media and the posting of such notice at the building where the meeting is to be held. To document compliance, the Village Clerk should document the date, time, and location the notice was posted and retain this information with the minutes.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure a complete and up-to-date set of village ordinances are maintained in numerical sequence and secured in an ordinance book.
- B. Ensure minutes are maintained for all meetings conducted. In addition, the Board should require board minutes to be maintained in a legible format, and signed by the Village Clerk or the Assistant Village Clerk and a member of the Board of Trustees to attest to their completeness and accuracy.
- C.1. Ensure minutes are prepared for closed meetings.
  - 2. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session.
  - 3. Ensure only allowable, specified subjects are discussed in closed session as required by state law.
- D. Ensure written policies and procedures regarding public access to and/or copies of village records are in compliance with state law.
- E. Ensure notices of the board meetings, including a tentative agenda, are posted and retained in accordance with state law.

## **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. We concur with this recommendation and are in the process of reviewing, updating, and filing village ordinances in an organized manner.*
- B. We have already implemented these recommendations.*
- C. We have already implemented these recommendations.*
- D. We have partially implemented this recommendation. We have reduced the hourly rate charged to \$8 and will work to include all other items in the policy to bring it into compliance with state law immediately.*
- E. We have already implemented this recommendation.*

<b>6. Restricted Revenues</b>
-------------------------------

- A. During the year ended December 31, 2001, the village received approximately \$8,200, in state motor vehicle-related receipts that were deposited into the General Fund. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including constructing, repairing, policing, signing, lighting, and cleaning of roads and streets. The village has not established a separate fund or separate accounting for these receipts and disbursements and does not monitor the use of these funds to ensure compliance with the Missouri Constitution.
- B. Law Enforcement Training fees are not accounted for separately or maintained in a separate fund. Section 590.140, RSMo, requires law enforcement training fees to be used only for the training of law enforcement officers. The village should determine law enforcement training fees collected and transfer the fees to the recently established Police Fund or establish a separate accounting of the funds to ensure the fees are used in accordance with state law.
- C. During the year ended December 31, 2001, the village deposited approximately \$50,000, in water and sewer receipts into the General Fund. The Village Clerk then transferred approximately \$18,500 to the Sewer Fund on an as needed basis. Section 250.150, RSMo, requires charges for the services of any combined waterworks and sewage system to be segregated from all other receipts of the village.

To ensure compliance with state law, the village should deposit all water and sewer receipts into the Sewer Fund.

- D. Documentation does not exist to support the allocation of payroll expenditures to the village's Sewer Fund. During the year ended December 31, 2001, the Village Clerk and the Assistant Village Clerk were paid approximately \$1,500 from the Sewer Fund. Village personnel indicated certain duties performed by the clerks are directly related to the sewer fund; however, adequate documentation is not maintained denoting how much of their time was spent on sewer duties.

Adequate documentation to support the allocation of payroll expenditures to the village's Sewer Fund is necessary to accurately determine the results of operations of specific activities, thus enabling the village to establish user charges necessary to meet all operating costs without generating profits to subsidize other village services.

**WE RECOMMEND** the Board of Trustees:

- A. Establish a separate fund or accounting of the state motor vehicle-related revenues to ensure funds are spent in accordance with the Missouri Constitution.
- B. Establish a separate accounting for Law Enforcement Training fees to ensure funds are spent in compliance with state law.
- C. Deposit all sewer and water receipts into the Sewer Fund.
- D. Ensure adequate documentation is maintained to support payroll disbursements from the Sewer Fund.

**AUDITEE'S RESPONSE**

- A. *We concur with this recommendation and will establish a separate accounting for motor vehicle revenues immediately.*
- B. *We concur with this recommendation and will establish a separate accounting system for the Law Enforcement Training revenues immediately.*
- C. *We have already implemented this recommendation.*
- D. *We concur with this recommendation and will begin maintaining adequate documentation to support payroll disbursements from the Sewer Fund immediately.*

<b>7. Water and Sewer Records and Procedures</b>
--------------------------------------------------

- A. In 1988, the village issued \$100,000 of revenue bonds for the village sewage system. We reviewed the various sections of ordinance 1988-01 and noted the following concerns:

- 1) The village has not established the applicable restricted funds. Section 701 states the village will maintain a Revenue Fund for all receipts collected by the village from the operation of the system and that the Revenue Fund should be administered as follows:
  - Operation and Maintenance Fund for paying the reasonable and proper expenses of operating and maintaining the system and keeping the system in good repair and working order,
  - Principal and Interest Fund to the extent necessary to pay all interest and principal of the bonds when they become due,
  - Depreciation and Maintenance Fund in the sum of \$50 each month until the said fund shall aggregate the sum of \$5,000, and
  - Surplus Fund for all monies remaining in the Revenue Fund.

The village does maintain a Sewer Fund; however, most water and sewer receipts were not deposited into this fund (see MAR finding number 6.C.). While provisions of the ordinance require these funds, the village has not established any of them.

- 2) The village does not maintain adequate books, records and accounts. Section 906 states that the village will maintain proper books, records and accounts in which complete and correct entries of all transactions in relation to the sewage system of the village are recorded. Such accounts shall show the amount of monies received from the system, the application of such receipts, and all financial transactions in connection therewith. The village does not maintain any records listing or summarizing amounts billed, amounts collected, or amounts delinquent. In addition, the village did not retain copies of billing cards sent to residents or the portion of the cards returned with payment.
- 3) The village does not prepare an annual budget of the sewer system. Section 907 states that a budget shall be prepared setting forth the estimated receipts and disbursements of the system for the next succeeding fiscal year.
- 4) The village has not obtained a biannual audit of the sewage system. Section 908 states that the village will cause an audit to be made of the system for the preceding two fiscal years by a certified public accountant.
- 5) The village has not received an engineer's report on the sewer system. Section 909 states that at least once every five years the village will cause the consulting engineer to make an examination of and report on the condition and operations of the system.

- 6) The village has not maintained a 125% debt coverage ratio. Section 902 states that the village is to have in each fiscal year net operating revenues from the system in an amount that will be not less than 125% of the amount required to be paid by the village in such fiscal year on account of both principal and interest on all sewage system revenue bonds at the time outstanding.

In February 2001, the village attempted to refinance their outstanding bonds in order to obtain a reduced interest rate; however, the company indicated they were unable to refinance because the village had not complied with their bond ordinance.

Since ordinances represent legislation that has been passed by the Board of Trustees to govern the village and its residents, it is imperative that the current Board operate in accordance with established ordinances. The failure of the village to adequately maintain the required records and accounts, and to obtain the required reports could allow bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. The village has not performed a formal review of the adequacy of the water and sewer rates. In March 2001, the board voted to increase the rates from \$7.75 to \$8.75 for the first 1,000 gallons of usage and also increase rates from \$3 to \$4 for every additional 1,000 gallons used; however, the board did not prepare a statement of costs to maintain the water and sewer system as required when increasing rates. The Board later decreased the rates back to the original amounts due to resident complaints.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs necessary to maintain the funding of the service. Water and sewer fees are user charges, which should cover the cost of providing the related services. The village needs to perform a thorough review of the cost of providing these services and set rates appropriately.

- C. The village does not reconcile the total gallons of water billed to customers to the gallons of water pumped. To help detect significant water loss on a timely basis and to help ensure that all water usage is properly billed, the village should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences.
- D. Village residents are required to pay a \$60 deposit for water and sewer services refundable upon cancellation of services; however, the village does not keep a record of deposits held for each resident.

To ensure all village residents have paid a deposit and that the village has refunded deposits to residents that have cancelled services, adequate records of sewer and water deposits are necessary. The village needs to identify the deposit

held for each customer and maintain a permanent record of this information. Preparation of a detailed listing of customer deposits would provide means to perform periodic reconciliations between the customer deposit records and monies in the account. Without these reconciliations, the possibility of undetected errors is increased.

- E. The village does not perform periodic reconciliations of total billings, payments received, and delinquent amounts for water and sewer services. Periodic reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of reconciliations should be retained to support conclusions and any corrections to be made, and to facilitate independent reviews.
- F. The village does not adequately monitor or pursue the collection of delinquent water and sewer accounts. There were many instances where up to three months of payments were received at one time without penalty. In addition, there was nothing noted in village records to indicate personnel were aware these amounts were delinquent or that services were disconnected. Village ordinance 98-2, Section 23-12 states a 10% penalty may be charged and services may be disconnected if payments are not received timely.

Since other residents are paying in a timely manner for these services, it does not appear equitable to allow delinquent residents to receive the same service for free. To help ensure prompt collection of water and sewer bills, the village should ensure delinquent procedures are enforced as required by village ordinance.

- G. The village is not correctly calculating the sales tax amounts charged and collected on water and sewer services. According to the Department of Revenue, the village should be charging sales tax on the water portion of the billings only, at a rate of 6.975 percent on businesses, and 0.75 percent on domestic usage; however, the village is taxing both the water and sewer portion of the billings and are not using the correct sales tax rate. Sales tax rates charged ranged from 0.48 percent to 15 percent on the bills reviewed.

Records were not adequate to compare sales tax amounts collected to amounts paid to the Department of Revenue. While it appears that the proper rate was used to calculate amounts to be paid to the Department of Revenue, there is no assurance that the village was utilizing the correct sales amount in their calculation or collecting the correct amount.

- H. The village has lost at least several hundred dollars in sales tax revenues by not submitting the required documentation to the Department of Revenue to enable the state to authorize collection of the tax. In 1979, the village passed an ordinance re-imposing the 1 percent village sales tax on residential utility services



to take effect, January 1, 1980; however, the village did not file the ordinance with the Department of Revenue, thus the tax was never imposed.

Had the village notified the Department of Revenue, the state would have started collecting these sales tax monies for the village many years ago. As a result of this situation, the village has lost several years of sales tax revenues that would have aided the village's current financial situation.

**WE RECOMMEND** the Board of Trustees:

- A. Comply with the provisions of the bond ordinance.
- B. Perform periodic reviews of the costs to maintain utility services, and establish rates to ensure receipts are adequate. In addition, as required by state law, a statement of costs to maintain funding of the service should be prepared before enacting any rate increase.
- C. Compare gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.
- D. Identify all meter deposits held by the village and periodically reconcile these deposits to the bank account in which they are deposited.
- E. Perform periodic reconciliations of the amounts charged to the amounts collected and delinquent accounts.
- F. Ensure established collection procedures related to delinquent water and sewer bills are enforced per village ordinance and monitor the delinquent accounts.
- G. Ensure that the correct sales tax is charged and collected on water billings.
- H. File the necessary documentation with the Department of Revenue to enable the state to authorize collection of the sales tax and ensure the necessary actions are taken to ensure the timely implementation of any future tax issue.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *We concur with this recommendation and will attempt to comply with the provisions of the bond ordinance as the financial condition of the village improves.*
- B. *We concur with these recommendations and will perform reviews to ensure the sewer rates are adequate immediately.*

- C. *We concur with this recommendation and will start reconciling the gallons pumped to the gallons billed immediately.*
- D. *We concur with this recommendation and will attempt to identify all meter deposits on hand and reconcile the balance on hand to the bank balance immediately.*
- E. *We concur with this recommendation and will begin performing periodic reconciliations of amounts charged to the amounts collected and delinquent accounts immediately.*
- F. *We concur with this recommendation and will begin enforcing the established collection procedures related to delinquent accounts immediately.*
- G. *We concur with this recommendation and will ensure the village is charging the correct sales tax on all water bills with the next billing.*
- H. *We have already implemented this recommendation.*

<b>8.</b>	<b>Budgets and Financial Reporting</b>
-----------	----------------------------------------

- A. The village does not publish semi-annual financial statements. Section 80.210, RSMo, requires that the Board of Trustees prepare and publish semi-annual financial statements. These financial statements should include a statement of village receipts and disbursements for the preceding six-month period. In addition, Section 80.220, RSMo, states that the village can be fined if the Chairman of the Board neglects to publish such statements.
- B. The Board of Trustees does not prepare an annual budget. Without an annual budget, village officials can not adequately monitor receipts and disbursements. Chapter 67 of the Missouri Statutes requires that each political subdivision of the state prepare an annual budget. In addition, Sections 67.010 to 67.040, RSMo, set specific guidelines regarding the format and approval of the annual operating budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and receipt expectations for each area of village operations and provide a means to effectively monitor actual costs and receipts. It can also assist in setting tax levies and informing the public about the village's operations and current finances.

**WE RECOMMEND** the Board of Trustees:

- A. Publish semi-annual financial statements as required by state law.
- B. Prepare a complete and accurate annual budget document, which contains all information required by state law and/or necessary to provide a complete financial plan for the village.

## **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *We concur with this recommendation and will publish financial statements for the last six months of 2002.*
- B. *We concur with this recommendation and will prepare an annual budget starting in fiscal year 2003.*

<b>9. General Fixed Asset Records and Procedures</b>
------------------------------------------------------

- A. The village does not maintain records to account for property owned or disposed of by the village. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or a similar devise, and the village should conduct annual inventories

Adequate general fixed asset records are necessary to secure better internal control and to safeguard village assets, which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required for village property.

- B. The village has not adopted a formal policy regarding the use of the two vehicles owned by the village, including policies that prohibit personal use. A formal policy would help ensure the vehicles are used only in a manner approved by the board.

In addition, logs documenting fuel and maintenance costs and vehicle usage are not maintained. Approximately \$2,500 was spent for fuel during the year ended December 31, 2001. Without adequate usage logs, the village cannot effectively monitor that vehicles are used for official business only. These logs should indicate the date used, miles driven, destination, and purpose of the trip and any associated fuel and maintenance costs.

These logs should be reviewed periodically to determine that the vehicles are being properly used and are cost efficient. Information on these logs should be reconciled to gasoline purchases and other maintenance charges. Such procedures would help ensure the vehicles are not used inappropriately.

- C. The village does not have a formal policy regarding the sale, trade or disposal of village property. The former Chairman of the Board indicated he gave a \$200

barbeque grill, purchased by the village in May 2001, to the former Chief of Police for services rendered. There was no documentation available to support the transaction value, nor to support the amount of work done by the village employee. In addition, there was nothing noted in the minutes to indicate the transaction was discussed and approved by the Board of Trustees.

The Board of Trustees should establish a formal policy regarding what types of transactions the Chairman of the Board can obligate the village without their approval. In addition, without detailed bills indicating the number of hours worked and the hourly rate, the village cannot ensure the validity and propriety of the transaction.

**WE RECOMMEND** the Board of Trustees:

- A. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. The Board of Trustees should require additions to the fixed asset list be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of the Village of Silex" are attached to village property and equipment.
- B. Require fuel and usage logs be maintained for all village assigned vehicles and perform a periodic review of such logs.
- C. Establish a policy for the sale, trade and disposal of village property.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *We concur with these recommendations and will establish general fixed asset records for all village property immediately, and will begin conducting annual physical inventories starting in 2003.*
- B. *We concur with these recommendations and will require fuel and usage logs to be maintained immediately. We will perform a periodic review of such logs.*
- C. *We concur with this recommendation. We knew nothing of this transaction, but will ensure this type of transaction does not happen in the future.*

<b>10. Fall Festival</b>
--------------------------

Controls over cash receipts collected from the Fall Festival are not adequate. The Fall Festival is an annual event hosted by the village in order to raise funds. Receipts from the festival consist of admissions, concessions, raffles, 50-50 drawings, bingo, and other miscellaneous games. Volunteers are chosen to work the Festival and are given various

responsibilities including collecting monies for the events. According to deposit slips, receipts from the 2001 Fall Festival totaled approximately \$5,800.

Village personnel indicated approximately \$1,355 in cash was used to make change for the Fall Festival. The village does not document the amount of money given to each event or concession stand to make change or the amount of receipts turned back over to village personnel periodically throughout the festival. Without adequate documentation, the village cannot ensure all monies collected at the festival were properly recorded and deposited. Furthermore, the village does not formally compare receipts to disbursements to ensure the Fall Festival is generating income for the village.

To adequately safeguard receipts and reduce the risk of loss, theft, and misuse of funds, documentation of change funds distributed must be maintained, and monies received from the Fall Festival should be receipted and reconciled to the amounts deposited. In addition, a formal report showing receipts and disbursements should be prepared and presented to the Board to clearly indicate whether the festival is generating income for the village.

**WE RECOMMEND** the Board of Trustees ensure documentation is maintained of all change funds distributed and of all funds turned over to village personnel during the festival. In addition, the Board should ensure these records are reconciled to amounts deposited, and require the Village Clerk to prepare a formal report of festival receipts and disbursements to ensure the festival is generating income for the village.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

*These recommendations have been partially implemented. We are maintaining adequate documentation of all Fall Festival funds. We will work to prepare a formal report for the 2002 Fall Festival.*

This report is intended for the information of the management of the Village of Silex and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

VILLAGE OF SILEX, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Village of Silex is located in Lincoln County. The village was incorporated in 1886. The population of the village in 2000 was 206.

The village government consists of a five member board of trustees. The members are elected for two-year terms. The chairman is appointed, and votes only in the case of a tie. The Board of Trustees, and other principal officials at December 31, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2001</u>	<u>Amount of Bond</u>
Jim Lenk, Chairman (1)	April, 2003	\$ 2,317	\$ 0
Taunya Richardson, Trustee (2)	April, 2002	0	0
Kim Hahn, Trustee (3)	April, 2002	0	0
Robert Momphard, Trustee (4)	April, 2003	475	0
John Shirley, Trustee	April, 2003	11	0

Village personnel indicted the Chairman of the Board is paid a salary of \$115 per month and trustees are to be paid \$12 per month; however, most trustees elect not to be paid.

- (1) Includes \$111 of reimbursements and \$706 of maintenance work.
- (2) Taunya Richardson was re-elected in April 2002.
- (3) Jim Livingston was elected in April 2002.
- (4) Represents payment for work performed on sewer and water billings.

<u>Other Principal Officials</u>		
Sandra Wilson, Village Clerk (5) *	14,909	0
Kelly Klover, Assistant Village Clerk*	8,972	0
Steve Wilson, Chief of Police (6) *	7,253	
James D. Burlison, Village Attorney	3,055	

- \* The compensation amount includes all checks made payable to these individuals, including reimbursements and additional pay for work other than their official duties. Village records were not adequate to indicate what such payments represented.

- (5) Terminated in June 2002 and replaced by Dawn Johnson in July 2002.
- (6) Terminated in May 2002 and replaced by Rodney Owen in May 2002.

On December 31, 2001, the village employed 5 part-time employees.

Assessed valuations and tax rates for 2001 were as follows:

#### ASSESSED VALUATION

Real estate	\$ 910,045
Personal property	<u>261,218</u>
Total	\$ <u>1,171,263</u>

#### TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$ .2510

The village has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$ .01	none



A summary of the village's financial activity for the year ended December 31, 2001, is presented below:

	General Fund	Sewer Fund	Community Development Block Grant Fund	Total
<b>RECEIPTS</b>				
Property taxes	\$ 3,685	0	0	3,685
Motor fuel taxes	8,239	0	0	8,239
Sales taxes	24,975	0	0	24,975
Licenses	6,145	0	0	6,145
FIT taxes	1,122	0	0	1,122
Interest	301	0	0	301
Fines and costs	9,283	0	0	9,283
Use Tax	5,343	0	0	5,343
Water and sewer	50,760	3,785	0	54,545
Grant	0	0	107,552	107,552
Miscellaneous	11,764	0	0	11,764
Transfers in	1,000	18,500	0	19,500
Total Receipts	122,617	22,285	107,552	252,454
<b>DISBURSEMENTS</b>				
Utilities	9,791	1,036	0	10,827
Payroll	40,908	1,592	0	42,500
Bond payments	4,000	10,413	0	14,413
Hardware	5,253	0	0	5,253
Construction	7,021	0	98,462	105,483
Miscellaneous	42,498	8,704	9,090	60,292
Transfers out	19,500	0	0	19,500
Total Disbursements	128,971	21,745	107,552	258,268
<b>Receipts Over (Under)</b>				
Disbursements	(6,354)	540	0	(5,814)
Cash, January 1,	19,648	304	20	19,972
Cash, December 31,	\$ 13,294	844	20	14,158

\* \* \* \* \*



**OSAGE COUNTY R-II SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-115  
December 3, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2002

**The following problems were discovered as a result of an audit conducted by our office of the Osage County R-II School District.**

---

Despite growth in district revenues, the district has spent more than it received three out of the last five years resulting in a decline of the cash balance in the operating funds. During June 2002, the district borrowed \$100,000 in the form of a tax anticipation note to cover expenses. State law considers school districts to be in financial stress when tax anticipation notes are borrowed during February through June to meet current year expenditures. Poor budgeting and expenditure procedures appear to have contributed to the district's current financial situation.

Controls over expenditures have been inadequate. Payments were apparently made for personal purchases, and travel expenses appeared excessive. Payments were made without the required purchase orders or vendor invoices, and were not reviewed for propriety. Some purchases were not properly bid, and some expenditures appeared excessive or unnecessary for district operations.

Former superintendent, Dr. Brian Kirk, apparently made personal purchases with district funds. Many purchases were made on the district's credit card, and some were on various charge accounts or through direct payments to vendors. While some reimbursements were made to the district, the district has not been fully reimbursed for all personal purchases.

- After an investigation in June 2001, Dr. Kirk returned several items to the district, and identified several additional items as personal purchases but did not reimburse or return these items to the district. In addition, we noted other purchases that appeared personal that had not been identified.
- The district credit card was frequently used for personal use. Credit card charges totaled \$17,782, \$10,248, and \$7,536; and personal credit card charges identified by Dr. Kirk totaled \$5,487, \$2,040, and \$976 during the years ended June 30, 2001, 2000, and 1999, respectively. The personal charges identified on the credit card statements were rarely supported by invoices, signed credit card slips, or documentation justifying the purchases. Of the \$8,503 of personal purchases, more than \$2,400 was for cash advances.

Dr. Kirk made payments to the district and "applied" personal expense reimbursements and grant writing stipends against the personal credit card purchases. However, the validity of the expense reimbursements and stipends is questionable.

YELLOW SHEET

The district has not established a comprehensive travel policy and has incurred extensive travel expenditures during the past several years. Expenditures charged to travel accounts, including travel expenses, conference registration, and membership dues exceeded \$48,000 and \$57,000 during fiscal years 2002 and 2001, respectively. Several travel expenditures appear questionable or personal in nature. Travel expenditures were not always supported by adequate documentation of actual expenses incurred. Additionally, while some expense reimbursement claims did include supporting documentation, the validity of the documentation is questionable.

The district did not follow its established payment procedures policy. Numerous payments were processed without adequate supporting documentation including \$6,617 for appliances for the high school. In addition, the district's current bidding procedures could be made more effective by adopting a more comprehensive policy.

Numerous expenditures were coded incorrectly and transfers were made without adequate documentation. In addition, the budgets were not properly amended and monitored by the district.

Problems have been noted in the handling of state and federal funding. The district was overpaid \$213,363 in state funding due to inaccurate reporting related to the lease-purchase of a building for the Alternative School. There were few procedures or controls over programs and grants and problems with grant programs were noted including, the Safe Schools Grant, the Vocational Enhancement Grant, the School to Work Grant, the Service-Learning Coordinator Grant, and the Goals 2000 Local Reform Discretionary Grant.

Employment contracts were not established or have not been retained for former district superintendents. Some compensation policies and agreements were not approved by the School Board.

The transportation contract has not been bid since contracting with the current transportation company over 25 years ago. The district has periodically renegotiated a contract with the company, without seeking bids from other companies, or evaluating the costs and benefits of owning its own transportation system.

The audit report also includes some other matters related to expenditures, accounting systems, construction project bidding, professional services, cellular phone use, board meeting minutes, receipt procedures, and general fixed assets upon which the school district should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

OSAGE COUNTY R-II SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-43
<u>Number</u>	<u>Description</u>
1.	Financial Condition.....5
2.	Personal Purchases with District Funds .....6
3.	District Travel .....10
4.	Expenditures .....13
5.	Accounting System and Budgets .....18
6.	State and Federal Funding.....23
7.	Construction Projects .....26
8.	Payroll and Personnel Issues .....29
9.	Transportation Services .....34
10.	Professional Services .....36
11.	Cellular Telephones .....38
12.	Board Meeting Minutes .....39
13.	Receipt Procedures.....40
14.	General Fixed Assets .....42
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	44-46

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Board of Education  
Osage County R-II School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Osage County R-II School District. The School Board had engaged Mueller, Walla & Albertson, P.C. Certified Public Accountants (CPAs), to audit the school district for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Osage County R-II School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

July 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Kim R. Spraggs, CPA
Audit Staff:	Randal A. Schenewerk



MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

OSAGE COUNTY R-II SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

Despite growth in district revenues, the district has spent more than it received three out of the last five years resulting in a decline of the cash balance in the operating funds (General Fund and Special Revenue Fund) as evidenced by the following data presented in district audit reports and the fiscal year 2002 Annual Secretary of the Board Report (ASBR):

		Year Ended June 30,				
		2002	2001	2000	1999	1998
Beginning balance	\$	271,177	149,496	165,256	563,427	451,643
Revenues		5,307,189	5,287,412	4,825,565	4,466,579	4,540,049
Expenditures		(5,370,309)	(5,165,731)	(4,841,325)	(4,671,811)	(4,375,132)
Net transfers		0	0	0	(192,939)	(53,133)
Ending balance	\$	208,057	271,177	149,496	165,256	563,427
Ending Balance as a						
Percentage of Expenditures		3.87%	5.24%	3.09%	3.54%	12.88%

The financial condition of these operating funds has declined since 1998. During June 2002, the district borrowed \$100,000 in the form of a tax anticipation note to cover expenses. Section 161.520(1), RSMo 2000, considers school districts that borrow through tax anticipation notes during February through June to meet current year expenditures to be in financial stress. Poor budgeting and expenditure procedures appear to have contributed to the district's current financial situation.

The district overspent its original budgets during each of the three years ended June 30, 2002. Actual expenditures exceeded the amounts originally budgeted in the General Revenue Fund by \$643,701, \$430,490, and \$154,813, in fiscal years 2002, 2001, and 2000, respectively. There was no documentation that the Board was provided monthly or periodic financial information prior to fiscal year 2002 to monitor the financial condition of the district. If better budgeting and monitoring procedures had been in place, it appears the Board may have been in a position to address the financial decline in a more timely manner. See Management Advisory Report (MAR) No. 5 for more specific budgeting concerns.

Controls over expenditures have been inadequate. Payments were apparently made for personal purchases, and travel expenses appeared excessive. Payments were made without the required purchase orders or vendor invoices, and were not reviewed for propriety. Some purchases were not bid, and some expenditures appeared excessive or unnecessary for district operations. See MAR Nos. 2 through 4.

The district does not have a long-term financial plan. Although the budget process provides annual financial planning, the School Board needs to plan for the long term to ensure the district can stabilize or increase the fund balance.

While reductions in expenditures appear necessary, the district's financial condition can also be improved with more effective management practices and more effective controls and procedures. Various needed improvements are discussed throughout this report.

**WE RECOMMEND** the School Board closely review the current budget and develop long-range plans to improve the financial condition of the district.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*The Board of Education has approved the purchase of a new budgeting program as requested by the new superintendent during contract negotiations. This program will not be available for several more months, but current local data is now being gathered for completion of this program.*

*The new superintendent has been giving the Board of Education monthly updates on current revenues and expenditures. Several changes have already been implemented to monitor various identified fiscal concerns such as the food service program, soft drink machine accountability procedures, the lack of tracking substitute costs, limitations on out-of-district staff meetings and meal reimbursements, as well as the cost of extra-curricular activities. An inquiry survey of personnel and programs has been sent to twenty-six schools of similar size to compare expenditures. The principals, with the assistance of the superintendent, will hold staff meetings to brainstorm various strategies for reducing expenditures. The new superintendent has set an early December 2002 target date to present gathered information and recommendations to the board to aid in the decision making process. Budget cuts to produce a feasible budget that reflects increases in fund balances will be made between December 2002 and January 2003. A long-range plan will be developed after this time.*

<b>2. Personal Purchases with District Funds</b>
--------------------------------------------------

Former superintendent, Dr. Brian Kirk (Dr. Kirk), apparently made personal purchases with district funds. Many purchases were made on the district's credit card, and some were on various charge accounts or through direct payments to vendors. Dr. Kirk identified in district records items apparently purchased for personal use, and sometimes documented his intentions of reimbursing the district. While some reimbursements were made to the district, the district has not been fully reimbursed for all personal purchases.

- A. After the Osage County Sheriff began an investigation in June 2001, Dr. Kirk returned several items to the district including shelving, a treadmill, numerous tools and shop equipment, two televisions, a heater, a whirlpool bathtub,

computer equipment, a barbeque grill, a canopy, portable lights, a computer desk, garage door openers, emergency automobile kits, a guitar, a keyboard, snow skis, two ladders, and other miscellaneous items. These items were purchased with district monies and most had not been identified on district records as personal purchases to be reimbursed to the district. There is no indication that reimbursement was received on any of these items. Currently, some of these items have been put to use by the district, some are in the custody of the Sheriff, and some are in storage at the district.

Dr. Kirk identified several additional items (a recliner, a second guitar, and books) purchased in fiscal years 2000 and 2001 costing approximately \$784 as personal purchases and did not reimburse or return these items to the district.

In addition, we noted other purchases not identified by Dr. Kirk as personal that appear to be personal; however, vendor statements and invoices typically did not contain sufficient documentation to determine the purpose of the expenditures. Examples of items noted include computer equipment, a ladder, shelving, food, clothing, toiletries, cleaning supplies, tools, a tent, and home furnishings. District employees were unable to locate most of the items. Without documentation of the purpose of expenditures, the district cannot ensure the items were for district use.

During the three years ended June 30, 2002, reimbursements totaling \$344 were received from Dr. Kirk, apparently for personal items purchased; however, it is unclear if those reimbursements were for any of the items listed above. As noted at MAR No. 4, district procedures relating to expenditures were inadequate; therefore, these purchases were not reviewed and questioned in a timely manner. The School Board did not adequately review expenditure documentation. The district has recently established procedures to ensure payments to charge accounts are supported by invoices and purchase orders.

- B. Dr. Kirk frequently used the district credit card for personal use. While purchases charged to the district credit card were primarily for travel (meals, motel, car rental, and gasoline); they also included miscellaneous supplies for the school, cash advances, and other personal charges. Total credit card charges, as well as personal charges, increased significantly during the three years ended June 30, 2001. Credit card charges totaled \$17,782, \$10,248, and \$7,536; and personal credit card charges identified by Dr. Kirk totaled \$5,487, \$2,040, and \$976 during the years ended June 30, 2001, 2000, and 1999, respectively.

According to district records, Dr. Kirk's personal purchases were reimbursed to the district in a variety of ways, including payments made directly to the credit card company, payments made directly to the school district, and applying expense reimbursements and grant writing stipends to the personal charges.

- 1) The personal charges identified on the credit card statements were rarely supported by invoices, signed credit card receipt slips, or documentation

justifying the purchases. As noted in MAR No. 3, there appear to be additional questionable charges.

Personal charges identified included gasoline purchases, restaurant meals (some entire meals and the portion over a self-imposed \$18 limit for business meals), cash advances and other purchases. Of the \$8,503 of personal purchases, more than \$2,400 was for cash advances.

- 2) During the three years ended June 30, 2001, Dr. Kirk "applied" personal expense account reimbursements totaling \$4,017 and grant writing stipends totaling \$2,100 against his personal credit card purchases. In addition, actual payments totaling \$3,134 were made to the district during the period July 1, 1998 to June 30, 2002, of which \$1,684 represents payments made after the Board began making inquiries. Documentation was inadequate to explain to which personal charges the payments might apply.

- a) The total expense reimbursement claims, amounts paid, and amounts applied to the personal credit card purchases are as follows:

Year Ended June 30,	Miles Claimed	Total Expense Account	Amount Paid	Amount Applied to Personal Purchases
1999	7,800	\$ 2,731	\$ 2,731	\$ 0
2000	8,769	2,607	1,934	673
2001	15,780	5,533	2,189	3,344

The amount applied to personal credit card purchases increased significantly while the amounts actually paid to Dr. Kirk by check remained fairly consistent. In addition, the validity of expense reimbursement claims appears questionable:

- The mileage reimbursement claims increased significantly during the three years. The claims showed the destination and the number of miles traveled, but provided no indication of the purpose of the trip. In addition, instances were noted in which mileage was claimed during the same time period in which the district paid for his personal gasoline.
- Meal expenses were not always supported by receipts.
- Expense reimbursements sometimes included "other expenses" totaling at least \$700 with no explanation and/or supporting documentation.

As a result, it is difficult to determine the validity of these claims. See MAR No. 3 for additional comments regarding expense reimbursements.

- b) Two grant writing stipends, totaling \$2,100, were applied to the personal credit card purchases. As noted at MAR No. 8, it is questionable whether credit should have been applied for writing grants.

Although the offsets (“applied to amounts”) and payments indicated in the district records cover the amount of personal purchases identified, it is questionable whether all personal charges were identified. In addition, it is not clear that all of the offsets actually represented reimbursements or appropriate paybacks.

The Board did not periodically review the credit card statements; therefore, the personal charges, including cash advances, were not identified on a timely basis. In addition, because some of the expense accounts and grant writing stipends were not paid by check, but were applied to personal credit card purchases, the Board did not have an opportunity to review all the claims for propriety and reasonableness or even know these additional claims existed. The Board began making inquiries into travel expenses and the credit card was later cancelled in August 2001.

**WE RECOMMEND** the School Board:

- A. Review credit card and other charge account statements and supporting documentation, as well as invoices supporting other district expenditures, for personal purchases and seek reimbursement from Dr. Kirk for all personal items identified. The Board should ensure adequate documentation supporting the purpose of items purchased is maintained. In addition, the Board should establish a policy to limit the use of the charge accounts for business purposes.
- B. Request an accounting of all personal credit card charges and repayments from Dr. Kirk. The Board should review the credit card statements and supporting documentation to ensure all personal charges have been identified. The Board should also review the grant writing stipends and supporting documentation for the expense reimbursement claims to ensure they represent legitimate amounts due to him. Any unsubstantiated amounts should be reimbursed to the district.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district eliminated the use of a school credit card during the 2001-02 school year. During the July 2002 Board of Education meeting, the Board voted to secure a credit card for the purpose of **securing hotel reservations** for out-of-district staff conferences.*

*The central office secretaries are the only employees who may use this credit card. Per district policy, all other expenditures require an approved and signed purchase order with documentation supporting the purpose of the items purchased. Documentation is to be attached to purchase orders before payment and/or reimbursements are made. These documents are kept for a period of five years.*

*The Board declines to respond to seeking reimbursement from Dr. Kirk for all personal items identified due to pending litigation.*

- B. *The Board declines to respond to this recommendation due to pending litigation against Dr. Kirk.*

<b>3. District Travel</b>
---------------------------

The district incurred extensive travel expenditures during the past several years. Expenditures charged to travel accounts, including travel expenses, conference registration, and membership dues exceeded \$48,000 and \$57,000 during fiscal years 2002 and 2001, respectively.

The School Board has not established a comprehensive travel policy requiring prior approval of certain travel expenditures and outlining what types of expenses are allowed, limits on those expenses, documentation requirements, and the review process. The district implemented a policy, effective February 19, 2002, requiring all expense reimbursements be approved by the School Board, superintendent, and supervisor; however, additional improvements need to be made.

Travel expenditures include lodging, meals, gasoline, and rental cars charged to the district's credit card; reimbursements to employees for mileage, meals, lodging and other travel expenses; and direct payments to motels, rental car companies, and airlines. The following concerns relating to travel expenditures were noted:

- 1) Several travel expenditures appear questionable or personal in nature. During May 2001, the district incurred expenses exceeding \$1,400 relating to a recruiting trip to Indiana. While Dr. Kirk and two administrative employees were apparently in Indiana for a total of six nights, there was no documentation that recruiting was done on more than one day.

Also during May 2001, Dr. Kirk and an administrative employee attended a software training seminar in San Diego, California. The airfare and lodging expenses for this trip were covered by the software purchase. In addition, expenditures totaling \$978 were charged to the district's credit card for parking, rental car, gasoline, meals, and cash advances. According to credit card records, it appears a side trip was made to Tijuana, Mexico.

During February 2001, Dr. Kirk and an administrative employee attended a conference in Kansas City. The district paid for two night's lodging plus various other travel expenses totaling approximately \$990. Included in the charges identified as district charges, was a \$101 dinner including \$33 for alcohol, \$55 for additional alcohol purchases, and \$88 for room service.

While approximately \$390 and \$181 charged on the credit card statement were identified as personal charges and included in his balance due to the district for the San Diego and Kansas City trips, respectively, these total charges appear questionable. See MAR No. 2.

To ensure public funds are spent wisely, travel expenses paid by the district should be necessary and reasonable for conducting district business. In addition, meal limits should be established.

- 2) Travel expenditures were not always supported by adequate documentation of actual expenses incurred. Numerous credit card statements and expense reports were not supported by invoices for motels, meals, car rentals, gasoline, and other expenses paid by or reimbursed by the district.

Employee expense reports did not contain sufficient information such as the date of the trip, trip origin, destination, and purpose. As noted in MAR No. 2, Dr. Kirk's mileage claims were not adequately supported. In another example, a teacher was reimbursed \$520 for 1,679 miles during a three month period in fiscal year 2001 without sufficient documentation supporting the destination and/or purpose of several of the trips.

In addition, most of the credit card purchases did not include documentation of the purpose of the expenditure. There were numerous trips and meals, some for more than one person, with no explanation of the business purpose and the propriety of the trip; and documentation was not sufficient to adequately review extra expenses associated with another person.

Without a detailed travel expense report including documentation supporting the expenses claimed, the district cannot determine the propriety of payments made for travel expenses. In addition, should the district establish a new credit card account, procedures should be implemented to ensure charges are adequately supported.

- 3) Some expense reimbursement claims did include supporting documentation; however, the validity of the documentation is questionable. For example, several meal reimbursements to an administrative employee were supported by meal receipt slips in which the date had been removed or the dates on the receipt slips did not agree to the dates of the trips claimed.



Additionally, records show that Dr. Kirk applied travel expenses totaling \$290 to his personal credit card charges in March 2001. The expense claim was supported by 29 receipt slips dated in August 2000, November 2000, and January through March 2001. These receipt slips included expenditures totaling \$78 which had been previously charged to the district credit card, as well as several expenditures including alcohol with meals, snacks and drinks, newspapers, and other miscellaneous personal items.

The district should ensure documentation supporting expense reimbursements is reasonable and proper.

- 4) As noted at MAR No. 2, some instances were noted in which mileage was claimed during the same time period in which the district paid for gasoline for personal vehicles. The district should review and determine the most efficient ways of paying for travel.
- 5) Expense reimbursements are not always submitted on a timely basis. For example, one principal's expense report totaling \$459 covered a period of 12 months in fiscal year 2001. To ensure budgets can be adequately monitored, the district should require expense reports to be filed on a monthly basis.

Although the district approved an expense reimbursement approval policy in February 2002, a more comprehensive policy would help ensure that travel costs are adequately controlled, supported, and reviewed; and that only necessary and reasonable charges are paid for by the district. Implementation of such a policy would ensure the district does not incur costs for unnecessary trips. In the fiscal year 2001 audit, the district's independent CPA made recommendations to improve travel policies and procedures.

**WE RECOMMEND** the School Board establish a written travel policy outlining the types of expenses allowed, maximum amounts, and documentation, approval, and review requirements. Travel expenses should be reviewed to ensure policy requirements are met and that only necessary and reasonable charges are paid by the district. In addition, the Board should require that expense reports be filed monthly.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*Written guidelines with limits for out-of-district meal reimbursements were approved at the September 2002 Board of Education meeting. Procedures were implemented during the 2001-02 school year for the Board of Education to approve all out-of-district staff trips individually. The Board will request that all expense reports be filed each month.*

**4.****Expenditures**

- A. The district has established a formal payment procedures policy; however, the policy is not always followed. The policy requires an itemized invoice and a receiving document containing the signature of an authorized employee on file before a payment can be processed. The invoice must have been received in response to an approved purchase order. In addition, the policy requires that the School Board give final approval of all bills paid, and that the listing of bills for approval be supported by documentation.

- 1) Numerous payments were processed without an original invoice or other adequate supporting documentation including the purpose of the expenditure. For example, during August 2000, the district paid \$6,617 to a home improvement store. The only documentation on file is a purchase order indicating the purchase was for appliances for the high school. Payment was apparently made without an invoice or other supporting documentation.

District employees indicate the district received five ranges, six microwaves, two washer and dryer units, and two dishwashers from the home improvement store. One of the ranges was apparently purchased separately from the store on the district's credit card. Based on maximum current prices for similar items, the cost of the remaining fourteen items is estimated at \$5,600, or \$1,000 less than the \$6,617 paid to the vendor.

In November 1999, Dr. Kirk requested a payment of \$1,500 be made to his personal credit card company from the district. At that time, no documentation was submitted to support this payment. Invoices supporting only \$1,396 were later submitted.

Without the invoices or supporting documentation, the district cannot ensure all purchases were received by the district.

- 2) Payments were frequently processed without a properly approved purchase order. In addition, we noted several instances in which employees were reimbursed for items without purchase orders authorizing the initial purchases.
- 3) Several invoices did not contain an indication of approval or receipt of goods or services. Accounting staff indicate they verify receipt of goods prior to processing payments; however, this verification is not always formally documented.

- 4) The district does not always make payments on a timely basis. During our review of expenditures, we noted numerous late fees and interest paid on the district's credit card statements and various charge accounts.
- 5) Prior to fiscal year 2002, invoices and supporting documentation were not reviewed by the School Board members, including the President and Treasurer, who usually signed the district checks. The School Board approved the monthly listing of checks; however, there was no documentation that the Board reviewed invoices and supporting documentation.

As noted at MAR No. 2, numerous personal purchases were made with district funds. These expenditures were not discovered on a timely basis as a result of the inadequate procedures noted above.

To ensure the obligation was actually incurred and properly approved, all expenditures should be supported by properly approved purchase orders and original invoices containing indication that goods or services have been received. The district should also establish procedures to ensure bills are paid timely. During the fiscal year 2001 audit, the district's independent CPA made recommendations regarding approval of expenditures, and the district subsequently established additional procedures requiring purchases orders. In addition, beginning in fiscal year 2002, School Board members are provided with expenditure supporting documentation to review.

B. During fiscal year 2001, the district had memberships in two discount purchasing organizations:

- 1) The district paid for memberships to SAM's Club in Columbia, Missouri, for nine district employees during fiscal year 2001. Employees could charge purchases to the district's account and/or pay for the items and be reimbursed by the district. Employees could also make personal purchases at SAM's Club with these memberships. Payment's to the SAM's Club account totaled approximately \$16,300 and \$14,600 during fiscal years 2001 and 2000, respectively.

District employees made frequent trips to this business to purchase items for the district. In addition to the membership fees, the district incurred the costs of salaries and mileage related to these trips. During fiscal year 2002, the district discontinued making frequent purchases from SAM's Club (only \$168 was spent in this fiscal year); and the membership was cancelled in January 2002.

- 2) The district was also a member of an Illinois based not-for-profit distributor of corporate donated items. Records indicate the district received a wide variety of items such as school and art supplies, books,

maintenance and electrical supplies, hardware and building supplies, computer equipment and supplies, flooring, light fixtures, and home furnishings. Membership and handling fees paid to this distributor in fiscal year 2001 totaled approximately \$2,800. District employees traveled to Illinois to pick up allotments from this distributor and travel expenditures associated with four trips totaled approximately \$1,100 in fiscal year 2001. In addition, the district sometimes incurred costs to rent a truck to transport the items.

According to district records, Dr. Kirk prepared the allotment requests and made several trips to pick up the items, and apparently distributed the items.

The district did not retain documentation of all items received; therefore, it is difficult to determine their value. District employees have indicated that many items received from this organization were of little or no value to the district due to poor quality or lack of need for the items; some of which are still in storage with no intended plans of use. In addition, the last allotment received by the district was stored at Dr. Kirk's house for three months before being put to use by the district. Due to dissatisfaction with this organization, the district cancelled the membership in March 2002.

Some personal purchases noted in MAR No. 2 were made from these two organizations. Additionally, based on the purchases and the extra costs incurred by the district, the savings of holding a membership in these organizations is questionable.

- C. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The current policy requires all construction projects over \$12,500 be bid as required by Section 177.086, RSMo 2000, as well as contracts for insurance. However, the policy does not require bidding for any other items and does not indicate the various bid procedures that can be used to ensure the district receives the best economical value on its purchases. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

<u>Item</u>	<u>Cost</u>
Six copy machines (three-year leases)	\$37,700
21 laptop computers	32,800
Bobcat and attachments	28,900
Software, training, and materials	23,000
Appliances for the high school	6,600

In addition to complying with state law where applicable, competitive bidding helps ensure the school district receives fair value by contracting with the lowest

and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business. A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types and amounts of purchases. Bids could be handled by telephone quotation, sealed bids or advertised sealed bids. Different approaches may be appropriate, depending on the dollar amount of the purchase. If items or services are available from only one provider, the sole source procurement situation should be documented.

- D. Expenditures totaling approximately \$3,900 and \$710 during fiscal years 2002 and 2001, respectively, were paid from school funds for two staff barbeques, retirement gifts, Christmas gifts, and flowers for funerals, illnesses, and births. In addition, as noted at MAR No. 13, the district provides sodas to some employees and other individuals free of charge. These expenditures do not appear to be necessary for district operations or prudent uses of public funds. The district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner.
- E. As noted at MAR No. 2, the district allowed employees to purchase personal items with the district credit card or through various charge accounts. While the district was reimbursed for some of these items, in some cases the employee avoided paying sales taxes on their purchases. For example, in April 2001, an administrative employee reimbursed the district \$334 for a trampoline and enclosure purchased on the district's SAM's Club account; however, she did not pay sales taxes on these items. Employees also frequently purchased food items through the district's food service vendors without paying sales taxes.

Although the district may purchase items free of sales taxes, sales taxes must be paid on all non-business purchases. The district should discontinue allowing employees to use district charge accounts for personal purchases.

- F. In May 2001, three employees were reimbursed a total of \$900 through the tuition reimbursement program without adequate documentation that they had attended a class and met the program requirements. The district reimbursement program allows for reimbursement up to \$300 per year for each certificated staff member submitting an application, report card showing a grade of A or B, and proof of payment. The required documentation was not on file for these employees.

Tuition reimbursement to employees should be supported by proof of payment as well as completion with a passing grade, as required by the policy.

**WE RECOMMEND** the School Board:

- A. Require purchase orders be prepared for all payments and original invoices containing approval and indication of receipt of goods or services be on file before processing payments in accordance with district policy. The Board should

review and approve all expenditures and establish written policies and procedures to ensure bills are paid timely. In addition, the Board should seek reimbursement from Dr. Kirk for any amount overpaid.

- B. Evaluate the cost benefit of discount organization memberships prior to obtaining a membership and making purchases. In addition, the Board should ensure adequate documentation of items received is maintained to support the membership fees paid.
- C. Adopt a more comprehensive bid policy which requires bidding and establishes bidding requirements for purchases less than \$12,500. In addition, the Board should ensure adequate bid documentation is retained.
- D. Ensure expenditures are limited to prudent uses of public funds.
- E. Prohibit personal purchases on district accounts.
- F. Ensure all payments to employees for tuition reimbursement are supported by adequate documentation as required by district policy. The Board should request documentation supporting the payments to these staff and seek reimbursement for any unsubstantiated amounts.

#### **AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The new superintendent, with the help of central office personnel, is requiring that approved and signed purchase orders be obtained prior to any purchase in the district. Likewise, an approved and signed purchase order with supporting invoices is required prior to the payment of all goods and services according to Board policy. Two of the four officers of the Board review the documentation of all expenditures prior to signing the district checks. These two officials conduct this procedure two to three times per month to avoid late charges. The Board will compare their procedure with their written policy and work with the policy department of the Missouri School Board Association (MSBA) to rewrite a new policy if necessary.*

*The Board declines to respond to their intent to seek reimbursement from Dr. Kirk due to pending litigation.*

- B. *The district has dropped their memberships to SAM's and the not-for-profit Illinois-based distributor of corporate donated items (Naier) previously used. Approved and signed purchase orders with supporting documentation are required for all purchases according to board policy.*
- C. *The district is presently complying with Section 177.086 of the Missouri Revised Statutes and is presently seeking competitive bids and/or performs comparison-shopping when purchasing fixed asset items. The Board plans to discuss this issue at a later date when*

*reviewing all district policies. The superintendent will be responsible to see that bids over the required amounts will be sought, approved by the Board, and kept in the established file.*

- D. Guidelines have been established and approved for the limited purchase of flowers for staff during bereavement and hospitalization periods. Free soft drinks for employees have been eliminated. Only the basics of meat, bread, and drinks were provided for the beginning of school barbeque. The Board of Education will examine all district paid events in the near future and develop guidelines.*
- E. The new superintendent has already stopped all personal purchases using district accounts. Employees cannot purchase personal items through the school. The Board will research the need to adopt a policy to prohibit personal purchases on district accounts.*
- F. Documentation has been obtained from all employees for tuition reimbursement except one. The Board of Education will make a decision as to whether they will try to obtain the documentation from this one person after litigation procedures have ended.*

<b>5. Accounting System and Budgets</b>
-----------------------------------------

Numerous expenditures were coded incorrectly and transfers were made to incorrect accounts, causing inaccurate classification of the district's financial information, which possibly affects the district's state funding. In addition, the budgets were not properly amended and monitored by the district.

- A. Numerous transfers were made between various accounts during the three years ended June 30, 2002. Transfers between expenditure accounts totaled between \$230,000 and \$460,000 during each of fiscal years 2002, 2001, and 2000. A significant portion of the transfers were made at the end of each year.

Many transfers were apparently made without adequate documentation of authorization or explanation of purpose. As a result, it is unclear why some of these transfers were needed, and it is difficult to evaluate the reasonableness of the transfers. School districts are allowed to make certain types of transfers and some transfers are generally needed to correct errors. Some transfers made by the district, however, appear to have been for the purpose of ensuring account budgets were not exceeded at year end. When expenditures are transferred to inappropriate accounts, financial reports do not accurately reflect actual expenditures for each account. Examples of questionable transfers are noted below:

- 1) The fiscal year 2000 contracted services account adjusted budget was \$67,801. Year-end transfers out totaling \$51,356 were made from the contracted services account, reducing expenditures to the amount

budgeted. In another example, during June 2000, \$9,500 was transferred from the elementary salary account; leaving total expenditures at \$555,307, the same amount as the adjusted budget. These transfers appear to have been for the purpose of agreeing the actual expenditures to the adjusted budget.

- 2) Fiscal year 2001 expenditures originally charged to the executive administration travel and dues account totaled \$14,653 and were mostly for expenditures related to Dr. Kirk's travel and memberships. During the year, \$10,658 was transferred to the recruiting and school improvement/Goals 2000 grant accounts. After all transfers were made, expenditures in the executive administration travel and dues account totaled only \$3,995. Most expenditures transferred to the recruiting account do not appear to be for recruiting. In addition, as noted at D. below, the recruiting account was not included in the approved budget. Several transfers were made after the School Board began questioning travel expenditures. By transferring significant expenditures from the executive administration travel and dues account, the significant travel expenditures were not as apparent.

Transfers should be supported by adequate documentation explaining their purposes. Transfers should be reviewed and approved to ensure reasonableness and compliance with the approved budget, and this authorization should be documented.

B. Expenditures are not always coded to the proper accounts:

- 1) The district's account coding system is not in compliance with the account codes established by the Department of Elementary and Secondary Education (DESE). The current system established by the district contains numerous account codes which are not active DESE account codes or contain descriptions which do not comply with the DESE guidelines. As a result, the district is incorrectly classifying transactions. For example, the account code that the DESE requires to be used for repairs and maintenance was used for various contracted services including trash service, bottled water, copy machine rental, mailing system lease, and package delivery. Other examples of incorrect account codes used include the account code to be used for legal services is labeled election services, and the account code to be used for natural gas is labeled water.
- 2) In addition, numerous instances were noted in which expenditures were coded to incorrect accounts. For example, a January 2001 purchase of copy paper totaling \$1,700 was coded to a maintenance account rather than to accounts for the various departments that utilized the paper.



The food service accounts are to be used to track expenditures related to the food service program. Several expenditures coded to these accounts were for items that do not appear to have been for the food service program. For example, two expenditures totaling \$1,421 for frozen turkeys provided to district employees as gifts in fiscal year 2001 were charged to a food service account.

Inaccurate tracking of food service expenditures causes additional problems for the district. Accurate food service expenditure and revenue information is necessary in determining the annual gain or loss in the food service program and in setting meal prices. According to district records, the food service department incurred a \$64,962 loss during fiscal year 2001; however, the loss is calculated based on the inaccurate food service account information. In addition, the district's food service costs cannot be compared to other school districts; and as a result, the efficiency of the school district's food service program cannot be evaluated.

Improper coding of transactions causes the actual expenditure information for the various accounts to be inaccurate. As a result, the actual account balances are unknown and cannot be accurately compared to the budgets. In addition, the Annual Secretary of the Board Report (ASBR) submitted to the DESE is prepared based on the financial information in the district's accounting system. Transactions which are misclassified on the system could cause the district's ASBR to be inaccurate. Some information included in the ASBR affects the district's state aid. During fiscal year 2002, the district received correspondence from the DESE discussing problems with the account coding system.

The district apparently did not have procedures for reviewing the various account codes and ensuring the correct codes were used. Without accurate coding and financial information, officials are unable to evaluate various district programs and make sound decisions regarding the programs. In addition, the Board may be unable to effectively monitor the district's financial condition.

Due to similar weaknesses noted during the district's annual audit for fiscal year 2001, the district's independent CPA recommended that accounting personnel receive training in the areas of transaction recording and preparation of the ASBR.

- C. The budgets prepared by the district for the three years ended June 30, 2002, failed to comply with Chapter 67 of the Missouri statutes (the budget law).
  - 1) Historically, the school district has amended its budget at year-end to ensure expenditures do not exceed the budget. However, the district does not amend the budget before expenditures are incurred. The following table illustrates budget amendments made by the School Board during fiscal years 2002 and 2001:

Fund	Original Budget	Actual Expenditures	Amended Budget
<u>Year Ended June 30, 2002</u>			
General Revenue	\$ 2,092,886	2,736,587	2,736,587 <sup>1</sup>
Debt Service	284,218	285,040	285,040 <sup>1</sup>
Capital Projects	225,420	246,177	246,177 <sup>1</sup>
<u>Year Ended June 30, 2001</u>			
General Revenue	2,107,445	2,537,935	2,537,935 <sup>2</sup>
Capital Projects	145,205	2,405,969	2,405,969 <sup>2</sup>

<sup>1</sup>Amended August 19, 2002

<sup>2</sup>Amended June 11, 2001

It appears the amendments are made for statutory compliance only and circumvent the intended use of the budget as a management tool. The district should amend the budget before it incurs the expenditures.

- 2) Numerous adjustments were made to the budgets throughout each fiscal year with no Board approval. During fiscal year 2002, various district officials had increased budgeted revenues for all funds by \$229,656 and increased budgeted expenditures for all funds by \$322,786. In addition, new accounts were added to the budget without Board approval. For example, a recruitment expenses budget totaling \$15,310 and \$14,305 was added in fiscal years 2001 and 2000, respectively, without Board approval.
- 3) Budgets did not include estimated beginning and ending balances for each fund. The budget for the year ended June 30, 2001 did not include a budget message and actual (or estimated for the year not ended) receipts and disbursements for the two preceding budget years. In addition, the budget for the year ended June 30, 2002 did not include required previous year receipts and disbursements information. This information is required by Chapter 67, RSMo 2000. Without this information, the district cannot adequately evaluate available resources and financial condition.

The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets weakens the effectiveness of this process. Section 67.040, RSMo 2000, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget. Failure to provide adequate information in the budget document limits the Board's ability to effectively review the proposed budget for reasonableness.

- D. There is no documentation that the School Board and administrators routinely received budget to actual reports throughout the year. As a result, it is unclear whether the School Board periodically reviewed the district's financial status or administrators were aware of available funds or expenditure limits within their budget areas.

A complete and well-planned budget can serve as a useful management tool by establishing specific cost expectations for each area and provide a means to effectively monitor actual costs. The School Board should require that timely budget to actual comparisons are received and reviewed prior to approving expenditures.

**WE RECOMMEND** the School Board:

- A. Ensure transfers are supported by adequate supporting documentation and that transfers are reviewed for reasonableness, propriety, and compliance with the approved budget.
- B. Review the district's account code structure and ensure it is in compliance with DESE guidelines. The School Board should establish procedures to ensure expenditures are coded to the proper accounts and funds. In addition, the Board should determine the account coding errors made and discuss them with the DESE to determine any affect on state aid received.
- C. Ensure amendments are made to the budget prior to incurring the expenditure, and that amendments are approved by the Board. In addition, annual budgets should include complete information as required by Chapter 67, RSMo 2000.
- D. Ensure the monitoring process includes applicable district staff. In addition, the School Board should require timely budget to actual comparisons are received and reviewed prior to approving expenditures.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The District bookkeeper is currently writing the reason on transfer documentation and will continue to follow this procedure. The new budget system will aid with compliance with the approved budget.*
- B. *The bookkeeper, new superintendent, and the district's school finance supervisor have re-coded all improper codes. The ASBR with the corrected codes for the 2001-02 has already been approved by the DESE.*

- C. *The new superintendent will obtain Board approval of any budget amendments throughout the fiscal year. The new superintendent will present an amended budget with the required budget components by the January 2003 Board meeting.*
- D. *Upon the completion of an amended budget, the data will be transferred to the district's bookkeeping system. The new superintendent will present budget comparisons with actual expenditures on a monthly basis as a part of the superintendent's financial report.*

<b>6. State and Federal Funding</b>
-------------------------------------

Problems have been noted in the handling of state and federal funding. These problems were noted by the DESE, as well as by our audit. The district received state and federal funding totaling approximately \$3.1 million and \$3.2 million in fiscal years 2002, and 2001, respectively. Based on the findings and additional questionable practices below; these funds, as well as funds received in prior years, have potentially been misused.

- A. The district received overpayments from the DESE due to inaccurate reporting related to the lease-purchase of a building for the Alternative School and the Safe Schools Grant. With funding from the Safe Schools Grant, the district operated an Alternative School which served students from the Osage R-II School District as well as students from three neighboring districts. We noted the following concerns:
  - 1) The district was overpaid \$213,363 in state funding due to two issues relating to the lease-purchase of the building in which the Alternative School was housed.
    - a) The district paid the lease-purchase payments from the Incidental Fund although the payments should have been paid through the Capital Projects Fund. Since the payments totaling \$88,112 were not made from the Capital Projects Fund, Section 177.088(11), RSMo 2000, requires the district to return these funds to the state.
    - b) During fiscal year 2002, the district received additional state basic formula funding through a designated levy, although this was not allowed per Section 163.011(13), RSMo 2000, which states that districts making lease-purchase payments during the fiscal year are not eligible to request the designated levy. The district had certified to the DESE that it had not entered into any lease-purchase agreements. As a result, the DESE has determined that the additional funding totaling \$125,251 must be returned to the state.

DESE stated in a letter to the district, that the total overpayments are to be returned through periodic deductions in monthly state aid payments, with total reimbursements made by June 30, 2004.

- 2) According to DESE officials, the district received overpayments during the three years ended June 30, 2001 from the Safe Schools Grant due to inaccurate reporting of students served by the Alternative School on attendance records. Safe Schools Grant funding is based on the number of students served, and more students were apparently reported than were actually served. The DESE is currently investigating the grant and will determine any amount due to the DESE.

B. Several problems related to the Vocational Enhancement Grant were noted.

- 1) During fiscal year 2001, the district received approximately \$101,000 in Vocational Enhancement Grant reimbursements of which \$34,600 appears questionable.
  - a) The district used \$28,000 of this funding for the construction of the new vocational building; however, new construction is apparently not allowed according to the grant requirements.
  - b) Of the \$28,000 noted above, the district was reimbursed \$7,225 for the installation of an exhaust system for the welding department; however, an exhaust system was not installed.
  - c) Also, included in the funds used for new construction, was another \$1,125 received for office renovation. Documentation submitted to the DESE supporting the office renovation expenditures was actually an invoice from the contractor who assembled the vocational building. Office renovation was not included in the contract.
  - d) The district was reimbursed approximately \$6,600 for questionable equipment expenditures. Some vendor invoices were altered to show that particular items were purchased. For example, one invoice for 120 electric receptacles for the new vocational building, was altered to show a purchase of one sheet rock bazooka at the same price. The district had already purchased a sheet rock bazooka and claimed that purchase under the name "tapers". A printer was also purchased with these funds although there is no documentation to support how it was related to vocational programs.
- 2) During fiscal year 1999, the district bought a bobcat and was reimbursed \$16,500 with Vocational Enhancement Grant funds. There was no

documentation it was used for instructional purposes as required by the grant. It appears this bobcat was used by the maintenance department, and was allowed to be used for personal purposes by district employees.

The district should review the activities of this grant over the past several years, discuss any discrepancies with the DESE, and return any funds that were improperly received.

- C. The district has returned \$16,800 in School to Work grant funds to the DESE. The district requested and received these funds for a Work Academy project that never existed. This discrepancy was discovered by the district's grant coordinator and the funds were returned in January 2002.
- D. The district did not maintain proper records of time worked by the Service-Learning Coordinator. The district receives a District Coordinator Grant, which requires that the district employ a person who spends at least a third of his/her time on Service-Learning, and who, therefore, is not a full time classroom teacher or administrator. The district received reimbursements for salaries and benefits, which were primarily for the coordinator, totaling approximately \$5,100 and \$8,500, during fiscal years 2002 and 2001, respectively.

During fiscal year 2001, the Service-Learning Coordinator position was held by the former Administrative Assistant to the Superintendent. Her salary in the amount of \$54,625 was covered approximately 14 percent by the Service-Learning Grant. Records supporting her work on the grant were apparently not maintained. In addition, it is questionable whether it was allowable for her to be the coordinator as her job title that year was "A+ Schools Coordinator/Central Office Administrator". Grant requirements indicate that the coordinator should not be a full time administrator. It was also noted that her job description did not include the coordinator position in her listing of duties.

Records of time worked by the coordinator are necessary to ensure compliance with the grant requirements. In addition, the district should ensure the coordinator position is not held by a full time classroom teacher or administrator.

- E. The district did not retain adequate documentation supporting expenditures from the Goals 2000 Local Reform Discretionary Grant. The district received \$22,500 from the DESE during fiscal year 2001; however, documentation supporting the final expenditure report is not adequate. The district maintained a file of copies of invoices; however, it is unclear what portions of the invoices were paid with grant funds and it appears that some amounts were not supported by invoices or supporting documentation. Numerous expenditures and transfers were coded to various accounts for this grant; however, documentation in the grant file did not always support these expenditures and transfers. For example, during the month in which the final expenditure report for this grant was prepared, district credit card expenditures totaling \$2,274 were transferred to an account for this grant.

The file contained no documentation supporting the expenditures transferred to the grant accounts. The DESE administrative manual for this grant requires that separate and identifiable accounting records be maintained. The district should review these transfers, determine if the expenditures were district related and allowable per the grant requirements, and return any funds improperly received to the DESE.

In addition, the three staff paid \$900 for tuition reimbursement noted at MAR No. 4, were paid from accounts used for this grant without adequate supporting documentation. The DESE administrative manual requires adequate supporting documentation of payment to employees from the grant funds. The district should request this documentation from the employees, determine if these expenditures met grant requirements, and determine if some or all of these funds should be returned to the DESE.

- F. The district made numerous transfers in and out of grant accounts. Many transfers were not supported by adequate documentation, such as the transfer noted in E. above. In addition, as noted at MAR No. 5B., we found several instances in which expenditures were incorrectly coded to accounts used to track expenditures from state and federal funding.

There were very few procedures or controls over programs and grants. Prior to fiscal year 2002, most grant applications and documents were signed by Dr. Kirk, and an administrative employee. It is unclear whether some teachers and staff who were responsible for implementing the program and grant requirements had any involvement in preparing the grant documents. In addition, although district policy requires School Board approval of all specially funded programs, grant applications were rarely approved by the School Board prior to submission to the DESE. Due to recommendations from the district's independent CPA in the fiscal year 2001 audit, the district has implemented procedures to segregate and review program and grant duties and responsibilities.

**WE RECOMMEND** the School Board review all state and federal program and grant activities from prior years and work with the DESE to resolve any discrepancies noted. In addition, the Board should establish written procedures for applying for and monitoring grants and programs, which would include Board approval of these programs.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*The new superintendent has been in contact with DESE personnel concerning known discrepancies. The district has employed an auditor each year who has reviewed state and federal programs in the past. The Board will work with the MSBA in developing written procedures for applying for and monitoring grants and programs, which would include Board approval of these programs.*

In April 1999, voters passed a bond issue totaling \$3.6 million for the purpose of building a new high school and a new vocational building, and other improvements to existing facilities of the district.

The district contracted with an architectural firm to design the high school and help oversee the construction. In November 1999, the district contracted for construction of the high school at an estimated cost of \$2,773,000. The final actual cost was approximately \$2,869,000.

The district served as the general contractor for the vocational building. The district purchased a pre-engineered metal building and accessories from a vendor in Colorado and contracted with local vendors for various services such as assembly of the building, well drilling, and installation of the heating and air conditioning systems, electrical wires, plumbing, walls, ceilings, and floors. Construction costs for the vocational building totaled over \$558,000.

Our review of these construction projects noted the following:

- A. Bids were not solicited or bid documentation was not retained for significant portions of the construction projects. In addition, change orders were not properly prepared and approved by the School Board:
  - 1) Bids were not solicited for the pre-engineered metal building and accessories. The district paid approximately \$86,000; \$41,000 for the building and freight, and \$45,000 for accessories such as doors, windows, and guttering. In discussion with the local contractor who assembled the building, he indicated he believed the building and accessories could have been purchased at lower prices.
  - 2) The district conducted a bid process and originally contracted with a construction company for \$226,786 to assemble the pre-engineered metal building, and construct the foundation, building connections, a fence, a water main, and drainage drop inlets. After the contract was awarded, changes to the project were made and additional services were solicited from this company without obtaining bids or preparing and approving change orders. Additional work performed by this company, costing approximately \$29,000, included excavation, rock hauling, and installation of a septic system, sewer lines, and gutters and downspouts.
  - 3) Bid documentation was not retained by the district for the high school construction. Original bids received from contractors were retained by the architect, rather than the district. Upon request, the district obtained the applicable bid documents from their architect.



- 4) The original contract for the construction of the high school was approximately \$2,773,000. Eleven amendments, or change orders, to the original contract totaling approximately \$96,000 were made; however, there was no documentation of Board approval for five of the change orders totaling approximately \$33,400. The change orders for various items including imported fill, modification of the home economics classroom, and addition and changes of columns and canopies were only signed by Dr. Kirk, and apparently were not approved by the Board.

Section 177.086, RSMo 2000, requires that school districts advertise bids for construction of facilities which may exceed an expenditure of \$12,500. In addition, bidding procedures for construction projects provide a framework for economical management of school district resources and help assure the district that it receives fair value by contracting with the lowest and best bidder. Documentation of bids should always be retained as evidence of the district's established bidding procedures and to show statutory requirements are followed.

The Board should obtain bids or prepare change orders for all significant changes to construction contracts to ensure any additional expenditures represent valid and appropriate costs to the district. Board approval of the change orders should be documented in the Board meeting minutes.

- B. A check totaling \$11,339, received from the vocational building contractor in December 1999 as a bid guarantee, was not deposited, but kept in a safe at the district. The district has retained the check although the contractor was paid in full as of February 2001. The district should determine why the check is being held and take necessary actions to dispose of the check.
- C. The district sold the bonds through a negotiated instead of a competitive sale and did not select the bond underwriter competitively. The underwriter used by the School Board did not seek open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased costs. Any additional interest cost could have been used to fund additional school purposes. As a result of the negotiated sale, taxpayers may have more debt to pay for less services.

While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the district.

**WE RECOMMEND** the School Board:

- A. Ensure bids are solicited for construction of facilities as required by state law. All bid documentation should be received and retained by the Board. In addition, change orders should be prepared and approved by the School Board and documentation of the approval should be retained.
- B. Ensure all bid guarantee payments are properly handled. The Board should determine why the check is being held and take necessary actions to dispose of the check.
- C. Pursue fair and open competition in any future bond sales.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district is presently complying with Section 177.086 of the Missouri Revised Statutes and is presently seeking competitive bids and/or performs comparison-shopping when purchasing fixed asset items. The Board plans to discuss this issue at a later date when reviewing all district policies. The superintendent will be responsible to see that bids over the required amounts will be sought and kept in the established file. Board members who were on the Board at the time of the building of the new high school and vocational building agree that change orders were discussed and approved, but proper documentation of these changes was obviously not kept with the Board minutes.*
- B. *The Board was unaware that the check was being retained by the district in a safe. The contractor has been contacted and the check has been returned to him.*
- C. *The district entered into an agreement with a well-known reputable bond underwriter. Should the district have the need to sell bonds in the future, they will weigh the pros and cons of this issue.*

<b>8. Payroll and Personnel Issues</b>
----------------------------------------

- A. Employment contracts were not established or have not been retained for former district superintendents. While a copy of his employment contract for 2002-2004 was on file, earlier contracts for Dr. Kirk cannot be located. He resigned effective August 1, 2001.

In addition, the district hired an interim superintendent without establishing a written employment contract. Dr. Dale Ridder was hired as interim superintendent effective December 1, 2001. According to the Board minutes, he was to work 550 hours for a total of \$36,000 through June 2002; however, an employment contract was not entered into. The district had entered into a contract

with the previous interim superintendent, Jerry Cooper; outlining compensation, mileage and expense reimbursements allowed, working hours, and required documentation for employment. Without a contract, the duties required for the interim superintendent and compensation to be paid could be misunderstood.

The Board policy for professional staff requires that employment shall be secured through a written contract indicating compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities.

- B. The district paid a percentage of Dr. Kirk's personal retirement contributions. While \$8,500, \$7,833, and \$7,590 were withheld from his salary during fiscal years 2001, 2000, and 1999, respectively; the district reimbursed him \$9,031 (106 percent), \$5,990 (76 percent), and \$2,564 (34 percent) for fiscal years 2001, 2000, and 1999, respectively. District officials were not sure how long this benefit was provided to him. There was no documentation supporting the varying percentages reimbursed and the reason for reimbursing more than 100 percent in fiscal year 2001. In addition, payroll taxes were avoided by providing this additional compensation in the form of retirement contributions rather than salary.

Section 169.030(1), RSMo 2000, requires that retirement contributions be made in equal amounts by members and employers. The district should ensure that employee contributions are deducted from paychecks and remitted to the Public School Retirement System of Missouri, as required by state law. In addition, the district should seek reimbursement for the \$531 overpaid in fiscal year 2001.

- C. Some compensation policies and agreements were not approved by the School Board.
  - 1) There is no documentation that the Board approved the fiscal year 2002 certificated staff salary schedule. Board minutes document some discussions about salary increases; however, there is no documentation of approval of the salary schedule established to calculate the raises. Without approval of the salary schedule, it is unclear if the raises given were approved by the Board.
  - 2) Employees receive stipends to write grant proposals. Current procedures allow compensation up to \$1,050 per grant depending on approval of the grant and the grant award amount. According to district records, employees were compensated approximately \$6,600 for writing grant proposals during fiscal year 2001. There is no documentation that this additional compensation program was approved by the Board.

Additional compensation in the form of stipends was provided to teachers for work outside their contract. Administrative employees also received these stipends, although it is unclear how the duties of grant writing and administration are outside administrative employees' regular district duties. During the two years ended June 30, 2001, Dr. Kirk was

compensated \$4,200 for work associated with the Safe Schools, Vocational Enhancement, and Goals 2000 grants. In addition, the former Administrative Assistant to the Superintendent was paid \$900 in fiscal year 2001 for work on the Service-Learning Grant; although the district claimed she spent at least one-third of her time as coordinator of the grant program.

- 3) Some teachers were paid in excess of the salary schedule. Four 2001-2002 math and science teacher contracts included extra pay ranging from \$700 to \$3,500. District officials indicated this extra pay was due to the high demand for math and science teachers. Extra compensation was not included in the salary schedule or approved by the Board.
- 4) The Board additionally compensates the board secretary, who is a district employee, by paying the employee share of her health insurance premiums. While the Board pays a portion of the health insurance premiums for all employees, the secretary was provided with 100 percent coverage. This benefit totaled approximately \$1,200 during fiscal year 2002. An agreement was signed by the secretary and Dr. Kirk; however, there is no documentation the Board approved this arrangement.

Salary schedules should include all compensation and should be approved by the Board. Any policies involving additional compensation should also be approved by the Board. In addition, extra compensation should not be paid to employees while performing normal district duties. While the Board did approve the contracts and paychecks for these employees, there is no approval of the additional compensation noted above.

- D. District officials indicate some district employees were allowed to use the School Age Child Care program free of charge; however, this benefit was not outlined in the employees' employment contracts or approved by the Board. This program cares for children before and after school, and during the summer. Fees for this program range from \$1.50 to \$2.00 per hour per child, with a maximum of \$12 per day.

While there is no documentation whether or not this benefit was received, employee benefits should be provided equitably to all district employees and should be approved by the Board.

- E. The district maintained a self-funded flexible benefit plan where employees could pay for medical and/or dependent care expenses tax-free, by having salary withheld and later reimbursed for actual expenses incurred. We noted the following concerns related to this program:

- 1) Documentation supporting payments from the flexible benefits program bank account could not be located for Dr. Kirk. During 1998 through

2001, payments totaling \$16,775 were made to him. District accounting personnel indicate that files including reimbursement requests and supporting documentation were maintained for all participating employees; however, his files are missing.

- 2) Based on payroll withholdings and subsequent reimbursements from the flexible benefits program bank account, Dr. Kirk was overpaid \$470 during 1999. Payments during 1999 totaled \$7,120 while salary withholdings totaled only \$6,650.

The district should ensure files are properly maintained for all reimbursements. The missing files should be located and reviewed for adequate documentation to support reimbursements. In addition, the Board should seek reimbursement for the \$470 overpayment to Dr. Kirk and any unsubstantiated amounts. The district no longer operates this self-funded plan.

- F. Some compensation and fringe benefits provided to employees were not reported on the individual's W-2 form and payroll taxes were not withheld and remitted.

- 1) As noted at MAR No. 2, during the two years ended June 30, 2001, Dr. Kirk "applied" grant writing compensation totaling \$2,100 to his personal credit card expenditures rather than receiving payment. Payroll taxes were not withheld and remitted on the additional compensation received and this additional compensation was not reported on his W-2 form.
- 2) Interim superintendent Cooper, was reimbursed by the district for travel to and from his home. The mileage reimbursements, totaling \$937 during August through December 2001, were not reported as fringe benefits on his W-2 form.

All employee compensation and applicable fringe benefits should be reported on the employee's W-2 form and payroll taxes should be withheld and remitted, if necessary, as required by the IRS.

- G. Timesheets are not maintained to support compensation to employees from outside funding sources. Four district employees receive a portion of their salary or additional compensation from the Osage Connect bank account. Osage Connect is a community-based internet program managed by the Osage County R-II School District and two other school districts.

Osage County R-II School District employees provide technical support for the system; and receive and deposit receipts, make disbursements, and maintain records for the Osage Connect bank account. These employees do not maintain time sheets documenting the amount of time worked for Osage Connect and the school district. Without such documentation, the district cannot ensure the allocation of the employees' compensation is correct. These four employees

received \$12,000 and \$4,800 during fiscal year 2002 and 2001, respectively, from Osage Connect.

The Board should require timesheets from these employees and allocate the employees' compensation based on these records.

**WE RECOMMEND** the School Board:

- A. Enter into written agreements with all employees that clearly detail the work to be performed and the compensation to be paid.
- B. Ensure all employee retirement contributions are made, as required by state law. In addition, the Board should seek reimbursement from Dr. Kirk for the \$531 overpayment.
- C. Ensure salary schedules, and compensation policies and agreements are approved by the Board. The salary schedule should include all teacher compensation. In addition, the Board should discontinue paying additional compensation to employees while performing normal district duties.
- D. Ensure benefits are provided equitably to all employees and approved by the Board.
- E. Attempt to obtain the missing files and review reimbursements made for adequate supporting documentation. The Board should seek reimbursement for the \$470 overpayment to Dr. Kirk and any unsubstantiated amounts.
- F. Ensure payroll taxes are withheld and remitted on all compensation. In addition, the Board should ensure all compensation and applicable fringe benefits are reported on the individuals' W-2 forms.
- G. Require timesheets from employees to document the work performed for Osage Connect and properly allocate their compensation.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *Written agreements with all professional employees will correspond with job descriptions in the future.*
- B. *All retirement payments of employees will be paid as required by law. The board declines to respond to their intent to seek reimbursement from Dr. Kirk due to pending litigation.*
- C. *Salary schedules and compensation policies and agreements will be approved on an annual basis. The 2001-02 salary schedule stayed the same for the 2002-03 school year.*

*A vote was not necessary because no change was occurring. The certified staff were given their normal step and increases for additional education hours in 2000-03.*

*The Board will work with the MSBA in developing written procedures for applying for and monitoring grants and programs, which will include Board approval of these programs. In addition, proper documentation of out-of-contract work for grant stipends will be required prior to stipend payment. All payment amounts to employees will be approved by the Board of Education.*

- D. The Board will develop a policy to clearly define employee benefits.*
- E. The Board declines to respond to their intent to seek reimbursement from Dr. Kirk due to pending litigation.*
- F. The new superintendent will review present compensation for all employees and, with the help of central office personnel, ensure that all compensation and benefits are reported on the individuals' W-2 forms.*
- G. A time log will be maintained and kept on file in the central office for the district employees who share their time between the district and Osage Connect.*

<b>9. Transportation Services</b>
-----------------------------------

The school district contracts for bus transportation services. During the year ended June 30, 2002, the contractor served 12 routes traveling approximately 700 miles per day, in addition to providing transportation for other district activities such as sporting events and field trips. During this time period, payments totaling approximately \$365,000 were made to the company. We noted the following areas of concern during our review of this contract:

- A. The transportation contract has not been bid since contracting with the current transportation company over 25 years ago. The district has periodically renegotiated a contract with the company, without seeking bids from other companies. Board members indicate they have inquired of transportation services of another company; however, a bid was not received. The district did not maintain documentation of this inquiry. The current transportation contract covers school years 2001-2002 through 2003-2004. Without periodically bidding transportation services, the district cannot ensure it is receiving the best service at the lowest rate. In addition, since the transportation company serves both district and parochial students on the same buses, the district should take adequate steps to ensure it is receiving these services at the lowest possible rate.
- B. The district has not formally evaluated the costs and benefits of owning its system versus contracting for the services. Regular review and comparison of

transportation services and costs is necessary to ensure that the district is providing transportation at the lowest possible cost.

- C. While the district increases payments to the transportation company each year, it does not retain documentation of calculations supporting the increases. Each three-year contract with the transportation company provides for annual increases in compensation, and in fiscal year 2001, payments for route transportation increased by \$6,780 (3 percent). Documentation should be retained to ensure compliance with the contract.
- D. The district does not review transportation statistics submitted to the DESE and used in calculating state transportation aid. The contractor apparently maintains records of headcounts and mileage, and provides the required information to the district which is subsequently submitted to the DESE. In the fiscal year 2001 audit, the district's independent CPA reported that the district's transportation mileage records were not maintained to accurately disclose odometer mileage for eligible and ineligible mileage. If inaccurate transportation statistics are submitted to the DESE, the district could receive more or less funding than they are entitled to receive. To ensure the amount of state transportation aid received is accurate, the district should establish procedures to review the transportation company's procedures for reporting transportation statistics and verify the accuracy of the information submitted to the DESE.
- E. Adequate procedures are not in place to monitor transportation costs relating to activity trips. Based on district records, the transportation company was paid approximately \$57,000 for activity trips during the year ended June 30, 2002.
  - 1) Charges for these trips are not adequately reviewed and approved by the district employee authorizing the trip. To ensure the district is properly billed for activity trips, procedures should be established to review and approve charges for these trips.
  - 2) Formal bus requisition procedures have not been established. Currently, district employees can request a bus directly from the transportation company without documentation of supervisor approval. Procedures should be established to require supervisor approval of activity trips.
- F. The last two transportation contracts were signed by the Board after the contract period began. The contract for July 1, 1998 to June 30, 2001 was signed by Board members on September 1, 1998, while the contract for July 1, 2001 to June 30, 2004 was signed on August 20, 2001. To ensure transportation services are secured, the district should enter into contracts prior to the beginning of the school year.



**WE RECOMMEND** the School Board:

- A. Regularly solicit competitive bids for the transportation contract.
- B. Perform a cost analysis of owning versus contracting transportation services and identify the system with the best cost-benefit for the district.
- C. Maintain documentation supporting transportation company compensation increases.
- D. Establish procedures to ensure transportation information submitted to the DESE is accurate.
- E. Establish procedures to ensure billings for non-route transportation are adequate. In addition, the School Board should establish formal bus requisition procedures.
- F. Ensure contracts are approved and signed in a timely fashion.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district is in the second year of a three-year contract with their transportation company. The district will solicit transportation bids prior to the 2004-05 school year.*
- B. *The district will investigate all possible avenues of transportation.*
- C. *The district's transportation contract is very clear as to the calculation of the annual increases. The superintendent annually verifies with the bookkeeper the increases before the first payment of the fiscal year. The calculation of the increases will be documented in the contract folder.*
- D. *The district will request that copies of all transportation statistics be housed in the central office. Odometer mileage for eligible and ineligible mileage will be required.*
- E. *The new superintendent, with the aid of the bookkeeper, monitors billings for non-route transportation. These statements are also studied by two of the four officers of the Board before payments are made. All staff have been informed by the superintendent that no buses will be ordered without prior approval and a signed purchase order.*
- F. *Future contracts will be finalized prior to the beginning of the school year.*

- A. During fiscal years 2000 and 2001, the Board renewed the district agreement for audit services with the current CPA firm, rather than conducting a selection process. The most recent selection process for audit services covered the three years ended June 30, 1999. In addition, as of June 2002, the district had not conducted a selection process for the 2001-2002 school year audit.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include advertising and soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district.

- B. According to available records, the district has not solicited bids for banking services since 1998. That bid process covered the 1998-1999 and 1999-2000 school years and the bidder with the highest interest rate was selected.

The district should periodically conduct a competitive bid process for banking services to ensure it is receiving the best services and rates. Documentation of this process should be retained.

- C. The district does not always enter into written contracts defining services to be provided and benefits to be received. We noted the following concerns regarding contracts:

- 1) The district did not enter into written agreements for legal services. During fiscal year 2002, the district retained legal services from a new attorney, replacing the attorney they had used for several years. A written agreement was not established with either of the attorneys. Payments to the current attorney for services rendered during the 2001-2002 school year totaled approximately \$22,900. Payments to the previous attorney totaled \$1,720 and \$3,940 in fiscal years 2002 and 2001, respectively.
- 2) The district hired an individual from September 2001 to June 2002 to serve as the district's grant coordinator, without entering into a written agreement with her company. Payments made to the company totaled approximately \$14,900 during that period.

Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities, and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

- D. The district does not require the current attorney's office to submit detailed bills indicating the number of hours and the hourly rate charged to the district. Without this documentation, the district cannot ensure the validity and propriety of the amount billed.

**WE RECOMMEND** the School Board:

- A. Periodically solicit proposals for audit services.
- B. Consider seeking proposals or competitively bidding the district's depository banking services on a periodic basis and maintain documentation of this bid process.
- C. Enter into written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received.
- D. Require adequate documentation to support the attorney billings including number of hours and cost per hour.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district sent letters to eight approved auditors in June 2002 requesting bids for the 2002-03 school year. The Board entertained the two bids returned at the August 2002 meeting and selected a new auditor for a period of two years.*
- B. *Competitive bids for the district's depository banking service will be conducted in April 2003.*
- C. *The district will enter into written contracts with all applicable parties which clearly define work to be performed and the compensation to be paid or benefits to be received effective immediately.*
- D. *Attorney billings will include the number of hours and cost per hour before future bills will be paid.*

<b>11. Cellular Telephones</b>
--------------------------------

While the district does not have a formal written policy for the use of cellular telephones, employees were allowed to use the phones for personal calls. The district paid approximately \$1,800 and \$2,600 to their cellular phone service provider for five cellular phones during fiscal years 2002 and 2001, respectively. Two of the phones were issued to Dr. Kirk, and the three other phones were issued to other district employees.

Individuals were provided with various types of service plans ranging from \$28 to \$110 per month.

The district did not require individuals assigned phones to reimburse the district for personal calls and apparently numerous personal calls to home and relatives were paid for by the district.

The March 16, 2001 cellular phone invoice totaled \$820, of which total charges for the phones issued to Dr. Kirk were \$682. He used 2,270 airtime minutes, or an average of 81 minutes per day during this billing period, including weekends.

A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the district authorizes the phone to be used for personal purposes. Procedures should be implemented to monitor cellular phone usage and review invoices for propriety. During fiscal year 2002, the district reduced the number of cellular phones to three.

**WE RECOMMEND** the School Board establish a policy for cellular phone usage stating the individuals authorized to be assigned a phone, and allowable use of the phones. All billings should be reviewed for reasonableness and the Board should ensure cellular phones are used only for district business. In addition, the prior years' bills should be reviewed and reimbursement requested for any personal calls.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*The Board will develop a policy for cellular telephone usage. Two of the four officers of the Board review all statements before payment. The Board declines to respond to seeking reimbursement from employees for cellular telephone usage due to pending litigation.*

<b>12. Board Meeting Minutes</b>
----------------------------------

- A. Both open and closed meeting minutes do not always document all business conducted during the Board meetings. For example, the current contract with the transportation company was signed by the Board president and secretary in August 2001; however, minutes do not document an official vote or approval of this contract. In addition, minutes for several closed meetings state that personnel issues were discussed, with no additional record of the issues discussed.

Section 610.020, RSMo 2000, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent public record of decisions made by the Board.

Therefore, it is imperative that the minutes be prepared to clearly document all business conducted.

- B. Open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. Open meeting minutes usually cite the specific sections of the state law which allow for a closed meeting; however, the issues discussed in the closed meetings do not always relate to the issues in the cited statute sections.

In addition, it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session. These included pending grant requests, transportation of non-resident students, the high school sewer system, truck bids, and a software purchase. The Board did not document how discussing these issues during closed sessions complied with state law.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings, including litigation, real estate transaction, bid specification, and sealed bids, personnel matters, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

**WE RECOMMEND** the School Board:

- A. Ensure minutes clearly document all business conducted.
- B. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the Board should ensure closed meetings are conducted according to state law.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The Board will ensure with approval of the minutes that the appropriate components are included in the minutes according to Section 610.020, RSMo 2000.*
- B. *The Board of Education strives to follow the Sunshine Law on closed session meetings. Documentation is recorded on the agendas and minutes.*

- A. The secretaries at each school receive monies for breakfast, lunch, student activities, and other miscellaneous items, and transmit these monies to the administration secretary who makes the bank deposits. Our review noted the following concerns relating to receipts:
- 1) Monies collected by the district, which include a significant amount of cash, are not transmitted to the administration secretary on a timely basis. During April 2002, only two transmittals (\$4,377 and \$269) were received from the elementary school, six transmittals were received from the high school (ranging from \$1,417 to \$4,136), and two transmittals (\$2,734 and \$2,134) were received from the daycare. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted and deposited daily or when accumulated receipts exceed \$100.
  - 2) Checks and money orders are not restrictively endorsed immediately upon receipt, but instead when transmitted to the administration secretary. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. According to district records, the district incurred a loss of \$2,600 from the soda machines operated throughout the various school buildings during fiscal year 2002. Some district employees and others receive sodas free of charge, which apparently contributes to the loss.

District employees and students are responsible for replenishing the machines and emptying the change from the machines on a periodic basis. These monies are turned over to designated individuals in their buildings who count and transmit the monies to the central office. An independent party does not periodically reconcile the amount of soda purchased and remaining in inventory with receipts from the sale of the soda.

The district should investigate the loss and review any activities causing the district to lose money from the operation of soda machines. Procedures should be developed to ensure adequate controls are in place to ensure the profitability of the soda machines.

**WE RECOMMEND** the School Board:

- A. Require the school secretaries to transmit receipts daily to the administration secretary or when accumulated receipts exceed \$100, and restrictively endorse all checks and money orders immediately upon receipt.

- B. Establish procedures to ensure the district does not incur a loss from the soda machines. These procedures should include independent reconciliations of soda machine monies received to items purchased and remaining in inventory, and investigation of any significant discrepancies. In addition, the Board should review the practice of providing sodas free of charge.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district has purchased "for deposit only" stamps for each secretary who receives checks and/or money orders. They are stamped upon receipt. The secretaries have been advised by their respective principals to bring accumulated receipts that exceed \$100 to the central office immediately.*
- B. *The district has entered into a new contract with a soft drink distributor. The new agreement is for "full service" which means that the vendor will fill the machines, collect the money, and send the profits to the school via a check monthly. The exception is for the ale carte juices and waters sold in the cafeterias. The food service manager is responsible for inventory of these products. No one is allowed sodas free of charge.*

<b>14. General Fixed Assets</b>
---------------------------------

- A. The district does not maintain adequate records accounting for all district property. Property records are necessary to secure better internal controls over assets and provide a basis for determining insurance coverage. The district should establish an adequate property listing that includes all property items valued at or over an amount determined by the board. The listing should include a description of the item, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. In addition, all items should be identified as school district property with a tag or similar device.

This condition was noted by the district's independent CPA in the fiscal year 2001 and 2000 audits.

- B. The district's fixed asset procedures are not adequate. For most departments, the district requires employees to prepare an annual inventory listing of their areas; however, a supervisory review of any differences from year to year is not performed and documented by all departments. A supervisory review with explanations noted of any changes is necessary to adequately ensure all fixed assets are accounted for properly. In addition, the district does not reconcile general fixed asset purchases to additions to the annual inventory.

Personal property items purchased by Dr. Kirk, as discussed in MAR No. 2, may have been identified if the district had adequate fixed asset procedures and review procedures in place.

- C. The district's written procedures regarding disposal of fixed assets are not adequate and are not always adhered to by the district. The procedures require that school property no longer required for use by the district be sold or leased. Currently, the district will move items no longer needed to a storage facility and take these items off the inventory list. No list is maintained of the stored unused items and these items remain in storage indefinitely. The procedures do not require that the district maintain a listing of the items in storage.

**WE RECOMMEND** the School Board:

- A. Establish property records for fixed assets that record all pertinent information for assets. In addition, the Board should properly tag or otherwise identify all district property.
- B. Require a supervisory review and explanation of all differences noted in the annual inventory. Procedures could include spot checking or otherwise verifying inventory information provided by the various employees and periodically reconciling general fixed asset purchases to the general fixed asset additions.
- C. Establish adequate procedures for the disposal of fixed assets and adhere to these procedures.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A&B. The district has not started the process of fixed asset inventories to comply with GASB 34. The superintendent will be visiting with our new auditor in October 2002 about this new requirement and will make a recommendation to the Board in November 2002 as to how to proceed. A system of properly tagging or identifying all district property will be established in the near future.*
- C. A policy will be developed with the assistance of the MSBA dealing with procedures for the disposal of fixed assets.*

This report is intended for the information of the management of the Osage County R-II School District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OSAGE COUNTY R-II SCHOOL DISTRICT  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Osage County R-II School District is located in the central area of Osage County and a small portion of western Gasconade County. The campus of three schools is located in Linn, Missouri, approximately 23 miles east of Jefferson City, on Highway 50.

The district operates a high school (9-12), a middle school (6-8), and an elementary school (K-5). The district operated an alternative school (6-12) prior to the 2002-2003 school year. In addition, the district operates an early childhood special education program (ages 3-4) and a daycare (ages infant - 5). Enrollment was approximately 673 for the 2000-2001 school year. The district employed approximately 116 full and part-time employees, including 6 administrators, 60 teachers, and 50 support staff.

The Osage County R-II School District has been classified under the Missouri School Improvement Program as "Accredited With Distinction" by the Missouri Department Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2001, and their current terms of office are:

<u>Name and Position</u>	<u>Term Expires</u>
Dennis G. Hopke, President (1) (2)	April 2002
John Stowe, Vice President (2) (3)	April 2002
Ken Franken, Secretary	April 2003
Bernell Keilholz, Treasurer (4)	April 2004
Gary Anderson, Member	April 2003
Mike Linhardt, Member (2)	April 2002
Kent Parrish, Member (5)	April 2004

- (1) Kent Parrish was elected President in April 2002, replacing Dennis G. Hopke.
- (2) Mary Backes, James Krueger, and Dale Sallin were elected to the board in April 2002, replacing Dennis G. Hopke, John Stowe, and Mike Linhardt.
- (3) Dale Sallin was elected Vice President in April 2002, replacing John Stowe.
- (4) Elected Treasurer in April 2001, replacing Leroy Nolting.
- (5) Elected to the board in April 2001, replacing Leroy Nolting.

Other Principal Officials	Annual Compensation
Dr. Brian Kirk, Superintendent (1)	\$ 76,267
Kyle Kruse, High School Principal	56,148
Dr. Steve Gruenert, Middle School Principal (2)	50,189
Sue Tyler, Elementary School Principal	49,207
Barry Hoskins, Alternative School Director (3)	25,234
Carol Scherf, A+ Schools Coordinator/Central Office Administrator (4)	54,625

- (1) Resigned as Superintendent effective August 1, 2001. Jerry R. Cooper served as Interim Superintendent from August until December 2001, and Dr. Dale Ridder served as Interim Superintendent from December 2001 to June 2002. Nancy Gillespie became Superintendent in July 2002.
- (2) Replaced by Kevin Goddard in July 2001.
- (3) Replaced by Jo Ellen Hicks who held this position in addition to the Special Education Director position, from July 2001 to June 2002. Jo Ellen Hicks was appointed to new administrative position, Special Programs Coordinator in July 2002.
- (4) Appointed to new position, Administrative Assistant to Superintendent, in July 2001. Resigned from this position effective October 16, 2001.

Assessed valuations and tax rates for the tax year ending December 31, 2001 and 2000, were as follows:

	2001	2000
Assessed Valuation	\$ <u>38,892,298</u>	<u>36,822,024</u>
Tax Rates:		
Incidental	\$ 1.6500	1.7256
Teachers	1.1000	1.1000
Debt Service	.3900	.3900
Capital Projects	.0577	.0600
Total	\$ <u>3.1977</u>	<u>3.2756</u>

\* \* \* \* \*



**DEPARTMENT OF CORRECTIONS**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-114  
November 25, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2002

**The following problems were discovered as a result of an audit conducted by our office of selected operations of the Department of Corrections (DOC).**

---

- According to Department of Corrections policy, all receipts are to be immediately transmitted to the Department of Revenue. However, our cash count determined the Inmate Revolving Fund (IRF) unit was holding undeposited receipts totaling over \$191,000 comprised of over 3,100 money orders for the electronic monitoring program (EMP). Some of these receipts had been held for more than 8 weeks.

Offenders are to pay \$5 for every day they are assigned to the EMP program. The department's records indicated the amount owed by offenders in the program as of April 2002 was over \$4 million, and at least \$2 million of this amount was due prior to July 1, 2001. Our review determined that the records of amounts owed contained a significant number of errors which limited the ability of probation officers to effectively enforce the collection of EMP monies from the 12,800 offenders that owed monies.

- Our cash count determined Missouri Vocational Enterprises (MVE) was holding over \$652,000 comprised of 265 checks that had been received during a two month period. We continued to follow these undeposited receipts and noted it took the department nearly five months to properly process and deposit this backlog of checks.
- Our count of DOC central office cash on hand found 22 undeposited checks totaling over \$17,000 and over \$450 in cash. Further analysis of central office handling of receipts revealed the loss of a check received in September 1999 for over \$450,000. The lost check was received from the Department of Elementary and Secondary Education and consisted of \$150,000 in federal grant funds and \$300,000 in state General Revenue Funds. The DOC internal audit discovered in November 2001 the check had never been deposited and was missing, leading to the recovery of the federal funds, but the state General Revenue funds could not be recovered by the department because the state appropriation had already expired.

The findings of the audit in the receipt area were caused by several different employees handling the monies with little monitoring, monies not always being recorded upon receipt, and untimely processing and depositing of collections.

(over)

YELLOW SHEET

- The DOC has confiscated and is holding over \$1 million from over 5,000 offenders who escaped or absconded from supervision since August 1993. There does not appear to be a statutory basis under which the DOC is authorized to seize and hold for future use offender funds when an escape is declared. The confiscated escape monies are currently placed in the Inmate Canteen Fund and the appropriate future use for the benefit of inmates is to be determined by the central canteen committee.

Based on the absence of statutory authority for the department to seize and spend confiscated escape balance monies, it appears the over \$1 million currently held should be used for certain other offender obligations such as court ordered obligations, child support, and costs of incarceration. Any remaining escape balances should be considered abandoned property that would fall under the lost and unclaimed property rules, and should be turned over to the State Treasurer's Unclaimed Property Section in compliance with state law.

- The state's General Revenue Fund is subsidizing the operations of the inmate canteens by nearly \$2.8 million annually. This amount represents all salary costs for civilian employees who oversee canteen operations. Based on state laws which authorized the canteens, it appears the operational costs related to the canteens should be paid from canteen earnings.
- As noted in our prior audit, the department retained over \$19,000 in the Inmate Canteen Fund that should be turned over to the State Treasurer as unclaimed property. In response to the prior audit, the DOC indicated that the money would be turned over to the State Treasurer as unclaimed property; however that action was never taken.
- Unreimbursed state fringe benefit costs could reach as much as \$4.8 million by 2006 because the DOC has again failed to ensure the medical services contractor appropriately reimburses the state for fringe benefits costs incurred for state employees. These costs are incurred for state employees who were allowed to retain state employee status when their state jobs were taken over by the private contractor.
- The DOC has not fully utilized all available federal assistance and, as a partial result, appears to have lost future federal grants for the substance abuse treatment programs. In fiscal year 2001, the DOC had paid \$125,000 in salary and benefits costs of the academic education program from the state's General Revenue Fund that should have been paid from the department's federal fund appropriation.
- Many offender grievances are not resolved by the Department of Corrections within 180 days as required.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF CORRECTIONS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-30

<u>Number</u>	<u>Description</u>	
1.	Controls over Receipts .....	5
2.	Inmate Canteen and Inmate Account Funds .....	9
3.	Escape Balances .....	13
4.	Offender Grievances .....	17
5.	Federal Funds .....	19
6.	Medical Contract .....	21
7.	Substance Abuse Probation - Required Educational Assessment and Community Treatment Program .....	23
8.	Fixed Asset Equipment Controls .....	29
FOLLOW-UP ON PRIOR AUDIT FINDINGS .....		31-36
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....		37-50

Appendix

A	Comparative Statement of Receipts (By Fund)- Years Ended June 30, 2001 and 2000 .....	44
B	Comparative Statement of Appropriations and Expenditures- Years Ended June 30, 2001 and 2000 .....	45-48
C	Comparative Statement of Expenditures (From Appropriations)- Years Ended June 30, 2001 and 2000 .....	49
D	Inmate Population- Six Years Ended December 31, 2001 .....	50

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Gary B. Kempker, Director  
Department of Corrections  
Jefferson City, MO 65102

We have audited selected operations of the Department of Corrections, excluding individual correctional facilities which are reported on separately. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review departmental compliance with certain legal provisions, regulations, and departmental policies.
2. Review the efficiency and the effectiveness of certain management practices and operations.
3. Review selected aspects of the new medical contract and related departmental procedures.
4. Determine the extent to which certain prior audit recommendations have been implemented.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents, and interviewed various personnel of the Department of Corrections.

As part of our audit, we assessed the Department of Corrections' management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been

placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Department of Corrections' management and was not subjected to the procedures applied in the audit of the Department of Corrections.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 31, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	James Helton, CPA
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Thomas Franklin
	Mark Rodabaugh
	Kelly Davis
	Linda Cockrell
	Stacy Griffin-Lowery

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Controls over Receipts</b>
-----------	-------------------------------

The Department of Corrections (DOC) receives monies in their Central Office from various sources, including fee payments from offenders under the electronic monitoring program, monies received for offenders from their families, portions of offender wages earned while in halfway houses and release centers, federal grants, sales of goods and services by Missouri Vocational Enterprises, and many other sources. Under DOC policy D3-3.3, receipts received at any division, institution, or section are to be immediately recorded and processed for transmittal or deposit at the next regularly scheduled mail run. We noted the following related concerns:

- A.1. On August 24, 2001, our cash count determined the Inmate Revolving Fund (IRF) unit was holding undeposited receipts totaling over \$191,000, comprised of over 3,100 money orders for the electronic monitoring program (EMP). About \$13,000 of those monies had been received prior to July 1, 2001, and the remainder had accumulated between then and August 24.

A log of the money orders received had been maintained, but they had not been restrictively endorsed to prevent possible misappropriation. In addition, holding large amounts of undeposited monies exposes the funds to unnecessary risk from fire and security concerns.

Department officials indicated that most of the accumulated funds had been held from processing for deposit because the computerized accounting system used to record the electronic monitoring payments and offender account balances was scheduled to be replaced on July 1, 2001. Programming delays prevented the new system from actually being available for use until September 14, 2001.

To comply with departmental policy D3-3.3 requiring prompt handling and deposit of receipts, and to minimize delays and unnecessary security risks, the department could have set up alternative procedures to allow the funds to be deposited upon receipt and to finish the necessary processing to the appropriate accounts when the new system became available. However, a decision was made to hold the money orders until the new system became available.

Once the new system became available in September, the payments were recorded and deposited over the next three months. By January 2002, most new EMP receipts were being processed and deposited on a timely basis.

A similar condition was noted in our prior report.

2. Offenders are to pay \$5 for every day they are assigned to the EMP. The IRF reported the accounts receivable balance as of April 26, 2002, was over \$4,062,000, and at least \$2 million was due prior to July 1, 2001. There are about 12,800 offenders who currently owe for EMP services.

The DOC indicated the old EMP accounting system contained a significant number of erroneous account balances causing probation officers to be unable to use the system to recognize offenders who had not met their payment obligations. These problems limited the ability of the probation officers to effectively enforce the collection of the EMP monies.

The IRF unit, with the assistance of Division of Probation and Parole (P&P), planned to achieve accuracy in all account balances by July 1, 2002. To help ensure system accuracy, the unit is reviewing each account as it is entered into the new EMP accounting system. As a result, the probation officers can now access the new system to monitor offender payments; and the new system will produce reports of account balances for all offenders assigned to a P&P district, or to individual officers. A report showing the aging of the individual EMP offender account balances will also be developed to enhance program management by departmental administrators.

The EMP is a far less costly program than offender imprisonment, assignment to a residential program, or to a release center. The P&P indicated the EMP is an effective supervision strategy, and pointed out that collection of EMP fees is not the primary goal of the EMP program. While we recognize collection of the EMP fees is not the primary goal of the program, effective management of assigned offenders by the P&P requires the DOC to ensure the offender account balances shown in the accounting system are correct. Further, having accurate account balances will minimize the time officers must waste when dealing with offender financial obligations.

For those accounts that are or become delinquent, P&P officers now can and should take aggressive action to ensure the offender's EMP obligations are paid. Aggressive action would include issuing violation reports and notifying the sentencing court of an offender's failure to pay.

3. Occasionally, an offender will submit a personal check in payment of the EMP fees. By policy, the IRF unit does not accept personal checks. When checks are received, they are currently forwarded to the supervising probation officer so the offender can be required to resubmit the payment properly. Instead of resubmitting properly, offenders sometimes hand the new payments to the probation officer who then forwards them to the IRF.

Under DOC P&P policy P3-4.6, probation officers are not allowed to accept any money or property either directly or indirectly from or on behalf of any offender.

In addition, there are no cash handling controls in place in the P&P district offices to minimize risk of loss or misappropriation or to track such monies.

The IRF should refrain from returning improper offender payments to the supervising probation officers. Instead, they should be returned directly to the offender and the officer should be notified to require the offender to resubmit the payment properly.

- B. Missouri Vocational Enterprises (MVE) receives monies from the sales of goods and services. On August 31, 2001, our cash count determined MVE was holding over \$652,000 comprised of 265 checks that had been received since July 1, 2001.

MVE officials indicated these payments could not be posted because of problems encountered in closing out the financial records for the previous year and the addition of a factory to the improved cost accounting system. The system for posting payments again became available for processing payments on September 22.

To comply with departmental policy D3-3.3 and to minimize delays and unnecessary security risks, MVE could have set up alternative procedures while awaiting system availability. Alternative procedures would have allowed the funds to be deposited upon receipt and to finish the necessary processing when the new system eventually became available. However, a decision was made to hold the monies until the system became available.

When we counted MVE monies on hand again on October 22, the backlog remained over \$387,900 comprised of 255 checks. Of the original 265 checks counted on August 31, 5 totaling over \$11,400 were still being held for "research."

By January 22, 2002, at the time of our third cash count, much of the backlog in processing was eliminated but MVE still had on hand 86 checks totaling \$37,950 and \$1,106 in cash. Ten of the 86 checks had been held over 30 days from their original issue date and some had not been restrictively endorsed. MVE should ensure all payments are restrictively endorsed, processed, and transmitted for deposit promptly upon receipt.

A similar condition was noted in our prior report.

- C. During our August 22, 2001 count of DOC central office cash on hand, we found 22 undeposited checks totaling over \$17,450 and over \$450 in cash. Further analysis of central office handling of receipts revealed the loss of a check received in September 1999 for over \$450,000.

The lost check was originally received from the Department of Elementary and Secondary Education and consisted of \$150,000 in federal grant funds and

\$300,000 in state General Revenue funds. The DOC internal audit unit discovered in November 2001 the check had never been deposited and was missing, leading to the recovery of the federal funds for departmental use. However, the state General Revenue funds could not be recovered by the department because the state appropriation had already expired.

Prior to December 2001, monies received at DOC central office for other than the Inmate Account Fund, Inmate Canteen Fund, or Inmate Revolving Fund were handled by several different employees. Monies received were not always recorded on receipt logs or processed promptly. Three of the 22 undeposited checks we counted were dated prior to August 1, but we were unable to determine when most had been received, or how long they had been held.

Starting on December 3, 2001, the duties related to processing receipts were shifted to personnel in the Financial Management Unit. In addition, a new policy requires all monies to be held at a central point, a transmittal log maintained and reviewed, and most receipts are transmitted for deposit the next business day.

The DOC should monitor the processing of receipts and ensure all monies received are recorded immediately upon receipt and transmitted promptly for deposit.

**WE RECOMMEND** the DOC:

- A. Along with the P&P, ensure the EMP monies are transmitted for deposit on a timely basis, ensure the system accurately reflects offender EMP account balances, enhance collection efforts over EMP monies, and develop management reports to allow monitoring of those collection efforts. In addition, the IRF should return improper offender EMP payments directly to the offender and notify the officer to require the offender to resubmit the payment properly.
- B. Along with the Missouri Vocational Enterprises, ensure all payments are restrictively endorsed, processed, and transmitted for deposit promptly upon receipt.
- C. Monitor the processing of receipts and ensure all monies received in the central office are transmitted promptly for deposit.

**AUDITEE'S RESPONSE**

- A. *The Department concurs with this recommendation. Policies and procedures as well as organizational changes were implemented December 1, 2001, to ensure all monies, regardless of source, are transmitted for deposit in a timely manner. In June 2001, P&P spent approximately \$20,000 to develop a program that would allow IRF staff to enter payments quickly and provide P&P field staff with real time account information. This system has resulted in the backlog of payments waiting to be credited being eliminated.*

*Additionally, field staff are now able to pursue payments more aggressively since they have a system immediately available that provides accurate balance and payment information. The current program allows supervisors to pull reports by officer and supervisor. This program was implemented and made available to staff late in fiscal year 2002.*

*We are in the process of having the contractor prepare a program that will allow P&P administrators to pull reports by district and region. Such reports will enable us to more accurately identify those offices that are successful in collection and replicate such practices in those offices needing to improve their collection rate. We anticipate having such capability by the end of the first quarter of fiscal year 2003. In addition, procedures have been implemented to ensure improper payments are returned directly to the offender and that the appropriate officer is notified.*

- B. The Department concurs with this recommendation. MVE has worked through the backlog and at this time, is up-to-date with cash deposits. MVE will ensure all payments are restrictively endorsed, processed, and transmitted for deposit promptly upon receipt. MVE will endorse all checks with FOR DEPOSIT ONLY TO THE CREDIT OF NANCY FARMER, TREASURER STATE OF MISSOURI DEPARTMENT OF REVENUE, MISSOURI VOCATIONAL ENTERPRISES.*
- C. The Department concurs with this recommendation. Policies and procedures as well as organizational changes have been adopted to ensure all monies, regardless of source, are transmitted for deposit in a timely manner.*

<b>2. Inmate Canteen and Inmate Account Funds</b>
---------------------------------------------------

The DOC receives monies for and from offenders housed in their institutions, release centers, and halfway houses, from the offender's families, and from institutional and factory work assignments, work release, and employment while in a halfway house or release center. Those monies are accounted for in the Inmate Account Fund, where each offender has an individual account that functions much like a bank account. The Inmate Account Fund balance totaled \$1,670,626 and \$1,633,229 at June 30, 2001 and 2000, respectively. Over \$29 million dollars in offender monies were handled by this fund during the year ended June 30, 2001.

The Inmate Canteen Fund accounts for the purchase of goods and equipment and the sale of those goods to inmates through the inmate canteens located in each institution. The canteens stock and sell numerous products such as soda, tobacco products, snack foods, radios, and televisions. Profits from the canteen sales are to be used for the benefit of the offenders by paying for the provision and improvement of recreational, religious, or educational services such as athletic equipment, books, tapes, GED testing, cable television, and wages for offenders working in those areas.



Both the Inmate Account Fund and the Inmate Canteen Fund are held outside the state treasury. Since the funds are held outside the state treasury, the internal controls applicable to funds accounted for through the state's centralized accounting system become the responsibility of the Fund's management. Canteen sales were \$19.1 million and \$18.2 million for the years ended June 30, 2001 and 2000, respectively.

- A. The department uses state General Revenue Fund appropriations to pay all salary costs for civilian employees who oversee the operations of the canteens. Departmental records indicated total salary and benefits costs for the year ended June 30, 2001, were nearly \$2.8 million for the 103 civilian canteen state employees. The Canteen Fund was established under Section 217.195, RSMo 2000, which includes the requirement that "The acquisition costs of goods and ***other expenses*** [*emphasis added*] shall be paid from the account." Based on this statutory language, it appears the operational costs related to the civilian employees should be paid from the earnings from canteen sales.

Departmental officials indicate that imposing civilian salary costs on the Canteen Fund would result in significant opposition by the offenders because the prices of canteen goods would have to increase substantially and expenditures for the recreational, religious, and education programs would have to be curtailed. While we recognize inmates typically have limited income and limited financial support, our analysis of the prices of products currently held for sale by the canteens suggests that current prices may be artificially low. For example, inmates purchase soda for 22 cents per can and cigarettes for \$1.30 per pack.

For the Canteen Fund to repay the state's General Revenue Fund for the cost of the civilian employees and not reduce expenditures for the inmate activities, an average retail price increase of about 10 percent would be necessary. The following table indicates the impact the price increase would have on six popular items sold by the canteen:

**Table 1.1: Impact of 10 Percent Price Increase**

Canteen Item	Current Retail	Adjusted Retail
Carbonated Beverages	0.22	0.25
Cigarettes	1.30	1.43
Pouch Tobacco	0.66	0.72
Potato Chips	0.80	0.88
TV B&W <sup>1</sup>	106.25	116.88
TV Color <sup>1</sup>	207.20	227.92

Source: DOC

<sup>1</sup>The televisions have see through cases allowing for easy detection of contraband.

The DOC should require the Inmate Canteen Fund to reimburse the state's General Revenue Fund for the costs of civilian canteen employees and adjust the prices of canteen goods accordingly.

- B. The Inmate Finance Office operates both the Inmate Account Fund and the Inmate Canteen Fund but does not perform regular bank reconciliations for either fund, as required by good business practice and DOC policy. For example, under policy D3-5, the department must develop procedures for handling monies received and dispersed by inmates, and under policy D3-9.1 for the Canteen Fund, the Inmate Finance Office is to use acceptable accounting procedures and prepare monthly and yearly financial statements. Acceptable accounting procedures would require regular reconciliation of all bank accounts.

The last Inmate Account bank reconciliation was performed in April 2001 for the month of October 1999, with the assistance of the department's internal auditors. The last bank reconciliation of the Inmate Canteen Fund was for April 2001, until our repeated inquiries prompted another that was performed for January 2002. That reconciliation disclosed over 800 outstanding checks, including 38 (totaling over \$34,000) that had been outstanding for over 6 months. The investigation of these checks undertaken at our suggestion revealed that all were related to payments that should have been voided. The checks had either never actually been issued or had been returned by the vendor. Such problems could have been discovered and resolved in a more timely manner if monthly bank reconciliations had been performed.

As of May 2002, the Inmate Finance Office indicated they were beginning a comprehensive bank reconciliation process to reconcile the Inmate Account Fund bank account from November 1999, and also indicated they would perform monthly bank reconciliations for the Inmate Canteen Fund.

The Inmate Finance Office should perform monthly bank reconciliations and take timely action to resolve long-term outstanding checks or other problems discovered.

- C. The Inmate Finance Office is holding over \$19,000 in the Inmate Canteen Fund related to the closure of a discontinued Coupon Fund. In the past the DOC sold \$5 coupon books to offenders so they could purchase items on weekends and holidays when the regular canteen operations were closed. When the coupon books were purchased, the offenders' accounts were charged and the monies placed in the Coupon Fund. As the coupons were used, the Coupon Fund reimbursed the Canteen Fund for the value of the coupons redeemed.

When the DOC closed the Coupon Fund, the offenders were given a limited time to redeem the outstanding coupons. However, many coupons had been lost, discarded by inmates leaving the institutions, or otherwise destroyed and never redeemed. The department is unable to identify the inmates who never spent their old coupons. These monies appear subject to the state's lost and unclaimed property laws under Chapter 447, RSMo 2000.

This condition was also noted in our prior report. In response to that report, the DOC indicated that the \$19,000 would be turned over to the State Treasurer's Unclaimed Property Section by September 2000; however that action was never taken. The DOC should dispose of the \$19,000 arising from the discontinuance of the Coupon Fund in compliance with applicable statutory provisions.

**WE RECOMMEND** the DOC:

- A. Require the Inmate Canteen Fund to reimburse the state's General Revenue Fund for the costs of civilian employees and adjust the prices of canteen goods accordingly.
- B. Ensure monthly bank reconciliations are performed for the Inmate Account and Inmate Canteen funds.
- C. Dispose of the \$19,000 arising from the discontinuance of the Coupon Fund in compliance with applicable statutory provisions.

**AUDITEE'S RESPONSE**

- A. *The Department disagrees with this recommendation. When the inmate canteens were established in the institutions, the Missouri Department of Corrections (MDOC) transferred performance of a large portion of its responsibility to provide inmates with the basic necessities of life to the inmate canteen. The inmate canteens also provide writing supplies and stamps for inmates to draft and mail legal correspondence to provide inmates with access to the courts. These are constitutional obligations of the MDOC.*

*Inmates may purchase canteen products with money provided to them as a stipend from the MDOC. The stipend was established to meet the MDOC's responsibility to provide for inmates. The stipend is intended to secure basic necessities and provide for access to the courts. By offering products for sale and providing inmates a stipend, the MDOC transforms its obligation to provide for inmates into a rehabilitative exercise in responsibility and choice that helps inmates to prepare to return to civilian life. Any increased cost to basic necessities or legal materials purchased in the canteen would undermine the purchasing power of the offender stipend. Any erosion of the offender stipend's purchasing power at the Canteen would undermine the MDOC's position that it meets its obligation to provide offenders with the basic necessities of life and with reasonable access to the courts by providing inmates with a stipend.*

*Because canteen operations discharge major MDOC legal responsibilities to the inmate population in addition to providing luxury or discretionary items for inmate purchase, it is appropriate that the MDOC share in the cost of operating the canteen. The MDOC chooses to do this by providing personnel to manage the canteens and supervise the inmate worker force.*

- B. *The Department concurs with this recommendation. Steps have been taken to ensure that monthly bank reconciliations are completed in a timely manner.*
- C. *The Department disagrees with this recommendation. With respect to the approximately \$19,000 held by the MDOC as revenue from the sale of canteen coupons, we do not believe Chapter 447, RSMo 2000 applies to the MDOC. The MDOC instead feels that uncollected inmate funds are inmate personal property and are subject to disposal pursuant to the policies of the MDOC under section 217.197, RSMo 2000.*

### **AUDITOR'S COMMENT**

- A. The department's response fails to resolve the Section 217.195, RSMo 2000 requirement that costs of goods and other expenses are to be paid by the canteen fund.
- C. Section 217.197, RSMo 2000, allows the department to set policy for the amount and type of personal property each offender may possess and also specifically allows unauthorized property to be impounded and disposed of. However, the \$19,000 consists of offender funds the department authorized under Section 217.197, RSMo 2000, but is now unable to identify to a particular offender.

Chapter 447, RSMo deals with personal property belonging to persons known or unknown and deposits held by persons, businesses, and any agency of federal or state government. Departmental policy established under Section 217.197 does not appear to have the power or authority to override statutory law established in Chapter 447.

<b>3.</b>	<b>Escape Balances</b>
-----------	------------------------

The Department of Corrections has confiscated and is holding over \$1 million from over 5,000 offenders who escaped or absconded from supervision since August 1993, including more than 173 offenders who each had over \$1,000 seized. The highest amount seized from any one offender was \$4,555. The DOC refers to these monies as the "escape balance."

Under DOC policy D3-6.2, any offender who escapes or absconds from supervision or fails to return after having been permitted to leave is to be declared an escapee. When an offender is officially declared an escapee or absconder, all personal property, including money, in the possession of the department is by policy considered abandoned and is consequently forfeited to the department. Section 217.197, RSMo 2000, authorizes the department to set policy controlling the amount and type of personal property an offender may possess, and specifies unauthorized personal property found in the possession of an offender may be impounded and disposed of. However, the statute does not authorize the seizure and forfeiture of the monies held for offenders who escape.

- A. There does not appear to be a statutory basis under which the DOC is authorized to seize and hold for future use offender funds when an escape is declared.

Section 217.390, RSMo 2000, defines escape and the penalty for escape is set forth in Section 575.210, RSMo 2000. That section specifies the penalty for escape from the department is a Class B felony, and Chapter 557 specifies that penalties for escape are to be *imposed by a court* and may include forfeiture of property.

Existing court decisions have established that personal offender property, such as clothing or a television, belonging to an escapee is considered abandoned property subject to seizure and disposal by the department. However, those rulings have not addressed monies held by the department in the name of the offender.

The confiscated escape monies are currently placed in the Inmate Canteen Fund and the appropriate future use for the benefit of inmates is to be determined by the central canteen committee. The DOC has not yet expended the seized monies, but has appropriately deducted amounts offenders owed at the time of escape for canteen purchases and court judgments for destruction of state property. On offender appeal, some seized monies have been returned when authorized by the Director. The department takes several steps to ensure offenders receive proper notice of its escape seizure policy.

Based on the absence of statutory authority for the department to seize and spend confiscated escape balance monies, it appears the over \$1 million currently held should be used for certain other offender obligations such as court ordered obligations, child support, and costs of incarceration. Any remaining escape balances should be considered abandoned property that would fall under the lost and unclaimed property rules set out in Chapter 447, RSMo 2000, and should be turned over to the State Treasurer's Unclaimed Property Section in compliance with the statutory requirements.

- B. To facilitate our analysis of court ordered obligations owed by escaped offenders, we requested the DOC prepare a report of the court ordered obligations as recorded in the DOC offender management system for about 2,300 escaped offenders having over \$100 seized. That report showed 440 offenders with unpaid court ordered obligations for victims' restitution, crime victims' compensation fees, court costs, and fines as of May 2002. We did not attempt to confirm the accuracy of the system balances reported.

If the related individual offender escape balance monies had been applied to the court ordered obligations at that time, in the order of priority listed here, the following amounts would have been paid:

**Table 3.1: Court Ordered Obligations for Offenders with  
Escape Balances**

Type of Obligation	Collectible Amount
Victim's Restitution	\$19,902
Crime Victim's Compensation Fees	20,731
Court Costs	29,008
Fines	2,690
Total	\$72,331

Source: Department of Corrections

It is important to note the nature of court ordered obligations vary because of the different situation of each offender, the character of the specific obligation imposed by the sentencing court, and the applicable legal rules. As a result, the actual obligation amounts that would be collected would vary from the above projections.

For additional analysis of possible alternative use of seized escape balance funds, we also arranged for a computerized match of those offender escape balances against Division of Child Support Enforcement records of persons owing current and past due child support. Match results showed those same offenders owed over \$240,000 in child support debt that should be paid from the seized escape balance monies.

The DOC should deduct payments for court ordered obligations and child support from the seized offender escape balances and distribute those payments to the appropriate courts and the Division of Child Support Enforcement.

- C. Under the Missouri Incarceration Reimbursement Act, Sections 217.825 to 217.841, RSMo 2000, the state is authorized to collect the costs of incarceration from offenders. The most significant source of seized escape monies is money earned by the offenders from prison jobs. Section 217.825 specifically exempts up to \$2,500 in prison job earnings, from the normal reimbursement collection process.

While the \$2,500 exemption may be applicable and appropriate under normal offender circumstances, it appears the use of the seized escape balance monies to reimburse the costs of incarceration would be more appropriate and beneficial than these monies going to the Inmate Canteen Fund for the use and benefit of prison inmates.

The DOC should seek authority from the General Assembly to use seized offender escape balances to reimburse the state's costs of incarceration.

**WE RECOMMEND** the DOC:

- A&B. Deduct court ordered obligations and child support payments from seized offender escape balances and distribute those payments to the appropriate courts and the Division of Child Support Enforcement. Any remaining offender escape balance funds should be considered abandoned property under Chapter 447, RSMo 2000, and should be turned over to the State Treasurer's Unclaimed Property Section in compliance with statutory requirements.
- C. Seek authority from the General Assembly to use seized offender escape balances to reimburse the state's costs of incarceration.

**AUDITEE'S RESPONSE**

*A&B. The Department disagrees with this recommendation. With respect to escapee balances held by the MDOC, we again assert that Chapter 447 RSMo does not apply to the MDOC. Inmate money is inmate personal property (see Black's Law Dictionary) and the existing case law with respect to escapee's property is perfectly applicable to money held for inmates by the MDOC. See, Herron v. Whiteside, 782 S.W.2d 414 and Charron v. Thompson, 939 S.W.2d 885. Inmate personal property is governed by MDOC policy pursuant to section 217.197 RSMo.*

*Effective October 1, 2002, the Community Release Centers in St. Louis and Kansas City MO will no longer require offenders assigned to these facilities to use the Department of Correction's Inmate Banking System as their sole means to handle their personal funds. With this change, the Community Release Centers will no longer have control of any offender funds and will no longer be able to seize or impound personal funds in the event the offender absconds supervision.*

*C. The Department reaffirms its response regarding the disposition of escape balances and therefore believes this recommendation is unwarranted.*

**AUDITOR'S COMMENT**

As previously noted departmental policy established under Section 217.197, RSMo 2000, does not appear to have the power or authority to override statutory law established in Chapter 447, RSMo. In addition, it does not appear reasonable that the department would choose to use escaped balance funds to satisfy some offenders obligations, such as canteen purchases and judgements for destruction of state property, while choosing to ignore other legal obligations of the offenders.

**4.****Offender Grievances**

Many offender grievances are not resolved by the Department of Corrections within 180 days as required. Offender grievance procedures provide offenders with the opportunity to present complaints about various issues.

To comply with federal and state laws, the DOC adopted an offender grievance procedure under DOC policy D5-3.2. That policy is based upon the requirements of the Prison Litigation Reform Act, 42 USC Section 1997e, Federal Code of Regulations 28 CFR 40.7, and Sections 217.370 and 506.384, RSMo 2000. Those laws require offenders to exhaust certain administrative grievance processes before bringing court action. If the grievance process is not fully resolved within 180 days and/or the 1<sup>st</sup> grievance appeal step has been completed, the offender may proceed with the court action. Based on DOC and Attorney General reports, the average number of active inmate lawsuits each year from 1989 through 1995 was over 1,600 cases. After passage of the Prisoner Litigation Reform Act in 1997, the average number of active lawsuits each year from 1997 to 2001 dropped to about 335.

The grievance process includes five separate stages starting with an informal resolution request (IRR). The following table indicated the various stages, required DOC response times, and the respondent.

**Table 4.1: Inmate Grievance Process**

<b>Step</b>	<b>Response Time</b>	<b>Respondent</b>
Informal Resolution Request	30 days	Classification staff/unit manager
Grievance	30 days	Superintendent
1 <sup>st</sup> Grievance Appeal	30 days	Division Director
2 <sup>nd</sup> Grievance Appeal CAC	90 days	Citizens Advisory Committee
2 <sup>nd</sup> Grievance Appeal		Department Director
Maximum Total Response	180 days	

Source: DOC Policy D5-3.2

After the first grievance appeal step, the offender may pursue the issue in court. Or, the offender may file a second appeal. That appeal is reviewed by a member of the Citizens Advisory Committee (CAC). The final appeal step is review by the department director. If a particular grievance step exceeds the specified time limit, the offender may file the grievance at the next level without waiting for a response and, if the time exceeds 180 days from the initial grievance date, the offender may pursue the complaint in court.

In January 2001, a computerized tracking system for offender grievances was implemented. At our request, the DOC provided a system report of pending grievances as of May 6, 2002. Of the 995 grievances from all levels shown in the report, 539 (54 percent) exceeded the 180 day time limit. A total of 11,167 grievances, 6,289 appeals, and 2,862 second grievance appeals were filed during calendar year 2001.



The department was unable to provide a summary report of the number of resolved grievances in which one or more time requirements were not met, but development of such a report is currently in process. Under current procedures grievance monitoring is performed quarterly by the DOC offender grievance coordinator who identifies pending grievances and notifies institutional grievance officers so action may be taken. Monthly reports of grievances at various levels filed during the month are also produced and mailed to the institutions. The DOC indicated they are usually complying with the time requirements for the IRR's and grievances which are handled at the institutional level but are not doing as well at the 1<sup>st</sup> appeal and 2<sup>nd</sup> appeal levels that are handled by the central office.

To test compliance with the response time requirements at the various stages noted in Table 4.1 above and to assess the accuracy of the tracking system, we selected 20 grievances for review. Each of the 20 were tested against policy time limits for each applicable grievance stage as well as the total 180 day limitation. Based on this analysis, most were handled within the time limits for the first two stages and all but 2 exceeded the appeal stage time limits. All 20 grievances reviewed exceeded the 180 day maximum time limit, and the tracking system appears to accurately reflect the paper records.

It appears the primary contributing factor causing the offender grievance process to exceed the 180 day time requirement was the failure by DOC central office management to follow its own internal grievance policy and meet the established time requirements at the advanced stages of the grievance process. The analysis also revealed the DOC legal unit did not always notify offenders promptly when the CAC denied the grievance. Notice of the CAC denial had been delayed as much as 311 days.

**WE RECOMMEND** the DOC ensure offender grievances are handled in accordance with policy requirements.

### **AUDITEE'S RESPONSE**

*The Department disagrees with this recommendation. There is no 180-day response time requirement applicable to the MDOC Inmate Grievance Process in state or federal law. The 180 day response time requirement for federal certification of a state's inmate grievance process set forth at 28 CFR 40.7 is not mandatory to the MDOC because the federal government no longer offers grievance process certification. The MDOC Inmate Grievance policy has been modified several times since initial federal certification was granted and the Justice Department has not provided review and recertification. MDOC's inmate grievance policy does not have response time requirements but has a suggested timely response framework for staff that is not mandatory.*

*Table 4.1 on page 17 is inaccurate and incomplete. It shows the MDOC response times suggested in MDOC policy but does not account for the time offenders are allowed to review each MDOC response and initiate each stage of the grievance process. For example, offenders have five days from the time they receive a response to their IRR before they are required to file a grievance. The auditor has not taken into account offender response times when calculating whether the MDOC grievance process is timely administered.*

*It is incorrect and misleading to state that “if the time exceeds 180 days from the initial grievance date, the offender may pursue the complaint in court.” An offender can pursue a complaint in court at any time after he/she exhausts the 1<sup>st</sup> Grievance Appeal whether or not the offender files a 2<sup>nd</sup> Grievance Appeal.*

*There is no separate appeal to the CAC. There is no requirement that the MDOC legal unit notify offenders when the CAC responds to a grievance. The CAC neither grants nor denies grievances. The CAC reviews offender grievances and advises the Director regarding 2<sup>nd</sup> Grievance Appeal responses.*

*The department believes that the offender grievance process must be timely and responsive. The department is currently working with the CAC to further refine this process and be able to respond within 180 days even though there is no legal requirement to do so.*

### **AUDITOR'S COMMENT**

The grievance system was originally designed to reduce the number of offender lawsuits. A lack of a continuing federal certification process does not invalidate the intent of the federal or state regulation and does not eliminate the necessity to ensure the process continues to achieve that goal. Considering the department's records show 26 percent (261 of 995) of pending grievances exceeded 240 days at the time of our review, the system seems to be at significant risk.

Clearly many grievances are not finalized within policy time frames and the final paragraph of the department's response reaffirms that fact.

<b>5.</b>	<b>Federal Funds</b>
-----------	----------------------

The DOC has not fully utilized all available federal assistance and, as a partial result, appears to have lost future federal grants for the substance abuse treatment programs. The DOC expended about \$7.7 million from federal grants in fiscal year 2001. We noted the following areas of concern during our review of the usage of available federal grants:

- A.1. In fiscal year 2001, the DOC had paid \$125,000 in salary and benefits costs of the academic education program from the state's General Revenue Fund that should have been paid from the department's federal fund appropriation. The DOC discovered this error in October 2001 and requested our advice on how to remedy the problem. This error was corrected in December 2001 when the Office of Administration agreed to make correcting transfers between federal funds and General Revenue funds.
2. We also noted the DOC failed to charge salary and benefits costs related to the Residential Substance Abuse Treatment for State Prisoners (RSAT) grant for the Co-Occurring Disorders program at the Farmington Correctional Center. After we brought this to their attention, the DOC applied for over \$92,000 in additional funding through the Department of Public Safety, the grant program

administrator. Similar errors had occurred in fiscal years 1999 and 2000, however, the DOC decided not to seek reimbursement for those earlier years.

The preceding problems were caused, in part, by incorrect labor cost codes entered by the DOC into the state's centralized accounting system for personnel assigned to those two programs. The DOC has indicated they have now reviewed and corrected the labor distribution codes in the system to prevent similar future errors.

- B. The DOC has failed to fully utilize available federal funds for the RSAT grant. From 1995 through 2001, the federal funds available to the state under this grant have totaled \$4.6 million. Through fiscal year 2001, the DOC has only applied for \$3.7 million and utilized only \$2.3 million. When the RSAT program was first established in 1995, only the substance abuse program at the Ozark Correctional Center was included since that institution's program was able to fully utilize the available funding.

A similar substance abuse treatment program was established at the Maryville Treatment Center in 1996, and one for women was started at the Women's Eastern Reception, Diagnostic and Correctional Center in 1998. However, neither of these programs was added to the RSAT grant application so the additional \$2.3 million in available, unused federal funds could be obtained.

By failing to take full advantage of available federal funding as the treatment programs increased, it appears the DOC has also lost the opportunity to use them in the future because of federal restrictions prohibiting the supplanting of state funds with federal grants on existing state programs.

Improved long range planning and increased coordination between DOC program and financial personnel appear necessary. In the future, DOC should maximize the use of available federal funds.

**WE RECOMMEND** the DOC ensure qualifying expenditures are properly charged to federal grants and work with the Department of Public Safety to resolve the pending claim for \$92,000. In the future, the DOC should improve their long range planning and coordination between the program and financial personnel to ensure maximization of available federal funding.

### **AUDITEE'S RESPONSE**

*The Department agrees that it should pursue RSAT reimbursement from the Department of Public Safety (DPS) for personal services funds erroneously expended. We will persist in our efforts to have DPS reimburse the Department from RSAT funds for these erroneously paid personal service dollars. The Department will continue its planning process that incorporates the use of federal funds whenever possible and when it is consistent with the current and predicted inmate growth equations.*

Unreimbursed state fringe benefit costs could reach as much as \$4.8 million by 2006 because the DOC has again failed to ensure the medical services contractor appropriately reimburses the state for fringe benefits costs incurred for state employees. These costs are incurred for state employees who were allowed to retain state employee status when their state jobs were taken over by the private contractor.

The DOC has had a contract with a medical services provider since 1992. The initial development of the request for proposals for a new five year contract began in 2000. A new contract which expanded medical services to include mental health and sex offender treatment programs took effect October 1, 2001. For fiscal year 2003, the contracted medical and mental health services costs are expected to total about \$75 million and may approach \$100 million by 2006.

Both the old and new contracts required that existing DOC state employees who would otherwise be displaced could retain state employment status rather than become contractor employees if they wished. This is done to allow the state employees to avoid losing built up long term benefits such as retirement. The medical contractor is required to reimburse the state for the salary costs of those employees who did retain state employment status.

The employees who continue to retain state employment under the original contract has now declined to only six. However, there are an additional 72 mental health employees who retained state employment under the new contract. The total monthly salary costs of the 78 employees from January through March 2002 was about \$231,000, and the state incurred an estimated \$80,850 in *monthly* fringe benefits costs that were not reimbursed by the contractor. The annual cost of unreimbursed fringe benefits is estimated to total over \$970,000, and over \$3 million for the five year contract life. Unreimbursed fringe costs could reach as much as \$4.8 million, depending on the number and length of time contractor employees maintain their state employment status.

In a prior report *Special Review of the Department of Corrections Medical Services Contract*, report No. 96-45 issued in 1996, we noted the failure of the DOC to ensure the medical contractor appropriately reimbursed the fringe benefits costs of continuing state employees. In our current audit we reviewed the bidding and negotiation process for the new contract and noted the updated request for proposal (RFP) issued May 23, 2001, specifically included language in four sections of the RFP that fringe benefits at 35 percent of salaries would be applicable to the proposed salary reimbursement.

The state did not award the contract following receipt of the original bids on May 30, 2001 and continued negotiations. On July 18, 2001, the RFP was amended to require the state be reimbursed actual salary cost for those state agency employees electing to retain employment with the state. However, neither the amended RFP or the resulting contract required fringe benefit cost reimbursements.

An unexplained inconsistency is present in the contract. When an employee who has retained state employment is absent and the contractor does not fill those lost hours as required under the staffing plan, the contractor is penalized at 135% of the employee's salary (equal to salary plus fringe). However, when that employee is working, the state is reimbursed only for salary costs but not for fringe benefits.

We found no evidence that any of the bids submitted were reduced as a result of the elimination of the fringe benefit reimbursement requirements. The original bid by the winning contractor was \$6.64 per day per inmate. Several factors resulted in additional contract changes and subsequent resubmission of bids, and the final contract bid was awarded at a cost of \$7.11 per day.

While we understand the process of bidding and evaluating a major medical services contract is highly complex, it is of particular concern that fringe benefit reimbursement requirements were somehow removed from the RFP requirements without explanation while at the same time bid costs were increased.

When establishing any future privatization contracts, the DOC should ensure final arrangements include fringe benefits costs reimbursements for any employees continuing in state employee status. Similarly, complete documentation and explanations should be maintained when significant contract provisions are modified or eliminated.

**WE RECOMMEND** the DOC ensure any future privatization contracts appropriately provide for the reimbursement of fringe benefits costs for state employees who are continuing their state employment status. In addition complete documentation and explanation should be maintained for all significant contract provisions modified or eliminated.

### **AUDITEE'S RESPONSE**

*The Department disagrees with the finding of an "unexplained inconsistency" with regard to the salary benefit and the recommendation that future medical contractors should be required to reimburse fringe benefits for retained State employees.*

*Fringe benefits will be paid by the State either directly as has been done or through additional costs added by the contractor to the per diem bid. It is the Department's position that the current practice is the most accurate method for paying fringe, rather than relying on additional contract costs determined by the contractor.*

### **AUDITOR'S COMMENT**

If the department has valid, substantiated reasons for not including the fringe benefit reimbursement in future contracts, the RFP and negotiation processes should be properly established in advance. Conversely, if the decision is made to include the fringe benefits in the bid process every effort should be made to prevent the confusions and changes that were evident in the above mentioned contract award process.

**Substance Abuse Probation -  
Required Educational Assessment and Community Treatment Program**

The Required Educational Assessment and Community Treatment Program (REACT) was established in 1998 under Section 559.633, RSMo 2000. The REACT is a two step program under which offenders are assessed by a substance abuse professional and based upon the result of that assessment must either undergo a substance abuse education program or enter a community based treatment program. The community based treatment recommended may be either outpatient or inpatient services depending upon the results of the initial assessment. The goal is to identify through the initial assessment process the level of education or treatment offenders need to help avoid future substance abuse while minimizing treatment costs.

According to Section 559.633, *all* offenders who have plead guilty or been found guilty of a felony drug offense pursuant to Chapter 195, RSMo, and sentenced to probation are to be ordered by the courts to participate in a required educational assessment and community treatment program as a condition of probation. In addition, those offenders must begin the REACT program within 60 days of being sentenced.

Offenders are required to pay \$125 for the initial REACT assessment, and the vendor is to remit \$58.80 of the fee to the DOC for deposit in the Correctional Substance Abuse Earnings Fund. An additional fee of \$100 is due from offenders if required to attend the educational program.

Outpatient group therapy costs start at about \$15 per offender per session while a month of inpatient treatment may be well over \$3,000. Many offenders must continue to participate in substance abuse treatment throughout their term of probation. The fees for substance abuse treatment are to be paid by the offender unless their income level qualifies them for partial or full assistance with these costs from the Department of Mental Health (DMH). All REACT vendors must be certified by the DMH.

To evaluate the DOC's handling of the program and compliance with the program rules, we requested the DOC provide a report showing all offenders that had committed felony drug offenses and been sentenced to probation. This report was obtained from the department's offender tracking system. According to this report, for the period August 1, 1998 through June 30, 2001, 6,535 offenders should have been ordered into the REACT program.

Similar reports of actual offender participation in the program were obtained from the DMH which indicated over 7,500 offenders should, under the law, have been ordered into the REACT program. By comparing the two reports, it appears about 1,000 offenders were left off the DOC report. Further analysis of DOC and DMH records confirms only about 3,000 offenders actually participated in a REACT program. However, the DOC report incorrectly indicated only 823 offenders participated in the program.

Section 559.633, RSMo 2000, specifically requires offenders to be assigned to the REACT program and does not authorize other alternative programs. However, courts frequently order participation in alternate substance abuse programs, such as drug courts and community based substance abuse treatment by vendors not certified to perform REACT services. Alternative program vendors do not forward to the DOC a portion of the fees for deposit into the DOC Substance Abuse Earnings Fund.

We selected 60 offenders from the DOC tracking system report for further analysis. Our selection included only those with probation imposed between January 1, 2001, and June 30, 2001, who were shown as never participating in a REACT program. The results are shown in the following table.

**Table 7.1: REACT Participation**

<b>REACT Assessment</b>	<b>Number of offenders</b>
Assessed by REACT	9
Not Assessed	10
Participated in Alternate Program	31
Excusable Lack of Assessment	8
Not Required /Prior Treatment	2
<b>Total Reviewed</b>	<b>60</b>

Source: DOC Offender Management System and Offender Case Files

Our analysis found that 27 offenders were ordered to participate in the REACT program and only 9 actually participated. There were 8 offenders who should have been assessed by a REACT provider but were revoked from probation, incarcerated for new crimes, or absconded from supervision. In these instances, the P&P was relieved of supervision by court order within a few months of the original sentencing date so we accepted them as excusable lack of assessment, because the probation officers would not have necessarily had time to ensure offender participation.

Our analysis of the REACT program disclosed several areas of concern.

- A. Courts handling the drug offender trials frequently do not order REACT participation, in spite of the statutory requirement to do so. Of the 58 cases reviewed requiring court ordered REACT, the courts specifically ordered participation in only 27 cases (46 percent). Although not allowed by the law, the courts ordered participation in alternate substance abuse programs in 21 of the 58 cases. In 10 cases the court did not order the offender to participate in any substance abuse treatment.

DOC officials suggested the costs to the offender related to REACT was one of the reasons courts are sometimes hesitant to order REACT participation. Because of the importance of substance abuse offenders receiving appropriate substance abuse assessment and treatment, the DOC should work with the courts to ensure

treatment is ordered in all applicable cases and to increase the numbers of offenders who are ordered to participate in the REACT program.

- B. Probation officers failed to record the court ordered REACT participation in the department's offender program tracking system in 23 of 27 (85 percent) cases reviewed, even though recording is mandatory under P&P policy P3-6.2. In the 4 cases where the requirement was recorded, none of the four offenders actually participated in the REACT assessment.

Besides violating policy, the failure to enter REACT participation requirements into program tracking results in increased risk officers will not appropriately compel offenders to comply with the requirement. It also results in an inability of the DOC to track or study the long-term effectiveness of the REACT program's assessment, education, and treatment phases upon offender recidivism or to identify vendors or programs that are particularly effective or ineffective.

An additional concern is that DOC reports of REACT participation cannot be used to ensure vendors have appropriately submitted the state's portion of the REACT assessment fee.

The P&P should ensure probation officers comply with policy and enter REACT participation requirements as well as offender completion of the education or treatment phases into the program tracking system.

- C. Probation officers did not enter court ordered alternative program participation requirements in the offender tracking system in 13 of 21 (62 percent) cases reviewed. It was recorded in 8 instances, and is considered optional at the discretion of the officer.

The failure to require entry of alternative substance abuse treatment program requirements into program tracking increases the risk officers will fail to appropriately compel offender compliance and prevents the DOC from performing any long term analysis of recidivism and vendor effectiveness of those programs.

The P&P should change policy to ensure offender participation requirements in alternative substance abuse programs are recorded in the offender tracking system.

- D. When an offender is court ordered to participate in REACT and fails to do so, under P&P policy the probation officer must give the offender a directive to complete the REACT assessment. If the offender still does not complete the REACT assessment, the probation officer is to cite the offender for a violation of the court ordered requirement.



For the cases reviewed in our test, 27 offenders were ordered by a court to participate in REACT but only 9 participated, leaving 18 in violation. However, only 11 were given probation violations for failure to attend.

For the REACT program to reach its maximum effectiveness, the DOC and P&P needs to ensure policies related to issuance of probation violations for failure to complete REACT programs are appropriately followed.

- E. The DOC has not developed management tracking reports showing offenders that should be ordered into REACT, offenders ordered into REACT, offenders failing to participate when ordered, and offenders who have failed to participate that were not given probation violations.

By using such reports, the DOC should be able to increase compliance with policy. The reports should also assist the department in working with the various courts to increase compliance by offenders ordered into the REACT program.

The DOC should develop management tracking reports showing REACT participation, failure to participate, and related probation violations, as well as REACT eligible offenders who were not ordered by the courts to participate.

- F. To determine if the DOC appropriately received the \$58.50 state's share of the assessment fee from the assessment vendors, we tested 50 additional offender cases the DMH reports showed as having participated in the REACT assessment. The state's share of the fee is required by Section 559.633, RSMo 2000.

The DOC had not received the fee in 5 of 50 (10 percent) cases, resulting in a total of \$294 the DOC had failed to collect. If 10 percent of all fees went uncollected, the total uncollected monies could be as much as \$17,000 since 1998.

After identifying the three vendors who had failed to submit the 5 payments as required, the DOC contacted them to request payment. However, the DOC has not established any formal procedures to ensure appropriate REACT assessment fees are received. The DOC could easily compare participant listings received from the DMH to identify failure to remit fees. Without such a comparison, the DOC has little assurance that all vendors are submitting the appropriate fees to the state.

The DOC should develop formal procedures to ensure REACT vendors appropriately remit the fees as required.

**WE RECOMMEND** the DOC:

- A. Work with the courts to ensure substance abuse treatment is ordered in all applicable cases and to increase the numbers of offenders who are ordered to participate in the REACT program.

- B. Along with the P&P, ensure probation officers comply with policy by entering REACT participation requirements and completion of the education or treatment phases into the offender management program tracking system.
- C. Along with the P&P, change policy to ensure offender participation requirements in alternative substance abuse programs is recorded in the offender tracking system.
- D. Along with the P&P, ensure policies related to the issuance of probation violations for failure to complete REACT programs are appropriately followed.
- E. Develop management tracking reports showing REACT participation, failure to participate, and related probation violations; as well as REACT eligible offenders who were not ordered by the courts to participate.
- F. Develop formal procedures to ensure REACT vendors appropriately submit the state share of assessment fees as required.

#### **AUDITEE'S RESPONSE**

- A. *We will continue to work with the courts to ensure substance abuse treatment is ordered in all applicable cases. We recommend that the DOC collaborate with the Department of Mental Health and the Office of State Courts Administrator to develop model legislation to replace the current REACT statute. The model legislation should provide for a mandatory substance abuse screening assessment of all offenders with alcohol and drug related offenses prior to or at the time of sentencing and a provision that such offenders contribute to the costs of such services.*

*The DOC and Probation and Parole do work closely with the courts to ensure treatment is ordered and delivered in all applicable cases. This activity is a primary concern for Probation and Parole and is supported by both agency policy and practice with the courts. An initial meeting with the Office of State Courts Administrator and Mental Health was held in late September 2002 to discuss the REACT program. Additional meetings have been scheduled to continue the collaboration among these agencies in developing model legislation and enhancement of the REACT program.*

*Probation and Parole faced serious and significant barriers to increase the numbers of offenders ordered to participate in the REACT program. It is for these very same reasons that strict adherence to citing offenders for violating REACT conditions is evident. The findings of the audit do not reflect these serious and significant barriers to effective implementation of the REACT program, which have been identified and documented over the past four years.*

*The key systemic barriers to implementing the REACT program facing both the courts and Probation and Parole have been:*

1. ***The REACT program does not currently provide for how indigent offenders or those in need of an immediate assessment and treatment to ensure public safety can be served.***

*Several solutions to this need have been proposed, including deferred payments, standard means testing and widening the number of REACT providers to some treatment programs.*

*The courts and probation and parole officers have historic relationships with community based treatment providers and in most areas are familiar with what actions need to be taken to address such individuals. REACT requires costs to be paid up front with no formal provisions for those who lack the money. If the offender doesn't have the money, the services are not provided. REACT is provided separately from the treatment process and establishes an additional layer of services, which can delay actual treatment start-up. This is not an issue for many offenders as their level of treatment needs are moderate and the delay does not significantly contribute to a public safety risk. However, there are many offenders where this delay does indeed create an unnecessary delay in treatment services, increasing public risk.*

2. ***Allowances for offenders to be referred to REACT prior to sentencing and those offenders placed in drug courts are needed in the statute.***

*The courts and probation and parole understand that in a pre-trial setting it is good practice for both public safety and offender management to engage the offender in the treatment process, as needed, prior to sentencing. Judges and probation officers can see no sense in ordering an offender to REACT when the person has already been assessed and is in a treatment program at the time of sentencing. In what has been described as a genuinely grass roots movement, drug courts have developed at the local level and expanded across the state over the past 10 years. REACT makes no allowances for such offenders. Many of the offenders placed in drug courts are REACT eligible offenders. Drug court treatment providers are often not REACT certified providers and yet deliver similar assessments for those ordered to the program by the courts and in many instances these offenders do contribute to the costs of the services. There is no reason for the courts to also order REACT in such situations.*

3. ***REACT is limited to offenders sentenced under RSMo 195, drug offenses. It has been proposed that REACT be expanded to include all offenders being considered for or having been ordered to a probation term with an alcohol or drug related offense.***

*By limiting REACT to drug offenders, there is an unjustified discrepancy and unnecessary difference in practice established for the same type of offenders with the same needs, substance abuse assessment and treatment. Those under REACT, must first go to a REACT provider and pay a fee and then go to treatment and*

*contribute to those costs, while other offenders must simply go for the assessment and treatment (usually at the same agency) and often many do not pay fees. Again, the courts and probation and parole officers find it very difficult to comply with a program that creates such conditions.*

*Preliminary discussions have been held with officials of DOC, DMH, and OSCA supporting the idea of developing model legislation that will take into consideration the above stated concerns and offer the state a more effective statute.*

- B&D. The department concurs with these recommendations. The results of this audit will be discussed at the October Probation and Parole Administrators Meeting. A management report will be requested showing the status of current REACT program tracking entries. This information will be shared with Regional Administrators and a directive will be given that staff immediately work to bring their offices and caseloads into full compliance with the program tracking and violation requirements established in the REACT procedure, P3-6.2. A follow-up internal audit to measure compliance will be conducted in the first three months of fiscal year 2004.*
- C. The department concurs with this recommendation. A task force has been established to identify the issues related to expanding Program Tracking to include all primary and secondary program placements by field officers. The agency supports the need for this goal. However, it is recognized that this project impacts a number of current operational areas and must be assessed in regards to current workload management issues. To proceed with the project there are a wide range of issues related to changes and additions to the computer programming of the current program tracking system, as well as, issues on selecting the methodology. An initial action plan has been developed to begin the process.*
- E. The department agrees with the recommendation. Reports have been developed and shared with the Probation and Parole Administrator's group.*
- F. The department agrees with the recommendation. A method for tracking payments will be developed. A meeting with the Office of State Courts Administrator and Mental Health was held in early October 2002 to further discuss the REACT program. These discussions included proposed methods to ensure the department receives its proportionate share of assessment fees from vendors.*

<b>8.</b>
-----------

<b>Fixed Assets Equipment Controls</b>
----------------------------------------

The DOC did not conduct annual physical inventories of fixed assets in fiscal years 2001 and 2000, as required by 15 CSR 40-2.031 and DOC policy D4-5.2. Inventories of fixed assets of Missouri Vocational Enterprises (MVE) and the Inmate Canteen Fund (ICF) were also not conducted.

At June 30, 2001, fixed assets equipment for the DOC totaled nearly \$93 million, and MVE reported fixed assets totaling \$27.5 million. The ICF fixed asset records are not centralized and therefore the total value of fixed assets owned by the ICF was not available in the Central Office.

The responsibility for the centralized fixed assets records and testing of inventories conducted by institutional business offices for all assets of the Department of Corrections purchased using state General Revenue and Federal Funds is assigned to the Property Control Section.

Responsibility for the fixed asset records and annual inventories of Missouri Vocational Enterprises was shifted to MVE in 2000, and they indicated they completed the process of converting their fixed asset records to the state's centralized accounting system in December 2001. They also expect to complete a physical inventory of fixed assets in the next few months.

Responsibility for the fixed asset records of the Inmate Canteen Fund was shifted to the Inmate Accounts Office in 2000, and has been delegated to the institution business managers and institutional canteen management. We contacted 6 of the 23 institution canteen managers. Five of the six indicated they had not performed a physical inventory of the Canteen Fund fixed assets in the last year.

The DOC should ensure annual physical inventories are conducted as required by state regulation and departmental policy.

**WE RECOMMEND** the DOC ensure annual physical inventories of fixed assets are conducted as required by state regulation and departmental policy.

### **AUDITEE'S RESPONSE**

*The Department concurs with this recommendation. We have completed the Fixed Asset conversion to SAM II that will allow us to conduct physical inventories routinely. We will be persistent in our efforts to ensure annual physical inventories are conducted in a timely manner.*

This report is intended for the information of the management of the Department of Corrections and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF CORRECTIONS  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Corrections (DOC) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Missouri Vocational Enterprises Accounting Controls and Procedures

- A. Missouri Vocational Enterprises (MVE) was holding over \$1.5 million in undeposited receipts as of December 1999. Some of the receipts had been held for more than five months.
- B. Not all factories were placed on an adequate cost accounting system resulting in inadequate charge structures, incomplete job costing and inadequate allocation of direct and indirect labor and manufacturing overhead costs. In addition, for factories not using the cost accounting system no detailed analysis of cost variances was available.

Recommendation:

- A. The MVE transmit all receipts to the DOR on a timely basis.
- B. The MVE and DOC proceed on a timely basis to implement a cost accounting system to better accumulate costs by major products or the enterprise segments. The system should include sufficient controls to provide accurate job cost information from all factories and actual accumulated costs for raw materials, direct labor, and overhead. Further, the system should provide for a detailed analysis of cost variances.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. MVE has added three additional factories to the cost accounting system since 1999. Although not repeated in the current report, our recommendation remains as stated above.

2. Electronic Monitoring Program Receipts

During November 1999, the DOC was holding \$179,500 in undeposited receipts. These receipts consisted of over 3,300 money orders from offenders that had accumulated since July 1, 1999.

Recommendation:

The DOC ensure all receipts are transmitted to the DOR on a timely basis.

Status:

Not implemented. See MAR finding number 1.

3. Inmate Canteen Fund

An old inmate canteen coupon fund was discontinued and coupons totaling over \$19,000 were not cashed or spent by inmates. The DOC was unable to identify which inmates held the discontinued coupons and thus which inmates the remaining \$19,000 in cash belonged to. The monies should be disposed of in accordance with the lost and unclaimed property laws, Chapter 447, RSMo 2000.

Recommendation:

The DOC dispose of the outstanding coupon monies in compliance with applicable statutory provisions.

Status:

Not implemented. See MAR finding number 2.

4. Medical Contract

The DOC had not established procedures or criteria which documented when and under what circumstances a formal notice of deficiency should be issued to the medical contractor for deficient performance or practice.

Recommendation:

The DOC establish procedures or criteria that document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor.

Status:

Implemented. The new medical and mental health services contract, effective October 2001, established procedures and criteria related to identification of deficiencies and notification of deficiencies to the contractor.

5. Inmate Grievances

- A. The department did not respond to the inmates' second appeal within the 90 days allowed by the department procedures manual. Delays of six months and more to



process the second appeal were noted. The inmate grievance form indicated incorrectly that the inmate could not seek relief in Federal Court until the Department Director responded to the second appeal when the inmate could actually seek relief in court following the first appeal.

- B. The department was issuing inmate rule books incorrectly stating the inmate must wait until the second appeal was complete before a lawsuit could be filed when suit could actually begin following the grievance appeal. The department had 2,400 second appeals not yet processed during July 1999 but indicated there were less than 50 still pending in March 2000.

Recommendation:

The DOC:

- A. Ensure it complies with its formal grievance procedures and that inmate grievances are responded to in a timely manner.
- B. Ensure second appeals are handled promptly and provide accurate rules information to the inmates about the grievance procedure.

Status:

- A. Partially implemented. The Offender Grievance Appeal form has been corrected. As of May 2002, the DOC computerized inmate grievance tracking system established on January 1, 2001, showed at least 539 of 996 (54%) grievances that were pending resolution exceeded 180 days. See MAR finding number 4.
- B. Partially implemented. The DOC is in the process of updating the inmate rule book. Related offender grievance forms have been updated. Although not repeated in the current MAR, the DOC should complete the revision of the inmate rule book. The DOC failed to ensure second appeals are handled promptly. See MAR finding number 4.

6. Compensatory Leave Balance

Compensatory leave balances due to overtime were found to be high for some employees and the department was not strictly complying with its policy to avoid build up of additional employee compensatory balances. A special payment of over \$2.6 million was processed in March 1999 to pay down the accumulated compensatory leave balances. However, the accumulated leave liability at June 30, 1999 had again reached approximately \$1.4 million.

Recommendation:

The DOC continue efforts to manage or control compensatory leave balances and prevent excessive accrual of compensatory leave.

Status:

Not implemented. The accrued compensatory leave balances at June 30, 2001 and 2000, were \$4,905,496 and \$4,632,261, respectively. We noted no instances in which an individual employee's compensatory leave balance exceeded the federal maximum accumulation. The Fiscal Year 2002 Supplemental Appropriations bill signed by the Governor on April 30, 2002, included \$2.7 million for payments of compensatory time for DOC employees. Although not repeated in the current report, our recommendation remains as stated above.

7. State Owned Vehicles

- A. Monthly vehicle travel logs were not properly completed for pool vehicles. The purpose of the trip was often not noted and gaps were found in beginning and ending mileage recordings for different trips. Monthly vehicle logs were not maintained for vehicles assigned to individual department employees.
- B. The monthly vehicle operation logs were not always complete or accurate, since maintenance or repair costs are rarely reported and on some logs nothing was recorded.

Recommendation:

The DOC:

- A. Require that complete vehicle travel logs be kept on all assigned and pool vehicles. The department should monitor these logs to determine the reasonableness of mileage incurred, and ensure that use is for authorized purposes.
- B. Ensure comprehensive vehicle operation logs are completed for all state-owned vehicles. Vehicle mileage logs should be monitored for propriety and reasonableness of miles traveled and costs of operation.

Status:

- A. Partially implemented. The department does not require travel logs which record daily trip activity on vehicles assigned to individual employees. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

8. Disaster Recovery Plan:

The department's Central Office Information Systems Section had not developed a written formal disaster recovery plan for use in the event that a fire or some disaster were to destroy or incapacitate the department's computer system.

Recommendation:

The DOC develop a formal written disaster recovery plan. Once developed, the plan should be periodically tested and reviewed.

Status:

Not implemented. The department indicated additional funding has not been available for this project. Although not repeated in the current report, our recommendation remains as stated above.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## DEPARTMENT OF CORRECTIONS HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Division of Corrections and the Board of Probation and Parole were transferred to the Department of Social Services on July 1, 1974, following passage of the Omnibus State Reorganization Act of 1974. Effective September 28, 1981, the Missouri Department of Corrections and Human Resources was established as a cabinet-level department of state government as a result of legislation approved by the Eighty-First General Assembly and signed by the Governor.

The Governor appointed Gary B. Kempker, Director of the Department of Corrections (DOC) on May 1, 2001. Prior to Mr. Kempker's appointment, Dr. Dora Schriro had served as Director of the department since January 14, 1993.

With the revision made to Chapter 217, which became effective August 28, 1989, the Department of Corrections and Human Resources was renamed to the Department of Corrections. The department has the responsibility of supervising and managing all correctional institutions and probation and parole services. The department is composed of the Office of the Director and four divisions: Adult Institutions, Human Services, Offender Rehabilitative Services, and the Board of Probation and Parole. The department employed approximately 10,500 employees as of January 2002. The functions of the divisions are:

The Office of the Director is responsible for shaping legislation and formulating policy and procedures to guide and implement public safety objectives and goals.

The Office of the Director oversees the management of the four divisions as well as the following specialized areas: Public Information, Constituent Services, Information Systems, Legal Services, Inspector General, Restorative Justice, and Victims Services.

The Division of Human Services provides coordinated services to the department by supervising the following activities: Human Resources, Budget/Planning, Fiscal Management, General Services, Religious/Spiritual Programs, Training/Staff Development, and Employee Health/Safety.

The Division of Adult Institutions (DAI) is responsible for the management of the state's numerous correctional centers and the care, custody and control of incarcerated offenders. The division houses incarcerated inmates securely and humanely while providing programs and treatment that effectively manages the offender's risk to re-offend. As of December 31, 2001, the prison population was 28,606 inmates.

The Division of Offender Rehabilitative Services is responsible for the following programs: educational, workforce readiness and substance abuse treatment. They also oversee the inmate medical and mental health services programs and the Missouri Sexual Offender Treatment Program provided by the contracted treatment provider. This division is also responsible for the supervision and operation of the Missouri Vocational Enterprises.

The Division of Probation and Parole assesses and supervises criminal offenders assigned to the division by the Circuit Courts of Missouri and under the terms of the Interstate Compact. Affiliated with the Division of Probation and Parole is the State Probation and Parole Board. The Parole Board determines the eligibility and conditions for the release of inmates confined in the Division of Adult Institutions and oversees the supervision of probationers as directed by the courts. As of January 2002, there were approximately 1,800 staff serving in the Division of Probation and Parole. The Probation and Parole Board is comprised of seven full-time members appointed by the Governor, subject to the advice and consent of the Senate. Board members also investigate and report to the Governor on all applications for pardons, commutations of sentence, reprieves or restorations of citizenship. At June 2001, nearly 63,000 offenders were under supervision of the division.

### DIVISION OF ADULT INSTITUTIONS

The twenty-one correctional institutions located throughout the state are:

The Algoa Correctional Center (ACC) is a medium security institution constructed in 1932. The institution is located eight miles east of Jefferson City in Cole County on a bluff overlooking the Missouri River.

The Boonville Correctional Center (BCC) in Cooper County was opened in July 1983 through a transfer from the Department of Social Services, Division of Youth Services. The facility is a medium security institution for the first time offenders between the ages of 17 and 25.

The Central Missouri Correctional Center (CMCC) is a minimum to medium security institution. Originally constructed in 1938 as a satellite to the Missouri State Penitentiary, CMCC became an independent institution within the Department of Corrections on July 1, 1974. The institution is located ten miles northwest of Jefferson City in Cole County along the Missouri River.

The Chillicothe Correctional Center (CCC) in Livingston County, which opened in October 1981, was transferred from the Department of Social Services, Division of Youth Services. The CCC is a minimum to medium security institution housing only female offenders.

The Crossroads Correctional Center (CRCC), is a maximum security facility, which opened in February 1997 in DeKalb County. CRCC is the first facility in Missouri to be equipped with a lethal perimeter fence.

The Eastern Reception, Diagnostic and Correctional Center (ERDCC) was opened May 1, 2002, when the Regimented Discipline Program formerly housed at Farmington was moved to this facility. It is a maximum security facility and will serve as the point of intake for offenders from the Eastern part of the state when fully operational. The facility is located in St. Francois County at Bonne Terre, Missouri.

The Farmington Correctional Center (FCC) opened in December 1986 and was transferred from the Department of Mental Health. It is located on the grounds of the Farmington State Hospital in the city of Farmington, Missouri in St. Francois County. The facility is a medium security institution.

The Fulton Reception and Diagnostic Center (FRDC), located in Fulton, Missouri in Callaway County was opened in 1987 and serves as a reception and diagnostic center, which accepts offenders from the central and eastern areas of the state. After processing, offenders are assigned to an appropriate security level facility. This institution also includes the Biggs Correctional Unit and the Cremer Therapeutic Community Center.

The Jefferson City Correctional Center (JCCC) is a maximum security institution located in Jefferson City in Cole County and was formerly known as the Missouri State Penitentiary. The penitentiary was authorized by the legislature in 1832 and opened in 1836. It is located on a multi-level 47-acre site overlooking the Missouri River. This facility is scheduled for replacement in 2004.

The Maryville Treatment Center (MTC) opened in 1996. It is a minimum security institution in Nodaway County on a site that was formerly a Catholic convent. It is located 45 miles north of St. Joseph, Missouri.

The Missouri Eastern Correctional Center (MECC) is a medium security institution opened in August 1981. The institution is located near Pacific in St. Louis County.

The Moberly Correctional Center (MCC) is a medium security institution, which began operation in January 1963. The institution is located five miles south of Moberly in Randolph County.

The Northeast Correctional Center (NECC) is a medium security facility located at Bowling Green in Pike County. The facility began operations in 1998. NECC also is the site of the department's male juvenile unit for housing offenders under 17 years of age.

The Ozark Correctional Center (OCC) is a minimum security institution established in 1961 on a site originally constructed as an Air Force radar base. The institution is located 25 miles southeast of Springfield in Webster County. The OCC also supervises Camp Hawthorn, a minimum security, and work-release camp for 45 offenders at the Lake of the Ozarks located in Miller County.

The Potosi Correctional Center (PCC) at Potosi, Missouri in Washington County, is a maximum security institution opened in January 1989. This facility is the first lease-purchase facility in the history of the state.

The South Central Correctional Center (SCCC) is a maximum security facility located at Licking in Texas County. It opened in June 2000.

The Southeast Correctional Center (SECC) is a maximum security facility located at Charleston in Mississippi County. It opened in September 2001 and can house 1,596 inmates.

The Tipton Correctional Center (TCC) in Moniteau County is a minimum security institution. TCC was placed under the administration of the Missouri Department of Corrections in 1960 and served as the state prison for women. The facility now houses male offenders.

The Western Missouri Correctional Center (WMCC) is a medium to minimum security institution opened in January 1989. It is located near Cameron, Missouri in DeKalb County.

The Western Reception Diagnostic and Correctional Center (WRDCC) is a reception and diagnostic center located in St. Joseph, Missouri in Buchanan County that accepts offenders from the western areas of the state. WRDCC was constructed on property transferred from the Department of Mental Health.

The Women's Eastern Reception Diagnostic and Correctional Center (WERDCC) is located in Vandalia, Missouri, in Audrain County. WERDCC houses minimum through maximum security female offenders. The facility opened in 1998.

#### BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole consists of seven full-time members appointed by the Governor, with the advice and consent of the Senate. Terms of members are for six years on a staggered basis. The chairman is appointed by the Governor and is the chief administrative officer of the board in charge of the board's operations, funds and expenditures.

Board member Cranston Mitchell, whose term was to expire during April 2002, resigned from the Board on March 25, 2002, and his position remains unfilled. Prior to his resignation his services had been "loaned" to the National Institute of Corrections from January 2000 as arranged by the U.S. Department of Justice. Until his resignation, all salary costs were reimbursed to the state of Missouri by the Institute.

As of June 30, 2002, members of the Board of Probation and Parole were:

		<u>Term Expires</u>
Denis Agniel	Chairman	December 2005
Jandra Carter	Member	August 2002
Fannie Gaw	Member	April 2006
Richard Lee	Member	April 2003
Donna White	Member	August 2006
Vacant	Member	April 2002
Darrel Ashlock	Member	April 2004

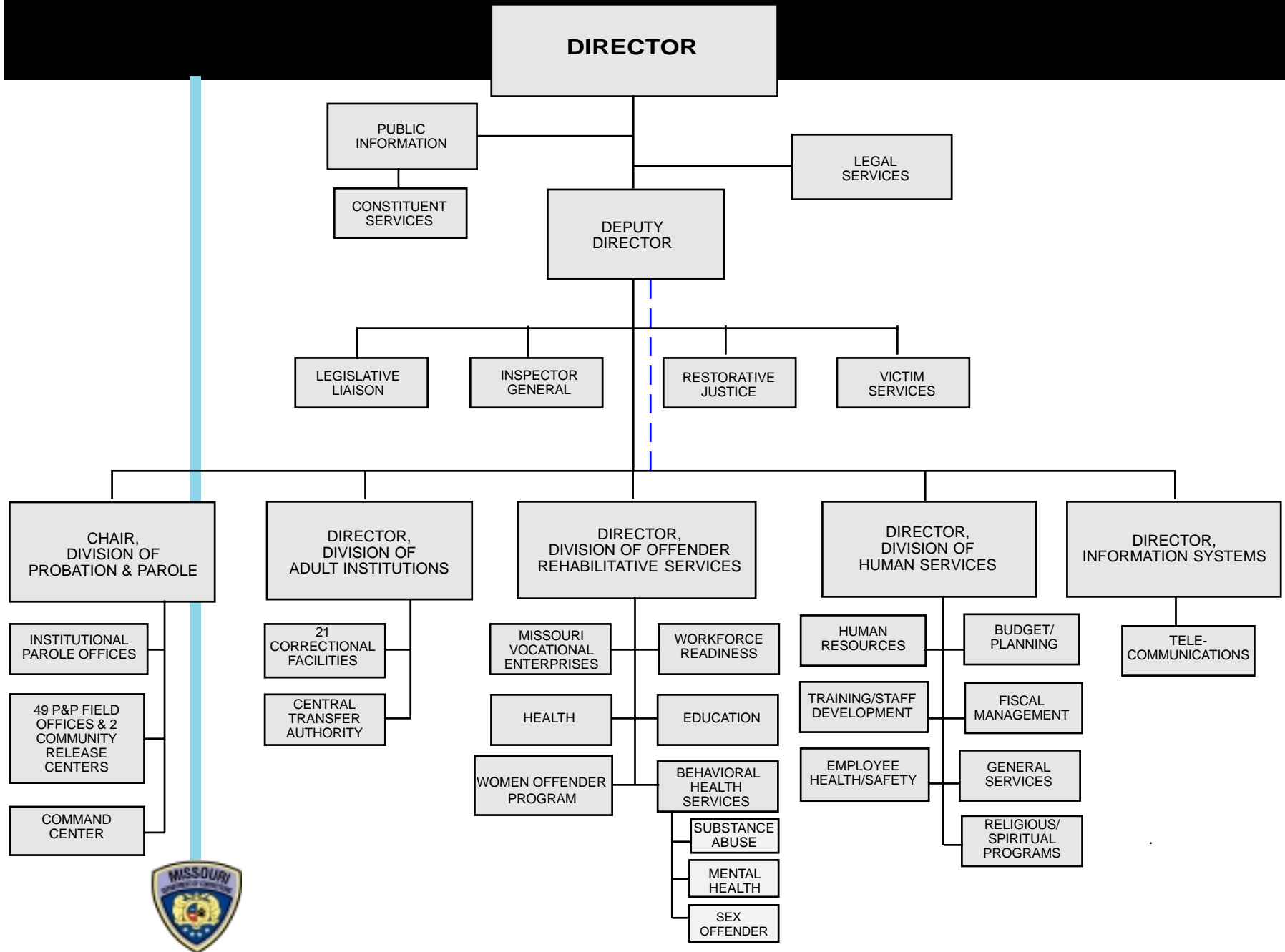


During fiscal year 2001, the Board supervised nearly 96,000 offenders through fifty-five district and satellite offices throughout the state. The Board of Probation and Parole also manages the operation of the Kansas City Community Release Center and the St. Louis Community Release Center. Up to 800 offenders are housed at the release centers during transition from institutional to community placement.

#### DIVISION OF OFFENDER REHABILITATIVE SERVICES

The Division of Offender Rehabilitative Services was originally organized pursuant to Executive Order as the Division of Classification and Treatment in May 1985. The division is the arm of the department responsible for developing and delivering interventions and services necessary for offenders to correct their criminal behaviors and become more productive at each point in the department's supervision continuum. These services and interventions included academic and vocational education and substance abuse treatment services. The division oversees the contracted medical, mental health and sex offender treatment programs. In 1990, Missouri Vocational Enterprises was transferred to the division.

# Missouri Department of Corrections



Appendix A

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF RECEIPTS (BY FUND)

Year Ended June 30,										
2001					2000					
Department of	Working Capital	Inmate	Correctional	Total	Department of	Working Capital	Inmate	Correctional	Total	
Corrections -	Revolving	Revolving	Substance Abuse	(Memorandum	Corrections -	Revolving	Revolving	Substance Abuse	(Memorandum	
Federal	Fund	Fund	Earnings Fund	Only)	Federal	Fund	Fund	Earnings Fund	Only)	
Federal receipts	\$ 8,014,954	0	0	0	8,014,954	9,878,409	0	0	0	9,878,409
Product sales	0	34,193,725	0	0	34,193,725	0	26,995,468	0	0	26,995,468
Offender reimbursement for housing and services	0	0	3,994,672	0	3,994,672	0	0	3,454,791	0	3,454,791
Offender program participation fees	0	0	0	89,083	89,083	0	0	0	70,552	70,552
Total	\$ 8,014,954	34,193,725	3,994,672	89,083	46,292,434	9,878,409	26,995,468	3,454,791	70,552	40,399,220

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Civil Commitment Unit Personal Services	\$ 0	0	0	327,308	230,976	96,332
Civil Commitment Unit	0	0	0	25,645	1,402	24,243
Fulton Reception and Diagnostic Center	0	0	0	101,555	89,470	12,085
Statewide Emergency Requirements	100,407	100,406	1	12	0	12
Statewide Hazardous Material	1	0	1	38,172	3,188	34,984
Statewide Unprogrammed Requirements	96,084	96,083	1	53,087	18,379	34,708
Statewide Roof Management System	0	0	0	12	0	12
Statewide Paving Management System	0	0	0	12	0	12
Fire Safety Improvement Enterprise	0	0	0	565,862	0	565,862
Construction Sallyport Ozark Correctional Center	0	0	0	321,084	0	321,084
Eastern Reception, Diagnostic and Correctional Center Personal Services	104,976	101,710	3,266	100,536	81,175	19,361
Eastern Reception, Diagnostic and Correctional Center Expense & Equipment	0	0	0	8,757	5,104	3,653
Western Reception, Diagnostic and Correctional Center Expense & Equipment	0	0	0	1,227,578	1,109,279	118,299
Community Treatment	243,750	60,208	183,542	250,000	0	250,000
Population Growth Pool	0	0	0	24,425,219	17,175,106	7,250,113
Fiscal Management Unit	402,389	395,478	6,911	480,221	360,395	119,826
Population Growth Pool Capital Improvement	0	0	0	100	0	100
Board of Probation and Parole	5,105,816	4,687,976	417,840	5,048,018	4,148,536	899,482
Security Pool	749,151	446,758	302,393	749,151	364,745	384,406
Vehicle Replacement	1	0	1	500,000	485,000	15,000
Kansas City Drug Program	0	0	0	11,999	0	11,999
Inmate Clothing	62,288	744	61,544	2,050,000	1,863,564	186,436
Institution Communication Purchases	1,593,924	1,562,597	31,327	1,981,925	1,840,529	141,396
Medical Services Personal Services and Expense & Equipment	0	0	0	208,988	122,025	86,963
JOBS Vocational Education Personal Services	14,900	10,491	4,409	745,000	722,650	22,350
JOBS Substance Abuse Personal Services	4,072,249	3,872,158	200,091	3,550,000	3,420,070	129,930
JOBS Academic Education Expense & Equipment	2,608,184	1,948,478	659,706	3,125,424	2,684,673	440,751
JOBS Substance Abuse Expense & Equipment	1,010,525	570,392	440,133	1,010,525	977,950	32,575
JOBS Vocational Education Expense & Equipment	235,243	23,992	211,251	235,243	170,411	64,832
JOBS Substance Abuse Expense & Equipment	3,879,095	3,667,746	211,349	3,559,095	3,201,026	358,069
Community Sentencing Allowance	132,870	32,176	100,694	132,870	27,230	105,640
Residential Treatment Facilities	6,496,900	6,059,573	437,327	6,496,900	5,901,994	594,906
Community Treatment	732,402	605,666	126,736	1,056,000	875,540	180,460
Department of Corrections Command Center Expense & Equipment	4,359	2,099	2,260	4,359	4,128	231
Division of Human Services Personal Services	4,404,301	4,060,789	343,512	3,451,371	3,222,577	228,794
Division of Human Services Expense & Equipment	271,737	167,128	104,609	259,341	228,810	30,531
Maintenance and Repair	1,218,750	829,685	389,065	1,250,000	1,140,799	109,201
Employee Health and Safety	351,208	305,742	45,466	733,000	707,692	25,308
Probation & Parole Personal Services	57,922,869	54,351,836	3,571,033	53,584,895	51,768,541	1,816,354
Probation & Parole Expense & Equipment	7,048,633	6,052,579	996,054	7,534,294	7,025,442	508,852
South Central Correctional Center Personal Services	11,783,095	9,919,219	1,863,876	0	0	0
South Central Correctional Center Expense & Equipment	1,075,821	1,013,578	62,243	0	0	0
Interim Housing Personal Services	1,939,824	1,388,861	550,963	0	0	0
Interim Housing Expense & Equipment	302,198	292,889	9,309	0	0	0
Design and Construction Facilities Improvements Statewide	238,112	33,861	204,251	523,027	284,915	238,112
Design and Construction Purchase and Lease Purchase of Correctional Facilities	2,553,734	2,553,734	0	3,384,123	301,782	3,082,341
Maintenance and Improvement Adult Institutions	89,521	38,757	50,764	255,994	166,473	89,521
Farmington Boot Camp Personal Services	526,115	481,924	44,191	499,916	483,853	16,063
Farmington Boot Camp Expense & Equipment	167,295	152,245	15,050	271,128	262,729	8,399
Western Reception, Diagnostic and Correctional Center Personal Services	15,358,661	13,528,455	1,830,206	13,168,339	12,773,288	395,051
Prison Start-up Costs	902,023	842,023	60,000	0	0	0
Population Growth Pool	4,424,681	4,239,081	185,600	0	0	0
Probation & Parole Leasing	287,000	287,000	0	0	0	0
Repair of Leased and/or State Owned Building Probation and Parole	437,438	433,213	4,225	0	0	0
Maryville Treatment Center	6,104,524	5,535,347	569,177	3,186,941	3,102,010	84,931
Department of Corrections Command Center Personal Services	342,871	293,489	49,382	326,300	262,887	63,413
Debt Retirement and Defeasment	2,513,134	2,513,134	0	1,000,000	0	1,000,000
General Services Personal Services	2,302,908	2,076,823	226,085	1,874,734	1,830,529	44,205
General Services Expense & Equipment	437,332	398,517	38,815	480,420	432,949	47,471
Medical Services Expense & Equipment	47,310,035	43,437,486	3,872,549	0	0	0
Mental Health Services Personal Services	4,240,873	4,182,032	58,841	0	0	0
Mental Health Services Expense & Equipment	4,659,127	1,735,694	2,923,433	0	0	0
Medical Equipment Expense & Equipment	718,000	421,465	296,535	0	0	0
Public School Retirement	1,792	0	1,792	1,829	0	1,829
Medical Staff Personal Services	460,609	431,274	29,335	0	0	0
Mental Health Assessments	138,676	88,439	50,237	0	0	0
Mental Health Assessments Expense & Equipment	11,324	0	11,324	0	0	0
Correctional Facility Leasing	272,960	272,960	0	272,960	122,700	150,260
Modular Office Furniture	0	0	0	717,512	717,512	0

	Year Ended June 30,					
	2001			2000		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE (con't)						
Crossroads Correctional Center Cameron Sewer System	\$ 3,352	3,351	1	0	0	0
Improvement Correctional Facility Levee Replacement	1,008,101	1,008,101	0	6,436,794	2,249,514	4,187,280
Information Systems	0	0	0	332,374	322,404	9,970
Crossroads Correctional Center	10,048,370	9,097,042	951,328	4,004,086	4,002,827	1,259
JOBS Academic Education Personal Services	5,208,311	5,091,231	117,080	4,485,306	4,350,747	134,559
JOBS Academic Education Expense & Equipment	3,393,331	2,771,153	622,178	1,940,769	1,226,991	713,778
JOBS Academic Education Hourly Personal Services	663,372	453,154	210,218	1,883,372	1,702,553	180,819
Probation & Parole Staff	0	0	0	2,049,120	1,267,755	781,365
Local Sentencing Initiative	5,150,000	4,328,025	821,975	7,150,000	4,354,972	2,795,028
Emergency Unprogrammed Requirements	114,153	95,481	18,672	264,450	153,717	110,733
Statewide Hazardous Materials Remediation	51	0	51	100,012	99,961	51
Statewide Roof Management System	12	0	12	12	0	12
Statewide Paving Management System	12	0	12	12	0	12
Improvement Facilities Roof Systems	310,633	302,129	8,504	411,721	101,088	310,633
Maintenance & Improvement Adult Institutions	815,044	815,044	0	1,944,597	120,196	1,824,401
Maintenance & Improvement Adult Institutions	2,287,185	2,287,184	1	7,467,259	4,664,665	2,802,594
DOC Statewide Prison Construction	53,083,021	52,583,020	500,001	109,109,862	46,740,628	62,369,234
Design and Construct Improvement Facilities Statewide	541,176	541,176	0	6,125,337	3,459,489	2,665,848
Missouri Eastern Correctional Center	6,465,475	5,919,562	545,913	3,088,104	2,973,289	114,815
Northeast Correctional Center	13,768,853	12,922,813	846,040	6,277,523	6,112,196	165,327
Eastern Reception, Diagnostic and Correctional Center Lease	8,287,500	8,287,500	0	9,250,000	8,402,239	847,761
Medical Services Personal Services	0	0	0	439,688	432,089	7,599
System Furniture State Owned Facilities	0	0	0	80,571	80,571	0
Chillicothe Correctional Center	3,552,341	3,466,080	86,261	1,540,039	1,520,039	20,000
Fuel and Utilities	13,740,762	13,710,404	30,358	12,400,000	11,982,222	417,778
Food Purchases	21,700,000	20,694,364	1,005,636	21,500,000	19,876,194	1,623,806
Jefferson City Correctional Center	16,382,437	15,418,024	964,413	6,290,428	6,151,713	138,715
Central Missouri Correctional Center	7,054,234	6,412,587	641,647	3,054,504	3,054,504	0
Women's Eastern Reception, Diagnostic and Correctional Center	10,700,518	9,764,679	935,839	6,201,966	5,888,194	313,772
Ozark Correctional Center	3,731,577	3,665,667	65,910	1,947,746	1,937,302	10,444
Tipton Correctional Center	9,658,962	9,082,378	576,584	5,183,022	5,040,578	142,444
Moberly Correctional Center	9,807,810	9,209,715	598,095	4,223,489	4,200,605	22,884
Algoa Correctional Center	7,528,306	7,245,228	283,078	3,588,080	3,586,887	1,193
Increased Inmate Population Costs	423,084	421,084	2,000	3,407,220	2,984,136	423,084
Lease Purchase Replacement Jefferson City Correctional Center	4,724,600	4,724,600	0	9,369,573	3,058,518	6,311,055
Office of the Director Staff Personal Services	2,692,094	2,548,437	143,657	2,548,119	2,440,299	107,820
Office of the Director Staff Expense & Equipment	239,732	207,409	32,323	253,595	227,854	25,741
Division of Adult Institutions Staff Personal Services	1,826,496	1,672,890	153,606	805,104	768,104	37,000
Division of Adult Institutions Staff Expense & Equipment	279,927	265,589	14,338	271,110	256,967	14,143
St. Louis Community Release Center	3,533,799	3,271,215	262,584	2,053,673	2,023,946	29,727
Kansas City Community Release Center	1,963,015	1,733,968	229,047	901,428	899,882	1,546
Boonville Correctional Center	7,638,580	7,522,433	116,147	3,385,364	3,380,603	4,761
Wage & Discharge costs	3,246,750	3,149,347	97,403	3,330,000	3,230,100	99,900
Telecommunications	2,707,818	2,626,312	81,506	2,720,000	2,279,481	440,519
Staff Training	1,906,575	1,457,314	449,261	1,850,000	1,497,881	352,119
Division of Rehabilitative Services Staff Personal Services	1,741,988	1,697,734	44,254	1,792,739	1,581,684	211,055
Division of Rehabilitative Services Staff Expense & Equipment	79,130	59,153	19,977	82,759	69,869	12,890
Farmington Correctional Center	13,328,856	13,127,875	200,981	5,078,090	5,049,973	28,117
Farmington Correctional Board of Public Buildings Personal Services	1,207,830	1,122,071	85,759	1,151,778	1,150,983	795
Farmington Correctional Board of Public Buildings Expense & Equipment	175,547	171,348	4,199	180,048	177,102	2,946
Institutional Security Pool	9,486,698	8,737,277	749,421	91,763,609	87,215,280	4,548,329
Fulton Reception and Diagnostic Center	7,937,933	7,799,123	138,810	4,038,074	3,926,225	111,849
Fulton Reception & Diagnostic Center Board of Public Buildings Personal Services	564,366	496,809	67,557	537,496	534,658	2,838
Fulton Reception & Diagnostic Center Board of Public Buildings Expense & Equipment	48,533	45,085	3,448	49,778	36,881	12,897
Information systems Personal Services	2,303,321	2,142,113	161,208	780,689	757,268	23,421
Information systems Expense & Equipment	4,581,141	4,408,324	172,817	2,376,619	2,263,007	113,612
Western Missouri Correctional Center	12,940,423	12,939,875	548	7,249,180	6,769,503	479,677
Potosi Correctional Center	8,445,160	8,296,375	148,785	3,819,337	3,816,950	2,387
Potosi Correctional Center Lease	13,650	0	13,650	14,000	10,605	3,395
Fuel and Utilities Board of Public Buildings	2,561,250	2,408,550	152,700	2,150,000	2,149,109	891
Electronic monitoring	817,823	769,119	48,704	1,108,448	1,010,689	97,759
Institutional Expense & Equipment Pool	12,960,239	12,607,660	352,579	11,956,925	10,949,039	1,007,886
Medical Services Personal Services and/or Expense & Equipment	0	0	0	3,881,395	3,789,104	92,291
Medical Services Expense & Equipment	0	0	0	46,720,143	46,628,047	92,096
TOTAL GENERAL REVENUE FUND - STATE	533,843,952	498,208,171	35,635,781	605,563,317	487,709,909	117,853,408

## Appendix B (con't)

	Year Ended June 30,					
	2001			2000		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
<b>FACILITIES MAINTENANCE RESERVE FUND</b>						
Statewide Emergency Requirements	\$ 21,324	21,323	1	12	0	12
Statewide Hazardous Material	0	0	0	12	0	12
Statewide Unprogrammed Requirements	0	0	0	12	0	12
Statewide Roof Management System	14,516	14,515	1	12	0	12
Statewide Pavement Management System	0	0	0	12	0	12
Statewide Maintenance and Repair	134,944	134,943	1	12	0	12
Boiler Replacement	123,202	123,201	1	852,300	19,320	832,980
Phase II Replacement Western Missouri Correctional Center	81,396	81,395	1	5,517,000	0	5,517,000
Project Design	275,825	275,825	0	300,179	0	300,179
Replace Main Electrical	86,260	86,260	0	123,192	11	123,181
Bolier Replacement	46,384	46,383	1	256,549	0	256,549
Chiller Replacement	172,333	162,633	9,700	172,333	0	172,333
Building Repair and Replacement	1,214,816	1,214,816	0	3,254,058	45,036	3,209,022
Phase II Replacement Moberly Correctional Center	792,216	792,215	1	1,545,140	249,766	1,295,374
Improvements of Facilities Statewide	2,933,023	2,115,886	817,137	3,872,949	2,616,195	1,256,754
<b>TOTAL FACILITIES MAINTENANCE RESERVE FUND</b>	<b>5,896,239</b>	<b>5,069,395</b>	<b>826,844</b>	<b>15,893,772</b>	<b>2,930,328</b>	<b>12,963,444</b>
<b>DEPARTMENT OF CORRECTIONS FEDERAL FUND</b>						
JOBS Expense & Equipment	400,000	400,000	0	400,000	400,000	0
Design and Construction Purchase and/or Lease Purchase of Correctional Facilities	15,587	15,587	0	152,087	126,270	25,817
Prison Start-up Costs	422,630	422,629	1	0	0	0
Medical Services Expense & Equipment	3,000,000	0	3,000,000	0	0	0
New Correctional Facilities	3,840,777	1,109,812	2,730,965	2,579,021	1,003,690	1,575,331
Department of Corrections Statewide Prison Construction	1,169,304	736,771	432,533	9,490,324	6,496,020	2,994,304
Food Purchases	450,000	449,953	47	450,000	433,959	16,041
Population Growth Pool	0	0	0	1	0	1
Federal Programs Grant	20,000	0	20,000	20,000	0	20,000
Federal Programs Personal Service	1,757,655	1,312,896	444,759	1,757,655	1,220,047	537,608
Federal Programs Expense & Equipment	3,222,345	1,849,114	1,373,231	3,432,540	1,687,680	1,744,860
<b>TOTAL DEPARTMENT OF CORRECTIONS FEDERAL FUND</b>	<b>14,298,298</b>	<b>6,296,762</b>	<b>8,001,536</b>	<b>18,281,628</b>	<b>11,367,666</b>	<b>6,913,962</b>
<b>4TH STATE BUILDING-SERIES A 1998 FUND</b>						
Fuel Tank Remediation Statewide	75,606	75,605	1	1,617,491	0	1,617,491
Fire Safety Improvement enterprise	207,301	207,301	0	3,763,405	14,652	3,748,753
Design and Construction Tipton Correctional Center	1,127,054	1,127,053	1	1,592,396	107,980	1,484,416
Design, Construction and Installation of Emergency Generators Statewide	89,158	89,157	1	1,301,470	0	1,301,470
Improvement to Guard House Crossroads Correctional Center	25,117	25,116	1	242,730	0	242,730
Construction Sallyport Main Entry Ozark Correctional Center	11,724	11,724	0	62,216	5,392	56,824
Construction Sallyport Main Entry Potosi Correctional Center	25,829	25,829	0	411,889	2,352	409,537
Water Tower Well and Security System Farmington Correctional Center	699,356	699,356	0	2,833,203	18,912	2,814,291
Eastern Reception, Diagnostic and Correctional Center Construction	2,136,917	2,136,917	0	0	0	0
Design and Construction of New Correctional Facilities	199,901	199,900	1	2,082,320	1,841,259	241,061
Department of Corrections Statewide Prison Construction	0	0	0	227,185	227,185	0
<b>TOTAL 4TH STATE BUILDING-SERIES A 1998 FUND</b>	<b>4,597,963</b>	<b>4,597,958</b>	<b>5</b>	<b>14,134,305</b>	<b>2,217,732</b>	<b>11,916,573</b>
<b>WORKING CAPITAL REVOLVING FUND</b>						
Installation of Exterior Sheeting and Interior Heating Central Warehouse	441,622	341,122	100,500	458,463	16,841	441,622
Electrical Upgrade Moberly Missouri Vocational Enterprises Facilities	376,529	0	376,529	376,529	0	376,529
Division of Adult Institutions Staff Personal Services	53,340	52,406	934	0	0	0
Jefferson City Correctional Center Personal Services	186,691	183,203	3,488	0	0	0
Moberly Correctional Center Personal Services	160,021	159,974	47	0	0	0
Missouri Eastern Correctional Center Personal Sservices	53,340	52,748	592	0	0	0
JOBS Vocational Education Personal Services	1,003,423	1,003,372	51	0	0	0
JOBS Vocational Education Expense & Equipment	268,043	0	268,043	0	0	0
General Services Personal Services	70,695	53,754	16,941	66,926	51,949	14,977
Vocational Services Expense & Equipment	27,697,542	17,090,300	10,607,242	28,395,869	20,086,225	8,309,644
Vocational Enterprises Personal Services	7,394,138	6,232,248	1,161,890	7,049,562	5,685,599	1,363,963
Prison Industry Enhancement	962,762	0	962,762	962,762	0	962,762
Division of Rehabilitative Services- Missouri Vocational Enterprises	173,585	127,814	45,771	173,585	127,814	45,771
Improvement Correctional Facility Levee Replacement	60,888	0	60,888	60,888	0	60,888
Fuel and Utilities	2,931,502	2,931,489	13	358,000	315,781	42,219
Population Growth Pool	0	0	0	1	0	1
Telecommunications	256,400	0	256,400	256,400	0	256,400
Institutional Security Pool	0	0	0	431,003	431,003	0
<b>TOTAL WORKING CAPITAL REVOLVING FUND</b>	<b>42,090,521</b>	<b>28,228,430</b>	<b>13,862,091</b>	<b>38,589,988</b>	<b>26,715,212</b>	<b>11,874,776</b>

## Appendix B (con't)

	Year Ended June 30,					
	2001			2000		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
INMATE REVOLVING FUND						
Residential Treatment Facilities	\$ 1,949,598	1,584,328	365,270	1,949,598	1,949,598	0
Ozark Correctional Center Personal Services	155,922	105,404	50,518	0	0	0
Inmate Fund Programs Personal Services	714,781	539,588	175,193	689,474	525,750	163,724
Inmate Fund Programs Expense & Equipment	126,097	122,298	3,799	126,097	1,980	124,117
Institutional Security Pool	0	0	0	148,100	148,100	0
Community Corrections Coordination Unit	156,684	76,978	79,706	146,194	101,926	44,268
Electronic Monitoring Program	1,103,110	647,666	455,444	1,103,110	0	1,103,110
TOTAL INMATE REVOLVING FUND	4,206,192	3,076,262	1,129,930	4,162,573	2,727,354	1,435,219
CRIME VICTIMS COMPENSATION FUND	82,500	82,500	0	82,500	61,480	21,020
AMERICAN DISABILITIES ACT COMPLIANCE FUND	24	0	24	24	0	24
CORRECTIONAL SUBSTANCE ABUSE EARNINGS FUND	264,600	919	263,681	264,600	0	264,600
TOTAL ALL FUNDS	\$ 605,280,289	545,560,397	59,719,892	696,972,707	533,729,681	163,243,026

Appendix C

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Salaries & Wages	\$ 280,956,399	271,529,342
Travel, In-State	2,641,219	3,693,946
Travel, Out-of-State	158,483	291,493
Fuel & Utilities	19,793,492	16,046,696
Supplies	0	0
Administrative Supplies	3,508,801	3,056,561
Laboratory & Medical Supplies	710,770	965,206
Merchandising Supplies	11,978,064	14,218,364
Repair, Maintenance, & Usage Supplies	6,284,109	6,779,531
Residential Supplies	25,320,388	23,862,152
Specific Use Supplies	2,006,725	2,294,869
Professional Development	574,024	533,526
Communication Services & Supplies	2,515,544	2,111,845
Health Services	45,333,836	47,410,314
Business Services	2,207,183	1,326,767
Professional Services	27,114,462	28,462,269
Housekeeping & Janitor Services	1,765,477	1,599,851
Equipment Maintenance & Repair Services	3,569,578	3,467,327
Transportation Maintenance & Repair Services	297,153	311,987
Computer Equipment	2,625,229	2,610,202
Educational Equipment	186,755	100,971
Electronic & Photo Equipment	1,374,356	1,661,755
Medical & Laboratory Equipment	520,722	210,701
Motorized Equipment	786,579	1,911,844
Office Equipment	1,381,390	1,588,959
Other Equipment	0	0
Specific Use Equipment	2,666,240	4,061,763
Stationary Equipment	58,617	55,565
Property & Improvements	79,159,526	73,605,196
Debt Service	8,287,500	8,402,239
Real Property Rentals & Leases	6,267,365	5,425,298
Equipment Rental & Leases	0	0
Equipment Lease Payments	98,855	24,506
Building & Equipment Rentals	116,168	335,811
Miscellaneous Expenses	5,250,908	5,643,697
Rebillable Expenses	44,480	129,128
Total Expenditures	\$ 545,560,397	533,729,681



# Appendix D

## Inmate Population at December 31 for the Six Years Ended 2001

Institution	Bed Capacity*	December 31,					
		2001	2000	1999	1998	1997	1996
Algoa Correctional Center	1,565	1,529	1,525	1,555	1,634	1,731	1,548
Boonville Correctional Center	1,386	1,302	1,308	1,606	1,547	1,643	1,403
Central Missouri Correctional Center	1,000	994	966	995	987	749	717
Chillicothe Correctional Center	525	517	516	462	415	696	668
Crossroads Correctional Center	1,500	1,372	1,463	1,478	1,446	1,476	0
Eastern Regional Diagnostic and Correctional Center**	2,684	0	0	0	0	0	0
Farmington Correctional Center	2,620	2,479	2,472	2,544	2,683	2,843	2,877
Fulton Reception and Diagnostic Center	1,626	2,067	1,655	1,876	1,895	1,862	1,867
Jefferson City Correctional Center	2,040	1,956	1,955	1,889	1,790	2,239	2,037
Kansas City Community Release Center	300	278	289	237	231	223	206
Maryville Treatment Center	525	524	522	524	522	316	160
Missouri Eastern Correctional Center	1,100	1,097	1,100	1,100	1,093	1,288	1,084
Moberly Correctional Center	1,800	1,797	1,800	1,798	1,655	1,799	1,799
Northeast Correctional Center	1,975	1,920	1,882	1,702	1,592	0	0
Ozark Correctional Center	695	688	690	688	688	695	683
Potosi Correctional Center	792	789	777	814	803	817	812
Mineral Area Treatment Center***	100	88	96	84	63	90	84
St Louis Community Release Center	500	399	469	472	474	467	388
South Central Correctional Center	1,596	1,414	1,196	0	0	0	0
Southeast Correctional Center****	1,500	288	0	0	0	0	0
Tipton Correctional Center	1,088	1,082	874	1,142	1,072	1,215	1,078
Western Missouri Correctional Center	2,619	2,605	2,533	2,302	2,308	2,617	2,609
Western Reception, Diagnostic and Correctional Center	1,934	1,899	1,884	1,602	745	0	0
Women's Eastern Reception, Diagnostic and Correctional Center	1,588	1,522	1,366	1,404	1,335	0	0
Park Building Treatment Center	0	0	0	0	0	614	472
Renz Correctional Center	0	0	0	0	0	217	226
Texas Cell Lease	0	0	0	0	0	55	911
<b>Total Custody</b>	<b>33,058</b>	<b>28,606</b>	<b>27,338</b>	<b>26,274</b>	<b>24,978</b>	<b>23,652</b>	<b>21,629</b>

Source: Department of Corrections

\* Adjusted capacity as of December 31, 2001

\*\* Eastern Regional Diagnostic and Correctional Center opened May 1, 2002.

\*\*\* The Mineral Area Treatment Center is located on the grounds of the Potosi Correctional Center

\*\*\*\*The Southeast Correctional Center opened in 2001

\*\*\*\*\*



**MISSOURI 3RD CLASS COUNTIES**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-113  
November 21, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2002

**IMPORTANT:** This report contains information about the ninety (90) Missouri counties which do not have a county auditor. Using recently issued audit reports, county budgets, and county published financial statements, this report has been compiled to show comparative financial information. Data for the years 2001, 2000, and 1999 are presented in this report.

---

The highlights of our review include financial data regarding significant county funds (such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds) and comments regarding our review of the 1999 federal award expenditures, the 2001 published financial statements, and findings reported in the most recently issued audit reports of all counties.

The majority of the counties' General Revenue and Special Road and Bridge Funds had receipts and disbursements ranging from \$500,000 to \$1,499,999. Sales tax is the main source of receipts (average of 39 percent for all counties) for the General Revenue Fund, while intergovernmental revenues, such as federal and state aid, are the main source of receipts (average of 64 percent for all counties) for the Special Road and Bridge Fund.

General County Government represents the main disbursement category (average of 43 percent for all counties) for most counties' General Revenue Fund. Public Safety represents the next major disbursement category (average of 35 percent for all counties). For counties having a law enforcement sales tax, public safety disbursements may be paid from a law enforcement sales tax fund rather than the General Revenue Fund.

Sales tax funds are established by counties to account for additional sales taxes approved by voters and earmarked for a specific purpose, including capital improvements, law enforcement, and road and bridge work. Fifty-three counties have established one or more of these funds. During 2001 receipts into these type funds totaled approximately \$56 million.

Most counties receive federal financial assistance to operate various federal programs. While the majority of counties expended \$300,000 or less in federal awards during 1999, a few expended more than \$900,000. Counties are required to submit a schedule of expenditures of federal awards (SEFA) to the State Auditor's Office with the annual budget. A review of each county's 1999 SEFA amounts determined that counties underreported federal award expenditures by approximately \$6.1 million. This is a significant improvement from the \$11 million federal award expenditures underreported by counties for 1998. However, inaccurate reporting could result in noncompliance with audit and reporting requirements which could result in future reductions of federal funds.

YELLOW SHEET

Counties are required to publish their annual financial statements by the first Monday in March of each year. A review of each county's 2001 published financial statements determined that all of the counties' financial statements were good or fair and presented a significant portion of the required statutory information. Approximately 73 percent of the counties published their financial statement by the statutory deadline.

Common county audit report findings involved budgetary practices and financial statements, reporting of federal grant expenditures, county property controls and records, payroll controls and procedures, bidding procedures, and written agreements/contracts. Other significant county findings included declining financial condition, inadequate or incomplete county commission minutes, and concerns relating to the administration of various federal awards. In addition, common findings related to county elected fee officials included receipting, depositing, and reconciliation procedures, as well as lack of segregation of duties.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# MISSOURI 3RD CLASS COUNTIES

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S TRANSMITTAL LETTER .....	1-3
EXECUTIVE SUMMARY .....	4-12
OBJECTIVE, SCOPE AND METHODOLOGY .....	13-17
SCHEDULES: .....	18-45

<u>Schedule</u>	<u>Description</u>	
	Total Receipts, Disbursements, and Cash Balances -	
1-A	General Revenue Fund .....	19-20
1-B	Special Road and Bridge Fund .....	21-22
	Ratio of Cash Balance to Disbursements -	
2-A	General Revenue Fund .....	23-24
2-B	Special Road and Bridge Fund .....	25-26
	Percentage Composition of Receipts by Source -	
3-A	General Revenue Fund .....	27-28
3-B	Special Road and Bridge Fund .....	29-30
4	Percentage Composition of Disbursements by Function – General Revenue Fund .....	31-38
5	Total Receipts, Disbursements, and Cash Balances - Sales Tax Funds .....	39-41
6	Schedule of Expenditures of Federal Awards (SEFA) - Comparison of Audited and County SEFA Amounts For 1999 .....	42-43
7	Schedule of 2001 Published Financial Statements Overall Evaluation, Date and Cost of Publication .....	44-45

STATE AUDITOR'S TRANSMITTAL LETTER



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
County Commissions

The Missouri State Auditor's office, as required by Section 29.230, RSMo 2000, is responsible for audits of counties throughout the state that have not elected a county auditor. Currently, there are ninety such 3rd class counties. The State Auditor is required to conduct county audits once every four years; however, to assist counties in meeting federal audit requirements, the State Auditor also performs or contracts for a financial and compliance audit of various county operating funds every two years.

This report was compiled using recently issued audit reports, county budgets, and county published financial statements. The objectives of this report were to:

1. Compile various financial information of all 3rd class counties into comparative schedules.
2. Assess county data in relation to all 3rd class counties and identify significant trends or changes.
3. Identify the most common problems reported in audits of 3<sup>rd</sup> class counties.

Because this report is based upon a combination of audited and unaudited information, no opinion can be expressed as to the accuracy of the unaudited amounts. This, along with differences that exist between counties with regard to their organization, funding sources, and financial reporting procedures, results in some comparison problems.

The State Auditor's office has issued an aggregate report on Missouri 3rd class counties for several years. To improve the presentation and better reflect information of interest to readers, changes have been made to the overall format and content of the report through the

years. For example, this year's report presents data and comments regarding frequently noted audit report findings. We continue to solicit suggestions that may be beneficial to those involved in county government and other readers of this report.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

July 19, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Susan Fifer



## EXECUTIVE SUMMARY

## MISSOURI 3RD CLASS COUNTIES EXECUTIVE SUMMARY

The following tables, charts, and conclusions are highlights of our review of financial information of the 3rd class counties in Missouri. These highlights represent data of significant county funds, such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds. In addition, highlights are included from our review of the 1999 federal award expenditures, the 2001 published financial statements of all counties, and the written findings in the most recently issued audit reports of all counties. Specific information has also been compiled into Schedules 1 through 7 of this report.

### Overall receipts and disbursements

The following charts categorize the counties based on receipts and disbursements of the General Revenue and Special Road and Bridge Funds for the three years ended December 31, 2001, as presented in Schedules 1-A and 1-B.

General Revenue Fund						
	Receipts			Disbursements		
	2001	2000	1999	2001	2000	1999
< \$ 500,000	2	4	4	3	4	5
500,000 - 999,999	21	23	31	18	22	28
1,000,000 - 1,499,999	27	24	19	30	25	21
1,500,000 - 2,000,000	12	13	11	11	15	15
> \$ 2,000,000	28	26	25	28	24	21
Total	90	90	90	90	90	90

Special Road and Bridge Fund						
	Receipts			Disbursements		
	2001	2000	1999	2001	2000	1999
< \$ 500,000	4	3	2	5	5	2
500,000 - 999,999	28	32	36	28	31	38
1,000,000 - 1,499,999	33	34	31	28	32	34
1,500,000 - 2,000,000	14	14	15	17	12	10
> \$ 2,000,000	11	7	6	12	10	6
Total	90	90	90	90	90	90

### Measuring financial condition

One method for measuring financial condition is to compare a fund's year-end cash balance to disbursements for the year. As shown on Schedule 2-A and 2-B, over the past three years the General Revenue Fund ratio and Special Road and Bridge Fund ratio have experienced little change. These schedules show the 2001 average cash balance to disbursement ratio was .29 and

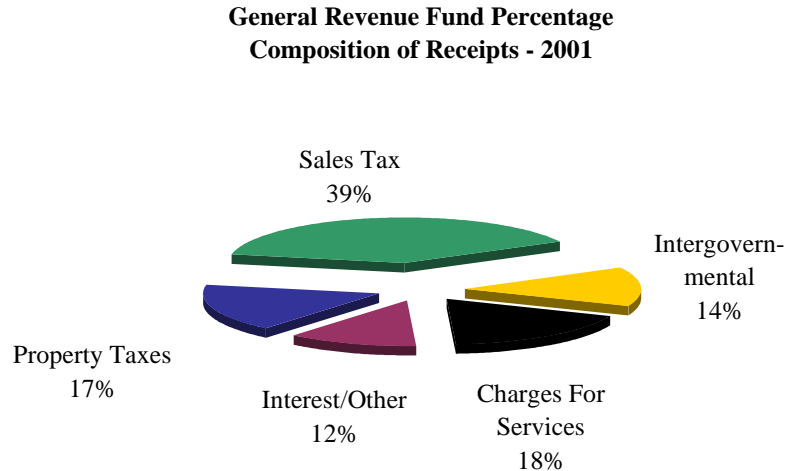
.31 for the General Revenue Fund and Special Road and Bridge Fund, respectively. These average ratios indicate cash available at year-end would fund county operations for approximately three to four months. The following table categorizes the counties based on the cash balance to disbursements ratios during the last three years.

		General Revenue Fund			Special Road and Bridge Fund		
Cash Balance: Disbursements		2001	2000	1999	2001	2000	1999
>	.90:1	5	6	3	5	6	6
	.76:1 - .90:1	3	2	4	3	4	8
	.61:1 - .75:1	4	6	5	3	7	6
	.46:1 - .60:1	8	3	7	9	5	4
	.31:1 - .45:1	10	15	12	13	9	10
	.16:1 - .30:1	26	24	23	23	21	20
	.0:1 - .15:1	30	30	33	32	38	35
<	0	4	4	3	2	0	1
Total		90	90	90	90	90	90

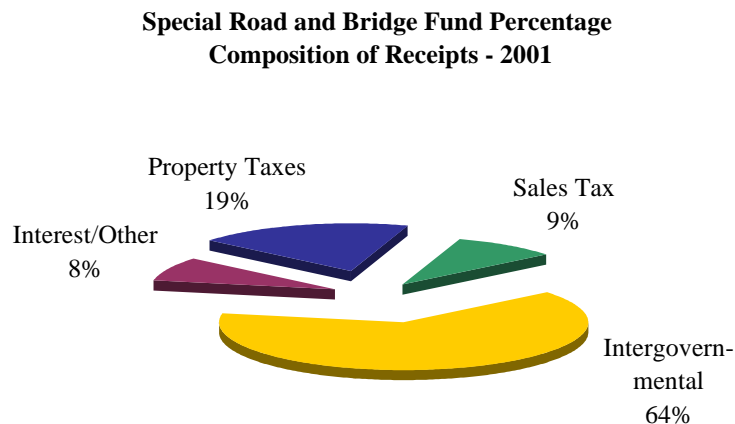
The table above shows that the majority of counties have a cash balance to disbursements ratio of .30 or less for both the General Revenue and Special Road and Bridge Fund. A declining ratio may be indicative of a poor or worsening financial condition, while a growing ratio might represent a county's effort to accumulate and reserve monies for a significant future purpose or an improved financial condition. While the cash balance to disbursements ratio can assist in analyzing financial condition, such factors as types of receipts, cash flow, receivables, debt, and discretionary versus mandated disbursements also have a significant effect on the financial well-being of a county. Additionally, the availability of sales tax funds as shown on Schedule 5 or an unusually large spending level in one year can distort the financial condition analysis.

## Breakdown of receipts

Sales tax receipts represent the main source of receipts for most counties' General Revenue Fund and are used to assist in meeting day-to-day operating and law enforcement costs. Schedule 3-A presents the composition of receipts into the General Revenue Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2001. There has been little change in the percentages for the three years ended December 31, 2001.

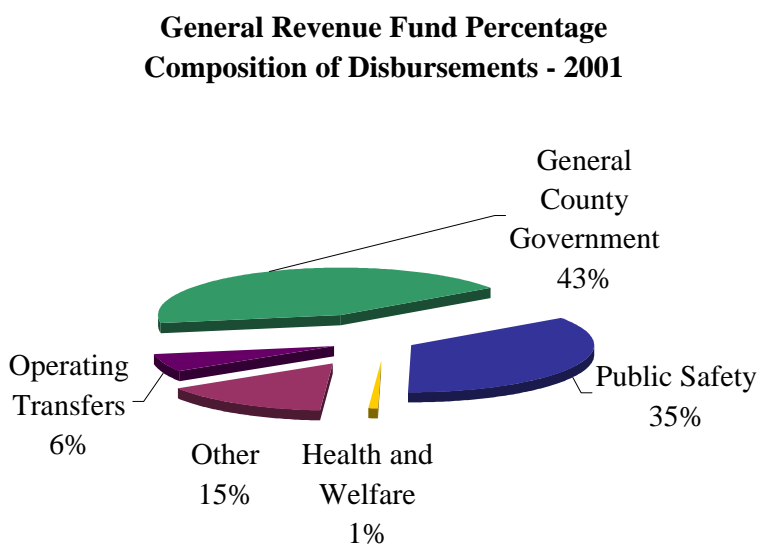


Intergovernmental revenues represent the main source of receipts for most counties' Special Road and Bridge Fund. Intergovernmental revenues include state distributions of county aid road trust (CART) monies, federal bridge project and disaster monies, and other government distributions. Schedule 3-B presents the composition of receipts into the Special Road and Bridge Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the Special Road and Bridge Fund for all 3rd class counties for 2001. There has been little change in the percentages for the three years ended December 31, 2001.



## Breakdown of disbursements

General County Government represents the main disbursement category for most counties' General Revenue Fund. For counties having a law enforcement sales tax, public safety disbursements may be paid from a law enforcement sales tax fund rather than from the General Revenue Fund. The majority of the counties do not have health and welfare disbursements from the General Revenue Fund. Those with significant disbursements in this category generally do not have a county health center board. Schedule 4 presents the composition of disbursements by function from the General Revenue Fund for each county. The following chart depicts the average disbursement amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2001. There has been little change in the percentages for the three years ended December 31, 2001.



In addition to the law enforcement sales tax funds mentioned above, many counties also have capital improvement sales tax funds and/or road and bridge sales tax funds. The availability and use of these monies may impact the disbursements of the General Revenue Fund and Special Road and Bridge Fund, and how these funds are utilized.

Schedules 3-A, 3-B, and 4 show that the "Other" receipts and disbursements categories are becoming more significant in some counties. Various receipt and disbursement classifications are combined for report presentation. Therefore, the noted increases in these categories are not necessarily representative of an increase in the 3rd class counties classifications of "Other" receipts and disbursements. However, when appropriate, counties need to classify receipts and disbursements in more specific and suitable categories.

## **Sales tax funds**

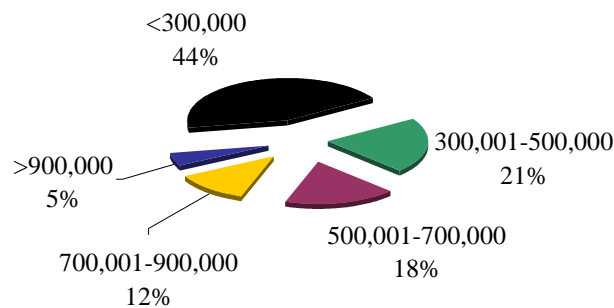
Many counties have significant sales tax receipts. Schedule 5 presents receipts, disbursements and cash balances information for various sales tax funds established by the counties that are not otherwise presented in the General Revenue and Special Road and Bridge Funds. These funds represent additional sales taxes approved by voters and earmarked for a specific purpose. Without sales taxes, capital improvement projects might have to be canceled, deferred, or funded through other county funds, and the services currently provided by the counties might have to be reduced. Of the 3rd class counties, fifty-three have established one or more of these sales tax funds. For 2001 we noted twenty-four capital improvement sales tax funds with receipts totaling approximately \$13.2 million, thirty-four law enforcement sales tax funds with receipts totaling approximately \$36.3 million, and eleven road and bridge sales tax funds with receipts totaling approximately \$6.7 million. A review of data for the last several years shows that the overall level of activity of receipts and the cash balances in these types of funds has increased.

## **Federal awards**

Most counties receive federal financial assistance to operate various federal programs. Each county is required to prepare and submit a schedule of expenditures of federal awards (SEFA) to the State Auditor's Office with the annual budget. A summary of each county's 1999 SEFA amounts is presented on Schedule 6. Federal regulations require political subdivisions expending \$300,000 or more of federal funds in either year of the audit period to obtain a single audit. As indicated in the schedule, one county's SEFA information indicated no federal monies were expended. Through compilation of federal data and/or an audit, it was determined this county had federal award expenditures that should have been reported. Overall, of the total audited federal award expenditures of approximately \$37.5 million, counties underreported federal award expenditures by approximately \$6.1 million. This is a significant improvement from the \$11 million federal award expenditures underreported by counties for 1998. However, without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions of federal funds.

The level of federal award expenditures varies from county to county. The following chart presents the percentage of counties whose federal award expenditures fall within specific dollar ranges. (However, when considering the two years of information, approximately 74 percent of the 3rd class counties actually were required to have a single audit.)

### 1999 Federal Award Expenditures



### Published financial statements

Section 50.800, RSMo 2000, requires counties to publish their annual financial statements by the first Monday in March of each year. The published financial statements of all 3rd class counties were reviewed for statutory compliance. Schedule 7 presents an overall evaluation of each county's published financial statement, along with the date and cost of publication. All of the counties' financial statements were evaluated as good or fair and presented a significant portion of the required statutory information. However, some that were evaluated as fair had more significant problems than others. Our review determined that counties' interpretations of the statutory requirements differ greatly, and identified numerous inconsistencies in the formats of presentation and information included in the financial statements.

The overall evaluations referred to above represent a conclusion based on various attributes; primarily, which county funds were included in the published financial statements and the level of expenditure details provided for the county funds presented. For these attributes, our review determined the following:

- Sixty-seven counties included data on most county funds or at least the significant county funds, such as General Revenue, Special Road and Bridge, and Assessment. The other twenty-three counties omitted some funds.
- Seventy counties included expenditure detail by vendor for some county funds or at least the significant county funds. The other twenty counties either did not provide the necessary detail or it was not determinable which county funds were included in the expenditure detail.

Our review of the publication dates of the financial statements noted the following:

- Only sixty-six counties published their financial statements by the statutory deadline. However, nine of the twenty-four counties that did not meet the deadline did publish their financial statements within one week after the statutory deadline.

Although the overall number of counties including data on most county funds or sufficient expenditure details changed from 2000 to 2001, a review of individual counties showed that some provided more or less information than in the previous year's published financial statements. In order for the published financial statements to be meaningful and adequately inform the citizens of the county's financial activities, the statements need to be published timely and include all county funds with sufficient detail.

### **Common audit findings**

The most common problems reported in county audit reports were determined. The following list of frequent county findings was compiled utilizing the most recent audits of the ninety 3rd class counties. Some of the areas listed are not applicable to all counties and various parts of the findings may not have been present in all examples noted.

- Budgetary practices and financial statements

Budgets were not obtained and/or prepared for some county funds. Many budgets were inaccurate or incomplete, budget amendments were not always prepared when actual disbursements exceeded budgeted amounts, and in some cases, receipts and disbursements were not reasonably estimated. In addition, county published financial statements frequently did not include information for some county funds.

- Reporting of federal grant expenditures

County-prepared schedules of expenditures of federal awards (SEFA) did not include all federal programs and/or included inaccurate expenditure information for some federal programs presented.

- County property controls and records

Some counties did not maintain adequate property records, reconcile fixed asset additions and deletions to property records, or affix property tags to all county property. In addition, required physical inventories and inspections were not always performed by various county officials.

- Payroll controls and procedures

Counties frequently had inadequate written personnel policies or did not maintain adequate records to support overtime payments and/or compensatory time balances. Many did not monitor vacation and sick leave earned and taken. Time sheets were not always prepared and time sheets prepared were sometimes inadequate and not signed by a supervisor. In addition, some counties did not issue IRS Forms 1099-Miscellaneous as required.



- Bidding procedures

Counties did not always bid purchases in accordance with state law or solicit proposals for professional services. In addition, many counties did not adequately document their actions or decisions when obtaining bids.

- Written agreements/contracts

Adequate written agreements or contracts were not always maintained regarding county involvement with various entities or individuals.

In addition to these findings, other significant county findings included declining financial condition, inadequate or incomplete County Commission minutes, and concerns relating to the administration of various federal awards.

We also noted reoccurring concerns related to county elected officials that handle funds other than those reported on in this report. These findings included poor receipting, depositing, and reconciliation procedures, as well as lack of segregation of duties.

## OBJECTIVE, SCOPE, AND METHODOLOGY

## MISSOURI 3RD CLASS COUNTIES OBJECTIVE, SCOPE AND METHODOLOGY

### **Objective**

The objectives of this report were to 1) compile various financial information of all 3rd class counties into comparative schedules; 2) assess county data in relation to all 3rd class counties and identify significant trends or changes; and, 3) identify the most common problems reported in audits of 3<sup>rd</sup> class counties.

### **Scope**

This report is titled "Missouri 3rd Class Counties" because the ninety counties for which information is presented are counties of the 3rd class.

Several documents were used in compiling the information included in this report.

- A recent audit report for each county was used to obtain audited data and findings. Some counties had been audited through 2000, whereas other counties had only been audited through 1999.
- The 2002 county budgets contain information for 2001 and were used in compiling unaudited actual receipts and disbursements information for all counties for the year 2001. The unaudited actual receipts and disbursements information for 2000 was obtained from the 2001 county budgets.
- Each county's published financial statement for the year ended December 31, 2001.

### **Methodology**

Receipts, disbursements, and cash balance information for each county's General Revenue Fund and Special Road and Bridge Fund was compiled for 2001, 2000, and 1999. This information was placed in various schedules, tables, and charts for report presentation and analyzed for significant trends or changes, similarities and/or differences between counties, and the financial conditions of the counties. The compilation of the financial data is presented in Schedules 1-A, 1-B, 2-A, 2-B, 3-A, 3-B, and 4. The disbursement functions presented in Schedule 4 were compiled into five categories for Executive Summary purposes. The General County Government category is comprised of the following disbursement functions: County Commission, County Clerk, Elections, Buildings and Grounds, Fringe Benefits, Treasurer, Collector, Recorder, Circuit Clerk, Associate Circuit, Court Administration, and Public Administrator. The Public Safety category is comprised of the following disbursements functions: Sheriff, Jail, Prosecuting Attorney, Juvenile Officer, and Coroner. Health and Welfare, Other, and Operating Transfers are their own individual categories. In addition to the above mentioned schedules, various tables, charts, and comments regarding the General Revenue and Special Road and Bridge Funds are presented in the Executive Summary.

State laws provide for several different types of special-purpose sales taxes that may be imposed by county commissioners with approval by the majority of county voters. Schedule 5 presents receipts, disbursements and cash balances for various county sales tax funds for 2001, 2000, and 1999. The funds presented consist of additional sales taxes approved by voters, pursuant to Sections 67.547, 67.582, and 67.700 - 67.727, RSMo 2000, which are not placed in the county's General Revenue or Special Road and Bridge Funds. These sales taxes are earmarked for a specific purpose, including capital improvements, law enforcement, and road and bridge work. Some counties have more than one of these additional funds, in which case, the amounts have been added together for presentation purposes.

Federal regulations require auditees to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. Each county is required to prepare and submit a SEFA to the State Auditor's Office with the annual budget. Federal program expenditures information for 1999 was compiled and is presented in Schedule 6. This information is presented for 1999 because it is the most recent year that all 3rd class counties have been audited. This schedule presents the five federal award programs with the largest expenditures for all counties combined, with all other federal award expenditures compiled into a category labeled "Other". Although only 1999 data is presented, the audit period for the counties included another year (either 1998 or 2000). If the county expended \$300,000 or more in federal awards in either year of the audit period, the county was required to obtain a single audit. For those counties where a single audit was required, amounts presented were taken from audit reports containing the 1999 SEFA and an audited total is reflected. For counties where a single audit was not required, amounts presented were taken from the county-prepared SEFA and no audited total is presented. A total county SEFA amount (obtained from county-prepared SEFAs) is presented for all counties. For those counties that had a single audit, the total audited federal award expenditure amount was compared to the total county federal award expenditure amount, resulting in the "Over/(Under) Reported For Audited Counties" column.

The 2001 published financial statements of all the 3rd class counties were reviewed. Information required to be published was grouped into categories and each county was evaluated for accuracy, completeness, and compliance. The individual category evaluations were then averaged together for an overall county evaluation. The categories reviewed included the following: inclusion of and detail provided for county funds and expenditure/warrant detail. Publication date of the financial statements was also reviewed for compliance with state law; however, this area was not included in the overall evaluation of each county. The exclusion of publication date differs from the prior audit's methodology of determining each county's overall evaluation. Schedule 7 presents an overall evaluation, date of publication, and cost of publication for each county. The date and cost of publication were obtained from the affidavit of publication submitted by each county to the State Auditor's Office.

The most recently issued audit reports of all the 3rd class counties were reviewed. The most common audit findings were determined and are presented in the Executive Summary.

## Limitations

When analyzing the schedules and other data in this report, it is important to remember that audited and unaudited information has been used. When actual audit reports are issued for the years shown as unaudited, some differences may result. The presentation of a combination of audited and unaudited amounts results in some comparison problems. For example, a comparison of General Revenue Fund 1999 unaudited receipts to 1999 audited receipts shows a net difference of only about \$1.8 million or 1.3% of total 1999 receipts.

Funding sources (such as property tax levies, sales taxes, and state or federal grants) also vary between counties and can impact the analysis of the data.

Counties' accounting and financial reporting procedures differ. For example, some counties may account for special-purpose sales tax monies in separate funds; whereas, other counties may account for these monies as a part of the General Revenue or Special Road and Bridge Funds. Likewise, some monies available for general purposes may be kept in separate funds by some counties, while other counties account for such monies as a part of the General Revenue Fund. In addition, some counties may classify disbursements as one type of function whereas other counties may classify the same disbursements as another type of function.

Differences in classifying receipts and disbursements often exist between budget documents prepared by county officials and audit reports issued by the State Auditor's office and independent certified public accountants. Audit adjustments are sometimes made to receipts, disbursements, and cash balances presented on the various budgets to correct errors and reconciliation problems noted.

The manner in which receipts, disbursements, and audit findings are classified or reported may differ between audit reports issued by the State Auditor's office and those issued by independent certified public accountants. The following counties were audited by independent certified public accountants during 2000 and 2001:

Adair	Clark	Miller	Ripley
Audrain	Clinton	Nodoway	Schuyler
Butler	Dunklin	Pemiscot	Scott
Carroll	Henry	Ralls	

Counties do not always prepare budgets for various funds as required by law. If this occurs, unaudited data obtained from county budget documents will not be presented.

Taney and Newton Counties were included in the prior County Aggregate Report. These counties have since changed classifications and are no longer 3rd class counties. Therefore, they are not included in our current review of Missouri 3rd class counties.

Changes made in the methodology of reviewing published financial statements may impact the comparability of this year's and last year's evaluations. In addition, the results of our review of published financial statements during county audits may differ from this report. This review

focuses on certain aspects of the published financial statements and is conducted without the availability of county financial records.

Additionally, the structure and organization of the counties will cause some differences when comparing county information. Twenty-two of the 3rd class counties have a township form of government. These counties are as follows:

Barton	Daviess	Henry	Stoddard
Bates	DeKalb	Linn	Sullivan
Caldwell	Dunklin	Livingston	Texas
Carroll	Gentry	Mercer	Vernon
Chariton	Grundy	Nodaway	Wright *
Dade	Harrison	Putnam	

\* - In April 2001, voters approved a ballot issue to abolish the township form of government.

## SCHEDULES

## Schedule 1-A

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
GENERAL REVENUE FUND

County	December 31,									
	2001			2000			1999			
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	
Adair	\$ 1,853,631 *	1,745,717 *	348,854 *	1,973,731 *	1,759,295 *	240,940 *	1,879,458	1,916,042	26,504	
Andrew	1,161,048 *	1,153,150 *	1334735 *	1,117,912 *	1,056,073 *	1,326,837 *	1,124,138	974,732	1,264,998	
Atchison	983,896 *	978,783 *	231,410 *	962,585 *	1,067,309 *	226,297 *	896,469	958,149	331,021	
Audrain	2,427,285 *	2,403,971 *	1,393,469 *	2,440,244 *	2,132,750 *	1,370,155 *	2,168,278	1,839,893	1,062,661	
Barry	2,701,788 *	2,422,368 *	2,520,603 *	2,676,378	2,132,377	2,241,183	2,483,632	2,203,759	1,697,182	
Barton	750,032 *	773,573 *	283,759 *	762,899 *	769,240 *	307,300 *	725,604	749,232	313,641	
Bates	715,748 *	746,609 *	397,666 *	715,674 *	615,582 *	428,527 *	654,624	507,425	328,435	
Benton	1,636,571 *	1,567,009 *	322,769 *	1,469,980 *	1,452,789 *	253,207 *	1,443,623	1,429,467	236,016	
Bollinger	1,045,453 *	1,056,270 *	8,954 *	1,023,586 *	1,008,427 *	19,771 *	851,499	862,651	4,612	
Butler	4,381,560 *	4,577,913 *	656,636 *	4,619,453	4,269,348	852,989	4,717,875	4,377,728	502,884	
Caldwell	942,784 *	945,218 *	(76,256) *	811,194 *	854,015 *	(73,822) *	902,830	838,390	(31,001)	
Carroll	1,176,293 *	1,134,015 *	316,864 *	1,421,557	1,368,342	274,586	1,217,218	1,105,617	221,371	
Carter	629,782 *	586,813 *	163,457 *	579,539 *	562,455 *	120,488 *	651,076	602,190	103,404	
Cedar	1,036,939 *	1,309,662 *	119,312 *	981,724 *	936,339 *	392,035 *	1,012,844	935,532	346,650	
Chariton	1,100,179 *	1,156,630 *	90 *	1,128,765 *	1,203,913 *	56,541 *	1,082,223	1,337,102	131,689	
Christian	2,591,553 *	2,709,281 *	1,444,641 *	2,341,019 *	1,915,312 *	1,562,369 *	2,195,011	2,002,430	1,136,662	
Clark	869,194 *	904,808 *	281 *	759,164	766,418	35,895	820,146	780,661	43,149	
Clinton	1,759,332 *	1,720,066 *	90,882 *	1,606,196 *	1,629,526 *	51,616 *	1,531,970	1,523,128	74,946	
Cooper	1,785,349 *	1,652,123 *	1,620,280 *	1,779,127	1,559,414	1,487,054	1,672,187	1,577,519	1,267,341	
Crawford	2,288,132 *	2,269,367 *	57,484 *	1,991,860	2,008,662	38,719	1,853,656	1,825,157	55,521	
Dade	610,258 *	571,285 *	405,440 *	486,623	530,328	366,467	421,750	461,956	410,172	
Dallas	1,070,397 *	1,095,743 *	226,150 *	990,564	940,274	251,496	922,588	970,072	201,206	
Daviess	693,441 *	739,154 *	652,748 *	656,100	592,499	698,461	642,209	573,311	634,860	
DeKalb	1,178,974 *	1,233,947 *	17,367 *	1,006,356 *	1,022,698 *	72,340 *	961,918	997,858	88,682	
Dent	1,178,744 *	1,123,822 *	563,815 *	1,199,865 *	1,276,573 *	508,893 *	1,115,604	1,075,718	585,601	
Douglas	1,356,812 *	1,285,388 *	476,649 *	1,256,829 *	1,217,165 *	405,225 *	1,064,582	1,129,511	365,561	
Dunklin	2,715,961 *	2,503,219 *	2,202,489 *	2,904,200	2,312,935	1,989,747	2,531,777	2,056,963	1,398,482	
Gasconade	1,527,907 *	1,439,961 *	632,358 *	1,467,571 *	1,396,123 *	544,412 *	1,387,750	1,215,780	472,964	
Gentry	930,811 *	1,049,311 *	29,362 *	933,176 *	937,274 *	147,862 *	969,921	930,019	151,960	
Grundy	923,066 *	1,060,778 *	425,884 *	860,785	944,066	563,596	951,145	1,049,885	646,877	
Harrison	1,000,433 *	956,275 *	100,238 *	773,063	798,052	56,080	743,983	787,456	81,069	
Henry	2,122,119 *	2,213,210 *	311,842 *	2,153,952	2,185,620	402,933	2,018,346	1,927,676	434,601	
Hickory	1,156,929 *	1,030,652 *	313,704 *	1,050,652 *	1,037,813 *	187,427 *	1,022,738	1,008,191	174,588	
Holt	1,035,178 *	927,175 *	248,968 *	943,255	917,527	140,965	881,045	851,219	115,237	
Howard	809,241 *	1,004,265 *	193,664 *	975,894	1,101,220	388,688	943,668	984,058	514,014	
Howell	2,788,726 *	2,664,918 *	452,023 *	2,748,192	2,698,525	328,215	2,686,274	2,666,634	278,548	
Iron	1,350,756 *	1,265,496 *	460,909 *	1,216,017 *	1,204,349 *	375,649 *	1,220,961	1,161,542	363,981	
Knox	586,130 *	478,517 *	166,614 *	518,858 *	474,042 *	59,001 *	460,318	447,588	14,185	
Laclede	3,227,054 *	3,356,987 *	836,298 *	3,466,627	3,318,451	966,231	3,064,205	2,743,813	818,055	
Lawrence	2,923,574 *	2,818,075 *	743,845 *	2,793,030	2,704,441	638,346	2,631,194	2,619,591	549,757	
Lewis	1,257,784 *	1,120,326 *	338,621 *	1,150,556	1,073,571	201,163	975,325	1,069,869	124,178	
Lincoln	3,532,315 *	2,740,566 *	1,790,190 *	3,634,932 *	3,182,832 *	998,441 *	3,418,852	3,176,472	546,341	
Linn	1,211,258 *	1,187,397 *	490,139 *	1,213,868 *	1,113,373 *	466,278 *	1,060,044	1,011,164	365,783	
Livingston	1,535,685 *	1,591,384 *	222,042 *	1,645,849 *	1,500,921 *	277,741 *	1,493,188	1,556,572	132,813	
Macon	\$ 1,415,630 *	1,453,960 *	176,011 *	1,787,156 *	1,698,079 *	214,341 *	1,387,983	1,321,992	125,264	

\* Unaudited (see Objective, Scope and Methodology section)



## Schedule 1-A

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
GENERAL REVENUE FUND

County	December 31,								
	2000			1999			1998		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$ 1,127,945	* 762,792	* 380,468	1,177,622	1,187,158	15,315	1,100,694	1,092,336	24,851
Maries	1,008,153	* 1,080,878	* 9,664	1,014,926	1,025,100	82,389	875,251	851,027	92,563
Marion	2,996,108	* 3,472,868	* 191,886	3,338,550	3,281,363	668,646	3,310,574	2,995,913	611,459
McDonald	1,692,699	* 1,658,437	* 165,043	1,688,644	* 1,593,997	* 130,781	1,384,169	1,436,305	36,134
Mercer	700,420	* 704,415	* 131,079	591,629	606,797	135,074	564,795	539,683	150,242
Miller	2,342,427	* 1,938,220	* 926,138	2,338,235	* 2,284,080	* 521,931	2,136,519	1,966,954	467,776
Mississippi	1,860,406	* 1,974,931	* 562,766	1,915,483	* 1,741,114	* 677,291	1,582,139	1,523,485	502,922
Moniteau	1,130,467	* 1,171,332	* 1,357	1,054,835	1,046,799	42,222	980,256	991,067	34,186
Monroe	1,304,640	* 1,290,087	* 157,434	1,237,746	* 1,152,964	* 142,881	1,189,235	1,207,904	58,099
Montgomery	1,880,183	* 1,860,099	* 14,590	1,772,166	* 1,805,470	* (5,494)	1,704,121	1,753,015	27,810
Morgan	1,771,130	* 1,951,833	* 856,413	1,750,652	1,557,857	1,037,116	1,598,029	1,416,943	844,321
Nodaway	2,571,178	* 2,055,580	* 2,692,909	2,351,818	1,744,991	2,177,311	2,219,432	2,189,943	1,570,484
Oregon	1,082,880	* 1,039,797	* 644,304	1,050,437	* 1,073,594	* 601,221	988,517	1,013,114	624,378
Osage	938,936	* 1,005,974	* 86,288	959,158	* 936,621	* 153,326	844,302	853,598	130,789
Ozark	1,261,219	* 1,079,953	* 243,033	1,057,380	* 1,017,264	* 61,767	994,616	973,076	21,651
Pemiscot	2,082,558	* 2,210,584	* 76,133	2,140,876	2,051,337	204,159	2,003,547	2,087,006	114,620
Perry	2,045,789	* 2,134,465	* 428,187	2,047,768	2,034,822	516,863	1,951,712	1,794,856	503,917
Phelps	3,989,351	* 3,722,312	* 669,593	3,775,599	3,701,197	402,554	3,696,142	3,631,474	328,152
Pike	2,482,919	* 2,396,199	* 375,628	2,501,191	* 2,303,824	* 288,908	2,328,420	2,449,702	91,541
Polk	1,108,886	* 1,039,730	* 965,253	1,023,328	* 951,462	* 896,097	911,767	706,544	824,231
Pulaski	2,441,214	* 2,710,631	* 63,259	2,244,700	2,335,266	332,676	2,212,057	2,262,560	423,242
Putnam	679,419	* 656,086	* 92,174	417,412	432,622	68,841	407,818	406,896	84,051
Ralls	1,258,191	* 1,241,314	* 113,249	1,243,887	1,226,624	96,372	1,197,660	1,122,780	79,109
Randolph	2,787,434	* 2,777,486	* (134,688)	2,765,101	2,843,664	(144,636)	2,690,320	2,668,049	(66,073)
Ray	2,246,324	* 2,248,229	* 42,728	2,050,647	2,060,465	44,633	2,113,634	2,088,650	54,451
Reynolds	770,104	* 733,604	* 116,553	688,292	* 679,530	* 80,053	637,050	665,525	71,291
Ripley	555,309	* 509,346	* 418,165	608,779	667,242	372,202	555,443	484,512	430,665
St. Clair	2,786,327	* 2,678,091	* 223,206	3,552,629	3,492,689	114,970	2,667,576	2,957,676	55,030
Ste. Genevieve	3,480,129	* 3,720,576	* 584,002	3,426,811	3,434,591	824,449	3,143,253	3,095,443	832,229
Schuyler	315,214	* 368,407	* 190,298	337,034	351,886	243,491	553,559	576,869	258,343
Scotland	763,661	* 692,326	* 324,584	710,645	707,491	253,249	650,077	626,776	250,095
Scott	3,416,516	* 2,681,469	* 886,337	2,874,781	* 3,360,373	* 151,290	3,054,198	2,853,393	636,882
Shannon	741,821	* 809,191	* (24,207)	835,205	* 809,464	* 43,163	754,291	782,057	17,422
Shelby	861,339	* 863,182	* 226,288	853,998	* 817,203	* 228,131	835,857	749,766	191,336
Stoddard	2,370,747	* 2,577,755	* 695,540	2,232,209	2,577,114	902,548	2,307,612	2,266,561	1,247,453
Stone	4,452,071	* 4,405,940	* 1,056,663	4,266,487	3,985,052	1,010,532	3,678,508	3,594,094	729,097
Sullivan	915,206	* 1,013,942	* 73,892	931,271	966,195	172,628	929,313	943,272	207,552
Texas	1,110,923	* 1,301,994	* 227,021	1,180,630	1,281,650	418,092	1,211,562	1,219,304	519,112
Vernon	1,820,504	* 1,799,560	* 456,990	1,752,467	* 1,731,250	* 436,046	1,679,699	1,638,668	414,829
Warren	2,284,362	* 2,091,927	* 1,517,909	2,357,552	1,895,140	1,325,474	2,136,887	1,708,766	863,062
Washington	2,216,671	* 2,210,481	* 71,897	1,854,464	* 1,826,866	* 65,707	1,547,581	1,553,511	38,109
Wayne	1,393,400	* 1,280,203	* 100,051	1,185,597	* 1,167,228	* (13,146)	994,617	1,028,585	(31,515)
Webster	1,972,179	* 2,263,652	* 247,101	1,856,320	1,645,973	538,574	1,709,602	1,594,327	328,227
Worth	284,831	* 297,201	* (27,461)	293,878	* 308,969	* (15,091)	425,965	424,516	0
Wright	1,296,353	* 1,293,887	* 431,290	1,156,429	* 1,127,363	* 428,824	1,195,527	1,144,656	399,758
Average	\$ 1,650,825	1,627,801	458,492	1,616,243	1,556,401	435,468	1,516,840	1,467,476	375,626

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 1-B

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
SPECIAL ROAD AND BRIDGE FUND

		December 31,								
		2001			2000			1999		
County		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	\$	1,534,513	*	1,294,769	*	487,277	*	1,248,256	1,065,518	239,646
Andrew		2,162,020	*	1,846,565	*	626,416	*	1,868,141	1,672,882	625,894
Atchison		1,166,238	*	1,334,520	*	(65,496)	*	665,353	956,450	(409)
Audrain		1,984,008	*	1,788,954	*	684,444	*	1,704,983	1,925,146	516,609
Barry		251,096	*	251,902	*	218,244	*	239,064	343,261	294,643
Barton		700,897	*	495,343	*	724,763	*	864,090	930,367	403,660
Bates		1,552,843	*	1,509,698	*	451,907	*	1,267,036	1,084,997	485,752
Benton		1,266,175	*	1,576,903	*	703,366	*	1,195,689	1,364,643	1,085,122
Bollinger		967,229	*	883,988	*	191,231	*	763,703	778,032	81,696
Butler		2,299,042	*	2,434,388	*	151,663	*	1,915,227	1,876,961	552,022
Caldwell		1,125,639	*	997,576	*	276,822	*	1,051,692	1,200,368	(15,375)
Carroll		1,756,050	*	1,643,460	*	810,828	*	1,463,845	1,300,890	793,982
Carter		410,925	*	454,611	*	92,066	*	432,144	390,791	129,839
Cedar		610,724	*	616,813	*	227,509	*	1,245,226	1,261,050	175,623
Chariton		807,495	*	948,267	*	568,604	*	820,443	751,223	770,339
Christian		4,693,054	*	3,674,323	*	2,354,843	*	2,467,221	2,811,988	637,217
Clark		1,050,310	*	1,041,742	*	81,685	*	1,500,098	1,397,682	102,891
Clinton		1,392,749	*	1,459,869	*	20,401	*	1,252,630	1,463,655	111,434
Cooper		1,082,812	*	1,148,035	*	375,392	*	1,032,292	768,478	510,360
Crawford		1,977,684	*	2,205,558	*	1,082,994	*	1,900,438	1,608,184	1,251,305
Dade		866,223	*	774,508	*	289,520	*	570,479	646,207	204,654
Dallas		962,668	*	1,041,333	*	65,002	*	901,971	939,640	218,292
Daviess		902,272	*	1,138,591	*	727,144	*	921,544	835,841	923,767
DeKalb		853,719	*	889,001	*	687,027	*	911,505	968,831	748,293
Dent		997,916	*	995,114	*	160,420	*	912,804	965,306	109,194
Douglas		910,523	*	936,044	*	47,516	*	885,341	931,834	64,426
Dunklin		913,514	*	908,462	*	910,035	*	921,020	852,483	916,319
Gasconade		1,806,243	*	1,744,591	*	853,705	*	1,517,334	1,166,357	614,034
Gentry		857,258	*	875,292	*	(10,436)	*	1,253,737	1,290,115	92,769
Grundy		807,867	*	761,509	*	262,951	*	792,070	943,311	105,370
Harrison		1,452,465	*	1,433,722	*	2,084,521	*	1,523,020	1,688,095	1,791,952
Henry		1,884,863	*	2,167,661	*	618,890	*	1,316,703	1,244,068	1,082,582
Hickory		679,993	*	613,024	*	110,595	*	613,638	564,501	113,314
Holt		1,846,424	*	1,847,870	*	203,641	*	1,296,433	1,213,535	194,495
Howard		1,342,334	*	1,032,884	*	580,980	*	991,409	936,675	413,959
Howell		1,430,808	*	1,519,666	*	72,672	*	1,416,452	1,454,325	176,227
Iron		907,957	*	1,025,451	*	303,793	*	973,153	967,539	401,039
Knox		1,692,859	*	1,668,985	*	368,239	*	1,073,062	1,018,105	208,501
Laclede		1,677,766	*	1,792,957	*	14,240	*	1,056,922	1,140,077	19,616
Lawrence		2,563,743	*	2,526,208	*	260,873	*	2,072,233	2,148,132	178,002
Lewis		733,746	*	753,918	*	13,500	*	765,953	802,976	8,401
Lincoln		3,938,012	*	3,866,990	*	684,602	*	3,567,079	3,278,722	534,483
Linn		2,060,274	*	1,577,154	*	742,319	*	1,610,957	1,402,224	429,818
Livingston		1,151,789	*	1,166,766	*	229,547	*	1,046,790	1,056,471	98,198
Macon	\$	1,453,988	*	1,312,126	*	304,672	*	1,413,926	1,493,977	371,004

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 1-B

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
SPECIAL ROAD AND BRIDGE FUND

		December 31,								
		2001			2000			1999		
County		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$	606,235 *	571,233 *	55,274 *	704,033	684,599	20,272	633,097	682,877	838
Maries		415,083 *	403,671 *	53,447 *	781,567	812,979	42,035	822,556	816,366	73,447
Marion		1,321,600 *	1,374,877 *	53,295 *	1,294,514	1,312,803	106,572	1,240,326	1,146,710	124,861
McDonald		1,443,673 *	1,431,760 *	361,863 *	1,363,737 *	1,410,061 *	349,950 *	1,300,477	1,278,721	396,274
Mercer		720,635 *	840,380 *	20,087 *	1,196,576	1,113,668	139,832	541,026	984,279	56,924
Miller		1,088,321 *	1,316,706 *	33,449 *	1,131,553 *	1,185,746 *	261,834 *	1,276,351	1,168,993	316,027
Mississippi		861,392 *	902,232 *	158,800 *	902,487 *	872,953 *	199,640 *	1,055,888	1,203,391	170,106
Moniteau		923,788 *	839,419 *	147,760 *	857,553	869,121	63,391	875,208	956,583	74,959
Monroe		1,102,830 *	993,057 *	320,289 *	1,433,116 *	1,401,875 *	211,066 *	1,211,172	1,074,834	179,825
Montgomery		1,254,147 *	1,011,187 *	490,172 *	1,229,046 *	1,176,525 *	247,212 *	1,315,642	1,269,885	194,691
Morgan		1,471,148 *	1,678,047 *	768,477 *	1,418,462	1,453,519	975,376	1,702,428	1,247,096	1,010,433
Nodaway		2,047,780 *	2,296,232 *	1,248,270 *	2,152,704	2,268,252	1,496,722	2,433,892	2,336,206	1,612,270
Oregon		840,860 *	767,466 *	578,820 *	660,245 *	551,515 *	505,426 *	636,638	560,152	396,696
Osage		1,062,664 *	1,020,401 *	159,292 *	929,262 *	1,049,733 *	117,029 *	787,934	803,854	237,500
Ozark		967,233 *	925,240 *	91,586 *	869,181 *	869,065 *	49,593 *	882,638	884,414	49,477
Pemiscot		1,105,836 *	1,069,154 *	148,858 *	1,147,765	1,273,425	112,176	1,048,563	1,330,395	237,836
Perry		1,464,022 *	1,763,941 *	83,740 *	1,265,460	1,434,716	383,659	1,286,621	1,165,943	552,915
Phelps		2,656,392 *	2,656,301 *	837 *	2,074,329	2,078,301	746	2,321,506	2,413,162	4,718
Pike		1,990,038 *	1,914,413 *	296,065 *	1,855,694 *	1,779,626 *	220,440 *	1,975,254	1,948,723	144,372
Polk		2,720,870 *	2,736,362 *	43,769 *	2,390,130 *	2,367,159 *	59,261 *	1,829,777	1,851,276	36,290
Pulaski		1,034,659 *	1,044,568 *	66,014 *	1,039,184	1,081,246	75,923	1,017,398	986,513	117,985
Putnam		599,340 *	625,383 *	176,820 *	990,072	963,652	202,863	731,772	744,534	176,443
Ralls		1,172,644 *	1,174,739 *	163,145 *	1,054,965	1,110,807	165,240	1,032,925	1,160,050	221,082
Randolph		1,870,242 *	2,151,275 *	917,737 *	1,625,811	1,635,216	1,198,770	1,673,287	1,638,934	1,208,175
Ray		2,090,729 *	2,034,851 *	90,048 *	1,588,400	1,672,691	34,170	1,525,879	1,418,525	118,461
Reynolds		1,016,266 *	986,243 *	170,252 *	938,490 *	921,139 *	140,229 *	984,022	1,067,690	122,878
Ripley		426,577 *	430,052 *	130,711 *	441,164	459,469	134,186	636,061	576,832	152,491
St. Clair		897,444 *	874,883 *	305,941 *	1,461,023	1,451,492	283,380	964,810	953,222	273,849
Ste. Genevieve		1,250,956 *	1,219,612 *	1,560,342 *	1,148,569	962,743	1,528,998	1,022,248	938,293	1,343,172
Schuyler		564,776 *	678,803 *	149,283 *	523,363	544,469	263,310	735,977	625,692	284,416
Scotland		1,021,326 *	1,074,246 *	113,595 *	955,338	1,169,041	166,515	931,594	806,629	380,218
Scott		1,058,390 *	962,493 *	301,311 *	984,219 *	979,583 *	205,414 *	943,337	870,254	200,778
Shannon		805,995 *	819,033 *	1,064,161 *	885,392 *	745,510 *	1,077,199 *	786,556	739,763	937,317
Shelby		1,261,628 *	1,176,202 *	267,816 *	882,661 *	899,178 *	182,390 *	869,084	749,529	198,907
Stoddard		1,313,631 *	1,331,399 *	1,158,882 *	1,613,072	1,700,895	1,176,650	1,671,586	1,582,610	1,264,473
Stone		4,183,526 *	4,425,629 *	356,993 *	4,332,624	4,137,553	599,096	4,040,525	4,459,494	404,025
Sullivan		1,043,408 *	1,067,430 *	321,245 *	646,529	716,488	345,267	624,283	645,770	415,226
Texas		944,027 *	936,168 *	136,876 *	956,186	963,025	129,017	942,033	958,038	135,856
Vernon		1,107,169 *	1,120,507 *	282,660 *	1,534,278 *	1,809,944 *	295,998 *	1,428,196	1,207,826	571,664
Warren		1,315,734 *	1,508,551 *	527,928 *	1,387,011	1,595,316	720,745	1,489,068	1,131,149	929,050
Washington		1,788,430 *	1,870,967 *	95,835 *	1,729,454 *	1,719,488 *	178,372 *	1,561,218	1,535,984	168,406
Wayne		1,122,083 *	1,096,780 *	135,325 *	1,097,461 *	1,087,180 *	110,022 *	1,496,444	1,421,716	99,741
Webster		1,546,273 *	1,511,467 *	225,761 *	1,248,098	1,157,589	190,955	1,229,095	1,252,336	100,446
Worth		730,913 *	776,290 *	90,550 *	505,825 *	422,737 *	135,927 *	778,271	804,502	52,839
Wright		1,181,146 *	1,254,523 *	164,006 *	1,183,373 *	1,067,422 *	237,383 *	895,862	890,164	121,432
Average	\$	1,343,312	1,340,459	385,981	1,268,535	1,270,304	383,128	1,226,796	1,213,242	384,897

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 2-A

MISSOURI 3RD CLASS COUNTIES  
 RATIO OF CASH BALANCE TO DISBURSEMENTS  
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2001	2000	1999
Adair	.20 *	.14 *	.01
Andrew	1.16 *	1.26 *	1.30
Atchison	.24 *	.21 *	.35
Audrain	.58 *	.64 *	.58
Barry	1.04 *	1.05	.77
Barton	.37 *	.40 *	.42
Bates	.53 *	.70 *	.65
Benton	.21 *	.17 *	.17
Bollinger	.01 *	.02 *	.01
Butler	.14 *	.20	.11
Caldwell	(.08) *	(.09) *	(.04)
Carroll	.28 *	.20	.20
Carter	.28 *	.21 *	.17
Cedar	.09 *	.42 *	.37
Chariton	.00 *	.05 *	.10
Christian	.53 *	.82 *	.57
Clark	.00 *	.05	.06
Clinton	.05 *	.03 *	.05
Cooper	.98 *	.95	.80
Crawford	.03 *	.02	.03
Dade	.71 *	.69	.89
Dallas	.21 *	.27	.21
Daviess	.88 *	1.18	1.11
DeKalb	.01 *	.07 *	.09
Dent	.50 *	.40 *	.54
Douglas	.37 *	.33 *	.32
Dunklin	.88 *	.86	.68
Gasconade	.44 *	.39 *	.39
Gentry	.03 *	.16 *	.16
Grundy	.40 *	.60	.62
Harrison	.10 *	.07	.10
Henry	.14 *	.18	.23
Hickory	.30 *	.18 *	.17
Holt	.27 *	.15	.14
Howard	.19 *	.35	.52
Howell	.17 *	.12	.10
Iron	.36 *	.31 *	.31
Knox	.35 *	.12 *	.03
Laclede	.25 *	.29	.30
Lawrence	.26 *	.24	.21
Lewis	.30 *	.19	.12
Lincoln	.65 *	.31 *	.17
Linn	.41 *	.42 *	.36
Livingston	.14 *	.19 *	.09
Macon	.12 *	.13 *	.09

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 2-A

MISSOURI 3RD CLASS COUNTIES  
 RATIO OF CASH BALANCE TO DISBURSEMENTS  
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2000	1999	1998
Madison	.50 *	.01	.02
Maries	.01 *	.08	.11
Marion	.06 *	.20	.20
McDonald	.10 *	.08 *	.03
Mercer	.19 *	.22	.28
Miller	.48 *	.23 *	.24
Mississippi	.28 *	.39 *	.33
Moniteau	.00 *	.04	.03
Monroe	.12 *	.12 *	.05
Montgomery	.01 *	.00 *	.02
Morgan	.44 *	.67	.60
Nodaway	1.31 *	1.25	.72
Oregon	.62 *	.56 *	.62
Osage	.09 *	.16 *	.15
Ozark	.23 *	.06 *	.02
Pemiscot	.03 *	.10	.05
Perry	.20 *	.25	.28
Phelps	.18 *	.11	.09
Pike	.16 *	.13 *	.04
Polk	.93 *	.94 *	1.17
Pulaski	.02 *	.14	.19
Putnam	.14 *	.16	.21
Ralls	.09 *	.08	.07
Randolph	(.05) *	(.05)	(.02)
Ray	.02 *	.02	.03
Reynolds	.16 *	.12 *	.11
Ripley	.82 *	.56	.89
St. Clair	.08 *	.03	.02
Ste. Genevieve	.16 *	.24	.27
Schuyler	.52 *	.69	.45
Scotland	.47 *	.36	.40
Scott	.33 *	.05 *	.22
Shannon	(.03) *	.05 *	.02
Shelby	.26 *	.28 *	.26
Stoddard	.27 *	.35	.55
Stone	.24 *	.25	.20
Sullivan	.07 *	.18	.22
Texas	.17 *	.33	.43
Vernon	.25 *	.25 *	.25
Warren	.73 *	.70	.51
Washington	.03 *	.04 *	.02
Wayne	.08 *	(.01) *	(.03)
Webster	.11 *	.33	.21
Worth	(.09) *	(.05) *	.00
Wright	.33 *	.38 *	.35
Average	.29	.30	.28

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 2-B

MISSOURI 3RD CLASS COUNTIES  
 RATIO OF CASH BALANCE TO DISBURSEMENTS  
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2001	2000	1999
Adair	.38 *	.14 *	.22
Andrew	.34 *	.15 *	.37
Atchison	(.05) *	.11 *	.00
Audrain	.38 *	.28 *	.27
Barry	.87 *	.69	.86
Barton	1.46 *	.68 *	.43
Bates	.30 *	.29 *	.45
Benton	.45 *	.76 *	.80
Bollinger	.22 *	.12 *	.11
Butler	.06 *	.13	.29
Caldwell	.28 *	.16 *	(.01)
Carroll	.49 *	.53	.61
Carter	.20 *	.32 *	.33
Cedar	.37 *	.33 *	.14
Chariton	.60 *	.80 *	1.03
Christian	.64 *	.35 *	.23
Clark	.08 *	.05	.07
Clinton	.01 *	.06 *	.08
Cooper	.33 *	.39	.66
Crawford	.49 *	.77	.78
Dade	.37 *	.31	.32
Dallas	.06 *	.14	.23
Daviess	.64 *	1.10	1.11
DeKalb	.77 *	.62 *	.77
Dent	.16 *	.18 *	.11
Douglas	.05 *	.09 *	.07
Dunklin	1.00 *	1.01	1.07
Gasconade	.49 *	.56 *	.53
Gentry	(.01) *	.01 *	.07
Grundy	.35 *	.47	.11
Harrison	1.45 *	1.33	1.06
Henry	.29 *	.76	.87
Hickory	.18 *	.06 *	.20
Holt	.11 *	.18	.16
Howard	.56 *	.28	.44
Howell	.05 *	.11	.12
Iron	.30 *	.37 *	.41
Knox	.22 *	.40 *	.20
Laclede	.01 *	.13	.02
Lawrence	.10 *	.10	.08
Lewis	.02 *	.04	.01
Lincoln	.18 *	.17 *	.16
Linn	.47 *	.12 *	.31
Livingston	.20 *	.23 *	.09
Macon	.23 *	.11 *	.25

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 2-B

MISSOURI 3RD CLASS COUNTIES  
 RATIO OF CASH BALANCE TO DISBURSEMENTS  
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2001	2000	1999
Madison	.10 *	.03	.00
Maries	.13 *	.05	.09
Marion	.04 *	.08	.11
McDonald	.25 *	.25 *	.31
Mercer	.02 *	.13	.06
Miller	.03 *	.22 *	.27
Mississippi	.18 *	.23 *	.14
Moniteau	.18 *	.07	.08
Monroe	.32 *	.15 *	.17
Montgomery	.48 *	.21 *	.15
Morgan	.46 *	.67	.81
Nodaway	.54 *	.66	.69
Oregon	.75 *	.92 *	.71
Osage	.16 *	.11 *	.30
Ozark	.10 *	.06 *	.06
Pemiscot	.14 *	.09	.18
Perry	.05 *	.27	.47
Phelps	.00 *	.00	.00
Pike	.15 *	.12 *	.07
Polk	.02 *	.03 *	.02
Pulaski	.06 *	.07	.12
Putnam	.28 *	.21	.24
Ralls	.14 *	.15	.19
Randolph	.43 *	.73	.74
Ray	.04 *	.02	.08
Reynolds	.17 *	.15 *	.12
Ripley	.30 *	.29	.26
St. Clair	.35 *	.20	.29
Ste. Genevieve	1.28 *	1.59	1.43
Schuyler	.22 *	.48	.45
Scotland	.11 *	.14	.47
Scott	.31 *	.21 *	.23
Shannon	1.30 *	1.44 *	1.27
Shelby	.23 *	.20 *	.27
Stoddard	.87 *	.69	.80
Stone	.08 *	.14	.09
Sullivan	.30 *	.48	.64
Texas	.15 *	.13	.14
Vernon	.25 *	.16 *	.47
Warren	.35 *	.45	.82
Washington	.05 *	.10 *	.11
Wayne	.12 *	.10 *	.07
Webster	.15 *	.16	.08
Worth	.12 *	.32 *	.07
Wright	.13 *	.22 *	.14
Average	.31	.32	.34

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 3-A

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE  
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Adair	0 *	0 *	0	70 *	65 *	62	9 *	13 *	10	17 *	16 *	19	1 *	1 *	1	3 *	5 *	8
Andrew	27 *	19 *	24	36 *	37 *	34	0 *	1 *	5	23 *	24 *	24	6 *	9 *	6	8 *	10 *	7
Atchison	38 *	39 *	39	22 *	22 *	23	9 *	10 *	12	18 *	23 *	19	2 *	3 *	3	11 *	3 *	4
Audrain	17 *	15 *	17	42 *	42 *	44	17 *	19 *	15	19 *	18 *	20	2 *	2 *	1	3 *	4 *	3
Barry	0 *	1	1	57 *	56	55	12 *	16	16	19 *	17	17	5 *	4	3	7 *	6	8
Barton	11 *	8 *	8	58 *	57 *	55	4 *	8 *	7	18 *	17 *	20	2 *	3 *	3	7 *	7 *	7
Bates	56 *	52 *	57	0 *	0 *	0	2 *	3 *	6	30 *	30 *	30	4 *	4 *	2	8 *	11 *	5
Benton	15 *	12 *	13	37 *	39 *	39	17 *	18 *	17	21 *	21 *	23	1 *	2 *	1	9 *	8 *	7
Bollinger	15 *	16 *	17	53 *	52 *	57	13 *	6 *	5	13 *	12 *	14	0 *	0 *	0	6 *	14 *	7
Butler	9 *	8	7	39 *	37	31	13 *	16	17	11 *	10	12	1 *	1	0	27 *	28	33
Caldwell	22 *	24 *	23	25 *	26 *	25	10 *	9 *	18	13 *	13 *	18	0 *	0 *	0	30 *	28 *	16
Carroll	28 *	23	25	28 *	21	23	13 *	15	12	16 *	12	12	1 *	1	1	14 *	28	27
Carter	3 *	2 *	2	52 *	56 *	48	25 *	18 *	17	16 *	18 *	19	1 *	1 *	1	3 *	5 *	13
Cedar	10 *	13 *	10	41 *	43 *	38	21 *	15 *	18	22 *	20 *	19	2 *	3 *	2	4 *	6 *	13
Chariton	28 *	26 *	24	25 *	23 *	20	20 *	28 *	35	11 *	12 *	14	1 *	1 *	1	15 *	10 *	6
Christian	0 *	0 *	0	41 *	42 *	41	8 *	10 *	11	40 *	39 *	41	2 *	4 *	3	9 *	5 *	4
Clark	32 *	34	30	22 *	25	22	8 *	9	15	15 *	19	18	1 *	1	1	22 *	12	14
Clinton	21 *	20 *	19	29 *	30 *	29	20 *	20 *	23	23 *	22 *	22	1 *	1 *	1	6 *	7 *	6
Cooper	17 *	17	17	36 *	33	32	16 *	25	27	12 *	17	15	5 *	5	4	14 *	3	5
Crawford	7 *	7	7	36 *	40	40	27 *	29	28	18 *	19	21	0 *	0	0	12 *	5	4
Dade	17 *	19	14	42 *	47	51	11 *	8	9	14 *	16	19	11 *	6	5	5 *	4	2
Dallas	2 *	2	2	47 *	50	50	13 *	14	20	28 *	29	24	2 *	2	2	8 *	3	2
Daviess	30 *	31	30	33 *	32	34	4 *	6	6	15 *	17	17	6 *	6	4	12 *	8	9
DeKalb	4 *	4 *	4	46 *	53 *	51	18 *	12 *	9	16 *	15 *	18	1 *	1 *	1	15 *	15 *	17
Dent	5 *	5 *	5	52 *	53 *	51	9 *	10 *	9	22 *	19 *	24	3 *	2 *	3	9 *	11 *	8
Douglas	6 *	7 *	8	53 *	53 *	58	21 *	22 *	16	16 *	14 *	15	2 *	2 *	1	2 *	2 *	2
Dunklin	10 *	10	10	47 *	44	48	14 *	12	13	14 *	14	16	4 *	3	2	11 *	17	11
Gasconade	15 *	14 *	14	57 *	56 *	59	2 *	3 *	2	18 *	18 *	17	3 *	2 *	2	5 *	7 *	6
Gentry	32 *	31 *	28	25 *	32 *	39	19 *	13 *	7	16 *	13 *	14	2 *	2 *	1	6 *	9 *	11
Grundy	11 *	11	9	47 *	50	42	15 *	14	18	15 *	15	13	3 *	4	3	9 *	6	15
Harrison	29 *	35	34	23 *	27	26	3 *	3	5	17 *	28	28	1 *	1	1	27 *	6	6
Henry	2 *	2	4	51 *	48	47	21 *	22	20	20 *	21	21	1 *	1	1	5 *	6	7
Hickory	10 *	10 *	11	61 *	62 *	62	10 *	9 *	8	12 *	12 *	14	1 *	1 *	1	6 *	6 *	4
Holt	24 *	26	23	30 *	31	30	20 *	17	18	17 *	18	22	1 *	2	1	8 *	6	6
Howard	27 *	22	21	32 *	25	25	0 *	16	16	14 *	15	15	2 *	3	3	25 *	19	20
Howell	1 *	1	1	56 *	54	54	23 *	26	26	16 *	16	16	1 *	1	1	3 *	2	2
Iron	35 *	33 *	36	23 *	25 *	25	14 *	11 *	18	16 *	16 *	16	2 *	2 *	2	10 *	13 *	3
Knox	26 *	28 *	23	48 *	45 *	45	0 *	0 *	2	17 *	17 *	18	1 *	1 *	1	8 *	9 *	11
Laclede	5 *	8	8	51 *	48	50	6 *	9	10	18 *	22	24	1 *	2	1	19 *	11	7
Lawrence	9 *	9	10	38 *	39	38	28 *	27	27	18 *	21	20	3 *	3	2	4 *	1	3
Lewis	18 *	19	15	53 *	45	50	2 *	2	3	14 *	15	16	1 *	1	1	12 *	18	15
Lincoln	14 *	12 *	13	48 *	43 *	42	7 *	13 *	13	20 *	18 *	19	3 *	2 *	1	8 *	12 *	12
Linn	12 *	9 *	9	46 *	52 *	56	22 *	14 *	11	11 *	15 *	16	2 *	3 *	2	7 *	7 *	6
Livingston	1 *	0 *	0	53 *	50 *	50	19 *	27 *	27	15 *	12 *	13	1 *	1 *	1	11 *	10 *	9
Macon	20 *	15 *	18	40 *	30 *	36	13 *	31 *	16	17 *	15 *	18	1 *	1 *	1	9 *	8 *	11

\* Unaudited (see Objective, Scope and Methodology section)



## Schedule 3-A

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE  
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Madison	14 *	13	13	34 *	32	33	11 *	12	14	24 *	22	23	0 *	0	0	17 *	21	17
Maries	25 *	25	27	36 *	43	44	5 *	4	4	15 *	13	15	0 *	1	1	19 *	14	9
Marion	3 *	2	2	48 *	43	43	17 *	29	26	19 *	19	18	1 *	1	1	12 *	6	10
McDonald	27 *	23 *	23	36 *	37 *	40	13 *	13 *	16	18 *	15 *	18	1 *	1 *	1	5 *	11 *	2
Mercer	29 *	29	30	40 *	42	38	11 *	11	10	6 *	8	10	1 *	1	1	13 *	9	11
Miller	6 *	7 *	7	49 *	46 *	45	14 *	15 *	19	22 *	21 *	22	2 *	2 *	1	7 *	9 *	6
Mississippi	18 *	17 *	13	46 *	46 *	52	3 *	5 *	19	9 *	8 *	11	2 *	2 *	2	22 *	22 *	3
Moniteau	23 *	23	21	40 *	41	38	13 *	15	20	19 *	17	17	1 *	1	1	4 *	3	3
Monroe	20 *	19 *	17	37 *	42 *	40	20 *	13 *	15	17 *	18 *	17	1 *	1 *	1	5 *	7 *	10
Montgomery	19 *	17 *	17	31 *	30 *	33	27 *	30 *	34	16 *	14 *	13	0 *	1 *	1	7 *	8 *	2
Morgan	15 *	16	17	47 *	48	48	1 *	2	1	21 *	28	28	3 *	2	3	13 *	4	3
Nodaway	0 *	1	0	68 *	73	71	5 *	3	5	12 *	9	11	5 *	5	3	10 *	9	10
Oregon	5 *	4 *	4	62 *	62 *	64	16 *	16 *	16	11 *	10 *	11	4 *	3 *	2	2 *	5 *	3
Osage	20 *	18 *	20	43 *	43 *	44	11 *	9 *	7	20 *	21 *	21	2 *	2 *	2	4 *	7 *	6
Ozark	10 *	10 *	11	39 *	44 *	47	9 *	12 *	14	12 *	17 *	13	0 *	0 *	0	30 *	17 *	15
Pemiscot	13 *	15	13	28 *	26	29	22 *	17	14	22 *	28	30	1 *	1	1	14 *	13	13
Perry	20 *	19	21	48 *	47	46	11 *	10	10	14 *	12	13	1 *	2	2	6 *	10	8
Phelps	12 *	12	11	35 *	35	34	20 *	24	28	13 *	11	12	4 *	4	4	16 *	14	11
Pike	17 *	17 *	19	24 *	23 *	23	41 *	37 *	39	7 *	7 *	7	1 *	1 *	1	10 *	15 *	11
Polk	53 *	52 *	53	0 *	0 *	0	3 *	3 *	3	27 *	27 *	28	6 *	7 *	7	11 *	11 *	9
Pulaski	2 *	1	1	49 *	51	46	8 *	12	22	23 *	22	19	0 *	1	1	18 *	13	11
Putnam	30 *	45	47	51 *	33	30	1 *	1	3	8 *	12	13	1 *	2	2	9 *	7	5
Ralls	23 *	22	20	48 *	48	49	4 *	5	5	15 *	13	16	1 *	1	0	9 *	11	10
Randolph	18 *	17	18	40 *	40	39	17 *	20	19	19 *	18	20	1 *	1	1	5 *	4	3
Ray	0 *	0	0	63 *	63	58	2 *	13	16	25 *	20	22	0 *	1	0	10 *	3	4
Reynolds	43 *	44 *	42	1 *	0 *	0	18 *	25 *	27	16 *	18 *	19	2 *	1 *	1	20 *	12 *	11
Ripley	40 *	35	28	0 *	0	5	22 *	18	16	22 *	18	21	5 *	4	4	11 *	25	26
St. Clair	10 *	7	10	9 *	7	8	1 *	56	67	65 *	4	5	1 *	1	1	14 *	25	9
Ste. Genevieve	11 *	13	12	19 *	19	20	55 *	51	53	9 *	7	10	1 *	2	1	5 *	8	4
Schuyler	31 *	26	17	39 *	36	19	1 *	4	38	21 *	18	16	2 *	4	4	6 *	12	6
Scotland	30 *	29	31	33 *	34	34	19 *	18	14	11 *	11	13	3 *	3	3	4 *	5	5
Scott	9 *	9 *	8	44 *	39 *	53	12 *	9 *	10	30 *	31 *	23	1 *	1 *	1	4 *	11 *	5
Shannon	9 *	18 *	10	28 *	23 *	24	18 *	17 *	27	19 *	18 *	21	1 *	0 *	1	25 *	24 *	17
Shelby	31 *	30 *	24	45 *	43 *	45	11 *	9 *	7	7 *	7 *	14	2 *	2 *	1	4 *	9 *	9
Stoddard	16 *	15	14	44 *	45	44	21 *	22	21	12 *	12	14	3 *	3	4	4 *	3	3
Stone	10 *	9	10	57 *	58	59	15 *	15	13	15 *	16	15	1 *	1	1	2 *	1	2
Sullivan	15 *	17	18	45 *	45	41	15 *	1	1	14 *	15	19	1 *	2	2	10 *	20	19
Texas	0 *	0	0	62 *	58	57	14 *	16	15	16 *	16	18	1 *	2	3	7 *	8	7
Vernon	15 *	17 *	14	44 *	44 *	44	13 *	11 *	11	15 *	16 *	15	1 *	2 *	1	12 *	10 *	15
Warren	11 *	11	12	47 *	43	45	5 *	6	7	31 *	26	28	3 *	3	2	3 *	11	6
Washington	10 *	18 *	15	27 *	30 *	38	41 *	27 *	12	12 *	15 *	16	0 *	0 *	0	10 *	10 *	19
Wayne	13 *	16 *	15	29 *	32 *	36	24 *	28 *	25	12 *	12 *	15	0 *	0 *	0	22 *	12 *	9
Webster	6 *	5	8	51 *	52	50	4 *	5	5	26 *	26	28	2 *	1	1	11 *	11	8
Worth	55 *	54 *	39	18 *	17 *	12	3 *	2 *	3	17 *	22 *	13	0 *	0 *	0	7 *	5 *	33
Wright	1 *	0 *	0	50 *	56 *	53	25 *	20 *	24	14 *	14 *	15	2 *	3 *	2	8 *	7 *	6
Average	17	17	16	39	39	39	14	15	16	18	17	18	2	2	2	10	10	9

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 3-B

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE  
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Adair	34 *	26 *	39	0 *	0 *	0	55 *	66 *	57	2 *	2 *	1	9 *	6 *	3
Andrew	36 *	32 *	39	14 *	17 *	15	46 *	40 *	42	1 *	2 *	2	3 *	9 *	2
Atchison	36 *	42 *	60	0 *	0 *	0	1 *	0 *	0	0 *	1 *	2	63 *	57 *	38
Audrain	47 *	46 *	48	0 *	0 *	0	43 *	50 *	47	2 *	2 *	1	8 *	2 *	4
Barry	38 *	37	35	0 *	0	0	54 *	49	54	6 *	10	9	2 *	4	2
Barton	0 *	0 *	0	0 *	0 *	0	96 *	74 *	93	3 *	4 *	3	1 *	22 *	4
Bates	3 *	3 *	3	0 *	0 *	0	95 *	91 *	92	1 *	2 *	1	1 *	4 *	4
Benton	25 *	22 *	23	10 *	9 *	0	50 *	61 *	66	4 *	7 *	10	11 *	1 *	1
Bollinger	22 *	23 *	25	0 *	0 *	0	56 *	60 *	70	1 *	1 *	1	21 *	16 *	4
Butler	6 *	6	6	30 *	33	33	64 *	60	60	0 *	1	0	0 *	0	1
Caldwell	4 *	3 *	0	0 *	0 *	9	86 *	86 *	87	1 *	1 *	1	9 *	10 *	3
Carroll	0 *	0	0	0 *	0	0	94 *	97	98	2 *	3	2	4 *	0	0
Carter	19 *	17 *	15	0 *	0 *	0	79 *	80 *	78	2 *	2 *	1	0 *	1 *	6
Cedar	19 *	13 *	8	0 *	0 *	0	77 *	75 *	76	1 *	1 *	0	3 *	11 *	16
Chariton	0 *	0 *	0	0 *	0 *	0	95 *	95 *	95	4 *	5 *	5	1 *	0 *	0
Christian	13 *	12 *	0	60 *	58 *	64	25 *	27 *	33	1 *	2 *	2	1 *	1 *	1
Clark	41 *	30	27	0 *	0	0	57 *	66	71	0 *	0	0	2 *	4	2
Clinton	49 *	49 *	49	8 *	7 *	8	33 *	35 *	33	1 *	2 *	3	9 *	7 *	7
Cooper	40 *	41	39	0 *	0	0	52 *	54	52	2 *	3	2	6 *	2	7
Crawford	19 *	20	19	33 *	35	31	40 *	40	46	4 *	5	4	4 *	0	0
Dade	3 *	4	2	0 *	0	0	95 *	92	93	1 *	3	3	1 *	1	2
Dallas	29 *	28	27	0 *	0	0	67 *	68	68	1 *	2	2	3 *	2	3
Daviess	0 *	0	0	0 *	0	0	92 *	93	88	5 *	6	4	3 *	1	8
DeKalb	0 *	0 *	0	11 *	7 *	0	82 *	86 *	91	4 *	5 *	4	3 *	2 *	5
Dent	29 *	29 *	28	17 *	15 *	0	45 *	50 *	66	2 *	1 *	1	7 *	5 *	5
Douglas	21 *	21 *	20	0 *	0 *	0	74 *	78 *	75	0 *	1 *	1	5 *	0 *	4
Dunklin	0 *	0	0	20 *	15	14	64 *	71	65	3 *	4	11	13 *	10	10
Gasconade	22 *	24 *	24	29 *	31 *	32	31 *	36 *	35	2 *	2 *	2	16 *	7 *	7
Gentry	2 *	3 *	1	0 *	0 *	0	92 *	91 *	89	0 *	1 *	1	6 *	5 *	9
Grundy	5 *	7	5	0 *	0	0	93 *	91	88	2 *	1	1	0 *	1	6
Harrison	0 *	0	0	29 *	23	26	62 *	68	66	6 *	5	5	3 *	4	3
Henry	4 *	8	5	0 *	0	0	91 *	76	84	1 *	5	3	4 *	11	8
Hickory	27 *	26 *	28	0 *	0 *	0	72 *	72 *	71	1 *	1 *	1	0 *	1 *	0
Holt	16 *	26	21	17 *	26	21	67 *	46	56	0 *	2	1	0 *	0	1
Howard	12 *	21	17	17 *	26	21	69 *	48	58	1 *	3	2	1 *	2	2
Howell	2 *	2	2	17 *	20	19	80 *	77	78	1 *	1	1	0 *	0	0
Iron	47 *	35 *	40	0 *	0 *	0	49 *	40 *	52	3 *	3 *	3	1 *	22 *	5
Knox	19 *	31 *	28	8 *	12 *	10	69 *	51 *	53	1 *	1 *	1	3 *	5 *	8
Laclede	0 *	0	0	0 *	0	0	51 *	75	80	0 *	0	0	49 *	25	20
Lawrence	2 *	2	2	43 *	47	49	39 *	49	47	0 *	0	0	16 *	2	2
Lewis	30 *	30	27	0 *	0	0	65 *	58	63	1 *	0	0	4 *	12	10
Lincoln	25 *	24 *	23	43 *	43 *	41	26 *	27 *	26	1 *	1 *	1	5 *	5 *	9
Linn	2 *	2 *	3	27 *	28 *	33	69 *	67 *	62	2 *	2 *	2	0 *	1 *	0
Livingston	6 *	5 *	6	0 *	0 *	0	92 *	94 *	93	1 *	1 *	1	1 *	0 *	0
Macon	32 *	34 *	29	0 *	0 *	0	62 *	62 *	67	2 *	2 *	2	4 *	2 *	2

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 3-B

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE  
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Madison	38 *	30	32	0 *	0	0	58 *	62	60	0 *	0	0	4 *	8	8
Maries	22 *	20	18	10 *	9	8	66 *	56	54	0 *	0	0	2 *	15	20
Marion	56 *	56	57	0 *	0	0	40 *	41	40	1 *	1	1	3 *	2	2
McDonald	0 *	0 *	1	43 *	44 *	40	55 *	52 *	54	1 *	1 *	1	1 *	3 *	4
Mercer	4 *	2	5	1 *	0	0	91 *	92	89	0 *	1	5	4 *	5	1
Miller	24 *	22 *	18	0 *	0 *	0	68 *	70 *	59	1 *	2 *	3	7 *	6 *	20
Mississippi	44 *	42 *	30	0 *	0 *	0	54 *	56 *	69	2 *	2 *	1	0 *	0 *	0
Moniteau	38 *	36	34	0 *	0	0	58 *	62	64	1 *	1	1	3 *	1	1
Monroe	16 *	11 *	14	7 *	5 *	6	75 *	81 *	72	1 *	1 *	1	1 *	2 *	7
Montgomery	54 *	52 *	45	0 *	0 *	0	43 *	45 *	53	2 *	1 *	1	1 *	2 *	1
Morgan	20 *	19	16	13 *	11	10	64 *	66	71	3 *	4	2	0 *	0	1
Nodaway	5 *	5	4	0 *	0	0	76 *	84	72	3 *	5	4	16 *	6	20
Oregon	12 *	14 *	14	0 *	0 *	0	82 *	79 *	81	4 *	4 *	2	2 *	3 *	3
Osage	22 *	24 *	22	9 *	9 *	0	64 *	62 *	75	1 *	1 *	2	4 *	4 *	1
Ozark	18 *	19 *	17	0 *	0 *	0	76 *	81 *	82	0 *	0 *	0	6 *	0 *	1
Pemiscot	37 *	34	38	14 *	12	15	46 *	51	39	1 *	1	2	2 *	2	6
Perry	43 *	47	47	0 *	0	0	47 *	49	48	3 *	3	2	7 *	1	3
Phelps	9 *	10	11	27 *	33	29	32 *	41	37	0 *	0	0	32 *	16	23
Pike	17 *	18 *	16	34 *	35 *	31	46 *	44 *	51	1 *	1 *	1	2 *	2 *	1
Polk	11 *	11 *	13	0 *	0 *	0	41 *	46 *	47	0 *	0 *	0	48 *	43 *	40
Pulaski	35 *	37	29	0 *	0	0	57 *	58	61	1 *	1	1	7 *	4	9
Putnam	5 *	3	4	0 *	0	0	92 *	95	93	2 *	1	2	1 *	1	1
Ralls	28 *	29	31	10 *	11	11	53 *	53	52	2 *	2	2	7 *	5	4
Randolph	31 *	41	38	0 *	0	0	59 *	53	57	4 *	5	4	6 *	1	1
Ray	23 *	26	27	34 *	0	0	28 *	72	70	1 *	1	1	14 *	1	2
Reynolds	16 *	25 *	19	0 *	0 *	0	68 *	60 *	77	1 *	1 *	1	15 *	14 *	3
Ripley	0 *	0	0	0 *	0	0	96 *	91	63	2 *	2	1	2 *	7	36
St. Clair	27 *	16	24	0 *	0	0	68 *	82	70	2 *	1	2	3 *	1	4
Ste. Genevieve	27 *	28	29	0 *	0	0	59 *	61	65	7 *	8	6	7 *	3	0
Schuyler	38 *	38	28	0 *	0	0	60 *	58	68	1 *	3	2	1 *	1	2
Scotland	30 *	28	29	16 *	17	16	50 *	49	48	2 *	3	3	2 *	3	4
Scott	41 *	39 *	40	0 *	0 *	0	57 *	59 *	59	2 *	2 *	1	0 *	0 *	0
Shannon	16 *	14 *	12	0 *	0 *	0	79 *	73 *	82	3 *	2 *	5	2 *	11 *	1
Shelby	15 *	21 *	20	6 *	8 *	9	77 *	65 *	68	1 *	2 *	1	1 *	4 *	2
Stoddard	0 *	0	0	0 *	0	0	95 *	99	97	5 *	1	3	0 *	0	0
Stone	0 *	0	0	65 *	61	61	26 *	38	37	1 *	1	1	8 *	0	1
Sullivan	0 *	0	0	0 *	0	0	97 *	94	94	2 *	4	5	1 *	2	1
Texas	0 *	0	0	0 *	0	0	100 *	99	99	0 *	1	1	0 *	0	0
Vernon	9 *	6 *	6	0 *	0 *	0	90 *	90 *	91	1 *	2 *	1	0 *	2 *	2
Warren	43 *	37	35	0 *	0	0	53 *	58	61	3 *	4	3	1 *	1	1
Washington	22 *	23 *	22	33 *	33 *	33	44 *	39 *	39	1 *	1 *	1	0 *	4 *	5
Wayne	9 *	9 *	8	36 *	35 *	26	53 *	51 *	65	1 *	1 *	0	1 *	4 *	1
Webster	24 *	27	27	0 *	0	0	74 *	71	71	1 *	1	1	1 *	1	1
Worth	23 *	31 *	24	0 *	0 *	0	74 *	67 *	70	1 *	1 *	0	2 *	1 *	6
Wright	4 *	2 *	3	0 *	0 *	0	87 *	96 *	95	1 *	1 *	1	8 *	1 *	1
Average	19	19	19	9	9	8	64	65	66	2	2	2	6	5	5

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Adair	5 *	5 *	5	6 *	6 *	5	1 *	3 *	1	4 *	4 *	4	11 *	15 *	12
Andrew	8 *	8 *	9	15 *	11 *	10	1 *	5 *	2	4 *	3 *	4	12 *	12 *	12
Atchison	8 *	7 *	8	8 *	8 *	8	0 *	1 *	1	6 *	18 *	5	17 *	13 *	14
Audrain	4 *	4 *	4	4 *	4 *	6	0 *	3 *	0	6 *	6 *	5	6 *	6 *	7
Barry	5 *	4	4	3 *	3	3	2 *	6	3	4 *	4	4	11 *	12	10
Barton	12 *	9 *	10	8 *	8 *	9	5 *	11 *	5	11 *	13 *	16	8 *	7 *	4
Bates	12 *	14 *	17	9 *	11 *	12	2 *	6 *	2	34 *	13 *	12	7 *	10 *	10
Benton	5 *	6 *	6	4 *	4 *	4	1 *	4 *	1	2 *	2 *	3	6 *	6 *	5
Bollinger	6 *	6 *	7	5 *	5 *	6	1 *	6 *	1	6 *	6 *	6	6 *	5 *	5
Butler	2 *	2	2	3 *	3	3	0 *	2	1	9 *	8	7	15 *	11	10
Caldwell	7 *	8 *	8	7 *	8 *	7	0 *	1 *	2	4 *	5 *	8	16 *	11 *	9
Carroll	9 *	6	7	7 *	6	7	6 *	7	4	6 *	5	5	13 *	11	12
Carter	8 *	9 *	8	4 *	4 *	4	0 *	3 *	0	4 *	3 *	2	4 *	5 *	4
Cedar	5 *	5 *	5	5 *	7 *	6	1 *	7 *	2	28 *	8 *	6	6 *	8 *	7
Chariton	6 *	6 *	5	7 *	7 *	6	1 *	4 *	1	7 *	8 *	6	13 *	11 *	10
Christian	4 *	6 *	5	4 *	6 *	5	3 *	9 *	4	3 *	4 *	3	9 *	13 *	11
Clark	6 *	6	6	6 *	7	7	0 *	4	0	6 *	5	4	0 *	0	0
Clinton	5 *	5 *	6	4 *	4 *	4	2 *	4 *	3	8 *	9 *	8	14 *	13 *	8
Cooper	6 *	6	5	5 *	6	5	2 *	5	2	7 *	4	7	12 *	9	8
Crawford	4 *	4	4	4 *	4	4	2 *	4	0	3 *	3	4	1 *	1	8
Dade	11 *	11	13	8 *	8	9	1 *	6	2	8 *	13	16	6 *	5	6
Dallas	8 *	9	8	7 *	7	7	1 *	5	2	3 *	4	4	8 *	10	9
Daviess	10 *	11	11	9 *	10	11	3 *	6	3	15 *	9	9	3 *	3	4
DeKalb	6 *	7 *	7	6 *	7 *	7	0 *	2 *	0	8 *	6 *	11	8 *	9 *	9
Dent	8 *	7 *	7	7 *	6 *	7	1 *	4 *	1	6 *	16 *	7	8 *	5 *	7
Douglas	5 *	5 *	6	5 *	5 *	5	0 *	3 *	0	6 *	5 *	6	12 *	12 *	11
Dunklin	10 *	11	11	6 *	6	6	2 *	4	2	5 *	5	6	14 *	12	11
Gasconade	8 *	8 *	9	6 *	7 *	8	2 *	6 *	3	3 *	3 *	4	0 *	0 *	0
Gentry	5 *	5 *	5	6 *	8 *	8	0 *	3 *	1	8 *	8 *	4	5 *	9 *	7
Grundy	7 *	7	6	8 *	8	7	3 *	4	2	5 *	6	15	7 *	7	6
Harrison	7 *	9	9	6 *	8	8	4 *	6	4	7 *	7	8	4 *	4	4
Henry	4 *	4	4	4 *	4	4	2 *	6	3	5 *	5	4	7 *	7	7
Hickory	7 *	7 *	7	6 *	5 *	5	2 *	4 *	2	5 *	4 *	4	8 *	6 *	6
Holt	8 *	7	7	8 *	8	8	1 *	4	1	5 *	4	3	17 *	15	14
Howard	7 *	7	7	5 *	5	6	1 *	3	2	10 *	5	5	7 *	6	6
Howell	4 *	3	3	4 *	3	3	2 *	4	2	4 *	3	2	9 *	13	11
Iron	6 *	6 *	6	6 *	6 *	7	0 *	2 *	0	5 *	6 *	4	13 *	13 *	11
Knox	10 *	9 *	9	9 *	9 *	10	1 *	3 *	0	14 *	14 *	11	11 *	8 *	7
Laclede	3 *	3	4	3 *	3	4	1 *	2	1	13 *	13	16	9 *	2	3
Lawrence	6 *	6	6	3 *	3	3	1 *	3	2	4 *	4	8	9 *	8	8
Lewis	7 *	7	7	5 *	5	5	0 *	2	2	3 *	3	3	9 *	7	6
Lincoln	6 *	5 *	5	5 *	4 *	3	1 *	3 *	1	5 *	4 *	4	7 *	10 *	8
Linn	6 *	6 *	6	6 *	6 *	6	5 *	8 *	2	9 *	7 *	6	8 *	8 *	7
Livingston	4 *	4 *	6	5 *	5 *	5	2 *	5 *	2	5 *	6 *	5	6 *	15 *	14
Macon	6 *	5 *	6	5 *	4 *	5	1 *	3 *	1	8 *	4 *	6	13 *	11 *	13

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Madison	8 *	5	6	8 *	6	6	4 *	5	2	8 *	6	6	19 *	10	11
Maries	5 *	5	6	5 *	5	6	2 *	5	1	5 *	5	5	9 *	9	9
Marion	3 *	3	3	5 *	5	5	2 *	4	2	4 *	4	4	0 *	0	0
McDonald	5 *	4 *	4	5 *	5 *	5	2 *	4 *	2	4 *	4 *	5	8 *	9 *	9
Mercer	8 *	10	11	7 *	8	9	1 *	3	1	18 *	9	9	9 *	9	6
Miller	6 *	5 *	5	4 *	4 *	4	4 *	8 *	3	3 *	4 *	6	14 *	10 *	11
Mississippi	5 *	5 *	6	4 *	4 *	4	0 *	2 *	0	6 *	6 *	7	5 *	6 *	5
Moniteau	7 *	6	6	7 *	7	7	1 *	5	2	5 *	4	4	8 *	8	8
Monroe	5 *	5 *	5	6 *	6 *	6	1 *	5 *	1	5 *	6 *	6	12 *	11 *	12
Montgomery	4 *	4 *	4	5 *	5 *	5	0 *	1 *	0	4 *	4 *	4	0 *	0 *	0
Morgan	6 *	7	7	5 *	6	6	0 *	1	0	4 *	3	2	4 *	4	4
Nodaway	4 *	5	4	4 *	5	4	2 *	4	1	7 *	11	6	9 *	9	7
Oregon	7 *	7 *	7	7 *	8 *	8	1 *	4 *	1	3 *	3 *	3	11 *	10 *	10
Osage	7 *	7 *	8	6 *	6 *	7	1 *	5 *	3	6 *	4 *	5	7 *	6 *	6
Ozark	6 *	6 *	6	5 *	5 *	5	2 *	4 *	2	5 *	5 *	4	14 *	12 *	12
Pemiscot	4 *	4	4	3 *	3	3	3 *	6	3	5 *	4	6	14 *	14	12
Perry	4 *	4	4	4 *	4	4	0 *	2	0	8 *	7	7	11 *	11	11
Phelps	4 *	4	3	4 *	4	4	1 *	4	1	7 *	7	7	9 *	8	9
Pike	4 *	4 *	3	3 *	3 *	3	5 *	2 *	2	2 *	2 *	2	9 *	10 *	9
Polk	10 *	10 *	14	8 *	8 *	10	4 *	11 *	4	33 *	26 *	9	4 *	3 *	4
Pulaski	6 *	4	4	3 *	4	3	1 *	4	1	6 *	5	5	10 *	9	8
Putnam	10 *	16	17	9 *	14	13	3 *	6	2	6 *	10	9	4 *	6	7
Ralls	6 *	6	7	5 *	5	6	3 *	5	1	4 *	4	5	12 *	11	13
Randolph	3 *	4	4	3 *	3	3	1 *	2	0	2 *	4	2	14 *	12	12
Ray	7 *	6	6	5 *	6	5	1 *	1	1	6 *	7	7	0 *	0	0
Reynolds	8 *	9 *	9	6 *	7 *	7	1 *	5 *	2	5 *	4 *	5	5 *	5 *	6
Ripley	13 *	10	14	9 *	7	11	0 *	0	0	9 *	7	8	4 *	3	5
St. Clair	3 *	2	3	3 *	3	3	0 *	1	1	10 *	43	42	0 *	0	0
Ste. Genevieve	3 *	3	3	3 *	3	3	1 *	1	0	2 *	2	2	0 *	0	0
Schuyler	13 *	13	8	10 *	11	7	3 *	6	0	13 *	16	33	4 *	3	4
Scotland	7 *	7	7	7 *	6	7	0 *	1	0	10 *	14	11	6 *	5	5
Scott	4 *	3 *	3	2 *	2 *	2	2 *	2 *	1	5 *	11 *	7	8 *	13 *	15
Shannon	8 *	8 *	8	5 *	6 *	6	1 *	3 *	0	6 *	6 *	5	16 *	13 *	12
Shelby	8 *	7 *	8	7 *	7 *	7	0 *	3 *	0	9 *	8 *	6	8 *	9 *	11
Stoddard	3 *	3	4	4 *	4	4	3 *	6	4	4 *	4	4	10 *	9	11
Stone	2 *	3	3	3 *	2	2	2 *	4	3	2 *	6	6	9 *	8	8
Sullivan	8 *	8	8	7 *	8	8	4 *	6	2	12 *	11	14	4 *	4	4
Texas	7 *	6	7	8 *	8	8	1 *	4	1	9 *	7	4	15 *	14	12
Vernon	5 *	5 *	5	8 *	9 *	8	1 *	3 *	1	7 *	8 *	7	9 *	8 *	6
Warren	5 *	4	5	6 *	7	7	0 *	3	1	9 *	10	13	0 *	0	0
Washington	5 *	6 *	7	5 *	6 *	7	1 *	4 *	2	5 *	5 *	5	0 *	0 *	0
Wayne	5 *	6 *	6	6 *	7 *	7	0 *	4 *	0	4 *	3 *	6	16 *	17 *	11
Webster	4 *	5	5	4 *	5	5	2 *	5	2	4 *	4	4	7 *	8	7
Worth	8 *	8 *	6	12 *	11 *	8	0 *	4 *	1	5 *	6 *	5	5 *	5 *	3
Wright	5 *	5 *	5	5 *	6 *	5	2 *	5 *	0	4 *	5 *	5	12 *	10 *	9
Average	6	6	6	6	6	6	2	4	1	7	7	7	8	8	8

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Adair	3 *	3 *	3	6 *	6 *	5	5 *	6 *	5	1 *	1 *	2	1 *	1 *	1
Andrew	4 *	4 *	3	7 *	8 *	8	1 *	2 *	0	2 *	1 *	2	1 *	1 *	1
Atchison	3 *	3 *	3	6 *	5 *	6	2 *	1 *	1	0 *	0 *	1	1 *	1 *	1
Audrain	2 *	2 *	2	4 *	3 *	4	4 *	4 *	4	0 *	1 *	1	1 *	1 *	1
Barry	1 *	1	1	4 *	5	4	1 *	2	2	1 *	1	1	1 *	1	1
Barton	8 *	7 *	6	0 *	0 *	0	4 *	4 *	4	1 *	1 *	2	0 *	0 *	0
Bates	9 *	10 *	11	0 *	0 *	0	9 *	10 *	11	1 *	1 *	2	1 *	1 *	1
Benton	2 *	2 *	2	6 *	7 *	7	2 *	2 *	2	2 *	1 *	2	0 *	0 *	0
Bollinger	2 *	2 *	3	6 *	6 *	7	2 *	2 *	2	1 *	1 *	1	1 *	1 *	1
Butler	1 *	1	1	3 *	3	3	3 *	3	3	0 *	0	0	1 *	1	1
Caldwell	5 *	5 *	5	0 *	0 *	0	0 *	0 *	0	4 *	4 *	4	1 *	1 *	1
Carroll	6 *	4	5	0 *	0	0	2 *	1	3	0 *	0	0	1 *	0	1
Carter	2 *	2 *	2	5 *	5 *	6	2 *	2 *	1	1 *	1 *	1	1 *	1 *	1
Cedar	2 *	2 *	2	4 *	5 *	6	2 *	3 *	3	2 *	3 *	3	0 *	0 *	0
Chariton	5 *	4 *	5	0 *	0 *	0	4 *	0 *	5	0 *	5 *	1	1 *	1 *	0
Christian	2 *	3 *	3	5 *	6 *	6	5 *	6 *	0	0 *	0 *	6	2 *	3 *	3
Clark	2 *	3	3	7 *	8	8	0 *	0	0	3 *	3	3	1 *	1	1
Clinton	2 *	3 *	3	4 *	5 *	5	3 *	2 *	2	0 *	2 *	1	0 *	1 *	1
Cooper	2 *	2	2	5 *	5	5	2 *	2	2	1 *	1	1	1 *	1	1
Crawford	1 *	2	2	4 *	5	4	2 *	2	2	0 *	1	1	0 *	0	1
Dade	9 *	9	10	0 *	0	0	4 *	4	2	0 *	0	0	3 *	4	5
Dallas	3 *	4	3	8 *	9	8	0 *	0	0	3 *	3	4	4 *	4	6
Daviess	5 *	6	6	0 *	0	0	0 *	0	0	3 *	3	3	2 *	3	3
DeKalb	3 *	3 *	3	0 *	1 *	1	0 *	0 *	0	4 *	4 *	4	1 *	2 *	2
Dent	3 *	3 *	4	6 *	5 *	5	2 *	2 *	2	1 *	1 *	1	1 *	1 *	1
Douglas	3 *	3 *	3	6 *	6 *	6	0 *	0 *	0	2 *	2 *	2	0 *	1 *	1
Dunklin	3 *	4	4	0 *	0	0	3 *	3	4	1 *	1	1	2 *	2	2
Gasconade	3 *	3 *	3	8 *	7 *	8	0 *	0 *	0	3 *	3 *	3	1 *	0 *	1
Gentry	5 *	5 *	4	0 *	0 *	0	0 *	0 *	0	1 *	1 *	1	1 *	1 *	1
Grundy	5 *	5	4	0 *	0	0	0 *	0	0	3 *	3	3	1 *	1	1
Harrison	6 *	7	7	0 *	0	0	2 *	3	3	0 *	0	0	0 *	0	1
Henry	4 *	3	4	0 *	0	0	4 *	4	5	1 *	1	1	1 *	1	1
Hickory	3 *	2 *	3	6 *	6 *	6	2 *	2 *	2	0 *	0 *	0	0 *	0 *	0
Holt	2 *	2	3	6 *	6	6	0 *	0	0	0 *	0	0	1 *	0	1
Howard	3 *	2	3	6 *	6	6	1 *	1	1	1 *	1	0	2 *	2	2
Howell	2 *	2	2	5 *	4	4	3 *	3	3	1 *	1	1	1 *	1	1
Iron	2 *	3 *	3	5 *	6 *	6	0 *	0 *	0	2 *	2 *	2	1 *	2 *	2
Knox	4 *	4 *	4	10 *	10 *	10	3 *	3 *	3	0 *	0 *	0	0 *	0 *	0
Laclede	1 *	1	2	3 *	3	3	2 *	2	2	1 *	1	1	0 *	0	0
Lawrence	1 *	1	1	3 *	3	3	3 *	3	3	0 *	0	0	1 *	1	1
Lewis	2 *	3	3	6 *	6	6	3 *	3	3	1 *	1	1	1 *	1	1
Lincoln	2 *	2 *	2	6 *	5 *	5	5 *	3 *	3	1 *	1 *	1	1 *	1 *	1
Linn	5 *	5 *	6	0 *	0 *	0	3 *	4 *	3	1 *	1 *	1	1 *	1 *	1
Livingston	4 *	4 *	3	0 *	0 *	0	3 *	2 *	2	1 *	1 *	1	1 *	1 *	1
Macon	2 *	2 *	2	4 *	4 *	5	2 *	2 *	2	0 *	0 *	1	0 *	0 *	1

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Madison	3 *	2	2	7 *	5	5	0 *	0	0	3 *	4	2	1 *	1	1
Maries	2 *	2	3	5 *	6	9	0 *	0	0	2 *	2	2	1 *	1	1
Marion	1 *	1	1	5 *	5	6	3 *	2	3	1 *	1	1	2 *	2	2
McDonald	2 *	2 *	2	5 *	5 *	5	2 *	2 *	2	1 *	1 *	1	0 *	0 *	0
Mercer	5 *	5	5	0 *	0	0	0 *	0	0	1 *	1	1	1 *	1	1
Miller	2 *	2 *	2	5 *	4 *	4	2 *	2 *	2	1 *	0 *	0	1 *	1 *	1
Mississippi	1 *	2 *	2	4 *	4 *	4	1 *	0 *	1	1 *	1 *	1	0 *	0 *	1
Moniteau	2 *	3	3	6 *	6	6	2 *	2	2	0 *	0	0	1 *	1	1
Monroe	2 *	2 *	2	5 *	5 *	5	0 *	0 *	0	3 *	3 *	2	1 *	1 *	0
Montgomery	2 *	2 *	2	4 *	4 *	3	0 *	0 *	0	1 *	1 *	1	1 *	1 *	1
Morgan	2 *	2	2	5 *	7	7	3 *	3	4	0 *	1	1	1 *	2	1
Nodaway	4 *	4	3	0 *	0	0	4 *	4	3	2 *	2	1	0 *	0	0
Oregon	3 *	3 *	3	7 *	6 *	7	3 *	3 *	2	1 *	1 *	1	1 *	1 *	1
Osage	2 *	3 *	3	7 *	6 *	6	3 *	3 *	5	0 *	0 *	0	1 *	1 *	1
Ozark	2 *	2 *	2	5 *	5 *	5	5 *	2 *	2	0 *	0 *	0	1 *	1 *	1
Pemiscot	1 *	2	1	4 *	4	4	4 *	4	3	0 *	0	1	1 *	1	1
Perry	2 *	1	2	3 *	3	3	0 *	0	0	3 *	3	3	0 *	0	0
Phelps	1 *	1	1	3 *	3	3	0 *	1	0	4 *	4	4	1 *	2	2
Pike	2 *	2 *	2	3 *	3 *	4	2 *	1 *	1	0 *	0 *	0	0 *	1 *	0
Polk	5 *	6 *	7	9 *	10 *	12	5 *	7 *	12	2 *	0 *	0	1 *	1 *	3
Pulaski	1 *	1	1	3 *	4	3	1 *	2	2	1 *	1	1	0 *	1	0
Putnam	6 *	7	7	0 *	0	0	0 *	0	0	3 *	6	5	1 *	1	2
Ralls	2 *	2	3	5 *	5	6	0 *	0	0	3 *	3	4	1 *	1	1
Randolph	1 *	1	1	4 *	3	4	3 *	3	3	1 *	1	1	1 *	1	1
Ray	2 *	2	2	6 *	6	6	5 *	5	5	0 *	1	1	2 *	2	2
Reynolds	3 *	3 *	3	7 *	8 *	8	0 *	0 *	0	2 *	3 *	3	1 *	1 *	1
Ripley	5 *	4	5	14 *	10	12	4 *	3	4	0 *	0	0	2 *	1	1
St. Clair	1 *	1	1	3 *	2	2	1 *	1	1	1 *	1	1	0 *	0	0
Ste. Genevieve	1 *	1	2	2 *	3	3	3 *	3	3	0 *	0	0	0 *	0	0
Schuyler	5 *	5	3	10 *	10	6	0 *	0	0	1 *	1	1	1 *	1	0
Scotland	2 *	2	3	7 *	7	8	1 *	1	2	0 *	0	0	1 *	1	1
Scott	2 *	1 *	2	4 *	3 *	4	4 *	3 *	3	1 *	0 *	0	1 *	1 *	1
Shannon	3 *	3 *	3	7 *	6 *	7	1 *	2 *	2	1 *	1 *	1	1 *	1 *	1
Shelby	3 *	3 *	3	5 *	5 *	6	4 *	4 *	3	0 *	0 *	0	1 *	1 *	1
Stoddard	4 *	4	5	0 *	0	0	4 *	4	5	1 *	1	1	2 *	1	2
Stone	1 *	1	1	4 *	4	4	2 *	2	2	0 *	0	1	1 *	1	1
Sullivan	5 *	5	6	0 *	0	1	0 *	0	0	3 *	3	3	0 *	0	0
Texas	4 *	4	4	0 *	1	1	2 *	2	3	1 *	1	0	1 *	1	1
Vernon	4 *	4 *	4	0 *	0 *	0	5 *	4 *	4	2 *	2 *	3	0 *	0 *	0
Warren	2 *	2	2	7 *	7	8	3 *	3	3	1 *	1	1	1 *	1	1
Washington	2 *	3 *	3	6 *	7 *	8	0 *	5 *	5	5 *	0 *	0	2 *	2 *	2
Wayne	2 *	2 *	2	5 *	5 *	6	1 *	1 *	2	1 *	1 *	1	1 *	1 *	1
Webster	1 *	2	2	4 *	5	5	2 *	2	2	1 *	1	1	1 *	1	1
Worth	5 *	4 *	3	7 *	7 *	5	0 *	0 *	0	0 *	0 *	1	0 *	2 *	1
Wright	2 *	6 *	5	4 *	0 *	0	2 *	2 *	2	1 *	1 *	1	2 *	1 *	1
Average	3	3	3	4	4	4	2	2	2	1	1	1	1	1	1

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Adair	0 *	1 *	0	3 *	4 *	2	26 *	16 *	21	2 *	5 *	7	0 *	0 *	0
Andrew	2 *	2 *	1	2 *	2 *	2	21 *	19 *	24	0 *	0 *	0	0 *	0 *	0
Atchison	0 *	0 *	0	2 *	2 *	1	4 *	5 *	5	13 *	11 *	16	10 *	9 *	10
Audrain	0 *	0 *	1	2 *	1 *	1	10 *	10 *	13	0 *	0 *	0	0 *	0 *	0
Barry	0 *	0	0	0 *	0	0	15 *	6	17	23 *	25	21	14 *	14	12
Barton	2 *	1 *	1	5 *	4 *	4	18 *	19 *	18	0 *	0 *	0	0 *	0 *	0
Bates	2 *	1 *	1	3 *	8 *	6	11 *	13 *	15	0 *	0 *	0	0 *	0 *	0
Benton	2 *	1 *	1	1 *	0 *	1	10 *	8 *	6	41 *	40 *	41	5 *	7 *	6
Bollinger	0 *	0 *	1	2 *	1 *	1	11 *	11 *	7	30 *	23 *	19	10 *	13 *	14
Butler	0 *	0	0	2 *	3	0	14 *	16	23	24 *	24	22	12 *	12	11
Caldwell	0 *	0 *	0	2 *	1 *	1	10 *	16 *	16	29 *	28 *	23	0 *	0 *	0
Carroll	5 *	4	4	3 *	6	2	0 *	0	2	21 *	22	24	12 *	13	14
Carter	0 *	0 *	0	3 *	3 *	3	10 *	10 *	25	30 *	29 *	20	3 *	4 *	7
Cedar	1 *	1 *	1	3 *	1 *	1	10 *	15 *	7	20 *	22 *	27	3 *	3 *	3
Chariton	1 *	1 *	1	2 *	1 *	1	6 *	6 *	6	35 *	34 *	27	3 *	5 *	6
Christian	2 *	3 *	3	2 *	2 *	2	13 *	10 *	10	0 *	0 *	0	0 *	0 *	0
Clark	0 *	1	1	0 *	1	1	19 *	15	19	38 *	37	36	0 *	0	0
Clinton	0 *	0 *	0	1 *	0 *	0	16 *	11 *	15	26 *	25 *	27	6 *	6 *	8
Cooper	3 *	1	1	3 *	2	2	14 *	17	14	13 *	14	22	2 *	2	2
Crawford	0 *	0	1	2 *	2	1	12 *	11	10	18 *	23	21	25 *	15	15
Dade	0 *	0	0	3 *	2	1	16 *	11	16	0 *	0	0	0 *	0	0
Dallas	3 *	2	2	3 *	3	2	16 *	8	10	0 *	0	0	0 *	0	0
Daviess	1 *	2	1	2 *	1	1	16 *	10	10	0 *	0	0	0 *	0	0
DeKalb	0 *	0 *	0	1 *	0 *	0	29 *	20 *	15	21 *	26 *	28	0 *	0 *	0
Dent	1 *	1 *	1	3 *	2 *	2	8 *	9 *	7	21 *	18 *	21	10 *	9 *	11
Douglas	1 *	1 *	1	3 *	3 *	2	11 *	11 *	8	26 *	22 *	23	5 *	5 *	7
Dunklin	2 *	1	0	2 *	2	1	5 *	4	4	19 *	20	19	15 *	13	14
Gasconade	0 *	0 *	0	2 *	2 *	2	19 *	15 *	10	24 *	23 *	24	12 *	12 *	10
Gentry	1 *	0 *	2	3 *	2 *	2	17 *	22 *	12	27 *	19 *	14	10 *	7 *	7
Grundy	1 *	1	1	2 *	2	2	7 *	7	5	19 *	19	16	12 *	13	10
Harrison	0 *	1	1	3 *	6	3	26 *	16	17	21 *	21	18	5 *	3	4
Henry	2 *	2	2	0 *	0	0	7 *	9	7	16 *	14	15	11 *	9	9
Hickory	0 *	1 *	1	2 *	2 *	2	11 *	10 *	11	33 *	37 *	37	3 *	4 *	5
Holt	0 *	0	0	1 *	1	1	20 *	21	18	15 *	15	16	7 *	8	9
Howard	3 *	1	1	4 *	1	2	18 *	19	21	0 *	0	0	0 *	0	0
Howell	0 *	0	0	2 *	1	1	18 *	23	27	0 *	17	18	0 *	6	5
Iron	0 *	1 *	1	3 *	1 *	1	13 *	7 *	8	30 *	31 *	33	4 *	4 *	5
Knox	0 *	0 *	0	7 *	5 *	5	12 *	13 *	7	0 *	0 *	0	0 *	0 *	0
Laclede	1 *	1	1	2 *	2	1	14 *	14	8	11 *	12	14	16 *	15	16
Lawrence	1 *	1	1	2 *	2	1	8 *	9	7	27 *	24	22	8 *	8	9
Lewis	0 *	0	0	4 *	2	2	22 *	25	22	0 *	0	0	0 *	0	0
Lincoln	2 *	2 *	2	2 *	1 *	1	8 *	8 *	9	0 *	0 *	0	0 *	0 *	0
Linn	2 *	1 *	2	3 *	2 *	2	15 *	10 *	8	19 *	20 *	23	8 *	10 *	11
Livingston	1 *	0 *	0	3 *	2 *	2	10 *	3 *	4	18 *	19 *	19	24 *	23 *	25
Macon	0 *	0 *	1	3 *	2 *	2	14 *	32 *	7	24 *	19 *	24	4 *	4 *	5

\* Unaudited (see Objective, Scope and Methodology section)



## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Madison	0 *	0	0	2 *	1	1	25 *	24	20	0 *	18	19	0 *	6	8
Maries	1 *	1	1	2 *	1	1	23 *	14	15	16 *	23	19	13 *	12	12
Marion	1 *	1	0	4 *	3	3	8 *	8	11	13 *	10	11	35 *	33	35
McDonald	1 *	0 *	1	3 *	0 *	0	12 *	22 *	11	18 *	14 *	20	17 *	14 *	15
Mercer	1 *	0	0	3 *	2	2	9 *	9	12	25 *	30	30	2 *	3	1
Miller	1 *	0 *	0	2 *	1 *	1	6 *	11 *	7	26 *	19 *	19	0 *	0 *	0
Mississippi	1 *	1 *	1	1 *	1 *	1	48 *	27 *	25	0 *	0 *	0	0 *	0 *	0
Moniteau	1 *	1	1	3 *	3	4	9 *	9	8	16 *	18	17	15 *	14	14
Monroe	0 *	0 *	0	2 *	2 *	2	13 *	12 *	17	24 *	21 *	26	6 *	4 *	6
Montgomery	1 *	1 *	1	1 *	0 *	0	23 *	23 *	22	17 *	19 *	17	27 *	27 *	25
Morgan	0 *	0	0	3 *	2	2	11 *	14	38	0 *	0	0	0 *	0	0
Nodaway	0 *	0	0	3 *	3	2	9 *	9	7	15 *	19	14	11 *	13	10
Oregon	0 *	0 *	0	3 *	2 *	2	14 *	12 *	12	23 *	22 *	22	2 *	2 *	5
Osage	0 *	0 *	0	1 *	1 *	1	6 *	7 *	6	31 *	30 *	30	5 *	7 *	4
Ozark	0 *	0 *	0	2 *	2 *	1	13 *	11 *	12	15 *	30 *	25	14 *	4 *	10
Pemiscot	0 *	0	0	2 *	1	1	6 *	10	11	27 *	23	22	10 *	10	9
Perry	1 *	1	2	1 *	1	1	23 *	27	27	17 *	17	16	10 *	10	9
Phelps	1 *	0	0	1 *	2	1	5 *	2	9	17 *	17	15	12 *	15	11
Pike	2 *	1 *	1	2 *	1 *	0	13 *	12 *	13	0 *	0 *	0	0 *	0 *	0
Polk	0 *	0 *	1	4 *	4 *	4	13 *	12 *	13	0 *	0 *	0	0 *	0 *	0
Pulaski	2 *	3	5	2 *	3	2	13 *	15	21	25 *	28	23	10 *	1	1
Putnam	0 *	1	0	2 *	2	3	44 *	13	15	0 *	0	0	0 *	0	0
Ralls	1 *	1	1	2 *	1	1	12 *	13	9	31 *	28	28	0 *	0	0
Randolph	0 *	0	0	2 *	1	2	5 *	4	8	23 *	20	19	17 *	21	18
Ray	0 *	0	0	3 *	3	1	4 *	7	8	17 *	17	18	24 *	24	24
Reynolds	0 *	1 *	1	3 *	1 *	1	7 *	12 *	11	39 *	28 *	28	1 *	2 *	2
Ripley	1 *	1	2	4 *	2	3	21 *	11	16	0 *	0	0	0 *	0	0
St. Clair	1 *	0	0	1 *	1	1	5 *	1	2	10 *	8	8	55 *	31	30
Ste. Genevieve	0 *	0	1	1 *	1	1	16 *	14	12	20 *	19	20	44 *	43	42
Schuyler	1 *	2	1	3 *	2	1	11 *	28	18	0 *	0	0	0 *	0	0
Scotland	0 *	0	0	2 *	1	1	7 *	7	5	32 *	31	32	0 *	0	0
Scott	0 *	0 *	0	2 *	1 *	1	9 *	12 *	12	0 *	16 *	18	0 *	23 *	17
Shannon	0 *	0 *	0	2 *	2 *	2	5 *	4 *	7	25 *	24 *	25	6 *	7 *	4
Shelby	0 *	1 *	0	2 *	1 *	1	9 *	6 *	4	20 *	20 *	22	7 *	8 *	12
Stoddard	0 *	0	0	1 *	0	1	18 *	5	9	25 *	25	27	0 *	0	0
Stone	2 *	2	5	1 *	1	1	14 *	18	18	23 *	23	23	12 *	9	7
Sullivan	1 *	1	1	3 *	2	2	8 *	6	5	31 *	30	29	5 *	6	5
Texas	3 *	5	3	3 *	1	1	5 *	6	9	15 *	15	14	11 *	12	13
Vernon	1 *	2 *	2	3 *	3 *	3	9 *	7 *	7	18 *	19 *	20	11 *	11 *	11
Warren	0 *	0	0	1 *	1	1	28 *	29	30	0 *	0	0	0 *	0	0
Washington	0 *	0 *	1	2 *	2 *	2	44 *	31 *	26	0 *	0 *	0	0 *	0 *	0
Wayne	0 *	0 *	0	2 *	1 *	2	9 *	17 *	14	27 *	24 *	26	10 *	0 *	0
Webster	1 *	0	0	3 *	2	3	22 *	11	13	32 *	36	35	0 *	0	0
Worth	0 *	0 *	0	3 *	2 *	1	15 *	9 *	39	10 *	10 *	6	9 *	7 *	4
Wright	1 *	1 *	1	1 *	1 *	1	11 *	7 *	12	17 *	21 *	19	6 *	4 *	4
Average	1	1 0	1 #	2	2 0	2 #	15	13 0	13 #	17	17 0	17 # #	7 #	7 0	7

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Adair	10 *	10 *	9	11 *	13 *	15	1 *	1 *	1	0 *	0 *	0	4 *	0 *	2
Andrew	7 *	8 *	8	3 *	2 *	3	1 *	1 *	1	1 *	1 *	1	8 *	10 *	9
Atchison	14 *	12 *	14	1 *	1 *	2	1 *	1 *	1	0 *	0 *	0	4 *	2 *	3
Audrain	10 *	11 *	12	9 *	9 *	13	1 *	1 *	1	0 *	0 *	0	37 *	34 *	25
Barry	9 *	10	7	5 *	5	6	1 *	1	1	0 *	0	0	0 *	0	3
Barton	11 *	10 *	12	3 *	3 *	4	0 *	0 *	0	1 *	1 *	1	3 *	2 *	4
Bates	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	2 *	0
Benton	8 *	8 *	8	1 *	1 *	3	1 *	1 *	1	0 *	0 *	0	1 *	0 *	1
Bollinger	7 *	7 *	8	3 *	4 *	7	1 *	1 *	1	0 *	0 *	0	0 *	0 *	3
Butler	5 *	5	5	5 *	5	6	1 *	1	1	0 *	0	1	0 *	0	0
Caldwell	8 *	9 *	9	1 *	1 *	2	1 *	1 *	1	0 *	0 *	0	5 *	1 *	4
Carroll	7 *	6	7	1 *	1	2	1 *	0	1	0 *	0	0	0 *	8	0
Carter	8 *	9 *	7	4 *	4 *	5	1 *	1 *	1	0 *	0 *	0	10 *	5 *	3
Cedar	5 *	6 *	6	2 *	3 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	11
Chariton	5 *	5 *	4	1 *	1 *	2	1 *	1 *	1	0 *	0 *	0	2 *	0 *	13
Christian	11 *	14 *	12	3 *	4 *	6	1 *	1 *	1	0 *	0 *	0	31 *	10 *	20
Clark	6 *	6	6	1 *	1	3	1 *	1	1	0 *	0	0	4 *	1	1
Clinton	7 *	8 *	6	1 *	1 *	2	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Cooper	7 *	7	7	2 *	2	3	1 *	1	1	10 *	10	10	2 *	3	0
Crawford	7 *	7	6	2 *	2	3	1 *	1	1	12 *	13	12	0 *	0	0
Dade	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	31 *	27	20
Dallas	10 *	9	11	11 *	14	15	1 *	2	2	0 *	0	0	11 *	7	7
Daviess	11 *	13	13	1 *	1	2	2 *	2	1	0 *	0	0	17 *	20	22
DeKalb	8 *	8 *	6	1 *	1 *	2	1 *	1 *	1	0 *	0 *	1	3 *	3 *	3
Dent	9 *	8 *	9	2 *	2 *	4	1 *	1 *	1	0 *	0 *	0	2 *	0 *	2
Douglas	9 *	10 *	10	2 *	2 *	3	1 *	1 *	1	0 *	0 *	0	3 *	3 *	5
Dunklin	7 *	7	8	3 *	4	6	1 *	1	1	0 *	0	0	0 *	0	0
Gasconade	8 *	8 *	7	0 *	2 *	2	1 *	1 *	1	0 *	0 *	0	0 *	0 *	5
Gentry	5 *	6 *	6	1 *	1 *	1	1 *	1 *	1	1 *	2 *	1	3 *	0 *	23
Grundy	7 *	8	7	6 *	6	8	1 *	1	1	0 *	0	0	6 *	2	6
Harrison	6 *	7	7	1 *	1	4	2 *	1	2	0 *	0	0	0 *	0	0
Henry	7 *	6	7	19 *	19	20	1 *	1	1	0 *	0	0	5 *	5	6
Hickory	7 *	6 *	6	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	3 *	2 *	1
Holt	6 *	6	7	1 *	1	4	1 *	1	1	0 *	0	0	1 *	1	1
Howard	8 *	7	8	5 *	6	8	1 *	1	1	18 *	15	16	0 *	12	5
Howell	6 *	5	5	5 *	5	6	1 *	1	1	0 *	2	2	33 *	3	3
Iron	7 *	7 *	7	2 *	2 *	2	1 *	1 *	1	0 *	0 *	0	0 *	0 *	1
Knox	10 *	10 *	10	5 *	5 *	8	1 *	1 *	1	0 *	0 *	0	3 *	6 *	15
Laclede	6 *	6	7	2 *	2	4	1 *	1	0	0 *	0	0	11 *	17	13
Lawrence	8 *	8	8	2 *	2	3	1 *	1	1	12 *	13	13	0 *	0	0
Lewis	6 *	6	7	6 *	6	8	1 *	1	1	0 *	0	0	24 *	22	23
Lincoln	12 *	8 *	8	6 *	5 *	5	1 *	1 *	1	0 *	20 *	23	30 *	17 *	18
Linn	5 *	6 *	7	3 *	3 *	6	1 *	1 *	1	0 *	0 *	0	0 *	1 *	2
Livingston	5 *	5 *	5	3 *	3 *	4	1 *	1 *	1	0 *	0 *	0	4 *	1 *	1
Macon	7 *	5 *	7	5 *	3 *	9	1 *	0 *	1	0 *	0 *	1	1 *	0 *	1

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 4

MISSOURI 3RD CLASS COUNTIES  
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION  
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2000	1999	1998
Madison	9 *	5	6	0 *	1	4	3 *	1	1	0 *	0	0	0 *	0	0
Maries	5 *	5	6	2 *	2	2	1 *	1	1	1 *	1	1	0 *	0	0
Marion	8 *	8	8	2 *	2	4	1 *	1	1	0 *	0	0	2 *	7	0
McDonald	11 *	10 *	12	1 *	1 *	2	1 *	1 *	1	0 *	0 *	0	2 *	2 *	3
Mercer	8 *	8	9	1 *	1	2	1 *	1	1	0 *	0	0	0 *	0	0
Miller	9 *	7 *	7	3 *	2 *	4	1 *	1 *	1	0 *	13 *	13	10 *	6 *	10
Mississippi	6 *	6 *	7	1 *	1 *	4	1 *	1 *	1	1 *	1 *	1	14 *	32 *	29
Moniteau	9 *	10	12	4 *	2	4	1 *	1	1	0 *	0	0	3 *	0	0
Monroe	5 *	6 *	6	2 *	2 *	3	1 *	1 *	1	0 *	0 *	0	7 *	8 *	0
Montgomery	7 *	6 *	6	2 *	2 *	4	1 *	0 *	1	0 *	0 *	0	0 *	0 *	4
Morgan	7 *	9	8	2 *	3	4	1 *	1	1	0 *	0	0	46 *	35	13
Nodaway	7 *	7	6	5 *	4	5	1 *	1	1	0 *	0	0	13 *	0	26
Oregon	7 *	8 *	7	4 *	4 *	5	1 *	1 *	1	0 *	0 *	0	2 *	3 *	3
Osage	9 *	9 *	9	3 *	3 *	3	1 *	1 *	1	3 *	1 *	1	1 *	0 *	1
Ozark	6 *	3 *	6	0 *	2 *	2	1 *	1 *	2	0 *	0 *	0	4 *	5 *	3
Pemiscot	11 *	11	10	2 *	2	2	1 *	1	1	0 *	0	0	2 *	0	6
Perry	5 *	5	5	3 *	3	5	1 *	1	1	0 *	0	0	4 *	0	0
Phelps	10 *	8	8	13 *	11	11	1 *	1	0	2 *	2	2	4 *	4	9
Pike	5 *	7 *	6	2 *	2 *	3	1 *	1 *	0	43 *	42 *	43	2 *	6 *	8
Polk	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	2 *	2 *	7
Pulaski	7 *	8	8	4 *	4	5	1 *	1	1	0 *	0	0	4 *	2	6
Putnam	10 *	16	15	1 *	1	4	1 *	1	1	0 *	0	0	0 *	0	0
Ralls	6 *	6	7	1 *	1	3	1 *	1	1	0 *	0	0	5 *	7	4
Randolph	10 *	9	9	9 *	10	12	1 *	1	1	0 *	0	0	0 *	0	0
Ray	11 *	11	10	1 *	1	3	1 *	1	1	5 *	0	0	0 *	0	0
Reynolds	9 *	8 *	9	2 *	2 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Ripley	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	14 *	41	19
St. Clair	4 *	3	3	1 *	1	1	0 *	0	0	0 *	0	0	1 *	1	1
Ste. Genevieve	3 *	3	3	0 *	2	3	1 *	1	1	0 *	0	0	0 *	1	1
Schuyler	0 *	0	0	0 *	0	0	0 *	0	0	1 *	2	1	24 *	0	17
Scotland	7 *	7	8	4 *	5	9	1 *	0	0	4 *	4	0	2 *	1	1
Scott	8 *	5 *	6	4 *	3 *	7	1 *	1 *	1	0 *	0 *	0	43 *	0 *	0
Shannon	7 *	7 *	7	4 *	4 *	5	1 *	1 *	1	0 *	0 *	0	1 *	2 *	4
Shelby	8 *	8 *	8	5 *	4 *	5	1 *	1 *	1	0 *	0 *	0	3 *	4 *	2
Stoddard	5 *	5	6	15 *	28	16	1 *	1	1	0 *	0	0	0 *	0	0
Stone	7 *	7	7	1 *	1	1	1 *	0	1	4 *	0	0	9 *	8	6
Sullivan	6 *	6	6	1 *	1	2	1 *	1	1	0 *	0	0	1 *	2	3
Texas	7 *	6	7	4 *	3	6	1 *	1	1	0 *	0	0	3 *	3	5
Vernon	7 *	6 *	7	9 *	8 *	11	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Warren	10 *	11	11	4 *	3	7	1 *	1	1	0 *	0	0	22 *	17	9
Washington	9 *	12 *	13	4 *	5 *	7	1 *	2 *	2	0 *	0 *	0	9 *	10 *	10
Wayne	7 *	6 *	9	1 *	2 *	3	1 *	1 *	1	0 *	0 *	0	2 *	2 *	3
Webster	6 *	7	6	2 *	3	6	1 *	1	1	2 *	1	0	1 *	1	2
Worth	15 *	12 *	9	0 *	0 *	1	1 *	1 *	1	1 *	1 *	1	4 *	11 *	5
Wright	8 *	8 *	8	11 *	12 *	14	1 *	1 *	1	2 *	2 *	2	3 *	2 *	5
Average	7	7	7	3	3	5	1	1	1	1	2	2	6	5	6

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 5

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
SALES TAX FUNDS

		Year Ended December 31,								
		2001			2000			1999		
County	Fund Type	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	b	\$ 1,569,851 *	2,442,250 *	150,159 *	1,366,836 *	936,198 *	1,022,558 *	1,267,075	720,775	591,920
Andrew	a,b	608,320 *	708,864 *	565,893 *	616,592 *	508,770 *	666,437 *	551,829	495,613	558,615
Atchison	c	231,752 *	226,791 *	272,822 *	236,696 *	256,055 *	267,861 *	217,890	229,031	287,220
Audrain	b,c	2,765,312 *	2,803,968 *	296,023 *	2,394,122 *	2,073,725 *	334,679 *	2,031,972	2,304,384	14,282
Barry		0 *	0 *	0 *	0	0	0	0	0	0
Barton	b	534,762 *	587,041 *	193,653 *	519,942 *	515,314 *	245,932 *	530,267	469,617	241,304
Bates	b	688,565 *	684,576 *	19,879 *	632,559 *	680,538 *	15,890 *	645,574	660,178	63,869
Benton	a	695,059 *	675,706 *	527,261 *	654,242 *	720,179 *	507,908 *	621,690	770,709	573,845
Bollinger		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Butler	b,c	2,617,529 *	2,735,601 *	1,007,568 *	1,207,972	1,251,970	1,125,640	2,357,779	2,753,698	1,169,638
Caldwell	b,c	492,055 *	488,184 *	231,444 *	443,929 *	371,639 *	227,573 *	403,776	336,256	155,283
Carroll	a	297,349 *	149,139 *	194,638 *	417,475	371,598	46,428	0	0	0
Carter		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Cedar	b	34,929 *	2,620 *	32,309 *	0 *	0 *	0 *	0	0	0
Chariton	b	267,761 *	197,838 *	1,041,483 *	271,739 *	150,077 *	971,560 *	408,110	156,166	849,898
Christian	b,c	3,003,266 *	2,543,328 *	446,397 *	1,722,726 *	1,811,540 *	(13,541) *	1,543,103	1,479,335	75,273
Clark	a,c	606,385 *	578,125 *	244,635 *	598,524	534,897	216,375	368,860	305,659	152,748
Clinton	a	718,114 *	617,758 *	385,078 *	525,739 *	380,558 *	284,722 *	447,415	399,161	139,541
Cooper	b,c	1,467,065 *	1,226,491 *	1,199,370 *	1,564,883	1,166,395	958,796	1,135,460	934,658	560,308
Crawford	a	514,368 *	470,183 *	235,356 *	120,959	98,170	191,171	113,220	42,483	168,382
Dade	b	546,021 *	546,216 *	344 *	426,945	427,229	539	391,748	419,243	823
Dallas	a,b	1,349,040 *	1,380,904 *	62,074 *	1,152,877	1,147,113	93,938	1,157,318	1,222,468	88,174
Daviess	b	313,058 *	347,791 *	43,562 *	281,857	270,403	78,295	302,938	254,411	66,841
Dekalb	a	549,762 *	701,873 *	14,963 *	554,217 *	676,097 *	167,074 *	542,089	627,799	288,954
Dent		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Douglas		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Dunklin		0 *	0 *	0 *	0	0	0	0	0	0
Gasconade		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Gentry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Grundy	\$	0 *	0 *	0 *	0	0	0	0	0	0

Tickmark Legend

a - Capital Improvement Sales Tax Fund

b - Law Enforcement Sales Tax Fund

c - Road and Bridge Sales Tax Fund

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 5

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
SALES TAX FUNDS

Year Ended December 31,											
County	Fund Type	2001			2000			1999			
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	
Harrison	a	\$ 32,259 *	4,831 *	311,686 *	241,005	806,970	284,258	239,751	138,369	850,223	
Henry		0 *	0 *	0 *	0	0	0	0	0	0	
Hickory		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Holt		0 *	0 *	0 *	0	0	0	0	0	0	
Howard	b	401,600 *	401,898 *	1,414 *	430,061	443,992	1,712	408,639	394,513	15,643	
Howell	b	1,855,851 *	1,377,030 *	545,299 *	66,478	0	66,478	0	0	0	
Iron		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Knox	b	148,980 *	152,462 *	124 *	163,025 *	159,639 *	3,606 *	143,547	143,327	220	
Laclede	b	1,663,628 *	1,546,188 *	911,471 *	1,682,737	1,652,398	794,031	1,918,125	1,734,382	763,692	
Lawrence		0 *	0 *	0 *	0	0	0	0	0	0	
Lewis	a,b	874,593 *	972,768 *	2,315 *	707,062	668,606	100,490	1,139,856	1,127,997	62,034	
Lincoln	a,b	3,928,719 *	4,188,445 *	415,030 *	3,633,185 *	3,475,309 *	674,756 *	3,008,265	3,022,724	516,880	
Linn		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Livingston		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Macon	c	792,862 *	781,957 *	297,913 *	599,062 *	454,933 *	287,008 *	872,556	828,431	142,879	
Madison	a,d	0 *	0 *	0 *	0	0	0	482,504	479,648	19,516	
Maries	a	326,070 *	322,623 *	40,327 *	216,666	180,453	36,880	212,319	212,506	667	
Marion	a,c	2,235,297 *	1,882,225 *	1,820,348 *	3,175,726	3,232,353	1,467,276	2,256,951	2,098,810	1,523,903	
McDonald		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Mercer		0 *	0 *	0 *	0	0	0	0	0	0	
Miller	a	1,676,562 *	1,774,425 *	321,208 *	1,737,539 *	1,651,620 *	419,071 *	1,355,208	1,260,682	333,152	
Mississippi	a,b	2,375,676 *	2,524,399 *	124,317 *	2,184,409 *	2,014,144 *	273,040 *	1,619,097	2,134,007	102,775	
Moniteau		0 *	0 *	0 *	0	0	0	0	0	0	
Monroe		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Montgomery	a	477,614 *	434,668 *	411,547 *	392,000 *	377,642 *	368,601 *	466,201	381,943	354,243	
Morgan	b	1,810,492 *	1,819,952 *	29 *	1,363,461	1,537,741	9,489	1,072,374	1,016,856	183,769	
Nodaway		0 *	0 *	0 *	0	0	0	0	0	0	
Oregon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Osage		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0	
Ozark	a,b	\$ 506,621 *	458,156 *	228,811 *	389,156 *	342,086 *	180,346 *	238,332	214,950	133,276	

## Tickmark Legend

a - Capital Improvement Sales Tax Fund

b - Law Enforcement Sales Tax Fund

c - Road and Bridge Sales Tax Fund

d - This Capital Improvement Sales Tax expired in September 1999.

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 5

MISSOURI 3RD CLASS COUNTIES  
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES  
SALES TAX FUNDS

		Year Ended December 31,								
		2001			2000			1999		
County	Fund Type	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Pemiscot	a,b	\$ 952,433 *	1,017,781 *	1,053,574 *	971,393	681,995	1,118,922	906,066	513,242	829,524
Perry		0 *	0 *	0 *	0	0	0	0	0	0
Phelps	b	2,761,420 *	721,607 *	3,748,915 *	2,032,114	362,245	1,709,102	163,769	124,536	39,233
Pike	b	927,017 *	960,446 *	9,432 *	998,705 *	946,421 *	42,861 *	898,689	964,277	(9,423)
Polk	b,c	2,590,855 *	2,927,150 *	753,703 *	2,218,234 *	2,163,226 *	1,089,998 *	2,221,369	2,000,370	1,034,990
Pulaski	a	8 *	0 *	2,285,247 *	108,666	15	2,285,239	117,564	78,056	2,176,588
Putnam	b	240,457 *	221,422 *	36,987 *	222,662	231,898	17,952	214,281	211,584	27,188
Ralls		0 *	0 *	0 *	0	0	0	0	0	0
Randolph		0 *	0 *	0 *	0	0	0	0	0	0
Ray	c,e	0 *	0 *	0 *	1,164,277	1,296,625	240,147	659,275	589,221	372,495
Reynolds		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Ripley	b	528,780 *	545,789 *	275 *	477,400	462,854	17,284	475,419	474,131	2,738
St. Clair		0 *	0 *	0 *	0	0	0	0	0	0
Ste. Genevieve	a	95,595 *	91,404 *	1,651,765 *	90,164	11,854	1,647,574	80,192	13,948	1,569,264
Schuyler	b,c	377,816 *	368,166 *	137,429 *	348,248	351,518	127,779	325,546	322,056	131,049
Scotland		0 *	0 *	0 *	0	0	0	0	0	0
Scott	b	2,642,710 *	2,731,515 *	340 *	89,145 *	1,459,394 *	89,145 *	0	0	0
Shannon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Shelby		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Stoddard		0 *	0 *	0 *	0	0	0	0	0	0
Stone	b,f	0 *	0 *	0 *	0	0	0	2,085,752	2,175,443	10,217
Sullivan		0 *	0 *	0 *	0	0	0	0	0	0
Texas		0 *	0 *	0 *	0	0	0	0	0	0
Vernon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Warren	a,b	3,327,447 *	2,680,103 *	2,082,686 *	2,904,951	2,559,551	1,435,342	3,086,243	2,716,755	1,089,942
Washington	a,b	1,784,467 *	1,793,307 *	1,324,490 *	1,710,882 *	1,402,508 *	1,333,330 *	1,565,000	1,235,080	1,024,956
Wayne		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Webster	a	1,069,872 *	1,029,499 *	83,695 *	987,821	1,110,091	43,322	960,716	909,939	165,592
Worth	a,b	87,635 *	85,433 *	68,624 *	72,335 *	102,033 *	66,422 *	121,898	184,935	96,120
Wright		\$ 0 *	0 *	0 *	0 *	0 *	0 *	0	0	0

## Tickmark Legend

a - Capital Improvement Sales Tax Fund

b - Law Enforcement Sales Tax Fund

c - Road and Bridge Sales Tax Fund

e - In 2001, the Road and Bridge Sales Tax monies were included in the regular Special Road and Bridge Fund. In 2000, the Road and Bridge Sales Tax were included in a separate fund.

f - In 2000 and 2001, the Law Enforcement Sales Tax monies were included in the General Revenue Fund. In 1999, the Law Enforcement Sales Tax monies were included in a separate fund.

\* Unaudited (see Objective, Scope and Methodology section)

## Schedule 6

MISSOURI 3RD CLASS COUNTIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)  
 COMPARISON OF AUDITED AND COUNTY SEFA AMOUNTS FOR 1999

Federal Awards Per Audit Reports or County SEFA									Over/(Under)
County	BRO	WIC	CDBG	MCH/FP	FEMA	Other	Total Audited SEFA	Total County SEFA	Reported For Audited Counties
Adair	\$ 3,645	0	220,720	23,483	0	534,646	782,494	225,727	(556,767)
Andrew	72,317	33,088	0	43,991	30,100	51,234	230,730	393,169	162,439
Atchison	536,097	18,317	0	20,286	6,410	32,454	613,564	1,250	(612,314)
Audrain	48,932	0	210,500	0	2,288	35,743	297,463	309,977	12,514
Barry	0	129,401	22,174	43,546	0	285,590	480,711	417,959	(62,752)
Barton	295,077	41,240	0	18,430	221,822	45,238	621,807	602,440	(19,367)
Bates	259,628	56,315	0	14,830	12,661	19,598	N/A	363,032	N/A
Benton	10,299	35,105	0	20,112	0	122,783	N/A	188,299	N/A
Bollinger	0	59,367	0	0	0	5,569	N/A	64,936	N/A
Butler	534,911	260,206	303,421	0	0	656,515	1,755,053	1,755,053	0
Caldwell	106,785	0	0	9,396	342,146	37,163	495,490	161,716	(333,774)
Carroll	423,856	28,558	0	14,383	620,644	140,166	1,227,607	1,236,669	9,062
Carter	0	30,843	72,450	15,721	0	205,699	324,713	390,103	65,390
Cedar	20,980	0	0	0	408,574	30,735	460,289	592,547	132,258
Chariton	20,265	12,672	0	17,289	104,746	80,588	235,560	218,351	(17,209)
Christian	0	122,973	0	39,238	1,066	537,806	701,083	0	(701,083)
Clark	343,392	19,555	182,283	12,857	0	151,449	709,536	709,536	0
Clinton	0	54,666	0	24,569	3,721	111,226	194,182	118,686	(75,496)
Cooper	0	28,475	0	13,908	7,466	198,832	N/A	248,681	N/A
Crawford	168,533	66,188	0	23,032	0	245,915	503,668	516,500	12,832
Dade	16,713	22,434	0	0	2,519	12,837	N/A	54,503	N/A
Dallas	0	3,246	0	1,958	2,928	5,088	N/A	13,220	N/A
Daviess	178,158	29,103	50,288	17,090	0	24,800	299,439	299,875	436
DeKalb	238,110	0	0	0	29,862	21,986	N/A	289,958	N/A
Dent	0	0	0	0	0	0	N/A	0	N/A
Douglas	24,397	47,794	0	23,982	0	214,224	310,397	74,986	(235,411)
Dunklin	0	168,291	299,912	65,622	7,257	294,982	836,064	393,498	(442,566)
Gasconade	0	47,428	45,395	26,693	6,410	36,921	N/A	162,847	N/A
Gentry	607,240	48,832	80,286	39,746	2,944	95,155	874,203	1,005,725	131,522
Grundy	254,872	39,968	0	16,175	0	244,570	555,585	390,632	(164,953)
Harrison	405,109	26,635	0	15,177	0	22,208	469,129	582,006	112,877
Henry	342,522	45,758	0	12,427	4,521	403,750	808,978	586,501	(222,477)
Hickory	0	7,937	0	6,507	2,375	46,558	N/A	63,377	N/A
Holt	246,910	11,102	3,500	12,694	1,345	53,779	329,330	384,298	54,968
Howard	190,238	17,314	279,845	18,917	0	37,736	544,050	13,915	(530,135)
Howell	0	0	340,413	0	4,524	534,934	879,871	786,618	(93,253)
Iron	0	41,399	0	18,175	2,357	220,444	282,375	342,664	60,289
Knox	116,405	18,236	16,232	13,682	350	12,409	177,314	121,955	(55,359)
Laclede	23,598	0	0	51,486	0	79,984	N/A	155,068	N/A
Lawrence	297,373	115,501	0	42,192	4,380	123,890	583,336	338,857	(244,479)
Lewis	345,360	33,557	409,452	29,285	0	45,908	863,562	837,438	(26,124)
Lincoln	478,595	73,452	0	32,403	8,632	222,961	816,043	615,633	(200,410)
Linn	71,726	34,806	170,219	23,186	186,378	101,532	587,847	666,469	78,622
Livingston	48,240	47,130	0	19,231	340,896	145,769	601,266	671,888	70,622
Macon	\$ 229,830	54,858	0	20,983	50,979	53,643	410,293	400,659	(9,634)

## Tickmark Legend

BRO	- Highway Planning and Consturction	N/A	- No federal audit was required because federal awards expended were less than \$300,000 both years of the audit period (see Objective, Scope, and Methodology section)
WIC	- Special Supplemental Nutrition Program for Women Infants and Children		
CDBG	- Communtiy Development Block Grant/State's Program	a	- Although the federal awards expended by Audrain County were less than \$300,000 for both years of the audit period, a federal audit was performed.
MCH/FP	- Maternal and Child Health Services Block Grant to the States/Family Planning		
FEMA	- Emergency Management - State and Local Assistance/ Public Assistance Grants		

## Schedule 6

MISSOURI 3RD CLASS COUNTIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)  
 COMPARISON OF AUDITED AND COUNTY SEFA AMOUNTS FOR 1999

County	Federal Awards Per Audit Reports or County SEFA							Total Audited SEFA	Total County SEFA	Over/(Under) Reported For Audited Counties
	BRO	WIC	CDBG	MCH/FP	FEMA	Other				
Madison	\$ 62,634	50,511	0	25,815	0	197,858	336,818	382,892	46,074	
Maries	0	0	0	0	0	506	N/A	506	N/A	
Marion	45,108	68,859	0	28,710	0	217,325	360,002	298,757	(61,245)	
McDonald	0	71,057	0	18,518	2,111	70,441	N/A	162,127	N/A	
Mercer	252,577	13,735	0	10,085	0	155,209	431,606	483,967	52,361	
Miller	273,396	96,963	0	9,341	283,673	38,974	702,347	9,555	(692,792)	
Mississippi	312,811	80,245	375,000	32,597	0	506,616	1,307,269	1,030,582	(276,687)	
Moniteau	22,328	31,066	0	6,188	4,102	131,021	N/A	194,705	N/A	
Monroe	408,509	23,107	5,000	17,352	0	51,407	505,375	326,063	(179,312)	
Montgomery	202,367	25,175	0	13,654	0	62,952	304,148	237,446	(66,702)	
Morgan	0	48,100	0	8,717	262,165	55,642	374,624	89,613	(285,011)	
Nodaway	745,702	39,464	0	22,403	0	124,958	932,527	921,146	(11,381)	
Oregon	0	61,070	0	27,629	2,803	252,146	343,648	62,095	(281,553)	
Osage	33,504	0	0	0	7,089	8,426	N/A	49,019	N/A	
Ozark	20,201	30,361	326,280	51,152	0	156,853	584,847	513,847	(71,000)	
Pemiscot	4,440	125,822	28,490	28,686	0	347,426	534,864	534,864	0	
Perry	11,536	54,701	0	16,899	7,326	10,137	N/A	100,599	N/A	
Phelps	4,932	130,145	0	86,227	0	954,819	1,176,123	1,051,121	(125,002)	
Pike	367,253	44,986	0	10,906	1,250	153,792	578,187	476,215	(101,972)	
Polk	13,915	72,264	0	38,141	335,872	226,759	686,951	332,781	(354,170)	
Pulaski	0	150,020	6,573	42,433	0	253,386	452,412	497,519	45,107	
Putnam	209,681	5,400	0	16,611	0	16,954	248,646	282,944	34,298	
Ralls	1,187	14,439	284,388	12,742	0	54,933	367,689	325,441	(42,248)	
Randolph	0	100,052	0	56,227	0	274,877	431,156	148,480	(282,676)	
Ray	26,052	91,586	8,208	22,346	180,613	225,716	554,521	294,993	(259,528)	
Reynolds	31,434	2,205	0	2,609	0	166,530	N/A	202,778	N/A	
Ripley	215,726	0	483,636	0	1,959	137,295	838,616	899,801	61,185	
St. Clair	34,788	31,456	0	20,526	0	484,352	571,122	1,445,524	874,402	
Ste. Genevieve	0	51,371	0	22,725	0	82,078	N/A	156,174	N/A	
Schuyler	204,162	16,192	166,971	28,963	0	44,441	460,729	494,734	34,005	
Scotland	41,026	13,418	121,203	11,283	0	44,857	231,787	191,271	(40,516)	
Scott	0	164,627	750	120,522	0	88,876	374,775	198,351	(176,424)	
Shannon	0	44,024	0	13,769	0	62,953	N/A	120,746	N/A	
Shelby	15,281	25,697	0	22,029	0	58,213	121,220	118,934	(2,286)	
Stoddard	539,137	70,213	0	39,480	2,362	201,134	852,326	790,369	(61,957)	
Stone	0	0	0	0	3,713	85,817	N/A	89,530	N/A	
Sullivan	32,381	20,925	4,609	13,954	0	3,936	N/A	75,805	N/A	
Texas	33,253	85,066	0	26,310	0	119,187	263,816	260,746	(3,070)	
Vernon	225,705	52,387	0	28,452	0	116,681	423,225	288,208	(135,017)	
Warren	227,681	0	153,467	9,515	0	133,220	523,883	511,878	(12,005)	
Washington	21,024	84,689	0	44,076	0	337,569	487,358	443,409	(43,949)	
Wayne	361,069	52,733	2,600	18,516	0	215,753	650,671	698,052	47,381	
Webster	0	110,735	443,513	17,031	5,687	85,024	661,990	591,224	(70,766)	
Worth	113,622	0	0	0	0	0	N/A	113,622	N/A	
Wright	0	69,804	0	15,162	0	14,938	N/A	99,904	N/A	
Total	\$ 12,074,535	4,256,420	5,117,778	1,920,983	3,521,026	13,617,004	37,538,310	34,365,558	(6,142,188) #	

## Tickmark Legend

BRO	- Highway Planning and Consturction	N/A	- No federal audit was required because federal awards expended were less than \$300,000 both years of the audit period (see Objective, Scope, and Methodology section)
WIC	- Special Supplemental Nutrition Program for Women Infants and Children		
CDBG	- Communtiy Development Block Grant/State's Program	#	- The over/(under) reported for counties column is a comparison of the total audited SEFA column and the total county SEFA column for counties that required a single audit.
MCH/FP	- Maternal and Child Health Services Block Grant to the States/Family Planning		
FEMA	- Emergency Management - State and Local Assistance/ Public Assistance Grants		



## Schedule 7

MISSOURI 3RD CLASS COUNTIES  
 SCHEDULE OF 2001 PUBLISHED FINANCIAL STATEMENTS  
 OVERALL EVALUATION, DATE AND COST OF PUBLICATION

County	Overall Evaluation	Date of Publication *		Cost of Publication
Adair	Fair	February 26, 2002	\$	2,400
Andrew	Fair	March 21, 2002		921
Atchison	Good	March 14, 2002		N/A
Audrain	Good	February 25, 2002		570
Barry	Good	February 20, 2002		477
Barton	Good	February 27, 2002		716
Bates	Good	March 2, 2002		981
Benton	Good	February 21, 2002		990
Bollinger	Good	June 6, 2002		N/A
Butler	Fair	February 26, 2002		N/A
Caldwell	Fair	February 6, 2002		600
Carroll	Good	March 8, 2002		N/A
Carter	Fair	February 28, 2002		N/A
Cedar	Good	February 28, 2002		N/A
Chariton	Good	February 28, 2002		667
Christian	Good	March 27, 2002		425
Clark	Fair	March 25, 2002		249
Clinton	Good	February 28, 2002		795
Cooper	Fair	March 1, 2002		255
Crawford	Good	February 28, 2002		2,241
Dade	Good	March 14, 2002		N/A
Dallas	Good	February 28, 2002		N/A
Daviess	Good	February 20, 2002		N/A
DeKalb	Good	February 21, 2002		N/A
Dent	Fair	February 26, 2002		N/A
Douglas	Good	February 28, 2002		N/A
Dunklin	Good	April 3, 2002		1,399
Gasconade	Good	February 27, 2002		N/A
Gentry	Good	February 27, 2002		N/A
Grundy	Good	February 26, 2002		1,211
Harrison	Good	February 27, 2002		N/A
Henry	Good	February 28, 2002		N/A
Hickory	Good	February 13, 2002		1,187
Holt	Good	February 28, 2002		N/A
Howard	Good	March 21, 2002		908
Howell	Good	February 26, 2002		3,380
Iron	Good	February 27, 2002		1,739
Knox	Good	February 20, 2002		824
Laclede	Good	February 27, 2002		2,632
Lawrence	Good	March 8, 2002		497
Lewis	Good	March 13, 2002		N/A
Lincoln	Good	February 27, 2002		N/A
Linn	Good	February 27, 2002		N/A
Livingston	Good	February 28, 2002		1,806
Macon	Good	February 27, 2002	\$	N/A

## Tickmark Legend

N/A - Cost amounts were obtained from the affidavit of publication submitted by each county to the State Auditor's Office. If the cost was not indicated it is not included in the schedule.

\* - Financial statements are required to be published by the first Monday in March (March 4, 2002).

## Schedule 7

MISSOURI 3RD CLASS COUNTIES  
 SCHEDULE OF 2001 PUBLISHED FINANCIAL STATEMENTS  
 OVERALL EVALUATION, DATE AND COST OF PUBLICATION

County	Overall Evaluation	Date of Publication *		Cost of Publication
Madison	Good	February 27, 2002	\$	N/A
Maries	Good	March 6, 2002		N/A
Marion	Good	February 26, 2002		875
McDonald	Good	March 6, 2002		622
Mercer	Good	February 28, 2002		436
Miller	Good	March 7, 2002		2,077
Mississippi	Fair	February 12, 2002		940
Moniteau	Good	February 27, 2002		N/A
Monroe	Fair	February 20, 2002		N/A
Montgomery	Good	February 27, 2002		1,455
Morgan	Good	March 7, 2002		2,851
Nodaway	Good	March 22, 2002		838
Oregon	Good	February 21, 2002		N/A
Osage	Good	February 27, 2002		1,209
Ozark	Good	February 20, 2002		N/A
Pemiscot	Good	April 3, 2002		N/A
Perry	Good	February 26, 2002		2,813
Phelps	Good	February 19, 2002		3,861
Pike	Good	March 6, 2002		2,881
Polk	Good	February 27, 2002		1,270
Pulaski	Good	February 26, 2002		650
Putnam	Fair	March 6, 2002		567
Ralls	Good	February 28, 2002		N/A
Randolph	Good	February 18, 2002		1,161
Ray	Fair	March 13, 2002		259
Reynolds	Good	March 7, 2002		N/A
Ripley	Good	February 27, 2002		1,664
St. Clair	Good	March 1, 2002		N/A
Ste. Genevieve	Good	February 27, 2002		N/A
Schuyler	Fair	February 20, 2002		N/A
Scotland	Good	February 14, 2002		N/A
Scott	Fair	February 27, 2002		1,844
Shannon	Fair	April 17, 2002		N/A
Shelby	Good	February 27, 2002		N/A
Stoddard	Good	February 27, 2002		N/A
Stone	Good	February 28, 2002		1,600
Sullivan	Good	February 21, 2002		1,104
Texas	Good	March 14, 2002		N/A
Vernon	Good	February 17, 2002		N/A
Warren	Good	February 28, 2002		N/A
Washington	Fair	February 28, 2002		3,219
Wayne	Good	February 28, 2002		N/A
Webster	Good	February 27, 2002		425
Worth	Good	February 27, 2002		225
Wright	Fair	March 21, 2002	\$	1,021

## Tickmark Legend

N/A - Cost amounts were obtained from the affidavit of publication submitted by each county to the State Auditor's Office. If the cost was not indicated it is not included in the schedule.

\* - Financial statements are required to be published by the first Monday in March (March 4, 2002).



**DIVISION OF CHILD SUPPORT ENFORCEMENT MANAGEMENT AND  
OVERSIGHT OF CHILD SUPPORT ENFORCEMENT ACTIONS**

**From The Office Of State Auditor  
Claire McCaskill**

*Improvements are needed in child support collection efforts.*

**Report No. 2002-112  
November 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

November 2002

### **More aggressive enforcement actions could improve child support collections**

Missouri collected no more than 20 percent of the child support owed to 538,000 custodial parents and their children from fiscal years 1996 to 2001, leaving over \$1 billion uncollected. While the support collected by the state's Division of Child Support Enforcement (division) has been comparable to the national average, auditors found several weaknesses affecting the state's ability to increase collections.

The auditors analyzed cases in which custodial parents relied on the state to collect child support under Title IV-D of the federal Social Security Act. According to the division, Missouri disbursed about \$400 million in 2001 to children receiving IV-D services.

### **Some enforcement ineffective; others not used**

Division data showed only 29 percent of computerized enforcement actions helped collect more child support. Auditors also found the division did not take all available enforcement actions to collect support in 43 percent of sampled cases. In these cases, auditors found computerized enforcement actions often occurred, but not manual enforcement actions, such as suspending drivers' licenses of delinquent, non-custodial parents. For example, the division suspended drivers' licenses in only 1 of 17 eligible cases found in the audit sample. (See page 6)

### **License suspensions not intensely pursued**

The division can seek suspension of professional or recreational (fishing and hunting) licenses from non-custodial parents who owe the lesser of three months support or \$2,500. However, since a 1998 computer system update, the division has not suspended any professional licenses and suspended only 8 recreational licenses. The division has not matched data with the Department of Economic Development (for professional licenses) since 1998 and has never matched data with the Department of Conservation (for recreational licenses). Auditors conducted both matches and found delinquent, non-custodial parents who could lose such licenses. For example, auditors found 9 professionally licensed parents who owed \$1.2 million in support, including a licensed doctor who owed \$300,000. Auditors also found a parent with a recreational license who owed \$37,611 in support. (See page 7)

In addition, the division's limited use of drivers' license suspensions did produce collections. A July 2001 division report showed 18,774 delinquent, non-custodial parents who could lose their drivers' licenses. Division staff threatened about 26 percent of these

YELLOW SHEET

parents with license suspension, and obtained payment agreements in 23 percent of these cases. These agreements yielded \$2 million in the last six months of 2001. (See page 8)

### **Checking tax returns could help find missing non-custodial parents**

The division identified 176,279 cases with no address or employer information for the delinquent, non-custodial parents. Auditors, through the Department of Revenue, checked recent income tax returns on 101 delinquent parents and found address and employer information in 15 cases. Division staff said they do not check income tax returns since they already electronically record address and employer information from the State Directory of New Hires. Nonetheless, audit tests showed income tax information as another resource to locate delinquent parents. (See page 8)

### **More use of private contractor could increase collections**

When parents do not receive the child support owed to them, they often turn to the state for welfare benefits. While the state pays these parents assistance, the parents give the state the right to collect future support. This assignment allows the state to collect the unpaid support and keep up to the welfare amount it is paying the custodial parent.

This simplified, hypothetical example explains the above scenario: Consider a mother who did not receive \$100 a month in child support for 3 months. She can apply to the state for financial assistance through welfare and let the state try to collect the support. The state could decide to pay her \$50 per month in welfare benefits and then try to collect the unpaid child support. If the state can collect the full \$400 owed - the past due amount (\$300 for three months) and the current month's support (\$100) - the mother receives the first \$250 and the state could keep \$150 (the welfare amount for 3 months).

The state hired a private contractor to help recover the money it spent on welfare. The state's portion of this uncollected amount could be as much as \$236 million going back to 1977 when the state started collecting child support. However, restrictive state guidelines only allow the contractor to handle a small percentage of these cases. During a 14-month period, the state documented referring only 688 of about 5,700 cases eligible for contractor collection. (See pages 5, 10 and 18)

In addition, while the division limits the types of cases the Missouri contractor can handle, other states, such as Illinois, have private contractors collect both current and past-due support. (See pages 11 and 18)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**DIVISION OF CHILD SUPPORT ENFORCEMENT MANAGEMENT AND  
OVERSIGHT OF CHILD SUPPORT ENFORCEMENT ACTIONS**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>3</b>
Management and Oversight of Child Support Collection Efforts Were Not Effective .....	3
Efforts to collect child support payments have not been successful.....	5
Performance of essential division services have not been ensured.....	12
Caseloads, interruptions, training and turnover hamper effective case management.....	16
Reducing caseloads at one location and using a commercial company has improved collections .....	18
Conclusions .....	19
Recommendations.....	20
 <b>APPENDIXES</b>	
I.    OBJECTIVE, SCOPE AND METHODOLOGY .....	21
II.   CHILD SUPPORT PAYMENTS OWED AND DISTRIBUTED.....	24
III.  ENFORCEMENT ACTIONS AVAILABLE VIA AUTOMATED SYSTEM .....	25
IV.   OTHER ENFORCEMENT ACTIONS.....	26
V.    SAMPLE METHODOLOGY AND RESULTS .....	27
VI.   COMMENTS FROM THE DEPARTMENT OF SOCIAL SERVICES .....	31

---

**ABBREVIATIONS**

IV-D    Title IV-D of the federal Social Security Act  
TANF    Temporary Assistance to Needy Families



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Kathy Martin, Director  
Department of Social Services  
Jefferson City, MO 65102

Over half a million Missouri children and their custodial parents rely on the state to collect child support payments. When this support is not collected, custodial parents often turn to the state for welfare assistance to meet their needs. To determine the extent to which the state is collecting child support and welfare benefits owed to the state, we focused on the effectiveness of the Division of Child Support Enforcement's (the division) management and oversight in collecting child support payments owed to custodial parents and the state.

The division has not collected over \$1 billion in child support payments currently owed to custodial parents since federal fiscal year 1996. This has occurred because the division has not used available enforcement tools to collect current and past due payments. Further, division officials have not effectively used their contractor to collect past due child support owed to the state. In addition, division officials did not (1) ensure paternity and support orders were established for many cases, and (2) enforce medical support orders for dependent children. These problems have been exacerbated by division officials continuing to allow serious impediments to effective child support case management. As a result of inadequate oversight of child support enforcement efforts, division officials have deprived dependent children of much needed support and the state of approximately \$236 million in revenue.

We have included recommendations to improve the management and oversight of division efforts to collect current and past due child support.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
In-Charge Auditor:	Brenda Gierke, CPA
Audit Staff:	David Gregg
	Carl Zilch



## **RESULTS AND RECOMMENDATIONS**

### **Management and Oversight of Child Support Collection Efforts Were Not Effective**

The Division of Child Support Enforcement<sup>1</sup> (division) has not collected over \$1 billion in child support payments owed to custodial parents since federal fiscal year 1996. This situation occurred because the division has collected no more than 20 percent of child support owed to custodial parents for each of the federal fiscal years 1996 through 2001. Although Missouri child support collections are similar to the national average, several factors affected the state's ability to increase collections:

- Enforcement actions have not been effective or were not taken.
- License suspensions have not been aggressively pursued.
- Data matches with other agencies have not always been done.
- Collection of welfare benefits owed to the state has not been ensured.

In addition, officials did not establish paternity and/or orders of support for many open cases, or secure health insurance for dependent children with orders for medical support. These problems have been compounded because officials have not addressed serious impediments to effective case management. Innovative action to reduce caseloads at one field office, and using a contractor, have helped collect support owed to custodial parents and the state. However, officials have not replicated the caseload reduction actions or expanded the contractor's role in collecting child support. Unless division officials act to increase child support collections and welfare benefits owed to the state, they have deprived dependent children of much needed support and the state of approximately \$236 million in revenue.

### **Background**

Approximately 538,000 children and their custodial parents rely on the state to collect child support on their behalf. Missouri's child support enforcement program began in 1977 under an executive order, and the division was created in 1986. To assist these children and parents, the division establishes paternity, financial and medical support orders; monitors and enforces compliance with these orders; reviews and modifies support orders; and collects and disburses child support paid by the non-custodial parent to the custodial parents. The division is also responsible for locating non-custodial parents, when required.

A IV-D case involves the custodial parent receiving welfare benefits or applying for child support services pursuant to Title IV-D of the federal Social Security Act. Division personnel establish case files for custodial parents and track data on each case. Information on parents is also kept on file to help establish paternity and child support orders, and enforce child support orders, if necessary. Division personnel also track information on employers, insurance availability, and addresses. Child support payments are received and disbursed through the Family Support Payment Center. In addition to paper documents in case files, all case records (collections and disbursements included) are maintained on a computerized case management

---

<sup>1</sup> The Division of Child Support Enforcement is a division of the Department of Social Services.

and tracking system known as the Missouri Automated Child Support System (computerized system).

When non-custodial parents do not make child support payments, technicians can take administrative actions to enforce compliance with orders of support. Automatic and manual actions include income withholding, real and personal property liens, state and federal income tax refund interceptions, unemployment compensation and workers' compensation benefits interceptions, and referral to consumer reporting agencies. The computerized system notifies technicians through an electronic message—called an alert—when an automated enforcement action occurs. The system also alerts technicians to cases suitable for other manual actions, but it does not specify the needed action. The system also does not alert technicians to verify insurance availability for medical support orders. Automatic enforcement actions are documented on case records by the computerized system, as are most manual actions involving system generated forms and letters. Also, the computerized system automatically records new address and employment information when non-custodial parents are located. If technicians cannot locate the non-custodial parent or cannot secure payment, the computerized system tracks the amount of child support owed to the custodial parent. The unpaid amount is considered "past-due support."

Technicians can take other administrative actions to collect payments, which are not tracked by the computerized system. For example, technicians initiate action to deny passports to non-custodial parents or suspend recreational, driver's and professional licenses. If these actions are not effective, technicians can refer cases to prosecuting attorneys for civil or criminal actions.

For those cases where non-custodial parents do not make child support payments or the division is unable to collect support, custodial parents may request welfare assistance such as Temporary Aid to Needy Families (TANF)<sup>2</sup> or Medicaid.<sup>3</sup> In TANF and Medicaid cases, custodial parents assign the right to future support to the state while the state pays them assistance. This assignment entitles the state to recover the unpaid, or past due support, up to the welfare amount received by the custodial parent. Assigned support ultimately collected by the state, which exceeds the custodial parent's welfare amount, is disbursed to the family. If technicians cannot collect welfare benefits owed to the state, these cases can be referred to a contractor for further collection efforts.

## **Methodology**

We conducted five probability samples of IV-D cases to determine (1) the effectiveness of division efforts to collect child support payments owed to custodial parents and the state, (2) whether paternity had been established properly and timely, and (3) whether orders for medical support for dependent children have been enforced in accordance with established procedures

---

<sup>2</sup> TANF replaced the former federal program of Aid to Families with Dependent Children and is administered by the Division of Family Services. TANF recipients receive cash assistance based on established criteria of income levels, family size, and other factors.

<sup>3</sup> A health care program under the Social Security Act, financed jointly by the state and federal government. Eligibility for Medicaid is determined by the Department of Social Services, Division of Family Services.

and federal law. We also judgmentally selected cases to determine if orders for financial support had been properly and timely established. Other testing included matching samples of non-custodial parents with other state agency databases to identify delinquent parent assets and locate parents not found by division personnel.

To determine whether certain factors hampered division personnel's efforts to effectively manage cases, we conducted focus sessions with technicians and supervisors in St. Louis, Kansas City, and Rolla. Forty three individuals attended these sessions and discussed caseloads, utilization of reports, workday interruptions, and training adequacy. We also met with personnel at one field office to discuss how employees overcame obstacles to effective case management.<sup>4</sup>

### **Efforts to collect child support payments have not been successful**

The division has collected no more than 20 percent of child support owed to custodial parents for each of the fiscal years 1996 through 2001, which is about the same as the national average. Uncollected child support increases the amount past due. As a result, past due child support owed to custodial parents and the state increased from \$1.1 billion at the end of federal fiscal year 1996 to approximately \$1.8 billion at the end of federal fiscal year 2001, or about 60 percent, for IV-D cases in these years. Amounts owed to custodial parents and the state increased to \$2 billion, as of June 30, 2002, with over one-half of this amount going uncollected since 1996.<sup>5</sup> Of the \$2 billion, approximately \$1.3 billion is owed to custodial parents by non-custodial parents for the current and prior fiscal years, but the division has not assessed the collectibility. Table 1.1 depicts the amounts collected and the percent of the total owed.

**Table 1.1: Child Support Payment Owed and Collected Compared to the National Average Collected (dollars in millions)**

<b>Federal Fiscal Year</b>	<b>Owed</b>			<b>Total Collected</b>	<b>Percent Collected</b>	
	<b>Current</b>	<b>Past Due</b>	<b>Total</b>		<b>Missouri</b>	<b>National Average</b>
1996	\$318	\$1,124	\$1,442	\$285	20	21
1997	357	1,246	1,603	326	20	21
1998 <sup>1</sup>						
1999	533	1,800	2,333	330	14	16
2000	534	1,876	2,410	398	17	17
2001	564	1,801	2,365	471	20	17

<sup>1</sup>Conversion to new computerized system took place in 1998 and according to department personnel, data for that year is not reliable.

Source: Prepared by SAO based on data reported to the federal Office of Child Support Enforcement.

In addition to the \$1.3 billion owed to custodial parents, \$688 million is owed to the state for TANF benefits paid to custodial parents for the current and prior federal fiscal years, according to division records. If collected, approximately \$236 million would be available to the state

**\$236 million is  
owed to the state**

<sup>4</sup> See Appendix I, page 21, for additional information on methodology.

<sup>5</sup> See Appendix II, page 24, for additional information on amounts owed and distributed.

while about \$452 million would be remitted to the federal government, according to division personnel.

### **Enforcement actions have not been effective or were not taken**

A division report showed 51 percent of the 257,053 enforcement actions taken on 159,869 cases between December 2001 and March 2002 did not result in a collection of any unpaid child support owed to custodial parents. Division personnel track payment compliance through the “Payor Non Compliance” report, which lists unpaid child support payments during the current and/or prior three-month period. This report documents most enforcement actions taken by the computerized system. However, manual enforcement actions, such as driver's license suspension, are not included on this report. On the other hand, the report disclosed only 29 percent of enforcement actions were likely to result in a collection. They included (1) income withholding (25 percent), (2) liens on property (3 percent), and (3) civil/criminal charges of non-support (1 percent).

Our review of a probability sample of 104 cases disclosed the division did not take all available enforcement action to collect past due support on 43 percent, or 45 sampled cases. Based on our analysis, we estimate the number of cases where all available action had not been taken, ranges from 91,156 to 134,830 cases, based on probability of 90 percent and a study population of 260,256 cases. The study population had past-due support totaling approximately \$2 billion. Past due support on the 45 cases averaged \$9,800 and totaled approximately \$443,000, or nearly half of the total owed for the 104 cases sampled. The computerized system and enforcement technicians initiate enforcement actions. Our review of the 104 sample cases disclosed automated enforcement actions were done most of the time. However, for the 45 of the sampled cases, we found manual enforcement actions had not been done. For example, 17 cases were eligible for driver's license suspension. However, we found only one case in which license suspension action had been taken.<sup>6</sup>

Discussions with technicians responsible for the 45 cases disclosed several reasons why available enforcement actions were not taken. For example, technicians responsible for 19 cases stated action did not occur due to an oversight or lack of time to pursue manual actions. In addition, technicians responsible for 18 cases stated they did not know what to do, and their comments indicated they lacked sufficient knowledge of division policies and procedures. Reasons cited for not acting on the remaining 8 cases included (1) technicians work cases only through alerts or phone calls, (2) conversion errors from the old computer system, (3) non-cooperative custodial parent, and (4) supervisor instructions.

---

<sup>6</sup> See Appendixes III and IV, pages 25 and 26, for criteria for enforcement actions.

## **License suspensions have not been aggressively pursued**

Since 1998, the division has not suspended any professional or occupational licenses of delinquent non-custodial parents; and suspended only eight hunting and fishing licenses and approximately 3,850 drivers' licenses. The division also has not completed data matches with the Department of Economic Development since 1998, and has never done data matches with the Department of Conservation. These matches would alert technicians of professional, occupational or recreational licenses eligible for suspension.

Technicians also have online access to the Department of Revenue records to identify parents owing child support that appear on the Potential License Suspension report<sup>7</sup> with a valid driver's license. According to division policy, suspension of drivers' licenses, recreational licenses, or professional/occupational licenses are available enforcement actions once non-custodial parents owe the lesser of three months of child support or \$2,500.

In June 2002, we provided the Department of Economic Development with 415 cases—297 of these cases each had past-due support exceeding \$100,000. Of the 297 cases, we matched 9 cases having past due support totaling \$1.2 million. One of those cases involved a doctor owing over \$300,000.

Our review of a probability sample of 104 cases disclosed 16 percent, or 17 cases, met the division's criteria for license suspension. Based on our analysis, we estimate the number of cases meeting that criteria ranges from 27,827 to 61,168 cases, based on probability of 90 percent and a study population of 260,256 cases where past due support is owed. Of the 17 sample cases eligible for license suspension, we found 1 individual who had purchased hunting or fishing licenses for 2002. This case had past-due support totaling approximately \$37,611. We also found 5 cases, where driver's license suspension was an option, that matched online records of operators' licenses. Unpaid support on these five cases totaled \$67,000.

Technicians can track cases eligible for license suspension using a quarterly eligibility report. This report is sent to field offices, where technicians review the cases and take manual action to suspend licenses after they confirm eligibility. Technicians may, at their discretion, choose to pursue license suspension. Since license suspension is a manual enforcement remedy requiring pre-suspension notification to the delinquent parent, enforcement action in this area has occurred solely by technician initiative. However, our discussions with focus groups at three locations showed many of the technicians do not use driver's license suspension as an enforcement tool because they don't have time to review the report, if they receive it at all. Some technicians also called license suspension a waste of time and ineffective, while others said delinquent parents will drive anyway. When we asked one enforcement technician why he did not use license suspension for a particular case, he said the process is not an efficient use of his time.

---

<sup>7</sup> This report is generated quarterly and identifies cases meeting financial criteria for license suspension.

The division's License Suspension Activity report<sup>8</sup> for July to December 2001 disclosed technicians have limited the use of license suspensions as an enforcement tool. For example, the July eligibility report showed 18,774 were eligible for suspension. However, personnel only notified 4,892 individuals, or 26 percent, of their intent to suspend the person's driver's license. The report showed:

- Payment agreements were reached with 23 percent, or 1,113 of the 4,892 individuals notified of the intent to suspend. Those agreements yielded about \$2 million in collections during the last six months of 2001, or an average of \$1,780 per case.
- Payment agreements were not reached with 39 percent, or 1,898 of the individuals notified, and drivers' licenses were suspended.

Limited action  
produced \$2  
million in results

The activity report did not document the disposition of the remaining 1,881 cases, or 38 percent of the 4,892 individuals that had been notified of the intent to suspend. It also did not document the disposition of the remaining 13,882, or 74 percent of the total cases reported as eligible for suspension.

#### Colorado study finds license suspension an effective enforcement tool

A recently released report concluded suspending a license motivated persons to pay support who would be disadvantaged without it.<sup>9</sup> The study, conducted by the Center for Policy Research, explored the short- and long-term impact of driver's license suspension on child support collections, including the effects of repeated suspensions for parents who owe child support. The study found drivers' license suspension in Colorado generated additional revenues for every case analyzed. It also showed repeated suspensions were an incentive for many obligors who were suspended, complied, and became delinquent again.

The report noted intervention does not lose its effect, and multiple subsequent suspensions generate revenue. It also stated "monitoring clearly generates child support revenues and enhances the effectiveness of the driver's license remedy." The results of this study confirm some individuals only respond to the continual threat of being caught and monitoring is an effective way to produce behavioral changes.

#### **Data matches with other agencies are not always done**

We conducted two tests to determine if we could locate non-custodial parents not found by the division. In one test, division personnel identified a universe of 176,279 cases with no address or

---

<sup>8</sup> The License Suspension Activity report is generated semi-annually and documents the number of licenses suspended, notices of intent mailed, payment agreements obtained and collections due to license suspension activity during the six months covered by the report.

<sup>9</sup> "Colorado Multiple Initiatives Grant , Achieving Excellence in Child Support Program Operations, A Collection of Research and Design Reports, Longer Term Evaluation of Colorado's Driver's License Suspension" and "The Effects of Repeated Driver's License Suspensions Among Parents Who Owe Child Support" dated September 2000, prepared under a grant from the federal Office of Child Support Enforcement.

employer, or both, for the non-custodial parent or the alleged father.<sup>10</sup> We requested the Department of Revenue determine whether a probability sample of 101 of these individuals filed tax returns in 2000 or 2001, whether address and employment information had been included, and if so, whether address and employment information agreed with division records. Revenue personnel provided information disclosing 15 percent, or 15 individuals in sample cases filed tax returns in 2000 and/or 2001 reporting income and addresses in Missouri. Based on our analysis, we estimate the number of cases ranges from 16,542 to 38,679 where tax returns were filed, based on a probability of 90 percent and the study population of 176,279 cases. Sample cases, where tax returns had been filed, included cases in which the non-custodial parents reported employment income, but the division could not locate an employer for these parents and cases in which non-wage income had been reported, but the source had not been identified by the division.

In reviewing a draft of this report, an official commented the division already obtains address and employment information from the Department of Revenue. That occurs when the division intercepts a non-custodial parent's state income tax refund. The division also obtains employment information from the State Directory of New Hires, which is sent in by employers to the Department of Revenue. The division disputes the claim that employment information obtained from tax returns is more current than that which is contained in its computerized system. We believe there may be many instances in which Department of Revenue information may be the only information that is available. Therefore, it is advisable to have that agency conduct income tax matches to help locate delinquent parents.

In a second test, we matched 502 cases to state vendor listings to ascertain whether any non-custodial parents in our samples had done business with the state or were state employees. We found 2 of 297 cases with past-due support of \$100,000 or more, had done business with the state in fiscal year 2002. One of 104 cases with past-due support had done business with the state in fiscal year 2002. However, an income withholding order was in place to collect unpaid support. Therefore, further enforcement action is not needed. None of the 101 cases where non-custodial parents could not be located were identified as doing business with the state as a vendor. None of the individuals included in the 502 cases were included on the state's payroll.

#### **Additional funds available at the Department of Corrections**

Department of Corrections personnel provide a monthly listing of offenders with inmate account balances to division personnel so they can collect current or past-due child support payments. However, we found corrections personnel had not provided information on approximately \$1 million which had been seized from over 5,000 offenders who had escaped from custody since 1995. We requested corrections personnel provide information on escaped offenders with seized funds of \$200 or more. We then had division personnel match those accounts with all child support cases. Of the 1,594 inmates with balances over \$200, 1,441 had valid social security numbers. Of the 1,441 offenders, 466 owed child support. Those 466 inmates had approximately \$254,000 in that account and the inmates owe approximately

**\$241,000  
available at  
Corrections**

---

<sup>10</sup> This study population included paternity, establishment and enforcement cases.

\$241,000 in child support. The division director was not aware that corrections personnel were not providing all inmate account balances to the division each month and he stated he would take action to collect these funds.

### **Restrictive use of contractor limits collections**

The division continues to allow non-custodial parents to owe the state \$688 million in welfare benefits paid to custodial parents because of past due child support. Our review of collection procedures disclosed only a small portion of that debt is being turned over to a contractor for further collection efforts. In addition, technicians did not refer all eligible cases for collection of welfare benefits to the contractor.

As of December 31, 2001, a quarterly report showed \$36.3 million in IV-D cases eligible to be referred to the contractor for collection. The report included 5,748 cases and averaged \$6,309 per case. For 936 of these cases, the amounts owed ranged from \$10,000 to \$25,000 and totaled approximately \$14 million, or 39 percent, of the total eligible for collection.

Division policy restricts the number of cases that can be referred to the contractor for further collection efforts. Cases transferred to the contractor must meet all of the following criteria:

Policy restricts cases referred

- A support order must exist.
- The custodial parents/dependent children are not receiving TANF benefits.
- The case cannot be an interstate case, a foster care case, or a case assigned to one of seven special functions prosecuting attorney offices.
- The IV-D, non-TANF services are not being provided, therefore the case is inactive.
- The non-custodial parent is not deceased, is not incarcerated, and is not receiving TANF or Supplemental Security Income.
- The case is open for collection of permanently-assigned arrearages only, and these arrearages equal or exceed \$500.
- A payment has not been received within the past six months (excluding federal and state income tax refund intercepts).
- The case has no active prosecuting attorney or staff attorney referral for enforcement action.
- The case has not been in the contractor's caseload in the last year.

The computerized system identifies cases meeting primary criteria for referral to the contractor and generates an "eligibility report" of cases identified. Because the computerized system cannot determine all possible criteria, a technician must review cases on the report and determine if all referral criteria is present.

According to a division official, the 5,748 cases reported on the December 2001 quarterly report represent the average number of cases typically appearing on the quarterly eligibility reports. However, for a 14-month period between January 2001 and February 2002, field technicians documented only submitting 688 IV-D cases to central office for referral to the contractor. We found the majority of these cases had been referred to the contractor for further collection efforts.



However, 37, or 5 percent, of the 688 cases had not been referred as of May 2002 to the contractor for further collection efforts. These cases represented approximately \$150,000 in welfare benefits owed to the state that the contractor could not take action to collect. The division official responsible for this area did not know why these cases had not been provided to the contractor, but stated he would notify the contractor regarding these cases.

As part of our test, we discussed referrals and use of the quarterly report with 26 field office managers and focus groups. We found 6 managers had not submitted any IV-D cases to central office for referral to the contractor for the 14-month test period. The managers offered various reasons for not submitting cases. For example, one office manager stated no cases had been referred to the contractor because the cases included on the quarterly report "were questionable" and could be worked in the office. Another manager of two offices said the report is reviewed and eligible cases are sent, but did not explain why they sent no cases. Our discussions with 18 focus group enforcement technicians disclosed 5 use the quarterly report little or very little. In addition, six technicians said they either did not receive the report, did not use it, or seldom use it.

Current procedures call for each field office to receive the quarterly report. This report lists IV-D cases identified by the computerized system as eligible for referral to the contractor for further collection. Division procedures require field office personnel to confirm referral eligibility of the cases in the report. If eligible, field personnel are to (1) electronically notify central office personnel of new referred cases, (2) complete a transfer form documenting the case file transfer, and (3) send the transfer form and case file to central office personnel for storage while the contractor works the case. Field staff responsibilities for a case end upon transfer of the electronic case record to the contractor and the physical case file to central office. Upon receiving the physical case file, division procedures require central office personnel to accept the electronic case record transfer, sign and return the transfer form to the field office, electronically transfer all eligible cases to the contractor, and store the physical case files. Central office personnel said they re-review eligible cases confirmed by field offices before sending them to the contractor to verify circumstances have not changed.<sup>11</sup>

We also found controls over physical case files forwarded to central office are not adequate because division personnel had lost or misplaced case files that central office should have had on hand. For example, our review of a probability sample of 102 cases disclosed 11 percent, or 11 sample cases that should have been on hand at the central office could not be located. Based on our analysis, we estimate the number of cases that could not be located ranged from 671 to 2,243 cases, based on probability of 90 percent and a study population of 12,159 cases. The division official responsible for case files did not dispute the test results and stated, based on his experience, a rate of 11 percent is probably low.

### **Other states use commercial collection companies**

Other states have used commercial collection companies to collect child support payments. For example, in fiscal years 2001 and 2002, Illinois contracted with 15

---

<sup>11</sup> Examples of changing circumstances causing ineligibility include the non-custodial parent receiving TANF benefits and the non-custodial parent being incarcerated.

commercial companies to collect current and past-due support. Missouri currently contracts with one of the 15 companies. We contacted this company to ascertain its success rate for collecting support payments.<sup>12</sup> A company representative provided documentation showing for state fiscal years 2001 and 2002 (through March), his company had the highest amount of collections among the 15 companies. Also, from May 2001 through March 2002, the company collected, on average, seven payments per month of \$1,000, or more. Total collections of \$1,000 payments, or more, during the 11 months totaled \$323,132, for an average of \$29,376 per month.<sup>13</sup>

The Illinois child support agency currently contracts with 13 vendors, in federal fiscal year 2003, to collect both current and past-due support and are paid based on collections made. Commissions on current support collected are paid by the state and all collections go to the family. The vendor can collect on both current and past-due support. Contractor performance determines the number of cases and debt amount a contractor is assigned to collect. As a result, when a contractor does not collect any payments on a case in the first six months, the case is given to a different contractor.

Kansas officials have contracted for most child support collection efforts. They have 21 contractors organized by geographic areas covering most of the state. Officials started privatization efforts seven years ago. The vendors collect both current and past-due support which, according to the Kansas official, allowed the state to cut staff. The state originally paid vendors a percentage of collections. On January 1, 2002, state officials changed the compensation to a flat rate, which is expected to save about \$2 million this year.

Nebraska's contractor handles 40 to 50 percent of the state's caseload, which includes collections and establishing paternity and support orders. The contractor collects current support and past-due support and is paid on a percentage of collections. The commission on current collections is paid from state funds. State personnel stated the contractor has made good use of technology. The contract, in place since 1992, has worked well and will continue, a Nebraska official said.

Both Arkansas and Iowa had contractors, but ended the contracts when problems occurred. Arkansas found fraud in its privatization program, according to state officials. Iowa's contractor only handled income withholding orders and medical support orders and Iowa officials decided centralizing those functions would be more cost-effective.

### **Performance of essential division services have not been ensured**

The division has not ensured the timely establishment of paternity, securing of support orders and enforcement of medical support orders for health insurance. Establishing paternity and

---

<sup>12</sup> Missouri contracts with the vendor to collect only past-due support owed to the state. Illinois contracts with the vendor to collect current support owed to families as well as past-due support owed to custodial parents and the state.

<sup>13</sup> Illinois tracks \$1,000 collections because the vendor receives a bonus, or incentive, when collections of lump sum payments of at least \$1,000 are made.

securing a support order must occur before custodial parents receive child support payments and most enforcement tools are useful.

### **Establishing paternity has not been ensured**

Division data showed 48,673 IV-D cases requiring paternity determination had been open an average of 3.9 years as of August 2001. Our review of a probability sample of 104 cases disclosed technicians did not follow required guidelines, which delayed or halted the paternity establishment process for 39 percent, or 41 sampled cases.

Paternity cases remained open nearly 4 years

Based on our analysis, we estimate the number of cases where technicians did not follow required guidelines ranged from 15,272 to 23,330 cases, based on probability of 90 percent and a study population of 48,673. Errors included failure to (1) refer the uncooperative custodial parent for sanctions, (2) request additional information from the mother, (3) contact the alleged father when he was located, (4) offer voluntary establishment of paternity, and (5) order genetic testing after locating the alleged father or when he did not respond to initial contact.

Federal regulations mandate child support enforcement agencies adhere to strict timeframes in all cases needing support order establishment, including determining paternity.<sup>14</sup> Within 90 days of locating the alleged or non-custodial parent, division personnel must:

- establish a support order, and, if necessary, paternity;
- complete service of process necessary to begin proceedings to establish a support order and, if necessary, paternity;<sup>15</sup> or
- document unsuccessful attempts to serve process in accordance with the state's guidelines defining diligent efforts.

Discussions with paternity technicians responsible for the 41 sample cases where case management errors halted or significantly delayed paternity establishment, disclosed they (1) did not know why required actions were not taken on 16 cases, (2) did not follow division policy or lacked adequate training to act appropriately on 15 cases, and (3) noted time constraints and excessively high caseloads on 9 cases. In addition, the explanation given by a paternity technician, on another case, contradicted information recorded on the computerized system.

We found in 55 percent, or 11 of 20 sample cases, paternity technicians had not notified the Division of Family Services—the responsible division for determining Medicaid eligibility—when custodial parents had been uncooperative. Instead, three relied on electronically recording the information on the computer system shared with, and accessible by, Division of Family Services personnel, while eight failed to send notification. State and federal laws require a custodial parent who receives TANF or Medicaid-only benefits to cooperate in

---

<sup>14</sup> 45 CFR 303.4(d) and 303.101(b)(2)(i).

<sup>15</sup> Service of process is the delivery of legal documents notifying a party of an allegation and subsequent proposed legal action.

establishing paternity unless there is "good cause" not to cooperate.<sup>16</sup> Division policy states when the custodial parent is uncooperative without good cause, sanctions by another agency may be appropriate and the paternity technician is required to mail notification to the Division of Family Services.

### **Orders of support have not been established on many cases**

On September 30, 2001, the division reported approximately 57,289 IV-D cases, or 15 percent of 386,360 IV-D cases, did not have a support order established for one or more dependents. Our review of 60 cases disclosed division personnel had not established support orders for 17 of these cases, or 28 percent. Discussions with 17 technicians disclosed:

- Over half of the technicians contacted (9 of 17), did not know why a support order had not been established.
- Three technicians cited high caseloads did not allow time to establish the support orders. Establishment technicians contacted said they handled an average of 617 cases and spend nearly two hours per day taking phone calls from parents.
- Five provided various explanations such as one technician waited for a copy of an out-of-state order, which had been established in Kansas on June 15, 2001. The non-custodial parent had been located in April 2001, but personnel did not electronically record the Kansas order until March 4, 2002. Once recorded, enforcement and collection efforts could begin, but substantially later than the 90-day deadline. Another technician did not establish an order because the non-custodial parent's address had been shown as a homeless shelter.

Division technicians are required to establish a support order, or start the necessary proceedings, within 90 days of locating the non-custodial parent. Personnel should use the administrative procedures to the extent possible before referring a case to a prosecuting attorney.

### **Medical support orders for health insurance have not been enforced**

Division records showed approximately 203,341 cases had a medical support order<sup>17</sup> to provide health insurance, as of September 2001. Our review of a probability sample of 102 cases disclosed 88 percent, or 92 sample case had not had health insurance coverage established. Based on our analysis, we estimate the number of cases without health insurance coverage established ranged from 166,003 to 189,247 cases, based on probability of 90 percent and a study population of 203,341. Our review of that sample also disclosed 25 percent, or 25 sample cases where technicians failed to follow division policy in obtaining health insurance for dependents. Based on our analysis, we estimate the number of cases in the study population of 203,341 where technicians failed to follow that policy, ranged from 35,890 to 66,119 cases, based on probability of 90 percent.

---

<sup>16</sup> Some examples of good cause include: the threat of physical or emotional harm to the child or custodial parent, adoption proceedings are underway, or the applicant is a documented domestic violence victim.

<sup>17</sup> Medical support orders are established to provide a means of paying medical care or health insurance.

Technicians failed to (1) verify insurance availability with the obligated party's employer, (2) send the employer the health insurance questionnaire and enrollment order, or (3) ensure dependants were insured by recording insurance information on the computerized system. Discussions with enforcement technicians disclosed:

- On 12 cases technicians did not follow division policy or lacked adequate training in appropriate actions.
- On five cases, technicians did not know why the proper action did not occur.
- For five cases, either the technician did not record case action and insurance information on the computerized system, or explanations contradicted computerized information.
- For three cases, technicians cited excessive caseloads which left no time to perform all required actions.

During our review of the 102 sample cases, the computerized system showed 64 cases of an employed non-custodial parent. However, the system listed multiple active employers for 14 of these cases; including one case showing five current employers. Unless division personnel verify current employment and update the records after a job change, there is no assurance listed employers are correct, health insurance is available, or still in force when records show it had been provided.

Federal and state laws<sup>18</sup> require the division to enforce the health insurance coverage required by the support order and provide insurance information to the custodial parent and the Medicaid agency. Once a medical support order is established, if the obligor does not provide proof of insurance coverage, division policy requires the technician confirm availability of health insurance coverage with the employer.

Without medical insurance, custodial parents and children often turn to the state for Medicaid assistance. For example, children were receiving Medicaid benefits in 62 percent, or 63 of 102 sampled cases. Based on our analysis, we estimate the number of cases where children were receiving these benefits ranges from 108,134 to 141,985, based on probability of 90 percent and a study population of 203,341 cases having an order to provide health insurance. For the remaining 38 percent of the study population, children had not received Medicaid benefits.

Further analysis of sampled cases, disclosed 12 percent, or 12 sampled cases, where children were enrolled in health insurance provided by a parent. However, children in 8 of these cases with insurance also received Medicaid benefits. When children receiving Medicaid are provided health insurance, policy requires technicians to mail notification to the Division of Medical Services (medical services). However, technicians did not always mail notification to medical services personnel that dependents had insurance coverage (3 of 8 cases).

---

<sup>18</sup> 45 CFR Part 303 and Chapter 454, RSMo 2000.

### **Not all support orders include medical support**

Division records showed approximately 55,000 child support orders do not include a medical support order, as of June 2002.<sup>19</sup> As a result, the non-custodial parents of at least 55,000 children in these IV-D cases had not been required to provide any medical support. Because federal regulations do not require it, the division's policy is to modify orders to add medical support only upon request by a party to the order, unless the technician knows employer-related health insurance is available.

### **Caseloads, interruptions, training and turnover hamper effective case management**

Discussions with six focus groups, made up of supervisors and technicians in St. Louis, Rolla, and Kansas City, disclosed the following impediments to effective case management.

#### **Technicians experience heavy caseloads**

Focus group discussions with technicians and supervisors disclosed heavy caseloads limit the time technicians spend on individual cases. These technicians worked for the division for 6 years, on average, and managed an average of 654 cases. Division data confirmed technicians have high caseloads. For example, in September 2000, division data showed technicians managed 633 cases on average. One year later, as of September 2001, the average caseload increased 5 percent to 664 cases.

Average  
caseload exceeds  
600 cases

This average caseload exceeds the 300 to 400 caseload size recommended in a September 2000 contracted study presented by a division advisory committee. The Department of Social Services (department) contracted<sup>20</sup> this study, in part, to develop caseload standards for the department based on the actual employee duties in each program area, consistent with existing professional caseload standards. The contractor observed caseload activities for about 10 percent of division technicians at various child support field offices and reviewed ways to improve operations. As part of its analysis, the contractor cited a study done in Virginia,<sup>21</sup> which concluded lower caseloads resulted in higher collection rates and reduced collection costs. The contractor also suggested the division explore ways to satisfy customer inquiries relative to case status through less expensive or labor-intensive methods; considering if increased staffing would raise collections and better serve clients.

In response to the committee's recommendations, division officials said they decided to hire additional personnel to reduce technician caseloads. Because of the cost involved, officials decided to spread the increase over a four-year period and requested an additional \$4.4 million for fiscal year 2002. The additional funding would cover 120

---

<sup>19</sup> This issue applies to judicial or out of state orders only. All administratively established orders of support include medical support provisions.

<sup>20</sup> The director of the Department of Social Services engaged the National Comprehensive Service Corporation to study ways to reduce caseloads and increase efficiency at several divisions within the department.

<sup>21</sup> "Virginia Staffing Demonstration Summary Report", dated August 2000.

more personnel, or 25 percent of the additional employees needed to reduce caseloads to about 400 cases. The governor did not approve the budget request, according to division personnel, and officials plan to resubmit the budget request for fiscal year 2003.

### **Interruptions adversely affects productivity**

Focus group discussions disclosed technicians experience constant work day interruptions. For example, technicians stated, for about two hours a day, they must take phone calls from custodial parents usually complaining about not receiving child support payments or inquiring about case status. Technicians and supervisors said the high volume of phone calls adversely affects productivity. Technicians also stated clients sometimes call Jefferson City customer service representatives to resolve concerns. However, rather than trying to resolve the problem, Jefferson City personnel refer calls to the technician for resolution. These technicians believe customer service representatives in Jefferson City should handle these calls, because it takes time away from case management duties. Technicians also said spending up to an hour a day, at times, responding to client mail about case activity decreases case management time.

The September 2000 study also addressed work hours available to technicians and time spent on customer service. The contractor analyzed time available to work cases for about 10 percent of division technicians, after factoring out time spent in training and performing administrative activities. Based on a 40-hour week and 20 working days per month, the contractor determined technicians spent approximately 1.75 hours, or 22 percent, of the work day on administrative duties and training, which left about 6.25 hours, or about 78 percent of their time, to work cases. The contractor also made efficiency and effectiveness observations and determined customer service consumed a portion of the workday. For example, the contractor found enforcement technicians spent an average of about one hour on customer service each day. This calculation plus administrative duties, left 5 work hours for case management duties.

### **Technicians believe improvements in training are needed**

Focus group discussions disclosed inadequate and untimely training for technicians. For example, technicians and supervisors stated they had to wait three to six months to receive initial training. By the time they went to case management training, they had already received on-the-job training from field office staff. Other technicians called the training "unrealistic" because it provided only "ideal" situations to work through. In addition, a newly promoted supervisor stated she had not been trained to provide training and another supervisor stated some technicians do not receive training for six to seven months. Although she is an experienced supervisor, "they" should tell her she is expected to train new technicians. Additional comments included:

- Training does not address how to work a case, only how to enforce an order.
- There needs to be quicker training for new employees with more "hands-on" help.
- There needs to be training videos to provide new hires more timely training.
- Poor training adversely affects work performance.

- Supervisors do not share training received.
- New personnel learn quickly they cannot go to the supervisor for answers.
- Field offices need in-house training.

Training unit personnel acknowledged the division's training program has not met technician needs and the division lacks a method to test training effectiveness. For example, technicians only received limited training on the complex computerized system technicians use. Staff must also receive support for training from local offices. Training personnel stated the training unit is currently improving the training program. Training unit personnel also stated because trainee evaluations have lacked quality feedback on training effectiveness, they are developing another evaluation to better track training impact. The division director acknowledged training has not been considered a priority for several years due to a shortage of resources and personnel within the division. The director also partly blamed inadequate training for the current enforcement and collection problems. He also stated program managers and some office managers have been reluctant to accept changes regarding training and other issues.

### **Reducing caseloads at one location and using a commercial company has improved collections**

The Hillsboro office manager stated reducing caseloads and providing personal computers to technicians has had positive results. Total collections and the percentage of paying cases has steadily improved, and employee morale is high, according to the manager. Division records for this office show a 3.2 percentage increase of paying cases from fiscal years 1999 to 2000 compared to the statewide increase of 3.4 percent. Hillsboro nearly doubled to 6.2 percent from fiscal years 2000 to 2001, while the state decreased to 2.7 percent. This office's focus group participants said they reduced caseload sizes by placing special emphasis on 'cleaning up' cases. For example, they set time aside each day to work on updating cases, correcting unpaid support owed by non-custodial parents and closing cases when needed. Office personnel said management supported team efforts, which started in 1997 and substantially completed in 2000. All employees at this office have personal computers, which the manager said contributed to increased efficiency in working cases.

The division's contractor collected \$4.9 million in fiscal year 2001 and \$6.2 million in fiscal year 2002. These collections represent welfare benefits owed to the state on IV-D cases and do not include past-due support owed to custodial parents, which the contractor is not allowed to collect under the current contract. Between May 2001 and March 2002, the contractor collected 323 payments of \$1,000 or more, resulting in nearly \$1 million of collections. Contractor personnel stated, with few exceptions, they are bound by the same laws and regulations as the division. The contractor uses a variety of enforcement techniques including income withholding, license suspension, bank liens, credit bureau reporting and garnishments. For example, contractor officials said the threat of license suspension motivates many non-custodial parents to start paying. As a result, the contractor has suspended only 728 drivers' licenses since contracting with the state in 1998. Contractor personnel said they could also successfully handle all of the division's child support collection efforts, especially since the company is already organized to collect child support in another state.



Division officials have considered expanding the role of the division's contractor in collecting child support payments, according to a division official. For example, in a November 2001 memorandum, division officials recommended continued use of the contractor to collect welfare benefits owed to the state. The memorandum also recommended the division consider contracting out the collection of current child support payments. They recommended contracting out collection efforts for Jackson County, St. Louis County, and St. Louis City. As of September 30, 2002, contract negotiations were underway to negotiate a new contract to continue the contractor efforts to collect welfare benefits owed to the state. Once this contract is awarded, officials will consider the feasibility of contracting for the collection of current support for the metropolitan areas, according to the division official.

## **Conclusions**

While over \$1 billion in child support has not been collected since 1996, a total of over \$2 billion is currently owed to custodial parents and the state and will likely increase unless division officials take more aggressive action to collect child support payments. Officials implemented an updated computerized system to aid technicians in case management in 1998, but most enforcement actions have not resulted in collections above the national average. Harsher actions, such as license suspensions have been used sparingly, but the limited use has produced payment agreements and resulted in collections. Also, officials have not performed some data matches with other agencies to help locate non-custodial parents and start collection processes.

Approximately \$688 million of the \$2 billion represents welfare assistance provided to custodial parents and owed to the state. If collected, \$236 million would be available to the state. Division officials' use of a commercial collection company to collect welfare payments owed to the state has been successful. However, restrictive criteria only allows the contractor to collect on a small percentage of those cases. In addition, when cases are eligible for contractor referral, officials have not ensured all eligible cases are referred. Also, case files containing confidential personal information, some of which have been lost or misplaced, no longer need to be forwarded to central office while the contractor works on referred cases.

Failure to ensure paternity is established and support orders are secured in a timely manner, and health insurance has been obtained, has burdened custodial parents and children relying on the state to collect child support. Heavy caseloads, inadequate training, disregard of division policy, and constant interruptions are factors adversely affecting the division staff's ability to collect child support payments and accomplish other critical tasks. Officials' attempts to increase staffing to reduce caseloads will most likely continue to fail given current state budget problems.

Reducing technician caseloads at one field office has improved collections and increased employee morale. Although use of a commercial contractor has resulted in collection of welfare benefits owed to the state, division officials have not considered referring all cases to the contractor where welfare benefits are owed to the state. In addition, officials have not formally considered referring cases with current support due. Contracting out may be a more viable solution to long-term division inefficiencies or the dim prospect of obtaining more state funds during tight budget times.

## **Recommendations**

We recommend the Director of the Department of Social Services require division officials:

1. Use more effective penalties such as license suspensions to increase collections.
2. Perform data matches, as necessary, with all available databases to help locate delinquent parents
3. Institute procedures to ensure all eligible cases are referred to the contractor for collection.
4. Eliminate unnecessary movement of case files. When movement is necessary, ensure accountability by requiring all personnel to follow established procedures.
5. Create procedures to ensure timely establishment of paternity and support orders.
6. Ensure medical support orders are obtained for all children, existing orders are enforced, and employment and insurance verified on cases with multiple employers.
7. Evaluate and establish "best practice" alternatives to reduce caseloads and increase productive work time on cases.
8. Enhance the effectiveness and timeliness of training.
9. Perform a cost-benefit analysis on contracting out the collection of some or all current child support payments.
10. Revise guidelines to refer all past due support (i.e. arrears) to the contractor for collection.

## **Department of Social Services Comments**

The Director of the Department of Social Services documented her comments in a letter dated October 30, 2002, which is reprinted without enclosures in Appendix VI, page 31. The enclosed attachments are available from our office upon request.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

This appendix describes our methodology to address the reporting objective.

### **Objective**

Our objective was to determine whether Division of Child Support Enforcement (the division) officials provided effective management and oversight of division activities. Specific objectives included determining whether program officials have ensured (1) collection of child support payments owed to IV-D custodial parents and welfare benefits owed to the state, (2) establishment of paternity and orders of support for dependent children, (3) enforcement of medical support orders for dependent children, and (4) barriers to effective case management have been removed.

### **Scope and Methodology**

To determine factors adversely affecting division efforts to collect current child support payments owed to IV-D custodial parents, as well as past due support, or arrears, we conducted tests to determine (1) the extent selected enforcement actions had been used, (2) whether license suspension had been aggressively pursued, (3) whether we could locate non-custodial parents that the division could not locate, (4) whether any non-custodial parents in our sample matches were vendors that had done business with the state or were state employees, (5) whether additional funds were available at the Department of Corrections, and (6) whether procedures for referral of cases to the contractor were effective.

To determine whether adequate enforcement actions had been taken, we tested a probability sample of support orders having past due support. See Appendix V, page 27, for information on sample results. We also judgmentally selected an additional five cases to ensure our review included some cases with high dollar arrears. Arrears on these five cases ranged from \$101,000 to \$143,000 and averaged \$117,000. The results of these five cases cannot be generalized to the population of cases with arrears. We also reviewed division policy and procedures for enforcement of child support and applicable state and federal laws.

Next, we provided the Department of Economic Development with 415 cases with past due support—297 cases with arrears exceeding \$100,000, 17 cases eligible for license suspension from a sample of 104 cases with arrears, and 101 sample cases where division personnel could not locate the address or employer of the non-custodial parent. We also provided the 17 sample cases eligible for license suspension to the Department of Conservation for possible matches to hunting and fishing licenses and to the Department of Revenue for possible matches to drivers' licenses.

We also conducted data matches with other state agencies to try to locate non-custodial parents. We matched the 101 sample cases with state tax records in an attempt to locate these non-custodial parents or their employer. See Appendix V, page 27, for information on sample

## APPENDIX I

results. We also matched 502 cases—297 cases with arrears exceeding \$100,000, 104 sample cases eligible for license suspension, and 101 sample cases where division personnel could not locate the address or employer of the non-custodial parent with past due support—to records of vendors that had done business with the state and to state employee records.

We also requested Department of Corrections personnel provide information on inmate accounts seized from offenders that had escaped or absconded from supervision since 1995. We then had division personnel match those inmate accounts with balances over \$200 to division records.

To determine the effectiveness of procedures used to refer cases to the contractor for further collections of welfare benefits owed to the state, we reviewed 688 cases where 15 field offices had documented cases transferred. We also contacted 26 field office managers to determine procedures followed in referring cases to the contractor.

To determine whether adequate controls exist for physical case files forwarded to the central office, we contacted managers at the 26 field office locations to determine whether personnel were properly documenting the transfer of physical case files. We also sampled case files sent to central office to determine whether case files had been lost or misplaced. See Appendix V, page 27, for information on sampling results.

To determine the extent of the division's use of commercial collection companies to collect child support, we contacted five surrounding states (Arkansas, Kansas, Illinois, Iowa, and Nebraska).

To determine what factors adversely affected establishing paternity, orders of support for dependent children, and enforcement of medical orders, we used three methodologies. First, we sampled cases where paternity had not been established to determine why paternity had not been established. Second, we reviewed 60 cases from a study population of 57,289 IV-D cases where orders of support had not been established. The 60 cases reviewed were selected from an automated file of cases where an order of support had not been established for one or more dependents on the case. The results of this sample cannot be generalized to the population. Third, we sampled cases that had been identified by the division's automated systems having an order for medical support. See Appendix V, page 27, for information on sample results. We also reviewed applicable policies and procedures for these areas

To determine whether division personnel were hampered in their efforts to carry out effective case management, we conducted focus sessions in November 2001, with groups of technicians and supervisors in St. Louis, Kansas City, and Rolla. A total of 43 individuals attended these sessions. Topics such as caseloads, utilization of reports, interruptions during the workday, and adequacy of training were discussed.

We met with personnel at the Hillsboro field office to discuss how employees overcame obstacles to effective case management. We also contacted the division's contractor to determine contractor collections and manual enforcement actions taken.

## **APPENDIX I**

We performed work at the Division of Child Support Enforcement central office in Jefferson City and field offices in St. Louis, Kansas City, Rolla, and Hillsboro. We interviewed cognizant officials and personnel, and reviewed reports as well as other program documentation. We also conducted work at the Family Support Payment Center that collects and disburses child support payments to custodial parents, and at the contractor's facility. The contractor is responsible for collecting assigned support owed to the state.

We discussed sampling methodology with the director of the Division of Child Support Enforcement and he concurred with sampling approaches used. We did not assess the reliability of the division's data recorded on the computerized system.

We obtained written comments from the Director of the Department of Social Services and included the comments in Appendix VI. We conducted our work between July 2001 and June 2002.

**CHILD SUPPORT PAYMENTS OWED AND DISTRIBUTED**

This appendix depicts current and past due (arrear) child support owed to custodial parents and amounts distributed for the federal fiscal years indicated. Table II.1 differs from Table 1.1, page 5, which shows total child support owed and collected. Division personnel may not be able to distribute collections if a custodial parent cannot be located. Table II.1 shows the annual amount of current child support that is owed and has been distributed to custodial parents ranges from 43 percent to 56 percent. As a result, over \$1 billion of current child support has not been collected since 1996.

**Table II.1: Child Support Payments Owed and Distributed (dollars in millions)**

<b>Federal Fiscal Year</b>	<b>Type of Support</b>	<b>Amount Owed</b>	<b>Amount<sup>1</sup> Distributed</b>	<b>Percent Distributed</b>
1996	Current Support	\$ 318	\$ 176	55
	Arrears	<u>1,124</u>	<u>51</u>	5
	Totals	1,442	227	16
1997	Current Support	357	198	56
	Arrears	<u>1,246</u>	<u>57</u>	5
	Totals	1,603	255	16
1998 <sup>2</sup>				
1999	Current Support	533	230	43
	Arrears	<u>1,800</u>	<u>91</u>	5
	Totals	2,333	321	14
2000	Current Support	534	255	48
	Arrears	<u>1,876</u>	<u>122</u>	7
	Totals	2,410	377	16
2001	Current Support	564	278	49
	Arrears	<u>1,801</u>	<u>132</u>	7
	Totals	2,365	410	17

<sup>1</sup> Does not include payments collected and on hold. As of September 30, 2001, department personnel had \$9.4 million on hold.

<sup>2</sup> Conversion to the new computerized system took place in 1998 and according to department personnel, data for that year is not reliable.

Source: Office of Child Support Enforcement federal forms 157 and 158.

## APPENDIX III

### **ENFORCEMENT ACTIONS AVAILABLE VIA AUTOMATED SYSTEM**

This appendix lists the enforcement actions available to division personnel working cases.

**Table III.1: Remedies Available, Thresholds, and Type of Action**

<b>Remedy Description</b>	<b>Effective Year</b>	<b>Thresholds</b>	<b>Automatic/Manual</b>
Federal Tax Intercept Aid Families Dependent Children	1996	\$150	Automatic
Federal Tax Intercept Non Aid Families Dependent Children	1996	\$500	Automatic
Consumer Reporting Agency	1996	\$1,000	Automatic
Order to Enroll Insurance/Administrative Order	1996	\$0	Automatic
Immediate Income Withhold/Administrative Order	1996	1 month delinquent	Automatic
Missouri State Tax Intercept	1996	\$25	Automatic
Administrative Lien Financial Institution	2000	\$500	Auto/Manual
Administrative Income Withholding Order - for Arrears Only	1996	\$150/1 month delinquent	Auto/Manual
Income Withholding/Administrative Order	1996	1 month delinquent	Auto/Manual
Civil Contempt <sup>1</sup>	1996	1 month delinquent	Manual
Criminal Non-Support Felony <sup>1</sup>	1996	1 month delinquent	Manual
Criminal Non-Support Misdemeanor <sup>1</sup>	1996	1 month delinquent	Manual
Lien on Decedent's Estate - Administrative Order	1996	\$100	Manual
Lien on Decedent's Estate - Judicial Order	1996	\$100	Manual
Administrative Order on Judicial Order	1996	1 month delinquent	Manual
Fraudulent Conveyance <sup>1</sup>	1996	1 month delinquent	Manual
Garnishment <sup>1</sup>	1996	1 month delinquent	Manual
Immediate Income Withholding/Judicial Order	1996	\$0	Manual
Uniform Interstate Family Support Act/Direct Immediate			
Income Withholding - Out of State Source	1997	1 month delinquent	Manual
Internal Revenue Service Full Collection	1996	\$750	Manual
Judicial Income Withholding Order - Arrears Only	1996	\$150	Manual
Income Withholding/Judicial Order	1996	1 month delinquent	Manual
Uniform Interstate Family Support Act/Direct Income			
Withholding Order - Out of State Source	1997	1 month delinquent	Manual
Administrative Income Withhold Order - Non-Employer <sup>2</sup>	1996	\$25	N/A
Judicial Income Withhold Order - Non-Employer	1996	1 month delinquent	Manual
Levy and Execution (Judicial) <sup>1</sup>	1996	1 month delinquent	Manual
Lien on Lawsuit/Administrative Order	1996	\$100	Manual
Lien on Lawsuit/Judicial Order	1996	\$100	Manual
Delinquency Notice/Circuit Clerk	1996	1 month delinquent	Manual
Order to Enroll Insurance/Judicial Order	1996	\$0	Manual
Personal Property Lien/Administrative Order	1996	\$1,000	Manual
Personal Property Lien/Judicial Order	1996	\$1,000	Manual
Out of State Personal Property Lien/Administrative Order	2001	\$1,000	Manual
Registration of Foreign Order	1997	\$0	Manual
Registration of Foreign Order	1996	\$0	Manual
Real Property Lien/Administrative Order	1996	\$500	Manual
Real Property Lien/Judicial Order	1996	\$500	Manual
Out of State Real Property Lien/Administrative Order	2001	\$500	Manual
Income Withholding Order - Unemployment Compensation			
Benefits	1996	\$1	Manual
Income Withholding Order - Unemployment Compensation			
Benefit-Arrears Only	1997	\$1	Manual
U. S. Attorney Office Referral	1996	\$5,000	Manual
Voluntary Income Assignment/Administrative Order	1996	\$0	Manual
Voluntary Income Assignment/Judicial Order	1996	\$0	Manual
Worker's Compensation Lien	1996	\$100	Manual

<sup>1</sup> Requires referral to prosecuting or staff attorney for enforcement and no minimum arrears threshold.

<sup>2</sup> Not active at this time.

Source: Prepared by SAO based on Missouri Automated Child Support System information.

### **OTHER ENFORCEMENT ACTIONS**

This appendix shows enforcement actions available to division personnel that are not displayed on the computerized system as an enforcement available remedy along with the enforcement actions shown on Appendix III. Table IV.1 displays the enforcement remedies, application, and thresholds for other enforcement actions.

**Table IV.1: Other Enforcement Actions Taken by Division Personnel**

Action	Manual or Automatic	Criteria
Suspension of driver's license	Manual	Lesser of \$2,500 or 3 months delinquency or failure to comply with subpoena
Suspension of recreational licenses	Manual	Lesser of \$2,500 or 3 months delinquency
Suspension of professional and occupational licenses <sup>1</sup>	Manual	Lesser of \$2,500 or 3 months delinquency
Referral to prosecuting attorney	Manual	All enforcement tools exhausted, employer does not honor income withholding order or 3 months delinquency
Referral to staff attorney	Manual	Non-custodial parent files bankruptcy
Interstate referrals	Manual	Non-custodial parent or custodial parent resides in another state.
Administrative offsets <sup>2</sup>	Automatic	Various
Lottery intercepts	Automatic	\$50
Denial of passport	Automatic	\$5,000

<sup>1</sup> Division personnel do not have legal authority to suspend these licenses, therefore these cases must be referred to the local prosecuting attorney.

<sup>2</sup> Federal retirement intercepts, vendor payment intercepts and other miscellaneous payment intercepts.

Source: Prepared by SAO based on division policy and procedures manuals.



### **SAMPLE METHODOLOGY AND RESULTS**

This appendix describes how we identified study populations and our sampling methodologies for five probability samples.

#### **Audit Universe for Unpaid Support Orders**

To measure the number of support orders where the division did not take available enforcement action to collect unpaid support, we reviewed a probability sample of 104 cases from a study population of 260,256 support orders, provided by the division, with unpaid support on March 19, 2002. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent. We also measured the number of support orders meeting the criteria for license suspension.

Based on the results of the sample, we estimate for 43 percent of the study population, or 112,611 support orders, available enforcement action had not been taken to collect unpaid support. Table V.1 displays sample results.

**Table V.1: Available Enforcement Actions Not Taken**

<b>Category</b>	<b>Result</b>
Sample size	104
Cases without enforcement action	45
Point estimate error rate	43.3%
Point estimate quantity	112,611
Upper limit error rate	51.8%
Upper limit quantity	134,830
Lower limit error rate	35.0%
Lower limit quantity	91,156

We estimate 16 percent of the study population, or 42,542 support orders, met the criteria for license suspension. Table V.2 displays sample results.

**Table V.2: Cases Meeting Criteria for License Suspension**

<b>Category</b>	<b>Result</b>
Sample size	104
Cases meeting criteria for license suspension	17
Point estimate error rate	16.3%
Point estimate quantity	42,542
Upper limit error rate	23.5%
Upper limit quantity	61,168
Lower limit error rate	10.7%
Lower limit quantity	27,827

### Audit Universe for Match with State Tax Records

To measure the number of these absent parents filing state income tax returns in 2000 and/or 2001 showing Missouri addresses and reporting income, we reviewed a probability sample of 101 cases from a study population of 176,279 cases where the division could not locate the address or employment, or both, of absent parents as of June 2002. We based the sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent.

Based on the results of the sample, we estimate 15 percent of the study population, or 26,180 absent parents, filed state income tax returns in 2000 and/or 2001 showing Missouri addresses and reporting income that the division had not identified. Table V.3 displays sample results.

**Table V.3: Absent Parents Filing State Tax Returns**

Category	Result
Sample size	101
Absent parents filing state tax returns	15
Point estimate error rate	14.8%
Point estimate quantity	26,180
Upper limit error rate	21.9%
Upper limit quantity	38,679
Lower limit error rate	9.4%
Lower limit quantity	16,542

### Audit Universe for Central Office Case Files

To measure the number of case files that are missing, lost or cannot be located, we reviewed a probability sample of 102 cases from a study population of 12,159 cases in the contractor's caseload for March 2002. We based sample size on a 95 percent confidence level with a 5 percent precision and an expected error rate of 5 percent.

Based on the results of the sample, we estimate 11 percent of the study population, or 1,311 case files are missing, lost or cannot be located. Table V.4 displays sample results.

**Table V.4: Missing or Lost Case Files**

Category	Result
Sample size	102
Missing or lost case files	11
Point estimate error rate	10.8%
Point estimate quantity	1,311
Upper limit error rate	18.4%
Upper limit quantity	2,243
Lower limit error rate	5.5%
Lower limit quantity	671

### Paternity Cases Audit Universe

To determine if the division followed established policy on cases requiring paternity determination, we reviewed a probability sample of 104 cases from a study population of 48,673 cases where paternity had not been established for one or more dependents as of August, 2001. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent.

Based on the results of the sample, we estimate for 39 percent of the study population, or 19,188 cases, technicians failed to follow required guidelines to establish paternity. Table V.5 displays sample results.

**Table V.5: Cases with Errors in Case Management**

Category	Result
Sample size	104
Cases with errors in case management	41
Point estimate error rate	39.4%
Point estimate quantity	19,188
Upper limit error rate	47.9%
Upper limit quantity	23,330
Lower limit error rate	31.4%
Lower limit quantity	15,272

### Medical Support Audit Universe

To measure the number of cases where health insurance had been provided, we reviewed a probability sample of 102 cases from a study population of 203,341 cases that had an order to provide health insurance, as of September, 2001. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent. We also measured how many of these cases were receiving Medicaid benefits.

Based on the results of the sample, we estimate for 88 percent of the study population, or 179,419 cases, health insurance had not been provided. Table V.6 displays sample results.

**Table V.6: Cases without Health Insurance**

Category	Result
Sample size	102
Cases without health insurance	90
Point estimate error rate	88.2%
Point estimate quantity	179,419
Upper limit error rate	93.1%
Upper limit quantity	189,247
Lower limit error rate	81.6%
Lower limit quantity	166,003

## APPENDIX V

We estimate for 25 percent of the study population, or 49,838 cases, technicians failed to follow division policy in obtaining health insurance for dependents. Table V.7 displays sample results.

**Table V.7: Cases with Errors in Case Management**

Category	Result
Sample size	102
Cases with errors in case management	25
Point estimate error rate	25.0%
Point estimate quantity	49,838
Upper limit error rate	32.5%
Upper limit quantity	66,119
Lower limit error rate	17.7%
Lower limit quantity	35,890

We estimate 62 percent of the study population, or 125,593 cases are receiving Medicaid benefits. Table V.8 displays sample results.

**Table V.8: Cases Receiving Medicaid Benefits**

Category	Result
Sample size	102
Cases receiving Medicaid benefits	63
Point estimate error rate	61.8%
Point estimate quantity	125,133
Upper limit error rate	69.8%
Upper limit quantity	141,985
Lower limit error rate	53.2%
Lower limit quantity	108,134

We estimate 38 percent of the study population, or 77,748 cases are not receiving Medicaid benefits. Table V.9 displays sample results.

**Table V.9: Cases Not Receiving Medicaid Benefits**

Category	Result
Sample size	102
Cases not receiving Medicaid benefits	39
Point estimate error rate	38.2%
Point estimate quantity	77,748
Upper limit error rate	46.8%
Upper limit quantity	95,207
Lower limit error rate	30.2%
Lower limit quantity	61,356

**COMMENTS FROM THE DEPARTMENT OF SOCIAL SERVICES**



**BOB HOLDEN**  
GOVERNOR  
**DANA KATHERINE MARTIN**  
DIRECTOR

**MISSOURI**  
**DEPARTMENT OF SOCIAL SERVICES**  
P.O. BOX 1527  
BROADWAY STATE OFFICE BUILDING  
JEFFERSON CITY  
65102-1527  
TELEPHONE: 573-751-4815, FAX: 573-751-3203

**RELAY MISSOURI**  
*for hearing and speech impaired*  
TEXT TELEPHONE  
1-800-735-2966  
VOICE  
1-800-735-2466

October 30, 2002

The Honorable Claire C. McCaskill  
Missouri State Auditor  
224 State Capitol  
Jefferson City, MO 65101

Dear Ms. McCaskill,

I am writing to respond to your "Division of Child Support Enforcement Management and Oversight of Child Support Enforcement Actions" draft report dated October 16, 2002. I appreciate your and your staff's efforts in producing the report. The Division of Child Support Enforcement (DCSE) will use the report as a tool to help it continuously improve the delivery of services that ensure children's financial needs are supported by both of their parents.

DCSE experienced significant changes over the last six years, coinciding with the time period for which data was presented in your report. These changes resulted from two critical pieces of federal legislation —The Family Support Act and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

The Family Support Act required DCSE to establish an automated case management and payment processing system. Developing and implementing the Missouri Automated Child Support System (MACSS) was a major undertaking and completely shifted how DCSE and its partners do business. DCSE transitioned from separate automated systems maintained by circuit clerks, prosecuting attorneys and all DCSE offices to one single, statewide-automated system shared by these partners. DCSE received federal certification of MACSS in October 1998. Today, the automated system manages program and financial information for Missouri's 386,000 IV-D child support cases, including the collection and disbursement of over \$400 million annually to support children receiving IV-D services.

The complexity of MACCS implementation was compounded with the passage of PRWORA, commonly known as welfare reform. This legislation contained comprehensive child support enforcement provisions, including a requirement that states distribute child support collections with a 'family first' approach. The significant benefit is that families who formerly received public assistance now receive their child support money sooner and generally before the state receives any money it is due. Specifically, the law requires those families no longer receiving assistance to have priority in the distribution of child support arrears. In state fiscal year (SFY) 01, 58% of Missouri's child

10/30/02

**\*\*AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER\*\***  
services provided on a nondiscriminatory basis

Claire C. McCaskill, Page 2

support cases were for families currently or previously on cash public assistance. Paying families first and the state last directly benefits children and helps relieve the custodial parent's financial burdens. In Missouri, 88% of child support collected is distributed to families while 12% of collections are retained by the state. Nationally, 87% is distributed to families while 13% is retained.

While this is the right approach, national and state trends demonstrate a negative financial impact on state government as a result of federal distribution rules mandated by PRWORA and the reduction in the number of families on Temporary Assistance to Needy Families (TANF), a phenomenon also resulting from PRWORA. Historically, the collection of child support assigned to the government for families on cash public assistance provided revenues for state IV-D programs to be self-sufficient. While Missouri continues to set new records for total IV-D collections each year, the volume of retained collections has dropped significantly due to the success of welfare reform. Missouri's TANF-based collections peaked in SFY 96 at \$71.6 million, but by SFY 02, the TANF-based collections had fallen to the SFY 92 level (\$50.0 million). No longer able to remain self-funding, DCSE has competed with all other state government entities for General Revenue funds. DCSE continues to seek additional efficiencies to optimize this situation.

Among other PRWORA requirements, the law established a federal case registry and national directory of new hires to track delinquent parents across state lines. States were also required to establish a centralized collection and disbursement unit, referred to as SDU. Establishing such a unit meant that all collections and disbursements previously managed by circuit clerks, including IV-D and non IV-D collections, would be managed by DCSE.

In August 2002, Missouri received praise from an audit supervisor at the federal Office of Child Support Enforcement. He stated, "We found that the SDU properly handled collections received, accounted for those collections, and disbursed the checks to the proper payee. We also determined that collection information at the SDU was integrated with the State's automated child support system (MACSS) to facilitate distribution. Safeguards were in place to address situations such as unidentified collections, improper payments, and uncashed checks. Based on our review, we believe that Missouri's SDU has implemented the appropriate procedures and internal controls to provide reasonable assurance that all collections are properly safeguarded, accounted for and disbursed. We noted no material weakness at this time." In addition, the United States Department of Health and Human Services recently granted full system certification to DCSE for meeting all of the new child support requirements. DCSE was the ninth child support program in the country to achieve full federal certification.

In addition to the acclaim received for advancement in these facets of the program, DCSE recently won the Governor's award for Quality and Productivity; and was nominated for the prestigious Missouri Team Quality Award, administered by the Excellence in Missouri Foundation. DCSE was recognized for reducing dollars collected and not yet distributed to recipients due to an incorrect address, other case or system problem by 58% within six months.

Having analyzed the significance of the federal legislation in terms of how child support services would be delivered and how the organization would transform its operations, DCSE defined implementation of MACSS and PRWORA changes, as its foremost priority for several years. It was the agency's decision to steadfastly focus on retooling the organization, understanding that the long-term benefits would outweigh the short-term consequences. We were pleased that despite these challenges, several critical performance measures continued to improve. In SFY 02, DCSE collected \$446.6

Claire C. McCaskill, Page 3

million for families receiving IV-D services. It has increased collections 42% between federal fiscal year (FFY) 95 and 00. The average collection per technician increased 45% between SFY 95 and 00.

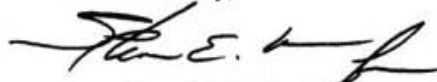
One of the consequences that occurred during the height of implementation of the federal mandated changes was a dip in some of the division's performance data as highlighted in your report. Having successfully completed the conversion to MACSS, established the Family Support Payment Center and received full federal certifications, DCSE is well equipped to move forward. Over the last year, many of its performance measures have turned the curve and are headed in the right direction again. In fact, Missouri trends are similar to national trends in most categories because all states were struggling to implement federal requirements during the same time period. For example:

- Both Missouri and national data demonstrate a 42% collection rate for child support cases in FFY 00.
- Missouri increased the number of cases with child support orders by 13% while the national increase was 9% from FFY 1993 to 2000. In FFY 00, 74% of DCSE's cases had an order for support; the national average for that year was 62%. Missouri ranks 19 out of 54 states and territories in this category.
- In FFY 01 Missouri collected 20% of the total support due while the national average was 17% for the same period.

The enclosed charts illustrate the trend in DCSE's performance. These are measures the agency focuses on to monitor its program. As you can see, DCSE's performance is equal to national performance in several areas, surpassing the national average in a few and below in a couple. The department draws the conclusion that DCSE is better prepared than most states to exceed the national average in areas where the division will focus its attention and resources. Your audit report is timely as DCSE sets its priorities to achieve these goals.

Thank you again for your recommendations. DCSE has positioned itself to take full advantage of technology, and despite lean budget times, is making diligent efforts to efficiently serve families. DCSE is working with my office to apply the Governor's recommended Missouri's Results Initiative, a system improvement methodology, to improve the percent of paying cases. DCSE also is in the process of rebidding a contract for private collection of child support owed to the state. At the time a new contract is awarded at the end of this year, DCSE will implement improvement to its computer-generated report that lists cases for potential referral. The new report will improve front-line state staff's ability to identify and submit appropriate cases to a vendor. Finally, DCSE is taking other suggestions offered in your report under careful advisement. If you have any questions about this response, please call me at 573-751-4815.

Sincerely,



Dana Katherine Martin  
Director

DKM/SJW

Enclosures:

Claire C. McCaskill, Page 4

1. DCSE Program Timeline
2. Collection Rate, Cases with Orders, Total Cases: A National/State Comparison
3. DCSE Collections and Caseloads
4. Amount of Distributed and Retained Collections in Missouri
5. DCSE Collections by Case Type
6. DCSE Collections and Expenditures
7. Collections by Distribution and Retention: A National/State Comparison
8. DCSE Budget vs. TANF Collections
9. Percent of Cases with Support Orders: A National/State Comparison
10. Caseload Trends: A National/State Comparison
11. Established and Acknowledged Paternities Per Year: A National/State Comparison
12. DCSE Credit Bureau Referrals and License Suspension Actions
13. DCSE Orders to Withhold
14. DCSE Lien Actions
15. DCSE Tax Refund Intercept History

cc: Gary Bailey, Director DCSE  
Kirk R. Boyer, Director of Audits





**OFFICE OF STATE COURTS ADMINISTRATOR**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-111  
November 18, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2002

**The following areas of concern were noted in our audit of the Office of State Courts Administrator (OSCA).**

---

In 1994, the Missouri General Assembly established a seven dollar fee on court cases to be used to fund a statewide court automation program. During our review of the funding of statewide court automation we noted the following:

- The seven dollar fee was originally scheduled to expire in 1999; however, legislative action has extended this fee to 2004. If this fee, which generates about \$4.6 million annually for court automation, is not extended, the state's General Revenue Fund will have to bear the entire subsequent court automation costs or automation of all courts will not be completed.
- Based upon the original fiscal note and current revenue projection assumptions, up to \$70 million in court automation fees will be received through fiscal year 2009 (if the seven dollar fee is extended). Actual costs of court automation through 2001 and the current projected costs of implementing and maintaining the system in all courts through 2009 are expected to total approximately \$204 million. It appears approximately \$134 million in additional funding will be needed to implement and maintain the system in the state's courts.
- The current cost projection estimates the cost of maintaining the automated case management system after implementation in all courts will total approximately \$18 million annually.
- The fiscal note did not consider the long-term financial impact of the court automation program on the state's General Revenue Fund or local governments.

Part of the problem lies with the fiscal note process for long-term projects. Fiscal notes present financial information for only a three-year period. The long-term fiscal impact of programs such as court automation is not always requested or considered by the Oversight Division or the General Assembly. In addition, the financial impact on local governments of statewide programs is not always considered. For long-term projects, the fiscal note process should be re-evaluated and changed to consider the long-range impact on state and local governments.

(over)

YELLOW SHEET

Other areas where improvements are needed include:

- Travel costs – During fiscal years 2001 and 2000, the OSCA incurred in-state travel costs totaling approximately \$3.3 million and out-of state travel costs totaling approximately \$380,000. We noted instances where travel costs did not appear reasonable and necessary. In other cases, improved policies for reviewing costs could have reduced some costs.
- Bidding Procedures – Although exempt from state purchasing laws, the OSCA's internal purchasing policy requires competitive pricing for items and services costing \$3,000 or more. Auditors found items purchased with either no bids taken or no bids documented. These items included: \$515,000 in consulting services, \$5,800 in moving services, \$44,700 in digital recording equipment, and a \$31,000 audio system.
- Agency Provided Meals – Between July 1, 1999 and December 31, 2001, the OSCA purchased \$540,000 in food for various meetings and training events. We noted several examples where the cost per person for agency provided food did not appear reasonable. The OSCA has no policy establishing limits or guidelines on food expenditures.
- Cellular Telephones – The OSCA has 73 cellular telephones. The office did not consistently monitor cellular telephone usage, did not ensure phone plans were consistent with business-related use, and appeared to have more cellular telephones than needed for efficient operation.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# OFFICE OF STATE COURTS ADMINISTRATOR

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-22

<u>Number</u>	<u>Description</u>	
1.	Court Automation Program.....	5
2.	Travel Costs .....	12
3.	General Fixed Assets .....	14
4.	Bidding Procedures.....	15
5.	Agency Provided Meals.....	16
6.	Cellular Telephones .....	17
7.	Circuit Court Payroll.....	19
8.	Information System Access Controls.....	20
9.	Title IV-D Reimbursement Claims .....	21
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		23-33

### Appendix

A	Comparative Statement of Appropriations and Expenditures Years Ended June 30, 2001 and 2000 .....	29-30
B	Comparative Statement of Expenditures (from Appropriations) Years Ended June 30, 2001 and 2000 .....	31
C	Collections and Guilty Pleas by County for Tickets Processed by the Fine Collection Center Years Ended June 30, 2001 and 2000 .....	32-33

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Members of the Supreme Court of Missouri  
and  
Michael Buenger, State Courts Administrator  
Jefferson City, MO 65102

We have audited the Office of State Courts Administrator and, within the office, the Fine Collection Center and Statewide Court Automation Program. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, and rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and expenditures made by the office.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable legal provisions, regulations, contracts, financial transactions, policies and procedures, and other pertinent documents, and interviewed office personnel.

As part of our audit, we assessed the office's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the Office of State Courts Administrator.

The accompanying Management Advisory Report presents our finding arising from our audit of the Office of State Courts Administrator.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

March 29, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Kelly Petree

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



OFFICE OF THE STATE COURTS ADMINISTRATOR  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS'

**1.**

**Court Automation Program**

In 1994, the Missouri General Assembly passed Senate Bill 420 establishing a seven dollar fee to be assessed on all circuit court civil cases, all criminal cases, and any criminal or traffic law violation in Missouri. All monies collected for this fee were to be deposited to the Statewide Court Automation Fund and used to fund purchases of goods and services for a statewide court automation system. Various features of the statewide court automation system that have been implemented or are works in process include: networking all state courts, providing courts with an e-mail system, installing the ACS Justice Information System (case management) and Jury Management System in all state courts, and developing Case.net to make public case information available on the internet. As of June 30, 2001, the Court Automation Fund had received approximately \$28.8 million in fee revenue, while Court Automation Program costs totaled approximately \$55.5 million. Approximately \$26.4 million of the total costs were expended from the Court Automation Fund with the remaining \$29.1 million funded by General Revenue Fund-State monies.

The Committee on Legislative Research, Oversight Division, prepared a fiscal note associated with Senate Bill 420 with information obtained from the Office of State Courts Administrator (OSCA). The fiscal note estimated a seven dollar fee could generate revenue of up to \$4.6 million annually for the Statewide Court Automation Fund. The fiscal note was unclear and provided incomplete information. Although fiscal notes present financial information for only a three-year period, the fiscal impact of a long-term program such as court automation was not requested by the Oversight Division or the General Assembly. As a result, the fiscal note did not consider the long-term financial impact of the court automation program to the General Revenue Fund-State or local governments. Specific issues noted regarding the fiscal note included:

- The fiscal note referenced the "Truly Agreed to and Finally Passed" version of Senate Bill 420 that stated, "The committee shall develop and implement a plan for a statewide court automation system". However, the fiscal note summary indicated the Statewide Court Automation Fund would be created to implement and maintain a statewide system of court automation, which was the language included in the original bill. As a result, it is unclear whether the fiscal note was intended to evaluate the fiscal impact related to the development and implementation of a plan for statewide court automation or should have considered all costs of implementing and maintaining an ongoing court automation system. Regardless of whether the fiscal note was intended to address development and implementation or implementation and maintenance, additional long-term (beyond three years) assumptions and estimates were needed to fully evaluate the fiscal impact of the court automation program.

- The fiscal note states that "actual expenditures would be kept within actual receipts" of the Statewide Court Automation Fund. The fiscal note did not define whether the intent of the expenditures statement was that court automation program expenditures would not exceed Statewide Court Automation Fund revenues, or whether other sources of funding would be necessary to implement and maintain a statewide system of court automation.
- The fiscal note indicated that the seven dollar fee would sunset (expire) on September 1, 1999. However, because the court automation program was not complete and required continued funding, legislative action in 1997 extended the sunset provision to September 1, 2004. A current cost projection prepared by OSCA of court automation revenues and costs assumes the seven dollar fee will be extended beyond September 1, 2004. If the fee is not extended, the General Revenue Fund-State will have to bear the entire subsequent court automation costs or the automation of all courts will not be completed.
- Based upon the fiscal note and current revenue projection assumptions, up to \$70 million in court automation fees will be received through fiscal year 2009 (if the seven dollar fee is extended). Actual costs of court automation through 2001 and the current projected costs of implementing and maintaining the automated case management system in all courts through 2009 total approximately \$204 million. The end result is a program that could require resources in addition to court automation fees of \$134 million to completely implement and maintain the case management system in the state's courts.
- It does not appear that funding for ongoing maintenance costs was considered in the original fiscal note. Based upon the current cost projection prepared by OSCA, the cost of maintaining the automated case management system after implementation in all courts will total approximately \$18 million annually.
- The fiscal note indicated that 11 full-time employees (FTE) would be required for statewide court automation; however, as of June 30, 2001, there were 113 Statewide Court Automation employees. According to OSCA management, the initial plan was to outsource all aspects of automation and have only a small core of FTE for managerial purposes. After a consulting firm helped to implement the ACS Justice Information System in eleven courts at a cost of approximately \$3.1 million, outsourcing the case management rollout project was determined to be too costly. According to OSCA personnel, an analysis was prepared for the legislature presenting the cost savings to the state by using state employees for all further rollouts, and additional FTE were approved; however, OSCA was unable to provide us with documentation of this analysis.
- The fiscal note did not note the long-term financial impact on local county governments. The Statewide Court Automation Program pays program related costs of implementing the automated court system, such as servers, software and software upgrades, and maintenance on local county government equipment.

However, the local county governments are responsible for costs associated with upgrading existing equipment or purchasing new equipment capable of operating the automation software. Some local courts that implemented the case management system paid all equipment costs, while others received state and federal funding to purchase the necessary equipment. In addition, in November 2001, OSCA informed counties on schedule for automation equipment replacement in 2002 of the General Assembly's intent for counties to match at least one-half of their respective equipment replacement costs. OSCA calculated the estimated costs of each county and recommended they consider including the costs in their 2002 budgets. OSCA also informed the counties that, "If the equipment is not replaced/upgraded appropriately, there could be degradation in performance for the local entity or circuit court users".

It is clear that significant, additional costs will be incurred to complete all aspects of the court automation program. A funding source for these additional costs does not currently exist. We realize that computer technology changes rapidly and that when a long-term program is initiated that involves such technology the potential for some additional costs exists. However, the costs of this program are in excess of the amounts noted when the program was first considered by the legislature. It appears the potential total costs of this program was not documented or considered when the court automation program was initially considered and authorized by the legislature. The OSCA and the Missouri Court Automation Committee must now find a significant funding source if all benefits envisioned as a result of court automation are going to be achieved.

**WE RECOMMEND** the Office of State Courts Administrator discuss with the Missouri Court Automation Committee the possibility of pursuing other sources of funding, such as increasing the court automation fee. In addition, the cost benefit to the state and local governments should be seriously considered prior to implementing and maintaining other features of a statewide court automation system. Finally, in future amendments to the court automation project, we recommend the OSCA go beyond the current requirements for fiscal notes and provide additional details as to the long-term fiscal impact of the program. This approach will ensure clear, accurate, and complete information on the amendment and will enable the legislature to review actual costs with projected costs at any future date.

### **AUDITEE'S RESPONSE**

*We are pleased with the general results of the audit of receipts and expenditures relative to the statewide court automation program. The audit did not reveal any fiscal mismanagement, accounting problems, or inventory irregularities. We will continue to work to ensure accurate accounting of all resources dedicated to this effort because we are properly accountable for the use of public resources. We are, however, concerned with other aspects of the report.*

*As an initial matter, we believe it is important to note that the cost of the court automation program is relatively small within the overall size of the judiciary's annual budget. In fiscal year (FY) 2002, the combined (state and county) budget of the Judiciary was approximately*

\$268.2 million. Of that amount, some \$12.3 million was spent by the state on court automation efforts, or 4.6% of the overall budget. Even acknowledging that several larger counties have contributed local resources to automation efforts, the combined totals account for no more than approximately 5.5% of overall expenditures.

*The following are our responses to specific concerns raised in the audit report:*

- *Audit Report Statement:* “The fiscal note was unclear and provided incomplete information. Although fiscal notes present financial information for only a three-year period, the fiscal impact of a long-term program, such as court automation, was not requested by the Oversight Division or the General Assembly. As a result, the fiscal note did not consider the long-term financial impact of the court automation program to the General Revenue Fund – State or local governments.”

*Response:* The concerns expressed in the report appear more appropriately directed to the General Assembly, which established the process followed in the preparation of the 1994 fiscal note. In providing information to the Legislative Oversight Division (“Division”) for preparation of the 1994 fiscal note, the OSCA complied with the then established process. We agree with the Auditor that the current fiscal note process may need to be examined. However, as the General Assembly is the exclusive appropriating authority, the court automation program must comply with the General Assembly’s directive on such matters until instructed otherwise.

We are concerned that the report’s analysis of the court automation program rests exclusively on the 1994 fiscal note, which the Division prepared in response to specific legislation creating the court automation fund – not the court automation program. It should be noted that a subsequent fiscal note was prepared in 1998 when the fee was extended. The report appears to focus on the 1994 fiscal note to the exclusion of subsequent fiscal notes and subsequent clarifications of the 1994 fiscal note. We believe a more balanced analysis of program expenditures would include all fiscal information supplied throughout the life of the program, particularly information provided as the program adapted to changing circumstances.

Finally, we submit that the drafters could not have anticipated such developments as the 1995 reform of the juvenile justice system, changes in sentencing laws, creation of the Fine Collections Center, the effects of Y2K, rapid advancements in technology, new federal mandates, changes in network costs, and the costs of establishing an infrastructure where none had existed.

- *Audit Report Statement:* “[I]t is unclear whether the fiscal note was intended to evaluate the fiscal impact related to the development and implementation of a plan for statewide court automation or should have considered all costs of implementing and maintaining an ongoing court automation system. Regardless of whether the fiscal note was intended to address development and implementation or implementation and maintenance, additional long-term (beyond three years) assumptions and estimates were needed to fully evaluate the fiscal impact of the court automation system.”

Response: The question of the underlying intent of the fiscal note is more properly directed to the Division. Again, the 1994 fiscal note was prepared in response to a fee bill codified at Section 476.055, RSMo. The legislation clearly did not contemplate implementing a full statewide court automation system, only developing and implementing a plan.

We submit further that, as a practical matter, it would have been impossible to develop a meaningful fiscal note projecting long-term (beyond three years) costs of the program given the wide range of unknown variables. The statutorily created Missouri Court Automation Committee (“MCA”) had not been appointed or begun its work when the fiscal note was prepared. The type of architecture had not been discussed much less determined. A fiscal note drafted in 1994 based on information obtained in 1993 projecting long-term costs of the program before any full assessment of what was needed would have provided little useful information. The information in the fiscal note regarding receipts and expenditures was accurate for the period FY 1995-1998.

- Audit Report Statement: “The fiscal note did not define whether the intent of the expenditures statement was that court automation program expenditures would not exceed Statewide Court Automation Fund revenues, or whether other sources of funding would be necessary to implement and maintain a statewide system of court automation.”

Response: During the three-year life of the fiscal note prepared by the Division, expenditures for developing the plan and financing the pilot projects stayed within the fund’s receipts. It was not until FY 1999 that the judiciary proposed an actual plan for automation and worked with then Governor Carnahan and the General Assembly to find money for the program. The need to use General Revenue funds for the program was compelled primarily by two events. First, the judiciary originally proposed a \$12 automation fee. However, the General Assembly reduced the fee to \$7 and in place thereof eventually provided general revenue to assist in rolling out the program.

Second, one of the underlying assumptions in 1994 was that the court automation fee would cover the costs of software development and the purchasing of servers. Local government would cover other costs such as local hardware and cabling. It became clear by 1999 as the plan for automation was completed that most counties could not be relied upon to purchase equipment that met state functional standards. When presented with this reality and the counties’ active lobbying efforts, the General Assembly relieved the counties of the requirement to obligate local funding and transferred substantially all the costs to the state. This decision increased not only the costs of the program but also the state’s long-term maintenance responsibilities.

- Audit Report Statement: “If the fee is not extended, the General Revenue Fund-State will have to bear the entire subsequent court automation costs or the automation of all courts will not be complete.”

Response: We agree.

- Audit Report Statement: “It does not appear that funding for ongoing maintenance costs was considered in the original fiscal note.”

Response: Given the purpose of the original fiscal note, ongoing maintenance costs were not considered. It is important to emphasize that the fiscal note was prepared in response to a fee bill, not an implementation bill. Moreover, it would have been impossible to predict with any accuracy the long-term maintenance costs when (1) no system design was available, (2) software products had not been identified, and (3) hardware and network needs were not known. The enabling legislation funded an exploration of court automation, not an overarching statewide implementation program.

- Audit Report Statement: “The fiscal note indicated that 11 full-time employees (FTE) would be required for statewide court automation; however, as of June 30, 2001, there were 113 Statewide Court Automation employees.”

Response: One could read into this statement that representations were made in 1994 that only 11 FTE would ever be needed for automation of the courts. It must be noted that in 1994 OSCA employed 26 FTE dedicated to data processing projects. Regardless of whether the Supreme Court and General Assembly would have approved of the court automation program, the rapid pace of technological development in the late 1990’s would have demanded additional FTE to support even rudimentary court automation projects. Clearly, adoption of the court automation program fueled the need for more FTE. However, not all FTE dedicated to court technology efforts, or obtained between 1994 and 2002, can be attributed solely to the particular program of court automation. Much of the increase would have occurred naturally in response to the courts’ growing statewide technology needs.

The original fiscal note actually provides as follows, “[T]he dedicated fund would be used to provide equipment, software, services and 11 FTE to automate case and accounting records and the operation of the state courts.” (Emphasis added.) The dedicated fund was used for precisely this purpose. The fiscal note did not state that additional FTE would never be needed. Actually, the original April 13, 1994 memorandum from OSCA to the Division made no representations on the actual number of FTE needed. The reason for requesting some of the additional FTE obtained between 1995 and 2001 rested on the fact that using private contractors to implement the case management system was outrageously expensive. According to an internal analysis dated March 1999, it would have cost the MCA \$2.4 million in FY 1999 for private vendors to plan the implementation. Those costs would have skyrocketed in FY 2000 to \$9.6 million if the MCA used private vendors to implement the case management system at 28 sites. Neither figure included the costs of equipment, wide area network, support personnel, maintenance, or management of the system. All FTE were obtained with the approval of the General Assembly after full disclosure as to the needs of the program.

- Audit Report Statement: “The fiscal note did not note the long-term financial impact on local county governments.”

Response: OSCA supplied requested information to the Division. If an analysis of the fiscal impact on county government was needed, the appropriate authority on this matter would have been the Missouri Association of Counties.

- Audit Report Statement: “We realize that computer technology changes rapidly and that when a long-term program is initiated that involves such technology the potential for some additional costs exists. However, the costs of this program are in excess of the amounts noted when the program was first considered by the legislature.”

Response: We do not agree that the costs of the program are excessive. In 1994, the legislature was presented with a proposal for funding the design of a court automation program for Missouri. It must be emphasized that all funds appropriated to the court automation program came only after full disclosure and full discussion with the General Assembly.

- Audit Report Statement: “WE RECOMMEND the Office of State Courts Administrator discuss with the Missouri Court Automation Committee the possibility of pursuing other sources of funding, such as increasing the court automation fee. In addition, the cost benefit to the state and local governments should be seriously considered prior to implementing and maintaining other features of a statewide court automation system. Finally, in future amendments to the court automation project, we recommend the OSCA go beyond the current requirements for fiscal notes and provide additional details as to the long-term fiscal impact of the program. This approach will ensure clear, accurate, and complete information on the amendment and will enable the legislature to review actual costs with projected costs at any future date.”

Response: By statute, the MCA is vested with overseeing all aspects of the court automation program. OSCA will forward to the MCA the report’s recommendation for consideration.

As to the pursuit of other funding sources, we are pursuing other funding sources because we recognize that the current fiscal crisis may inhibit our ability to move forward on several critical aspects of the program. However, we also believe that the operations of the judiciary are fundamental to the operations of state government. As such, judicial operational needs – including its technology needs - should be given due accounting in the allocation of state resources, just as the General Assembly does with the automation needs of other state operations.

Automation and technology are increasingly needed to support the business operations of the courts in the execution of the judiciary’s constitutional responsibilities. Court automation allows for more efficiency, better accounting of funds, broader public access to court records, and near real-time data exchanges between the courts and various law enforcement agencies. In an increasingly electronic age, the issue is not whether to fund automation but what is the best, most affordable technology available to support the courts’ operations.

*In closing, where possible, the OSCA, acting as agent of the MCA, will go beyond current fiscal note requirements and provide the General Assembly with further information concerning long-term costs.*

**2.**

**Travel Costs**

The OSCA incurs in-state and out-of-state travel costs for its employees, court employees, circuit and associate circuit judges, and contractors. These travel costs include mileage, commercial transportation, lodging, and meals for such activities as court visits, conferences, and training. During fiscal years 2001 and 2000, the OSCA incurred in-state travel costs of approximately \$1.8 million and \$1.5 million, respectively, and out-of-state travel costs of approximately \$166,000 and \$214,000, respectively. Our review of OSCA travel costs noted the following:

- A. An OSCA consultant did not purchase airline tickets in advance, and as a result, may have been reimbursed for excessive airfare costs. The OSCA's agreement with the consultant stated, "OSCA will reimburse Consultant for the most economical roundtrip, coach class flight between his home base...and either Columbia Regional Airport..., St. Louis International Airport, or KC International Airport. Consultant agrees to secure an advance purchase ticket to maximize savings to the Project." The consultant and the OSCA entered into an agreement on July 28, 2000, for training to be performed on March 8, 2001, and May 3, 2001. The Consultant purchased the tickets for the cost of \$1,223 and \$1,290. We questioned these costs and, according to the OSCA Fiscal Administrator, the airfare costs were excessive and were reimbursed due to an oversight in the payment process.

In March 2002, the OSCA revised their contractor travel policy to provide that contractors must purchase tickets in advance at a cost of no more than \$600, unless they obtain written approval from the State Courts Administrator.

- B. Seventeen of thirty-eight expense accounts reviewed claimed reimbursement at the maximum amount allowed for nearly all meals claimed. OSCA policy allows meal reimbursements for actual costs (including gratuity) of up to approximately \$30 or \$41 per day depending upon location. In addition, although the maximum amount allowed was not claimed, four other expense accounts claimed the same amount for each breakfast, lunch, and dinner. According to OSCA policy, employees are to be reimbursed for actual costs; they do not receive a per diem amount for meals. It does not appear reasonable that every meal claimed would be for the same amount or the maximum allowable amount. It appears that some additional review of meal claims for reasonableness is necessary to ensure compliance with OSCA policy.
- C. Twenty-two of thirty-one expense accounts reviewed which claimed breakfast or evening meals when leaving and/or returning to the official domicile did not



indicate that an early departure or late arrival was necessary to conduct state business. OSCA policy states, "In instances where employees incur breakfast or evening meals when leaving and returning to their official domicile, they should indicate on their expense account that an early departure or late arrival was required to conduct state business."

Failure to ensure early departure or late arrival is documented provides less assurance that reimbursement of these costs are valid and proper, reduces the reliance on the review process, and results in noncompliance with OSCA policy.

- D. Excessive lodging rates were reimbursed for out-of-state lodging. We noted rates ranging from \$207 to \$372 (includes applicable taxes) per night.

According to OSCA management, if an excessive lodging rate comes to their attention, the Office of Administration will be contacted for the *Runzheimer International Guide To Daily Travel Prices* (Runzheimer) rate applicable to the city in question. This process is not performed for all out-of-state lodging costs, only costs that appear excessive. The Runzheimer guide includes lodging rates for three classifications: deluxe, first class, and economy. Each classification lists a range and an average, which include applicable sales and lodging taxes.

Four of five out-of-state lodging rates reviewed exceeded the first class or deluxe Runzheimer ranges or averages at that time by \$6 to \$149 per night. We also compared the lodging rates to federal government rates for 2001 from the U.S. General Services Administration website used by federal employees. All five lodging expenses we reviewed exceeded the maximum federal government reimbursement rates by \$47 to \$206. Expending state monies for excessive out-of-state lodging is an unnecessary and imprudent use of state funds.

- E. The OSCA held a retreat for 25 senior managers domiciled in Jefferson City at a resort at the Lake of the Ozarks. Meals and lodging totaled approximately \$5,700 for the two-day retreat. This amount does not include mileage costs to Lake Ozark from Jefferson City. According to OSCA management, the retreat was not held in Jefferson City due to numerous distractions that could have occurred, resulting in ineffective use of the senior managers' time. However, if the retreat had been held in Jefferson City, some costs could have been avoided, including lodging, mileage, and some, if not all, meals.

**WE RECOMMEND** the Office of State Courts Administrator:

- A. Review all airfare reimbursement requests to ensure compliance with the updated contractor policy.
- B. Review meal costs claimed on expense reports for reasonableness.

- C. Ensure documentation of early departure and/or late arrival is included on expense account claim forms when applicable.
- D. Develop and adopt a formal out-of-state travel policy establishing reasonable lodging rates such as those provided by federal reimbursement guidelines.
- E. Ensure expenditures are necessary for the operation of the office.

### **AUDITEE'S RESPONSE**

*The State Courts Administrator:*

- A. *Agrees.*
- B. *Will review practices with respect to meal reimbursements.*
- C. *Agrees and will take steps to ensure that such documentation is on the expense form.*
- D. *Will review practices with respect to the current travel policy. It has been the practice, and often a requirement due to presentation obligations, to allow staff to stay at the hotels where conferences are held. This was the case in the items noted by the auditor.*
- E. *Will take this recommendation under advisement, but believes there was a viable benefit to the meeting in question.*

<b>3.</b>	<b>General Fixed Assets</b>
-----------	-----------------------------

Our review of OSCA general fixed asset records and procedures indicated the following areas in which improvements are needed:

- A. Physical inventories of general fixed assets are not conducted annually. OSCA administration personnel indicated that a physical inventory was not performed during fiscal years 2000 or 2001 for all divisions. During fiscal year 2001, a physical inventory was conducted for all OSCA owned information technology equipment. Annual physical inventories are necessary to ensure the accuracy of fixed asset records and to detect loss, theft, and misuse of assets.
- B. The OSCA records fixed assets in the Statewide Advantage System for Missouri (SAM II) Fixed Asset Tracker based upon the purchase order amount of the asset. During our review, we noted seventeen laptop computers, along with other hardware, were overstated in the SAM II Fixed Asset Tracker by approximately \$4,500. This overstatement occurred because the purchase order amount was entered instead of the invoice amount. To accurately account for fixed asset costs, it is necessary to use correct documentation when entering the cost of assets into the SAM II Fixed Asset Tracker.

- C. General fixed assets totaling approximately \$172,000 could not be traced to the SAM II Fixed Asset Tracker. The unrecorded assets include data processing hardware totaling approximately \$61,700, and some modifications to the Information Technology building totaling \$49,500. Failure to properly record inventory items reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

**WE RECOMMEND** the Office of State Courts Administrator:

- A. Ensure annual physical inventories of general fixed assets are performed.
- B&C. Ensure all general fixed assets are recorded in the SAM II Fixed Asset Tracker at actual cost.

**AUDITEE'S RESPONSE**

*The State Courts Administrator:*

- A. *Agrees and will perform a physical inventory this year and in the years ahead.*
- B&C. *Agrees and believes that this will not be a problem in the future.*

<b>4. Bidding Procedures</b>
------------------------------

Bids were not always solicited and documentation of quotes was not always retained for various purchases made by the OSCA during the audit period. The OSCA is not governed by state purchasing law; however, the internal purchasing policy requires competitive pricing for items or services costing \$3,000 or more. In addition, the Missouri Court Automation Committee (committee), is required by Section 476.055, RSMo 2000, to follow the bidding requirements of the Office of Administration (OA) for lowest and best bid for purchases of computer software and hardware over \$5,000. All other purchases made by the committee are subject to OSCA internal purchasing policy. Examples of items purchased for which bids were not taken or documentation retained are as follows:

- The OSCA entered into an agreement with a consulting firm to define and document a testing approach for Juvenile Case-Management Automated Information System (JCAIS) software. Expenditures related to this agreement totaled approximately \$515,700. OSCA management indicated the consultant was selected based on prior work experience and knowledge of the JCAIS; however, there was no documentation to support this decision.
- Approximately \$5,800 was expended for moving services. OSCA management indicated the moving service was selected based upon past experience and price; however, there was no documentation to support this decision.

- Digital recording equipment was purchased by the OSCA on behalf of Missouri's circuit courts at a cost of approximately \$44,700. We were provided no information or evidence that this purchase was bid.
- The OSCA did not formally bid the purchase of an audio system for the Judicial Department Education Division. However, the department researched available audio systems at a computer training and support conference. We were informed that price quotes were obtained from the two vendors at the conference. Based upon these quotes, the OSCA purchased an audio system for approximately \$31,000; however, documentation supporting the quotes received was not retained.

Formal bidding procedures for major purchases provide a framework for economical management of state resources and help ensure that the OSCA receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate. While such procedures have been established, the OSCA should ensure compliance with the procedures. The OSCA should also ensure that documentation is retained supporting bids and quotes received.

**WE RECOMMEND** the Office of State Courts Administrator ensure bids are solicited in accordance with the internal purchasing policy. In addition, the OSCA should retain documentation of all bids and quotes received.

### **AUDITEE'S RESPONSE**

*The State Courts Administrator agrees and believes the office has addressed and substantially improved practices in this area.*

#### **5.**

#### **Agency Provided Meals**

During the six months ended December 31, 2001, and the years ended June 30, 2001 and 2000, the OSCA supplied food at various events totaling approximately \$102,000, \$248,000, and \$192,000, respectively. These amounts represent meals provided to attendees of OSCA-sponsored programs and amounts billed by various food service providers for other events, such as training sessions and meetings. During a typical day of these programs, breakfast, two breaks, lunch, and dinner are often provided for attendees. For other events, lunch and refreshments are often provided.

We noted various expenditures for food provided to state employees for which the cost per person did not appear reasonable. The OSCA paid up to \$16.98 per person for breakfast, \$22.25 per person for lunch, \$10.94 per person for breaks, and \$33.82 per person for dinner. OSCA policies do not establish limits/guidelines for reasonable per person meal costs.

Examples of costs per person which did not appear reasonable included the following:

- The OSCA paid the following amounts per person for meals during a retreat for senior managers at the Lake of the Ozarks: breakfast of \$13.09, lunch of \$19.93, and dinner of up to \$33.82.
- Approximately \$42,000 was spent on agency-provided food for a five day, OSCA-sponsored, judicial college at a resort at the Lake of the Ozarks. Excessive meal costs per person during this event included breakfast of up to \$16.98, and lunch of up to \$20.23, per person.
- Approximately \$2,300 was spent on agency-provided meals and breaks for a presiding judges meeting in St. Louis. Amounts per person for breakfast and lunch were \$16.96 and \$22.55, respectively.
- Approximately \$1,700 was spent on agency-provided meals and breaks for a presiding judges meeting in Springfield. Amounts per person were the following: breaks of \$10.94, breakfast of \$11.94, and lunch of \$15.54.

**WE RECOMMEND** the Office of State Courts Administrator develop and adopt a policy regarding state agency-provided food purchases. The policy should establish guidelines regarding maximum costs allowable and purchases that are proper and necessary for the operation of the office.

#### **AUDITEE'S RESPONSE**

*The State Courts Administrator indicated the office endeavors to get the best prices it can for conference meals and will continue to do so. The Office of States Courts Administrator is in a unique position in that only a handful of venues in the state can sufficiently handle the number of participants at some of the meetings/conferences. The State Courts Administrator will review practices with respect to breaks to ensure reasonableness.*

<b>6. Cellular Telephones</b>
-------------------------------

The OSCA has seventy-three cellular telephones. The cellular telephones are allocated as follows: forty to the Information Technology Division, three to the Administration and Budget Division, two to the Judicial Department Education Division, one to the Juvenile and Adult Court Programs Division, and twenty-seven to be maintained in OSCA state vehicles. During fiscal years 2001 and 2000, cellular telephone expenditures totaled approximately \$21,000 and \$12,000, respectively. During our review of OSCA cellular telephone procedures and usage, we noted the following:

- A. Division personnel responsible for the review and payment of cellular telephone services do not consistently review cellular usage, resulting in costs that could have been avoided. Personnel from one division stated cellular usage is analyzed

when the state contract is changed, while another division analyzes usage monthly, and yet another division indicated the cellular telephones are new and a pattern has not yet been established to determine typical monthly usage. However, our analysis of six months' usage data for each of these divisions revealed that very few changes were made to cellular plans for the six-month period reviewed. In addition, we noted that some plans did not match the usage patterns of the cellular telephones.

Failure to monitor cellular telephone usage on a routine basis and adjust plans accordingly results in unnecessary cost to the state.

The state entered into new cellular telephone contracts for the contract period December 4, 2001, through December 3, 2002. We obtained the Division of Information Technology's proposed plans for its cellular telephones under the new state contract. The proposal showed an improvement in the plans selected for all cellular telephones reviewed during our audit work. Proposals for the other divisions with cellular telephones were not available.

- B. There are twenty-seven cellular telephones assigned to state owned vehicles. We reviewed the usage of three of these telephones for a six month period. Two of the telephones reviewed averaged less than seven minutes usage per month. The third phone was used an average of 106 minutes per month. Based on the usage of these three cellular telephones, it does not appear necessary to have a cellular telephone in each OSCA vehicle. In addition, there are twenty-eight individuals assigned a cellular telephone who would have no need for a telephone specifically assigned to a vehicle.

Implementing a policy of checking out a cellular telephone, if necessary, when a vehicle is checked out could reduce the number of vehicular cellular telephones.

- C. Cellular telephone invoices are not processed in a timely manner. Of twenty-five invoices reviewed, sixteen included past due balances of one month and nine included past due balances of two months. The OSCA receives separate cellular telephone invoices for all four state plans under state contract; each invoice includes detail for more than one cellular telephone. Once the invoice is received, it is forwarded to each of the applicable divisions to review for accuracy and to code the expenses to the appropriate SAM II accounts. To ensure accounts are properly credited, payments should be made on a timely basis. Furthermore, the large number of cellular telephones, some of which appear unnecessary, may be creating an administrative burden that is contributing to the processing deficiencies noted above.

**WE RECOMMEND** the Office of State Courts Administrator:

- A. Develop procedures to ensure the most cost effective cellular telephone plans are selected based on actual usage by OSCA employees. In addition, the OSCA

should consider whether cellular telephones with significantly low usage are necessary for the operation of the office.

- B. Consider reducing the number of cellular telephones assigned to vehicles and adopt a checkout policy for cellular telephones to be used in OSCA vehicles.
- C. Develop procedures to pay cellular telephone invoices in a timely manner.

### **AUDITEE'S RESPONSE**

*The State Courts Administrator indicated:*

- A. *The Office of States Courts Administrator is currently reviewing the use of cell phones and calling plans. Based on that review, a plan will be devised to ensure a cost-effective use of the cell phones.*
- B. *This recommendation is among the considerations that will be addressed in the cell phone usage review.*
- C. *The Office of States Courts Administrator will endeavor to pay all bills in a timely manner. They will, however, review procedures to determine if they can further expedite the process.*

<b>7. Circuit Court Payroll</b>
---------------------------------

The OSCA processes the payroll for all state paid circuit employees through the state's SAM II Human Resources (HR) system. Due to the decentralized nature of the circuit court payroll process, the OSCA relies on various court employees for assistance entering information into the SAM II HR system or providing the OSCA with the necessary payroll documents. Once payroll information is submitted to the state, OSCA regional accounting coordinators handle additional payroll processing requirements. During our review of circuit court employee payroll, we noted that some circuit court employee payroll procedures do not appear to be adequately segregated as follows:

- A. We noted thirteen employees in various counties whose appointing authority and payroll designee or alternate payroll designee were the same individual.

The appointing authority for circuit court employees is the Circuit Clerk of each county, while the appointing authority for associate circuit court employees is the Associate Circuit Judge. The appointing authorities are responsible for hiring, firing, promoting, and demoting court employees, and submitting a Personnel Change Authorization form to the OSCA when such changes occur.

The Presiding Circuit Judge appoints a payroll designee for each county who is responsible for ensuring circuit court employees' leave and/or time are entered

into the SAM II HR system. An alternate payroll designee is also often appointed to perform these duties in the event the payroll designee is unable to perform this function. For full-time and standard (.5 FTE) part-time employees, the payroll designee enters leave used by each employee into the SAM II HR system. For those who are not considered standard part-time employees, timesheets are submitted to the payroll designee, who then faxes the timesheets to the OSCA, where the information is entered into the SAM II HR system by Regional Accounting Coordinators.

When the individual with the authority to hire and promote is the same individual responsible for ensuring leave and/or time is entered or submitted, it produces an environment for possible misuse of state funds through the creation of fictitious employees. To safeguard against this possibility, it is necessary to segregate these two functions.

- B. The OSCA regional accounting coordinators enter personnel change authorizations and employee time worked and leave used into the SAM II HR system for some circuit court employees. In addition, they distribute direct deposit advices or payroll checks to these employees.

To safeguard against possible theft or misuse of state funds, internal controls should provide reasonable assurance that all payroll functions are adequately segregated.

**WE RECOMMEND** the Office of the State Courts Administrator:

- A. Ensure the payroll designee and appointing authority functions, where possible, are segregated in each court.
- B. Segregate the accounting and cash distribution functions for all circuit court employees.

### **AUDITEE'S RESPONSE**

*The State Courts Administrator:*

- A. *Agrees and is currently in the process of implementing this recommendation.*
- B. *Agrees and has implemented this recommendation.*

<b>8. Information System Access Controls</b>
----------------------------------------------

The OSCA processes all financial accounting activity including budget, purchasing and expenditures, revenues, payroll, and fixed assets using SAM II. The SAM II system includes over 570 on-line screens for data entry, inquiry, or modification. The



significance of the information processed through SAM II requires that controls be in place to adequately restrict access to the system. To provide access control over SAM II, employees are assigned a unique user identification code (user ID). The OSCA is responsible for determining what each user is allowed to do in SAM II, and grants these permissions by assigning specific access rights to each user ID. Controls over the issuance and maintenance of user IDs and access rights are critical to the effectiveness of system access controls.

The Fiscal Administrator, who is responsible for assigning and removing access rights, is not notified by the Personnel Division of staff who have terminated employment with the OSCA. As a result, SAM II IDs and SAM II access may not always be properly removed.

**WE RECOMMEND** the Office of the State Courts Administrator require the Personnel Division to notify the Fiscal Administrator when staff terminates employment with the OSCA. The Fiscal Administrator should then immediately request removal of SAM II IDs and access rights for the terminated employee.

#### **AUDITEE'S RESPONSE**

*The State Courts Administrator agrees and is working on a process that will implement this recommendation.*

**9.**

#### **Title IV-D Reimbursement Claims**

During our review of Title IV-D reimbursement claims submitted to the Department of Social Services, Division of Child Support Enforcement (DCSE), for expenses incurred during fiscal years 2001 and 2002, we noted that the OSCA has not submitted claims for circuit clerk activity on a timely basis. The first reimbursement claim submitted for fiscal year 2001 was not submitted until June 2001. This claim of approximately \$1 million was for a 10-month period from July 2000 through April 2001. An additional reimbursement claim of approximately \$144,000 was submitted in December 2001 for May through June 2001. In February 2002, a reimbursement claim of approximately \$391,000 was submitted for the first two quarters of fiscal year 2002 (July 2001 through December 2001).

Each fiscal year, the OSCA enters into a Child Support Cooperative Agreement with the DCSE. The agreement provides reimbursement of the personnel expenses incurred by the judiciary which are attributable to collection of IV-D child support payments by Circuit Clerks and their Deputy and Division Clerks. According to the agreement, the OSCA is to submit reimbursement claims for circuit clerk activity at least quarterly. Reimbursement will then be made in the form of a fund transfer to the General Revenue Fund - State for all personnel expenses attributable to circuit clerk activity on IV-D cases.

To ensure the state receives the federal financial assistance to which it is entitled in a timely manner and to fully comply with the terms of the cooperative agreement, reimbursement claims should be submitted on a quarterly basis.

**WE RECOMMEND** the Office of State Courts Administrator submit Title IV-D reimbursement claims at least quarterly as required by the Child Support Cooperative Agreement.

**AUDITEE'S RESPONSE**

*The State Courts Administrator believes the office has strengthened procedures in this area and that timely submission will be the rule in the future.*

This report is intended for the information of the management of the Office of State Courts Administrator and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OFFICE OF STATE COURTS ADMINISTRATOR  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

State Courts Administrator

The Office of State Courts Administrator (OSCA) is responsible for providing administrative and technical support to the courts of Missouri. The duties and responsibilities assigned to the state courts administrator are broad in scope and relate to all levels of the state court system.

Since the appointment of the first state courts administrator in 1970, the office has been responsible for providing technical assistance, management services, education and training programs, data processing and systems analysis, administrative procedure evaluation, compilation of statistics, and case processing support to the courts. The Office also assists courts in developing and implementing court improvement projects in such areas as child abuse and neglect, juvenile services, family preservation, criminal history reporting, crime victims' rights, mediation services, alcohol and drug abuse treatment and prevention, and the implementation of time standards for case disposition. Since 1994, the office has worked on the Statewide Court Automation program which is a multi-year project to automate all the courts in the state. The office is organized into five divisions: Administration and Budget, Court Services, Information Technology, Juvenile and Adult Court Programs, and Judicial Department Education.

Michael Buenger currently serves as State Courts Administrator.

The Office of State Courts Administrator included 91.25 FTE (full time equivalents) at June 30, 2001. The court administrator also supervises 22.25 FTE in various federally funded programs and provides administrative support for 113 FTE of the Statewide Court Automation Program and 16 FTE of the Judicial Education and Training Program under the direction of the Missouri Court Automation Committee and the Judicial Education and Training Committee, respectively.

In addition to administering the payroll for all regular employees of its own office, the State Courts Administrator administered the payroll for the following state employees at June 30, 2001:

<u>Description</u>	<u>Number</u>
Circuit court judges	135
Presiding judges' secretaries	45
Circuit court clerks	116
Associate division judges	186
Probate, deputy probate, family court and drug court commissioners	36
Court reporters	135
Juvenile officers	10
Circuit court classified personnel	<u>2,252</u>
Total	<u>2,915</u>

## Missouri Court Automation Program History

During the mid 1980s, Missouri courts were experiencing trends of crowded dockets, increasing crime rates, complex civil litigation, increasing statutory reporting requirements, and rapidly growing domestic relations caseloads. These business factors made providing access to timely justice with the same amount of staff and resources an increasingly impossible challenge. It became imperative that the Judiciary utilize automation to improve services and reduce administrative burdens on the limited clerk staff.

In 1985, Missouri Supreme Court Operating Rule 1 (COR1) authorized the development of a Statewide Judicial Information System to provide statistical and management information to the state courts. As the business need for automation became increasingly great throughout the late 1980s and early 1990s, the role of COR1 was significantly expanded in 1994, with the enactment of Missouri Revised Statutes Section 476.055. This statute provided for three things. It established a statewide court automation program, provided a seven dollar per-case court fee to help fund the program for a five-year period, and created an oversight body called the Missouri Court Automation Committee.

The Missouri Court Automation Committee (MCA) consists of the chief justice of the Missouri Supreme Court, one judge from the court of appeals, four circuit judges, four associate circuit judges, four employees of the circuit court, the commissioner of the Office of Administration, two members of the Missouri Bar, two representatives from the State Senate and two representatives from the State House. Its role was, and remains, to establish and oversee the services and activities deemed necessary to plan and build an electronic network and a collection of automated systems that will connect all Missouri courts and address identified business needs. The MCA is also responsible for administration of the funds acquired through the seven dollar fee. In 1997, Senate Bill 248 extended the seven dollar court fee until September 1, 2004.

A joint legislative committee on court automation was also established to track the progress of the court automation program. The membership of this oversight committee includes the chair of the House Budget Committee, the chair of the Senate Appropriations Committee, the chair of the House Judiciary Committee, the chair of the Senate Judiciary Committee, one member of the minority party of the House appointed by the Speaker of the House of Representatives, and one member of the minority party of the Senate appointed by the President pro tempore of the Senate. The MCA reports to this body four times each year.

In Fiscal Year 1996, the MCA hired staff to facilitate the program development and selected a consultant to design an Enterprise Information Architecture (EIA).

The EIA was designed to serve as the statewide infrastructure so courts could be electronically connected through e-mail and collaborative database capabilities. This network was completed during Fiscal Year 2001. Courts' staff have attended training and received the necessary software and hardware. One hundred percent of judges, clerks and juvenile officers now have access to this communication tool.

In March of 1997, the state awarded a contract for its Banner Courts case management system (ACS Justice Information System - JIS). Within thirty days of procurement, the MCA had selected its first pilot site and began to pilot the system in Montgomery County. After a successful pilot in the small Montgomery County court, pilots were also completed in the large metropolitan court in Jackson County and at the Eastern District Court of Appeals. With three pilots completed, a phased rollout approach to the remainder of the state began. Currently, there are sixty-four counties using the JIS case management system in addition to the three appellate courts, the Supreme Court and the centralized Fine Collection Center.

OSCA has also developed an Internet based program called Case.net. Case.net pulls public case information from the JIS system, and displays it through the Judiciary's Internet page. Attorneys, litigants, media, abstractors, and anyone with Internet access can search for public court records by litigant name, filing date, case number, calendar date, attorney Bar number, or the name of a judge or commissioner. The goal of instituting this program was to reduce interruptions to court clerks by empowering attorneys and litigants to look up their own case information without calling or visiting the courthouse.

The state also awarded a statewide contract for the ACS Jury Management System (JMS) in Fiscal Year 2000. This software program provides for a larger and more accurate pool of jurors and offers management tools for jury trials including random seating, tracking, and immediate payment for service. This software has been installed in sixty counties, with plans to complete installation by the end of Fiscal Year 2003 if funding is available.

#### The Fine Collection Center

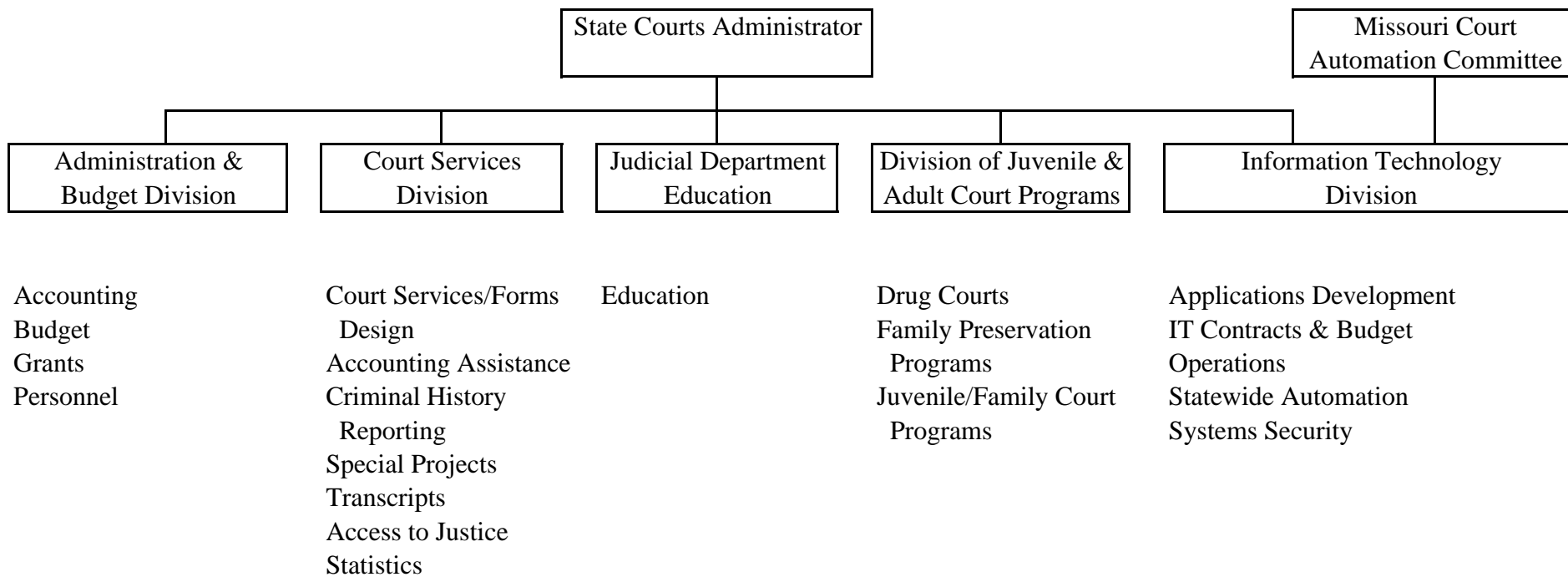
In late 1997, the Missouri Supreme Court created the Fine Collection Center (FCC) pursuant to Section 476.385, RSMo. This statute also authorized the Supreme Court to appoint a committee consisting of at least seven associate circuit judges who would establish and maintain a schedule of fines to be paid for violations of section 210.104, RSMo, and chapters 252, 301, 302, 304, 306, 307 and 390, RSMo. The Fine Collection Center (originally called the Central Violations Bureau) can process most traffic, conservation, and watercraft offenses for counties that voluntarily join the program.

The associate circuit judges of each county have the authority to join this centralized collection program and adopt the uniform fine schedule set by the FCC Advisory Committee. The FCC may accept guilty pleas with full payment of fines and costs and may accept not guilty pleas. The FCC returns not guilty plea cases to the prosecuting attorney in the county where the offense occurred for normal court processing. All fines and costs collected by the FCC are sent either to the county treasurers or to various state agencies entitled to receive a share of court costs.

The FCC is a voluntary membership program. The FCC began operation on July 1, 1999, with Boone and Callaway counties as its pilot sites. As of June 30, 2001, the program's membership had grown to fifty-one counties. During Fiscal Year 2000, the FCC filed 52,964 cases, disposed of 31,248 cases, and collected \$2,867,498 in fines and costs for its members. During Fiscal Year 2001, the FCC filed 99,793 cases, disposed of 59,157 cases, and collected \$5,746,673 in fines

and costs for its members. The FCC staff consists of 25 employees including a Manager, a CPA, and accounting, data processing, and customer service specialists.

OFFICE OF STATE COURTS ADMINISTRATOR  
 ORGANIZATION CHART  
 JUNE 30, 2001





Appendix A

OFFICE OF THE STATE COURTS ADMINISTRATOR  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
(INCLUDES CIRCUIT COURT APPROPRIATIONS AND EXPENDITURES)

	Year Ended June 30,					
	2001			2000		
	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
GENERAL REVENUE FUND - STATE						
State Courts Administration Expense and Equipment	\$ 1,097,291	953,820	143,471	1,161,424	1,132,697	28,727
State Courts Administration Personal Service	3,380,972	3,369,334	11,638	3,247,260	3,197,874	49,386
Court Automation Personal Service	1,567,928	1,555,699	12,229	846,678	845,866	812
Judges Salaries Circuit	14,904,000	14,731,900	172,100	14,490,000	14,388,192	101,808
Associate Judges Salaries	20,256,000	19,605,709	650,291	18,623,060	18,620,118	2,942
Court Automation Speedup Personal Service	1,545,798	1,533,036	12,762	1,491,900	1,490,675	1,225
Court Automation Speedup Expense and Equipment	2,730,397	2,722,680	7,717	4,392,197	4,390,954	1,243
Circuit Courts Personal Service Expense and Equipment Flex	1,200,000	1,171,396	28,604	0	0	0
Circuit Court Administration Expense and Equipment	99,000	69,796	29,204	0	0	0
Associate Judges Supplement Personal Service	0	0	0	441,940	41,463	400,477
Circuit Personnel Personal Service	72,157,753	69,892,050	2,265,703	67,050,910	66,825,409	225,501
Permanency Planning	134,500	134,500	0	134,500	117,021	17,479
Court Automation Expense and Equipment	8,432,603	8,352,537	80,066	1,895,664	1,854,191	41,473
Appellate Judicial Commission	10,550	5,299	5,251	21,650	13,268	8,382
Circuit Personnel Expense and Equipment	1,351,860	1,099,172	252,688	992,360	911,456	80,904
Reporters' Fees	226,000	87,115	138,885	266,584	108,676	157,908
Circuit Court Administration Personal Service	1,000	0	1,000	100,000	61,671	38,329
Senior Judge Compensation	641,783	641,667	116	614,493	614,344	149
Total General Revenue Fund - State	129,737,435	125,925,710	3,811,725	115,770,620	114,613,875	1,156,745
SUPREME COURT FUND (FEDERAL)						
Court Improvement Project Expense and Equipment	9,349,210	3,844,608	5,504,602	9,222,455	4,154,818	5,067,637
Circuit Personnel Personal Service	931,530	463,133	468,397	2,472,951	1,384,890	1,088,061
Managed by Facilities Management	14,004	14,004	0	14,004	14,004	0
Circuit Personnel Expense and Equipment	111,360	0	111,360	0	0	0
State Courts Administration Personal Service	43,998	0	43,998	104,023	93,606	10,417
State Courts Administration Expense and Equipment	41,401	0	41,401	41,401	646	40,755
Court Improvement Project Personal Service	1,085,972	909,593	176,379	1,373,810	1,097,758	276,052
Total Supreme Court Fund	11,577,475	5,231,338	6,346,137	13,228,644	6,745,722	6,482,922

Appendix A

OFFICE OF THE STATE COURTS ADMINISTRATOR  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
(INCLUDES CIRCUIT COURT APPROPRIATIONS AND EXPENDITURES)

	Year Ended June 30,					
	2001			2000		
	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
CHILD SUPPORT ENFORCEMENT COLLECTION FUND						
State Courts Administration Personal Service	\$ 0	0	0	34,515	0	34,515
State Courts Administration Expense and Equipment	0	0	0	9,764	333	9,431
Total Child Support Enforcement Collection Fund	0	0	0	44,279	333	43,946
STATEWIDE COURT AUTOMATION FUND						
Court Automation Personal Service	1,153,814	940,406	213,408	1,299,100	756,724	542,376
Court Automation Personal Service - Expense and Equipment Flex	200,000	0	200,000	0	0	0
Court Automation Expense and Equipment	3,333,900	1,933,452	1,400,448	4,568,900	4,373,420	195,480
Total Statewide Court Automation Fund	4,687,714	2,873,858	1,813,856	5,868,000	5,130,144	737,856
STATE COURT ADMINISTRATION REVOLVING FUND						
Court Administration Revolving Fund	90,000	7,751	82,249	90,000	4,581	85,419
Total State Court Administration Revolving Fund	90,000	7,751	82,249	90,000	4,581	85,419
JUDICIARY EDUCATION AND TRAINING FUND						
Judicial Training and Education Personal Service	605,006	489,004	116,002	165,290	164,654	636
Judicial Training and Education Expense and Equipment	2,502,350	2,352,855	149,495	1,883,187	1,814,865	68,322
Total Judiciary Education and Training Fund	3,107,356	2,841,859	265,497	2,048,477	1,979,519	68,958
DOMESTIC RELATIONS RESOLUTION FUND						
State Courts Administration Expense & Equipment	500,000	1,966	498,034	500,000	44,354	455,646
Total Domestic Relations Resolution Fund	500,000	1,966	498,034	500,000	44,354	455,646
CENTRAL VIOLATIONS BUREAU FUND						
Circuit Personnel Expense & Equipment	250,000	0	250,000	250,000	0	250,000
Total Central Violations Bureau Fund	250,000	0	250,000	250,000	0	250,000
Total All Funds	\$ 149,949,980	136,882,482	13,067,498	137,800,020	128,518,528	9,281,492

Appendix B

OFFICE OF STATE COURTS ADMINISTRATOR  
COMPARATIVE STATEMENT OF EXPENDITURES  
(FROM APPROPRIATIONS - INCLUDING CIRCUIT COURT)

	Year Ended June 30,	
	2001	2000
Salaries and wages	\$ 114,194,560	107,687,396
Travel	1,919,593	1,755,213
Fuel and utilities	117,810	111,935
Supplies:		
Administrative	347,221	347,707
Repair and maintenance	37,156	27,109
Specific use	16,895	42,416
Other	0	945
Professional development	558,365	473,994
Services:		
Communications	1,526,464	920,772
Business	272,312	254,105
Professional	7,089,099	8,444,875
Housekeeping and janitorial	61,129	46,962
Equipment repair and maintenance	1,857,383	1,318,560
Other	3,321	1,309
Equipment:		
Computer	6,648,313	5,194,048
Educational equipment	31,425	90,964
Electronic and photo	262,975	100,962
Motorized	72,400	82,327
Office equipment	236,401	584,900
Specific use	38,289	105,833
Other	0	22,000
Property and Improvements	77,080	8,735
Real property rentals and leases	703,856	402,375
Equipment lease payments	6,654	7,641
Building and equipment rentals	110,783	13,076
Rebillable expenses	361,898	228,111
Program distributions	80,919	50,611
Other	250,181	193,647
Total Expenditures	\$ 136,882,482	128,518,528

Appendix C

OFFICE OF STATE COURTS ADMINISTRATOR  
COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY  
THE FINE COLLECTION CENTER

County	Year Ended June 30,			
	2001		2000	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas
Andrew	\$ 93,053	1,005	\$ N/A	N/A
Audrain	83,523	852	76,216	802
Barry	84,227	958	34,414	412
Barton	58,306	575	47,685	492
Benton	186,441	2,116	76,090	840
Bollinger	12,700	149	5,670	89
Boone	325,095	3,416	445,678	4,741
Buchanan	203,762	2,089	67,370	753
Butler	152,171	2,210	42,238	634
Caldwell	81,373	925	37,112	412
Callaway	148,420	1,413	247,138	2,410
Cape Girardeau	182,916	1,982	66,491	766
Cass	155,829	1,468	23,911	262
Cole	78,820	888	60,939	688
Cooper	171,946	1,689	156,507	1,565
Crawford	99,894	1,090	69,499	793
Dekalb	45,005	541	17,279	203
Dent	38,168	492	21,355	276
Dunklin	25,658	329	25,467	307
Franklin	315,555	2,433	N/A	N/A
Henry	180,948	2,089	62,847	840
Holt	126,520	1,213	48,624	475
Howard	10,974	113	14,238	160
Iron	3,527	59	N/A	N/A
Jackson	197,493	1,790	218,453	2,373
Jasper	125,061	1,310	66,046	735
Laclede	220,205	2,493	121,808	1,399
Lafayette	106,165	827	N/A	N/A
Lawrence	86,295	901	108,293	1,098
Macon	131,605	1,556	76,692	937
Madison	55,677	617	N/A	N/A
Mississippi	79,547	643	N/A	N/A

# Appendix C

## OFFICE OF STATE COURTS ADMINISTRATOR COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY THE FINE COLLECTION CENTER

County	Year Ended June 30,			
	2001		2000	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas
Montgomery	\$ 72,066	932	\$ 56,383	680
Nodaway	111,391	1,449	114,470	1,486
Osage	7,672	89	N/A	N/A
Perry	77,152	683	18,920	170
Phelps	49,823	540	N/A	N/A
Polk	27,870	250	N/A	N/A
Ralls	48,421	661	3,648	52
Randolph	102,672	1,107	37,897	444
Ripley	17,523	337	6,615	110
Saline	206,503	1,879	57,264	513
Shannon	52,190	662	46,635	584
Shelby	54,288	643	28,154	334
St. Charles	730,520	6,204	207,820	1,777
St. Francois	101,380	1,081	N/A	N/A
Ste. Genevieve	65,148	638	13,700	147
Vernon	61,220	712	37,936	489
Washington	20	2	N/A	N/A
Wayne	15,611	188	N/A	N/A
Webster	78,332	869	N/A	N/A
Total	\$ 5,746,673	59,157	\$ 2,867,498	31,248

Notes: The Fine Collection Center also processed 40,636 and 21,716 tickets during the years ended June 30, 2001 and 2000, respectively, which were not disposed of in the year filed or were forwarded to the respective local courts for further processing.

The numbers presented above may not be comparable between fiscal years. The counties joined the Fine Collection Center at various times during the two year audit period. The N/A listed for total collections and total guilty pleas in fiscal year 2000 represent counties which joined the Fine Collection Center in fiscal year 2001.

\* \* \* \* \*



**DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-110  
November 18, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Division of Fire Safety.**

---

The Division of Fire Safety (DFS) has not established procedures to identify unregistered elevators and to report registration violations to the applicable county prosecuting attorney for enforcement of the penalty provision. The division estimates there are over 20,000 elevators in the state, but only 11,733 are registered with the division. Approximately 2,200 of the 11,733 registered elevators and similar devices, in addition to the more than 8,200 unregistered elevators previously mentioned, have never been inspected.

The division also has not established procedures to actively search for unregistered boilers and pressure vessels and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision. The division estimates there are over 60,000 unregistered boilers and pressure vessels in the state. Boilers and pressure vessels are not inspected on a timely basis and the penalty for operating boilers and pressure vessels without a valid inspection certificate is not enforced. Our review of division records noted over 9,300 such devices subject to division inspections and insurance company inspections are operating without a valid certificate. Inspection certificates expired for approximately 4,800 of these boilers and pressure vessels between 1996 and 2001, and approximately 4,500 additional certificates expired in 2002. In addition, prior to June 2002, the DFS issued certificates prior to collecting the applicable inspection and certificate fees. Our review indicated uncollected fees totaling \$14,170.

Since 1997, the DFS has been required to investigate any amusement ride accident which results in a serious physical injury or death. Legislation passed in 2000 requires amusement ride owners to obtain an annual safety inspection and a state operating permit for each ride prior to operating the ride in the state. The division has not established procedures to actively search for amusement rides operating without a state operating permit and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision. The division estimates there may be over 5,000 rides that operate in the state. The division issued only 956 and 702 permits during fiscal years 2002 and 2001, respectively.

During the two years ended June 30, 2002, the DFS paid the University of Missouri \$725,301 to schedule and provide free fire fighter and hazardous materials training courses to fire, rescue, and emergency service entities throughout the state. Our review noted that the DFS does not adequately prioritize the use of the funds paid to the university. The contracts between the DFS and the university indicate which courses will be funded, the course fees, and the amount of money available to fund classes during the

(over)

YELLOW SHEET

contract period. Although the requests for classes exceed available funding, the university schedules all requested classes. As a result, many classes are subsequently canceled when the funding is exhausted.

Additionally, the DFS provided \$41,429 to various colleges and academies to reimburse tuition and related costs for students that passed Fire Fighter I and/or Fire Fighter II certification classes. The contracts require the colleges and academies to reimburse the students prior to requesting payment from the DFS. These contracts only require the colleges and academies to provide a list of reimbursement check numbers and payees as documentation for reimbursements to students. The DFS should require reimbursement claim forms to include forms signed by each student documenting the reimbursement amount received from the college or academy. Also, the DFS does not always enforce contract terms. One college did not provide documentation of the students' tuition payments.

The DFS employed fifty-four employees as of June 30, 2002, and maintained forty-nine state-owned vehicles. The four pool vehicles and six vehicles designated for specific units are underutilized. Also, mileage logs for state vehicles were not always complete and accurate.

The DFS had not developed a written policy regarding cellular telephone usage and cellular telephone bills were not independently reviewed to identify personal use and to evaluate the appropriateness of calling plans.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-22

<u>Number</u>	<u>Description</u>	
1.	Elevator Unit Controls and Procedures.....	5
2.	Boiler and Pressure Vessel Unit Controls and Procedures .....	8
3.	Amusement Ride Safety Enforcement .....	11
4.	Receipt Records and Procedures .....	13
5.	Expenditures .....	15
6.	Training Contracts .....	16
7.	State-Owned Vehicles.....	18
8.	Cellular Telephone Usage .....	19
9.	Closed Meetings.....	21
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		23-33

Appendix

A	Comparative Statement of Receipts, Disbursements, Other Financing Uses, and Changes in Cash and Investments - Elevator Safety Fund, Years Ended June 30, 2002 and 2001 .....	30
B	Comparative Statement of Receipts, Years Ended June 30, 2002 and 2001 .....	31
C	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2002 and 2001 .....	32
D	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2002 and 2001 .....	33

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Charles R. Jackson, Director  
Department of Public Safety  
and  
William Farr, State Fire Marshal  
Division of Fire Safety  
Jefferson City, MO 65102

We have audited the Department of Public Safety, Division of Fire Safety. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policies.
2. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the division's revenues, expenditures, contracts, and other pertinent procedures and documents, and interviewed division personnel.

As part of our audit, we assessed the division's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Division of Fire Safety.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pam Crawford, CPA
In-Charge Auditor:	Cheryl Colter, CPA, CGFM
Audit Staff:	David Gregg Matt Peroutka

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Elevator Unit Controls and Procedures</b>
-----------	----------------------------------------------

The Division of Fire Safety (DFS) is responsible for enforcing the Elevator Safety Act enacted in 1994. This act requires annual testing and safety inspections of all passenger elevators and similar devices in the state. The division has licensed forty-nine independent inspectors to perform the annual inspections. The division’s Elevator Unit personnel include a chief inspector and a senior office support assistant. The chief inspector position was vacant from November 1, 2001 to July 14, 2002. Our review of the controls and procedures of the Elevator Unit noted the following concerns:

- A. The division has not established procedures to identify unregistered elevators and to report registration violations to the applicable county prosecuting attorney for enforcement of the penalty provision. The division estimates there are over 20,000 elevators in the state, but only 11,733 are registered with the division. Division regulation 11 Code of State Regulations (CSR) 40-5.040 indicates owners, operators, or lessees of elevators and similar devices are required to register these items with the division. The failure to register an elevator with the division results in a class C misdemeanor.

The division should establish procedures to ensure all elevators and similar devices are registered with the division. Procedures to identify unregistered elevators could include contacting insurance and elevator service companies to request lists of elevators and entering multiple-story buildings to search for elevators. The division should ensure all elevators identified are registered with the division. Registration is necessary to enable the division to properly monitor and enforce compliance with inspection requirements imposed to ensure elevators and similar devices are operating safely.

- B. The penalty for operating an elevator or similar device without a state operating certificate is not enforced. The division issues operating certificates after all deficiencies noted during inspections are corrected and operating certificate fees are paid. Our review of the division’s records noted the following concerns:

1. Approximately 2,200 of the 11,733 registered elevators and similar devices, in addition to the more than 8,200 unregistered elevators discussed above, have never been inspected. Registered elevators operating without inspections and operating certificates are located in the following types of buildings:

Office and governmental	690
Commercial and industrial	412
Other	288
Hospital and institutional	237
Schools, libraries, and educational	178
Multi-family residential	141
Retail	112
Motels and hotels	100
Churches and religious facilities	<u>81</u>
Total	<u>2,239</u>

The division has not reported these violations to the applicable county prosecuting attorney for enforcement of the penalty provision.

2. Over 4,300 elevators and similar devices have been inspected, but have not been issued an operating certificate due to deficiencies noted during inspections. Owners of items that were installed prior to the enactment of the Elevator Safety Act are allowed up to one year after the initial inspection to correct all deficiencies. Deficiencies must be corrected within 120 days for elevators that were installed after the act was enacted. Our review of the division's records indicate there are approximately 840 elevators that have not obtained an operating certificate within one year after inspection. Thus, it appears deficiencies have not been corrected. The 840 elevators are located in the following types of buildings:

Schools, libraries, and educational	228
Office and governmental	197
Hospital and institutional	143
Commercial and industrial	101
Other	91
Residential	<u>80</u>
Total	<u>840</u>

The division established procedures to follow up on deficiencies every 30 days, but the procedures were not followed due to a shortage of personnel. As a result, the uncorrected deficiencies have not been reported to the applicable county prosecuting attorney for enforcement of the penalty provision, and elevators and similar devices are currently operating with identified deficiencies.

Section 701.363, RSMo 2000 indicates each elevator or similar device shall have a state operating certificate. Division regulation 11 CSR 40-5.110(5) indicates failure to comply with the requirement results in a class C misdemeanor. To preserve public safety, the division should ensure all elevators and similar devices are inspected annually and all deficiencies are corrected within the established

timeframes. Violations of the certification requirement should be reported to the applicable county prosecuting attorney for enforcement of the penalty provision.

- C. The division has not established procedures to review the quality of inspections performed by state licensed elevator inspectors. The division should periodically spot check elevators that have been inspected to ensure state licensed elevator inspectors are properly enforcing state safety requirements.

**WE RECOMMEND** the DFS and the Elevator Safety Board:

- A. Establish procedures to identify unregistered elevators and report registration violations to the applicable county prosecuting attorney.
- B. Ensure established procedures are implemented to monitor compliance with elevator certification requirements and enforce the penalty for operating an elevator or similar device without a state operating certificate.
- C. Establish procedures to review the quality of inspections performed by state licensed elevator inspectors.

**AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *In the past the Division has made attempts to obtain information from insurance and elevator service companies and has been denied. These companies have refused to release customer information to the State. The Division will continue to make requests for this information from these companies.*

*In addition, due to fiscal year 2002 (FY02) withholdings, the Deputy Chief position was held vacant for eight months of FY02. Currently this unit is comprised of only two FTE: Deputy Chief and a Senior Office Support Assistant. Without Elevator Unit field staff or supporting expense and equipment funding, it is futile at this time to establish a Division policy of physically entering multiple-story buildings to search for elevators. In fiscal year 2003 (FY03), one field inspector will be hired. While his duties will include finding unregistered elevators, it is unrealistic to expect adequate coverage of the entire state from one person.*

- B. *The Division does send letters to companies/businesses regarding deficiencies and the required time for repair. Without the field staff to physically verify these deficiencies are handled in a timely manner, establishing a policy is useless. In the meantime, the Division will change the deficiency letter to include a notification to the local prosecuting attorney.*



- C. *Again, without adequate staffing, quality control of licensed inspectors will be minimal. Once field staff is in place, procedures for reviewing third party inspectors will be developed.*

<b>2. Boiler and Pressure Vessel Unit Controls and Procedures</b>
-------------------------------------------------------------------

The DFS is responsible for enforcing the Boiler and Pressure Vessel Safety Act. This act requires annual or biennial inspections, depending on the item, of boilers and pressure vessels that exceed specified size and pressure limits. The state has licensed 120 insurance company inspectors to inspect the 24,346 boilers and pressure vessels they insure. The division is responsible for inspecting the remaining 10,791 boilers and pressure vessels. At June 30, 2002, the division's Boiler and Pressure Vessel Unit included three inspectors and a senior office support assistant. One of the inspectors served as the Interim Chief Inspector from November 16, 2001, until a new Chief Inspector was hired on August 1, 2002. Our review of the controls and procedures of the Boiler and Pressure Vessel Unit noted the following concerns:

- A. The division has not established procedures to actively search for unregistered boilers and pressure vessels and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision. Procedures to identify unregistered items could include searching buildings likely to have boilers or pressure vessels and ensuring items located have a state registration tag attached. The division estimates there are over 60,000 unregistered boilers and pressure vessels in the state. In addition, unregistered boilers and pressure vessels found by division and insurance inspectors during inspections of registered items are not currently reported to the applicable county prosecuting attorney for enforcement of the penalty provision. Boilers and pressure vessels must be registered and pass a safety inspection to be issued an inspection certificate. Section 650.270, RSMo 2000 indicates operating a boiler or pressure vessel without a valid inspection certificate is a class A misdemeanor.

The division should establish procedures to ensure all applicable boilers and pressure vessels are registered with the division and to report unregistered items to the applicable county prosecuting attorney for enforcement of the penalty provision. Registration is necessary to enable the division to properly monitor and enforce compliance with inspection requirements imposed to ensure boilers and pressure vessels are operating safely.

- B. Boilers and pressure vessels are not inspected on a timely basis and the penalty for operating boilers and pressure vessels without a valid inspection certificate is not enforced. As discussed above, boilers and pressure vessels must pass an annual or biennial safety inspection to receive an inspection certificate. Our review of division records as of July 10, 2002, indicates 3,830 and 5,506 boilers and pressure vessels subject to division inspections and insurance company inspections, respectively, are operating without a valid inspection certificate.

Inspection certificates expired for approximately 4,800 of these boilers and pressure vessels between 1996 and 2001, and approximately 4,500 additional certificates expired in 2002. The boiler and pressure vessels that are operating without a valid inspection certificate are located in the following buildings:

Schools and colleges	1,846
Other	1,689
Manufacturing	1,317
Office and governmental	796
Hospitals and nursing homes	776
Apartments, hotels, and motels	598
Auto dealers and repair shops	562
Churches	353
Laundromats and cleaners	334
Utilities	291
Retail	222
Chemical plants	205
Restaurants and food service	180
Car washes	<u>167</u>
Total	<u>9,336</u>

Division personnel indicated that inspections have not been completed on a timely basis due to a lack of personnel. Boilers and pressure vessels overdue for insurance company inspections have not been identified by the division and reported to the applicable county prosecuting attorney for enforcement of the penalty provision. In addition, over 270 boilers and pressure vessels do not have valid operating certificates because deficiencies were detected during inspections and have not subsequently been corrected. Division personnel indicated deficiencies are to be corrected within thirty days, but additional time may be granted at the division's discretion. Our review of the division's records indicate over 160 of the boilers and pressure vessels with uncorrected deficiencies were inspected prior to 2002. The division had established procedures to follow up on uncorrected deficiencies every thirty days, but these procedures were not always followed. As a result, these 160 boiler and pressure vessels continue to operate with deficiencies and have not been reported to the applicable county prosecuting attorney for enforcement of the penalty provision.

As discussed above, Section 650.270, RSMo 2000, indicates operating a boiler or pressure vessel without a valid inspection certificate is a class A misdemeanor. To preserve public safety, the division should ensure all boilers and pressure vessels are inspected within the required timeframes and all deficiencies are corrected on a timely basis. Violations of the certification requirement should be reported to the applicable county prosecuting attorney for enforcement of the penalty provision.

- C. The division has not established procedures to review the quality of boiler and pressure vessel inspections performed by state licensed insurance company inspectors. The division should periodically spot check boilers and pressure vessels that have been inspected to ensure state licensed insurance company inspectors are properly enforcing state safety requirements.
- D. Procedures for collecting certificate and inspection fees are not always followed. Prior to June 2002, the division issued certificates prior to collecting the applicable inspection and certificate fees. Boiler and pressure vessel owners were billed for the fees when the certificate was issued. The division had established procedures to follow up on uncollected fees every thirty days by sending second notices and other subsequent collection efforts. However, these procedures were not followed from October 2001 through April 2002 because the current senior office support assistant was hired in October 2001 and was not aware of these procedures. Our review of the division's records on July 10, 2002, indicated uncollected fees totaling \$14,170 were initially billed prior to January 2002. Upon our recommendation, collection procedures were revised in June 2002 to require payment of fees prior to issuance of the inspection certificate.

To maximize revenue, the division should ensure that certificate and inspection fees are collected on a timely basis. In addition, fees that are not collected within a reasonable period of time should be submitted to the Attorney General's Office for collection.

**WE RECOMMEND** the DFS and the Board of Boiler and Pressure Vessel Rules:

- A. Establish procedures to actively search for unregistered boilers and pressure vessels and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision.
- B. Establish procedures to ensure boilers and pressure vessels are inspected within required timeframes and deficiencies are corrected on a timely basis. In addition, the division should report violations of boiler and pressure vessel certification requirements to the applicable county prosecuting attorney for enforcement of the penalty provision.
- C. Establish procedures to review the quality of boiler and pressure vessel inspections performed by state licensed insurance company inspectors.
- D. Ensure certificate and inspection fees are collected on a timely basis.

## **AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. Limited staffing prevents the Division from taking a proactive role in locating unregistered objects. Due to FY02 withholdings, the Deputy Chief position of the Boiler and Pressure Vessel Unit was held vacant for eight months. In addition, due to withholdings, a field inspector position was held vacant for the entire fiscal year, and later cut completely due to core cuts for FY03. Therefore, only three field inspectors are conducting the daily duties of inspecting registered boilers, each completing over 1200 billable inspections per year. Without more field staff or supporting expense and equipment funding, additional efforts for locating unregistered boilers and pressure vessels are unrealistic. In the past, the Division has obtained insurance company listings of facilities with these types of units, however these listings proved to be incomplete. Should staffing levels or additional funding be provided, the Division will commence contacting county commissions to determine if businesses with unregistered boilers exist in their areas.*
- B. Staffing levels preclude the Division's ability to ensure deficiencies are corrected in a timely manner.*
- C. Again, without adequate staffing, quality control of licensed inspectors is limited. Should additional field staff be appropriated, procedures for reviewing third party inspectors will be developed.*
- D. Procedures for the issuance of certificates and invoicing of fees were revised in July of 2002.*

<b>3. Amusement Ride Safety Enforcement</b>
---------------------------------------------

The DFS is responsible for enforcing the Amusement Ride Safety Act enacted in 1997. This act requires the division to investigate any amusement ride accident which results in a serious physical injury or death. The department contracts for investigation services, as needed. During the 2000 legislative session, the act was amended to require amusement ride owners to obtain an annual safety inspection and a state operating permit for each ride prior to operating the ride in the state. Permits are issued by the division after inspection and insurance requirements are met and the permit fee is paid. As of June 30, 2002, the division has approved forty-four independent inspectors nationwide (only six live in Missouri) to perform the annual inspections. There are no division staff assigned to regulate amusement ride safety on a full-time basis. An office clerk performs all clerical functions regarding operating permits and inspector approvals, under the supervision of the Assistant State Fire Marshal. Our review of the controls and procedures over amusement ride safety enforcement noted the following concerns:

- A. The division has not established procedures to actively search for amusement rides operating without a state operating permit and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision. Procedures to identify rides operating without a permit could include ensuring operating permits are attached to rides observed at amusement parks and fairs. The division estimates there may be over 5,000 rides that operate in the state. The division issued only 956 and 702 permits during fiscal years 2002 and 2001, respectively. Section 316.210, RSMo 2000, indicates a person shall not operate an amusement ride unless the owner provides the division with a certificate of inspection, a certificate of insurance, and obtains a state operating permit. Section 316.218, RSMo 2000, indicates operating an amusement ride in violation of Sections 316.203 to 316.233, RSMo 2000, is a class A misdemeanor.

The division should establish procedures to ensure all amusement rides operating in the state have a state operating permit and to report rides operating without a state permit to the applicable county prosecuting attorney for enforcement of the penalty provision. The permitting process is necessary to monitor compliance with inspection requirements imposed to ensure amusement rides are operating safely.

- B. The division has not established procedures to review the quality of inspections performed by state approved amusement ride inspectors. On June 21, 2002, the Amusement Ride Safety Board suspended the license of an inspector after an accident occurred which injured an individual. The inspector failed to notice or report various safety violations. The division does not have any personnel qualified to perform amusement ride inspections. The division should consider hiring or contracting with a qualified amusement ride inspector to periodically spot check rides that have been inspected to ensure state approved amusement ride inspectors are properly enforcing state safety requirements.

**WE RECOMMEND** the DFS and the Amusement Ride Safety Board:

- A. Establish procedures to actively search for amusement rides operating without a state operating permit and to report them to the applicable county prosecuting attorney for enforcement of the penalty provision.
- B. Establish procedures to review the quality of inspections performed by state approved amusement ride inspectors.

### **AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *It is imperative to note the Division of Fire Safety was not allocated any FTEs or funding to administer the Amusement Ride Safety program. Since the creation of this law, each budget cycle the Division has requested clerical support to manage the documentation*

*associated with the program. Due to the lack of a dedicated FTE, administration of the program has been designated to current Division FTE's. It is outside the authority of the Division, limited by state statute, to devote unmandated resources to actively search for amusement rides operating without a state operating permit. The Division's charge is merely to issue a state operating permit based on required documentation the owner is to submit, and to contract with a "qualified" inspector to investigate any accident which results in serious physical injury or death as defined by state statute.*

*Upon passage of the 1997 statute, the Division took a proactive approach to administering this law. Initially letters were sent to all Missouri fair and festival contacts informing them of the new law. Additionally, involvement and participation in the annual Missouri Association of Fair & Festivals was initiated in an attempt to learn more about this industry and identify possible ride owners operating in Missouri. Through contacts in this organization a publication, Amusement Business, was provided to the Division. This publication depicted a map of the U.S. divided into regions. Missouri is one of eleven states identified in Region 5. Also identified were the amusement ride owners who typically play in region 5 and the number of rides each owner currently owned/operated. Upon review of these owners, it was noted that approximately 5,000 amusement rides could potentially play in Missouri, however, the Division realistically knew this number of rides would not be used in Missouri, therefore, permits would not be required.*

*Although no funding or FTE's were provided with this legislation, the Division actively investigates reports of rides operating in Missouri that have not complied with annual inspection requirements to obtain state permits.*

*Again, to become more familiar with amusement ride inspections, the Division obtained training from a nationally recognized amusement ride inspection program for two Division personnel. Cost of this out state training was absorbed from within the Division's core budget.*

- B. Once again, this recommendation is outside the mandates of the Amusement Ride Safety program as administered by the Division of Fire Safety. The Division has neither the funding nor the authority to hire or contract with qualified amusement ride inspectors to periodically spot check rides. Again, to ensure a degree of public safety when information is received by the Division in relation to safety concerns, the Division assigns staff to determine the validity of the information and direct corrective action be taken if warranted.*

#### **4.**

#### **Receipt Records and Procedures**

Monies are recorded on a daily mail log as they are received. A separate log is prepared and given to the five units of the division that collect fees to reconcile to each unit's individual accounts receivable records. After the reconciliations are completed, each unit is required to notify the fiscal section whether the receipts are to be deposited or to

provide a letter for each receipt that needs to be returned to the payor. Our review of receipt records and procedures noted the following concerns:

- A. Receipts are not deposited on a timely basis. We reviewed receipt records for ten days and noted the receipts collected each day were held from six to eleven working days before they were reconciled to the division unit's accounts receivable records and subsequently deposited.

To adequately safeguard receipts and reduce risk of loss or misuse of funds, all receipts should be deposited daily or when accumulated receipts exceed \$100.

- B. The Fireworks Unit failed to always reconcile the unit log to the list of items approved for deposit and the letters requiring receipts to be returned to the payor. As a result, some checks received on May 17 and May 22, 2002, were still on hand at a cash count conducted by our office on July 2, 2002. The Fireworks Unit failed to report that these monies should be deposited on the deposit authorization form submitted to the fiscal section; therefore, the fiscal section did not deposit the checks. In addition, the fiscal section does not periodically review cash on hand to identify monies held for long periods of time.

The Fireworks Unit should reconcile the unit log to the list of items approved for deposit and payments returned to ensure all receipts are accounted for properly. In addition, the fiscal section should periodically review cash on hand and follow up on any monies held for long periods of time to ensure all receipts are deposited or returned on a timely basis.

**WE RECOMMEND** the DFS:

- A. Establish procedures to ensure all receipts are deposited daily or when receipts exceed \$100.
- B. Require the Fireworks Unit to reconcile the unit's log to the list of items approved for deposit and letters for payments to be returned. In addition, the fiscal section should periodically review cash on hand and follow up on any monies held for long periods of time.

**AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *The procedures for depositing receipts were revised in August 2002.*
- B. *These procedures were also revised in August 2002.*

**5.****Expenditures**

- A. Some DFS purchases do not appear to be reasonable and necessary. During the two years ending June 30, 2002, the DFS spent \$7,835 for items to be given to board members, employees, and conference attendees.. Unnecessary purchases included the following:
1. In 2001, the DFS paid \$1,650 for 100 gold-trimmed ink pens featuring the division logo, along with gift boxes and thank you cards from the State Fire Marshal. The pens were given to employees and board members.
  2. In August 2001 and December 2000, the DFS paid \$520 and \$521, respectively, for two orders of 300 lapel pins containing the DFS logo. The pins were given to select members of national fire service organizations, employees, and board members.

These purchases do not appear to be prudent or necessary. The DFS needs to reevaluate future expenditures in an effort to eliminate any unnecessary costs and ensure the efficient use of state resources.

- B. The DFS approved payment of some invoices without adequate supporting documentation. For example, several conference and training expenditures reviewed did not include a listing of attendees for the meetings or meals provided. Some of the conference and training expenditures were contract payments to various organizations that trained fire fighters and investigators, while other expenditures were for training of DFS employees. Adequate documentation including lists of meeting and meal attendees, is necessary to ensure the propriety of these expenditures.

**WE RECOMMEND** the DFS:

- A. Ensure that expenditures are prudent and necessary.
- B. Require adequate documentation, including lists of all meeting and meal attendees, for all expenditures.

**AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *The Division maintains the following items were necessary:*
1. *Ink Pens – the pens were purchased and distributed to employees and board members for official use. They were purchased in a large quantity to obtain them at a lower price.*



2. *Lapel Pins – the pins were issued to Division staff as part of their uniform, and to Board members to wear while representing the Division at various events. Again, they were purchased in large quantities in order to obtain them at a lower price.*
- B. *It has been the Division's practice to maintain or obtain listings of meeting and conference attendees when costs are incurred to the State. This requirement is written in the Division contracts with organizations and will be strictly enforced.*

*Although the Division did not have official sign-in sheets for staff meetings, other methods such as hotel records were utilized to record attendance. In August of 2002, the Division implemented a procedure for employees to sign in to all Division-sponsored training sessions.*

<b>6. Training Contracts</b>
------------------------------

- A. During the two years ended June 30, 2002, the DFS paid the University of Missouri \$725,301 to schedule and provide free fire fighter and hazardous materials training courses to fire, rescue, and emergency service entities throughout the state. Our review of the contracts with the university noted the following concerns:

1. The DFS does not adequately prioritize the use of the funds paid to the university. The DFS, in conjunction with the Fire Advisory Board and the Fire Education Commission, determines which courses the DFS will fund. The contracts between the DFS and the university indicate which courses will be funded, the fee for each course, and the amount of money available to fund classes during the contract period. Although the requests for classes exceed available funding, the university schedules all requested classes. As a result, many classes are subsequently canceled when the funding is exhausted. The contracts with the university do not establish any priorities regarding which entities should receive training and which courses are most important, so the DFS has no assurance that training is provided where most needed.

To ensure state resources are used as effectively and efficiently as possible, the DFS should prioritize training requests and ensure scheduled classes do not exceed funding limitations.

2. Contracts do not establish minimum class sizes. Course fees are charged for each class held, regardless of the class size. The State Fire Marshal indicated there is a verbal agreement with the university that classes should contain at least twelve students. However, our review of class attendance records indicated that seven of forty-five and three of thirty-nine fire fighter courses offered during the years ending June 30, 2002 and

2001, respectively, averaged less than twelve students per class. Two courses averaged less than six students per class.

To ensure state resources are used efficiently, training contracts should specify a minimum class size for each course.

- B. During the year ended June 30, 2002, the DFS provided \$41,429 to various colleges and academies to reimburse tuition and related costs for students that passed Fire Fighter I and/or Fire Fighter II certification classes. The contracts require the colleges and academies to reimburse the students prior to requesting payment from the DFS. Our review of the contracts with the colleges and academies noted the following concerns:
1. The contracts only require the colleges and academies to provide a list of reimbursement check numbers and payees as documentation for reimbursements to students. To ensure all student reimbursements submitted by the colleges and academies are valid, the DFS should require reimbursement claim forms to include forms signed by each student documenting the reimbursement amount received from the college or academy.
  2. The DFS does not always enforce contract terms. One college did not provide documentation of the students' tuition payments as required in the contract. The contracts require copies of receipts, showing payment of each student's course tuition, to be submitted before reimbursement will be made. To ensure state resources are used properly, all contract terms should be enforced.

**WE RECOMMEND** the DFS, the Fire Advisory Board, and the Fire Education Commission:

- A.1. Prioritize training requests and ensure scheduled classes do not need exceed funding limitations.
2. Ensure future training contracts require a minimum class size for each course.
- B.1. Ensure adequate supporting documentation is submitted by the colleges and academies including forms signed by each student indicating the reimbursement amount received from the college or academy.
2. Enforce all contract terms.

## **AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *The Division will work more closely with training contractors to ensure priorities are met and requests do not exceed the funding limitations. There has been an understanding with contractors that in order for a course to be presented a minimum of 12 students must be attending. However, since these courses do not require pre-registration, an instructor will not know exactly how many students there will be until he or she arrives at the class. We continue to look for better ways to ensure the minimum attendance at these classes. Also, it is important to note that in some rural areas, there may only be 10-12 people on the fire department.*
- B.1. *In FY02 the Division received some one-time funding which allowed for the tuition reimbursement program sited in the audit. Due to lack of funding this year, this program will not be offered in FY03. Should funding once again become available to offer this program, the recommended procedures will be followed.*
- B.2. *The Division will more closely monitor training contracts and enforce all contract terms.*

<b>7. State Owned Vehicles</b>
--------------------------------

The DFS employed fifty-four employees as of June 30, 2002, and maintained forty-nine state-owned vehicles. The State Fire Marshal, the Assistant State Fire Marshal, fourteen fire safety inspectors, three boiler and pressure vessel inspectors, and twenty fire investigators are each assigned a vehicle, six vehicles are designated to specific units for use, and the remaining four vehicles are pool vehicles available for use by all other central office employees. During our review of state-owned vehicles, we noted the following concerns:

- A. The four pool and six designated vehicles are underutilized. During the year ending June 30, 2002, pool vehicle usage ranged from 43 to 10,144 miles and averaged 5,048 miles per vehicle.

In January 2002, the Office of Administration issued State Policy SP-4, State Vehicles. The policy indicates pool vehicles should average at least 15,000 miles per year. The DFS should review usage of pool vehicles and dispose of underutilized vehicles to ensure that state resources are efficiently used and that vehicle usage complies with the state policy.

- B. Mileage logs for state vehicles were not always complete and accurate. The purpose of each trip was not always adequately documented. For example, administration was the purpose indicated for several trips made by the Assistant State Fire Marshal. Since the Assistant State Fire Marshal's vehicle is used for travel relating to both business and commuting, the specific purpose of each trip

should be documented to determine if the vehicle is justified for business purposes. In addition, differences between beginning and ending odometer readings were not always calculated correctly for some vehicles. Although DFS personnel indicated mileage logs are reviewed weekly, these errors were not detected and corrected.

The DFS should require documentation of specific purposes for all trips and review mileage logs closely to ensure state vehicles are only used for authorized purposes and that mileage logs are accurate and reliable.

**WE RECOMMEND** the DFS:

- A. Review vehicle usage and dispose of underutilized vehicles.
- B. Require documentation of specific purposes for all trips in state vehicles and review mileage logs closely to ensure state vehicles are only used for authorized purposes and that mileage logs are accurate and reliable.

**AUDITEE'S RESPONSE**

*The DFS indicated:*

- A. *Due to FY02 withholdings, fewer miles were accrued last year than in previous years. For example, the vehicle with 43 miles logged for FY02 noted in the report was assigned to a position held vacant for the entire fiscal year due to withholdings. Filled positions that were previously held vacant such as the Deputy Chiefs of the Boiler and Elevator Units will lend for more efficient usage of pool vehicles. The Division is planning on surplusing two vehicles this fall due to high mileage.*

*It is also important to mention that the Division has been unable to purchase new vehicles since fiscal year 2000, and, due to the current budget situation of the State of Missouri, it is highly unlikely the Division will receive appropriations for new vehicles prior to fiscal year 2005. By the end of fiscal year 2004, over half of the Division's fleet will have an excess of 100,000 miles. Therefore, it is prudent for the Division to maintain additional vehicles to supplement an aging fleet.*

- B. *Logs for pool vehicles have been changed as of August of 2002. A column has been added for a purpose of trip. This is to be completed at the time the user returns the vehicle. Division staff has been instructed to log each stop, and note the purpose.*

<b>8. Cellular Telephone Usage</b>
------------------------------------

During the two years ending June 30, 2002, the DFS provided a cellular telephone to the State Fire Marshal, the Assistant State Fire Marshal, the Deputy Chief of Investigations, both Fire Investigator Supervisors, both Fire Inspector Supervisors, the Deputy Chief for

Training, the Chief Elevator Inspector, the Chief Boiler and Pressure Vessel Inspector, and a Fire Investigator. During the year ending June 30, 2002, cellular telephone service was discontinued for all employees, except the Assistant State Fire Marshal and the Deputy Chief of Investigations. During our review of cellular telephone usage, we noted the following concerns:

- A. The DFS had not developed a written policy regarding cellular telephone usage. A formal written policy is necessary to address the usage and monitoring of cellular telephones to ensure they are properly used for business purposes.
- B. Cellular telephone bills were not independently reviewed to identify personal use and to evaluate the appropriateness of calling plans. Employees were required to review their own cellular telephone bills, identify any personal calls, and issue a check to the applicable vendor for the cost of the personal calls. Our review of cellular telephone bills determined these procedures were not always followed. For example, the previous Chief Boiler Inspector made a 100-minute roaming call to his wife's place of employment at a cost of \$53 in addition to several calls made to his personal residence, but only paid \$20 of the monthly bill. The Assistant State Fire Marshal also made several roaming calls to family members while taking annual leave and the previous Deputy Chief of Training made several roaming calls to her personal residence while she was attending a conference out-of-state, but neither employee paid for the calls made. The Deputy Chief of Training indicated the DFS had an unwritten policy which allowed employees to use their state cellular telephone to call home when attending conferences.

In addition, although the State Fire Marshal paid for his personal calls that incurred charges, he used the state phone for personal calls over three hours per month during the two months we reviewed, and as a result, usage exceeded the number of "free" minutes in the rate plan, resulting in unnecessary additional costs to the state.

In January 2002, the Office of Administration issued State Policy SP-3, Wireless Telephone Equipment and Services Usage. The policy requires agencies to define excessive usage of cellular telephones, restrict personal use of cellular telephones, ensure personal usage is reimbursed, and audit invoices for rate plan selection and personal reimbursements. The DFS was unaware of the state policy until we brought it to their attention. Upon our recommendation, the DFS adopted a written cellular telephone usage policy in August 2002 to comply with the state policy. The DFS should strictly enforce the new policy to ensure state resources are used efficiently and only for state business.

**WE RECOMMEND** the DFS strictly enforce the cellular telephone usage policy.

## **AUDITEE'S RESPONSE**

*The DFS indicated:*

*The Office of Administration's policy for cellular phones was not adopted by the State until January of 2002. Prior to that time, no policy existed with the Division, the Department of Public Safety, or the Office of Administration regarding cellular phone usage or the employee's responsibility for personal call reimbursement. The calls cited in the draft report occurred prior to the Office of Administration's policy being adopted.*

*The State Fire Marshal has not possessed a Division-paid cellular phone since February of 2001. Again, prior to that time, neither the Division of Fire Safety, nor the Office of Administration had a cellular phone policy that mandated or even allowed for the employee to reimburse the State for personal calls resulting in the usage of state "free" minutes.*

*The Division has always limited cellular phones to supervisory personnel and explosive K-9 handlers. Furthermore, since September of 2001 the total number of Division-issued cellular phones have been reduced to two employees.*

**9.**

### **Closed Meetings**

The open meeting minutes of the Elevator Safety Board, Fire Advisory Board, and Fire Education Commission (joint meetings with the Fire Advisory Board) did not always document the specific reasons for closing the meetings and actions taken by the boards and commission. In addition, the Elevator Safety Board did not document how discussing lack of interest in the chief elevator inspector position and financial information during closed sessions complied with state law.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo 2000, allows the board or commission to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communication with auditors. The boards and commission should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

**WE RECOMMEND** the DFS, Elevator Safety Board, Fire Advisory Board, and Fire Education Commission ensure board and commission minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the DFS should ensure closed meetings are conducted according to state law.

## **AUDITEE'S RESPONSE**

*The DFS indicated:*

*It is important to note that the Division does not make a practice of closing meetings. In the time period covered by the audit, only three meetings contained closed sessions. For each, the Division staff felt the reason for closure was within the scope of the Sunshine Law.*

*In August of 2002, the Division conducted a training session regarding the requirements of the Sunshine Law for all Division employees. In addition, copies of the law have been made available to Division staff, as well as Board and Commission members.*

This report is intended for the information of the management of the Division of Fire Safety, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION



DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of the Missouri State Fire Marshal was created in 1972 by the 76<sup>th</sup> General Assembly and was transferred to the Department of Public Safety by the Omnibus State Reorganization Act of 1974. Effective 1985, the State Fire Marshal's Office became known as the Division of Fire Safety.

Since 1972, the Division of Fire Safety has been responsible for investigating fires, explosions and related occurrences. Each of the twenty-one investigators is responsible for coordinating ongoing criminal investigations with local fire and law enforcement agencies. Investigators have in excess of 750 hours of training and are available for response twenty-four hours a day, seven days a week. The Investigation Unit is also responsible for four accelerant detection K-9 teams, and two explosive K-9 teams. Together, the unit conducts approximately 1,700 investigations per year.

Under the Reorganization Act, the Fire Safety Inspection Unit was established to conduct fire safety inspections of facilities regulated by the Department of Health and Senior Services, the Department of Mental Health, and the Department of Social Services, Division of Family Services. Courtesy inspections are also conducted at the request of municipal or county officials for the purpose of enforcing state fire safety rules and regulations. Beginning in 1994, the division has been responsible for assuring that church operated day care centers also meet fire safety codes. These fourteen inspectors are also involved with the safety inspections of the licensed fireworks businesses in the state as well as those who are illegally operating. The unit conducts over 12,000 fire safety inspections per year enforcing vital fire safety measures with the primary goal of ensuring a safe environment.

In addition, the division is responsible for implementing and enforcing the legislation enacted by the 83<sup>rd</sup> General Assembly pertaining to the fireworks industry (Sections 320.106 to 320.161, RSMo 2000). All businesses selling fireworks in Missouri will be licensed through the Division of Fire Safety. These businesses will be periodically inspected by members of the Division of Fire Safety for safety violations as well as to ensure compliance with the other statutes pertaining to explosives. Nearly 1,400 fireworks licenses are issued each year, generating over \$95,000 in general revenue for the State of Missouri.

Beginning in 1986, the Division of Fire Safety was assigned the duty of enforcing House Bill 230 (Section 320.202, RSMo 2000), which involves training for the nearly 25,000 firefighters in the State. The division is mandated to provide cost-free training to firefighters, investigators, and any state employees performing fire inspections pursuant to state statutes or state licensing requirements. In addition, the division awards state certification to those who meet the criteria in fourteen levels of certification for the areas of Fire Fighter, Fire Service Instructor, Fire Inspector, Fire Investigator, Fire Officer, Hazardous Materials, and Fire Apparatus Driver/Operator.

Under House Bill 230, the division is responsible for maintaining the National Fire Incident Reporting System (NFIRS) for Missouri, which gathers information regarding fire losses in the state and provides statistical data. In addition, as of 1988, all fire departments are mandated to register annually with the division. As of July 31, 2002, there are 908 fire departments registered and over 380 departments participating in the NFIRS program.

The Federal Hotel/Motel Safety Act, enacted in 1990 (Public Law 101-391), was assigned to the division. As part of this act, the division serves as a data collection and storage agency and supplies information upon request. The federal law is designed to save lives and protect property by promoting fire and life safety in hotels, motels, and other places of public accommodation.

Section 320.205, RSMo 2000, established the Missouri Fire Safety Advisory Board to advise the Fire Marshal on all matters pertaining to the responsibilities of the Fire Marshal and the division. The board is composed of six members appointed by the Governor, with the advice and consent of the Senate. Board members receive no compensation for their services, but are reimbursed for their actual and necessary expenses incurred in the performance of their official duties. Board members serve at the will of the Governor, and serve until replaced. Current members of the board are as follows:

<u>Members</u>	<u>City</u>
James Silvernail, Chairman	Ellisville
H. Edward Wildberger	St. Joseph
David Pennington	Springfield
James Bollinger	Marble Hill
Kimberly Wise	Lockwood
Michael Mahler	St. Louis

Section 320.094, RSMo 2000, established the Fire Education Commission. The goal of the commission is to review and determine appropriate programs and activities for which training funds may be expended. The board is composed of five members appointed by the Governor, with the advice and consent of the Senate. Commission members receive no compensation for their services, but are reimbursed for actual and necessary expenses incurred in the performance of their official duties. Board members serve a four-year term and until their successors are selected and qualified. Current members of the commission are as follows:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Phil Sayer, Chairman	Galt	April 2004
Bill Halmich	Washington	April 2004
Tim Dorsey	St. Charles	April 2003
Carolyn Mitchell-Pegue	Kansas City	April 2002
Ray Jagger	Kirksville	April 2003

In 1984, the Division of Fire Safety was assigned the task of enforcing House Bill 1060 (Sections 650.200 to 650.290, RSMo 2000), which mandates the inspection and issuance of certificates of inspection of all non-exempt boilers and pressure vessels in Missouri. This created the Boiler and Pressure Vessel Unit comprised of a Public Safety Manager, three

inspectors and one clerical staff. Together, with the assistance of insurance inspectors, they conduct approximately 15,000 inspections per year. In the 2002 legislative session, Senate Bill 795 created the Boiler and Pressure Vessels Safety Fund. Fees collected from inspections, totaling approximately \$400,000 annually, will be deposited into the fund, which will undergo a biennial sweep to the General Revenue Fund-State. Beginning in July of 2003, the Division of Fire Safety will receive appropriations from the fund to support the functions of the Board and the Unit. The amounts of the appropriations have yet to be determined.

The unit enforces rules set forth by the Board of Boiler and Pressure Vessels Rules. The board is composed of seven members who are appointed by the Governor, with the advice and consent of the Senate. Board members receive no compensation for their services, but receive reimbursement of travel and hotel expenses incurred in the performance of their duties. Board members serve a four-year term and until their successors are selected and qualified. Current members of the board are as follows:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Wayne Mueller, Chairman	Fenton	September 2002
Vergil Belfi, Vice-Chairman	St. Louis	May 2001
Daniel Abbott	St. Louis	September 2002
Dorothy Creager	Independence	September 2004
Maan Jawad	St. Louis	September 2004
Don Link	St. Louis	September 2004
Jerry Milbourn	St. Joseph	May 2005

Effective August 1994, the Division of Fire Safety was assigned the duty of enforcing House Bill 1035 (Section 701.350 through 701.380, RSMo 2000), mandating annual testing and safety inspections of all elevators and elevator-related equipment in the state. This statute affects nearly 20,000 elevators, escalators, and similar equipment. Over 7,124 operating permits were issued in fiscal year 2002, generating nearly \$145,600 for the Elevator Safety Fund, which is also swept into the General Revenue Fund-State biennially. During the 2002 legislative session, the division was given appropriations totaling \$169,045 from the Elevator Safety Fund to support the functions of the Board and the Unit. This funding will give the division the ability to hire an Elevator Safety Inspector to assist in the quality control of testing and inspections currently being done by third party inspectors. The division is also responsible for consulting with engineering authorities that are developing elevator safety codes, adopting an elevator safety code, and certifying elevator inspectors.

House Bill 1035 also created an Elevator Safety Board that provides technical assistance and recommendations to the division. The board is composed of eleven members appointed by the Governor with the advice and consent of the Senate. Board members receive no compensation for their duties, but receive per diem expenses in an equivalent amount as allowed for the members of the General Assembly. Board members serve a five-year term or until a successor is appointed. Current members of the board are as follows:

<u>* Members</u>	<u>City</u>	<u>Term Expires</u>
Rick Guth	St. Louis	June 2000
Charles Jackson	Jefferson City	Not Applicable
Gerri Kielhofner	Springfield	June 2005
George Lodes	St. Louis	June 2005
John McNerney	Kansas City	June 2000
Suzan Mehalko	Grandview	June 2000
Joe Stabler	St. Louis	June 2000
Wilson Winn	Kansas City	June 2000
Clarence Foster	Kansas City	June 2005

\* Two vacant board positions currently exist.

Effective 1997, the Division of Fire Safety was assigned the duty of enforcing House Bill 276 (Section 316.203 to 316.237, RSMo, 2000), the Amusement Ride Safety Act. This legislation mandated an investigation of any amusement ride accident which results in a serious physical injury or death. If such an accident occurs, the owner or operator of such ride must immediately cease operation and notify the division to initiate an investigation. House Bill 1434, effective January 1, 2001, expanded the previous law by requiring annual safety inspections to be performed prior to the ride operating in the state. Over \$14,000 in fees were collected from the issuing of state-operating permits and were deposited into the General Revenue Fund-State during the year ending June 30, 2002. This bill also established the Amusement Ride Safety Board. The board is composed of eight members appointed by the Governor with the advice and consent of the Senate. Board members receive no compensation for their duties, but are reimbursed for actual and necessary expenses incurred in the performance of their duties. Board members serve a staggered five-term or until a successor is appointed. Current members of the board are as follows:

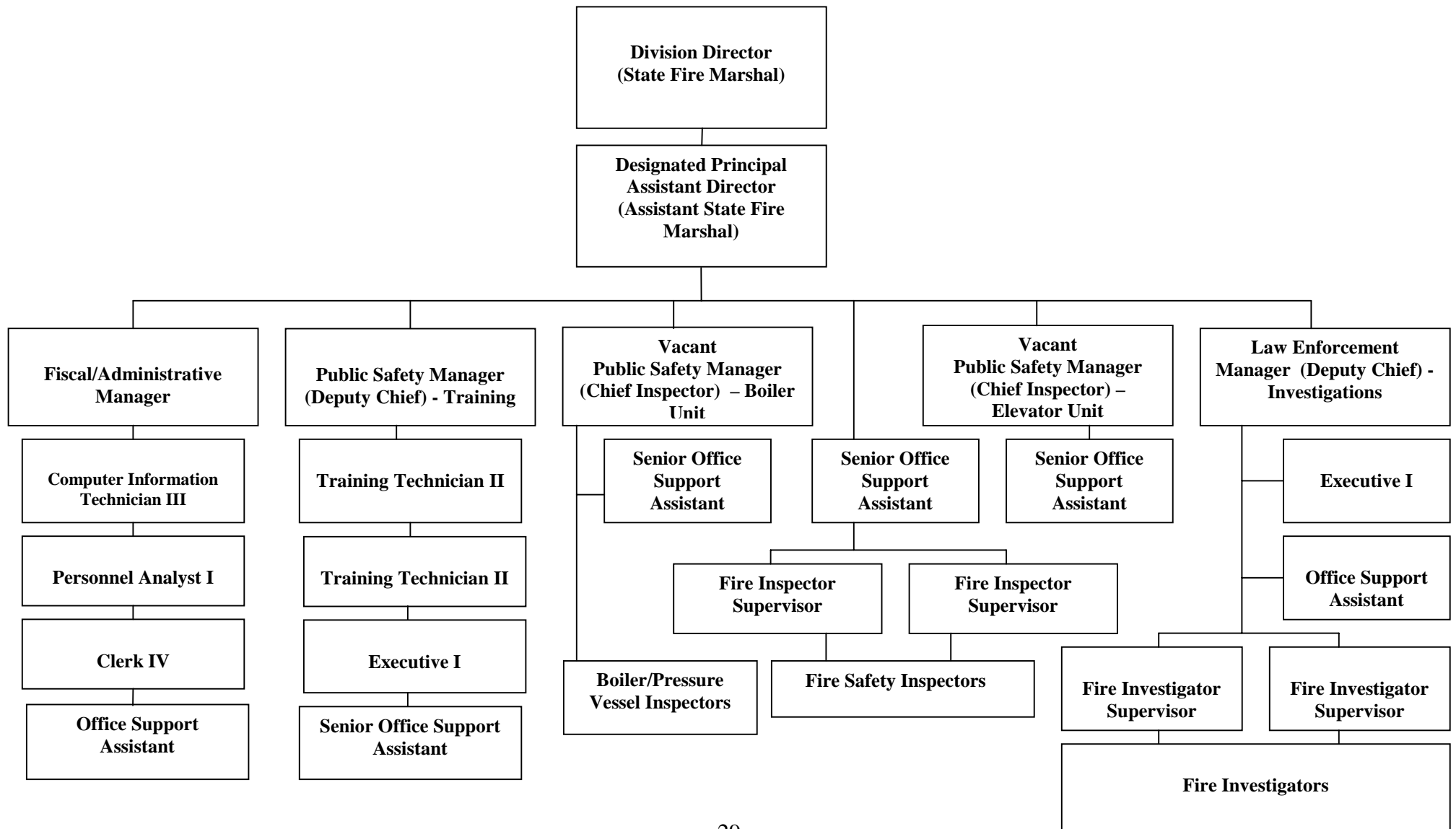
<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Hugh Mills, Jr.	Kansas City	April 2005
Amy Sweeny Davis	Kansas City	April 2006
Darrell Nash	Branson	April 2005
John Runyan	Kansas City	April 2006
James Harig	Eureka	April 2004
John Evans	Lathrop	April 2004
J. Keith Nisbett	St. James	April 2003
Randy Frazier	Cadet	April 2003

Mr. William Farr, was appointed State Fire Marshal on May 1, 1996, and currently serves as Director of the Division of Fire Safety.

The Division of Fire Safety is appropriated for 57 full-time positions, four of which were vacant at June 30, 2002, due to budget cuts. Two of the vacancies were subsequently filled.

An organization chart follows:

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY  
ORGANIZATION CHART  
JUNE 30, 2002



Appendix A

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FIRE SAFETY

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING  
USES, AND CHANGES IN CASH AND INVESTMENTS-ELEVATOR SAFETY FUND

		Year Ended June 30,	
		2002	2001
Receipts			
Inspection fees	\$	145,596	85,326
Total Receipts		145,596	85,326
Disbursements		0	0
Receipts over (under) disbursements before other financing uses		145,596	85,326
Other financing uses			
Transfers to General Revenue Fund-State		(86,436)	0
Receipts over (under) other uses		59,160	85,326
Cash and investments, July 1		85,906	580
Cash and investments, June 30	\$	145,066	85,906

Appendix B

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY  
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,						
		2002			2001			
		General	Elevator		General	Elevator		
		Revenue			Revenue			
		Fund-State	Safety	Fund	Fund-State	Safety	Fund	Total
Boiler licenses and inspection fees	\$	356,726		0	416,314		0	416,314
Elevator licenses and permits		0	145,596		0	85,326		85,326
Amusement ride permits		14,470		0	10,395		0	10,395
Fireworks permits		100,925		0	99,300		0	99,300
Miscellaneous		3,737		0	3,702		0	3,702
Total Receipts	\$	475,858	145,596	621,454	529,711	85,326	615,037	



Appendix C

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF FIRE SAFETY  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances*	Appropriation	Expenditures	Lapsed Balances*
GENERAL REVENUE FUND						
Personal Service	\$ 2,018,992	1,830,888	188,104	1,969,334	1,892,547	76,787
Equipment and Expense	673,615	238,950	434,665	693,615	526,094	167,521
Fire Fighter Training	354,442	0	354,442	354,442	263,644	90,798
Total General Revenue Fund	3,047,049	2,069,838	977,211	3,017,391	2,682,285	335,106
CHEMICAL EMERGENCY PREPAREDNESS FUND						
Fire Fighter Training	142,237	65,666	76,571	142,237	65,055	77,182
Total Chemical Emergency Preparedness Fund	142,237	65,666	76,571	142,237	65,055	77,182
HEALTHY FAMILIES TRUST FUND - HEALTH CARE TREATMENT AND ACCESS ACCOUNT FUND						
Fire Education	600,000	432,175	167,825	0	0	0
Total Healthy Families Trust Fund - Health Care Treatment and Access Account Fund	600,000	432,175	167,825	0	0	0
Total All Funds	\$ 3,789,286	2,567,679	1,221,607	3,159,628	2,747,340	412,288

\* Division personnel indicated the lapsed balances include the following withholdings made at the Governor's request:

Year Ended June 30,		
	2002	2001
Personal Service	\$ 176,520	12,000
Equipment and Expense	428,513	89,061
Fire Fighter Training	354,442	77,809
Fire Education	159,255	0
Total	\$ 1,118,730	178,870

Appendix D

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FIRE SAFETY

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2002	2001
Salaries and wages	\$ 1,830,888	1,892,547
Travel	33,371	79,777
Fuel and utilities	0	3
Supplies:		
Administrative and merchandising	0	87,993
Repair and maintenance	0	64,394
Specific use	0	5,793
Other	95,649	0
Professional development	5,238	10,000
Services:		
Communication	40,852	57,141
Health	0	1,602
Business	0	52,750
Professional	526,759	330,080
Housekeeping and janitor	2,300	7,974
Maintenance and repair services	27,769	0
Equipment maintenance and repair	0	5,917
Transportation maintenance and repair	0	21,226
Equipment:		
Computer	180	16,323
Electronic	0	5,323
Motorized	0	96,124
Office	260	5,872
Other	141	0
Specific use	0	1,144
Equipment rental and leases	1,595	0
Equipment lease payments	0	42
Building and equipment rentals	0	1,704
Miscellaneous expenses	2,677	3,611
Total Expenditures	\$ 2,567,679	2,747,340

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

\* \* \* \* \*



**OZARKS TECHNICAL COMMUNITY COLLEGE**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-109  
October 4, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

October 2002

**The following problems were discovered as a result of an audit conducted by our office of the Ozarks Technical Community College.**

---

**The college directed a \$20,000 donation be paid to a committee formed to advocate a five-cent property tax ballot issue for the college.**

The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. During July 2000, the college directed this \$20,000 donation to the Committee for Better Jobs, Better Lives which was a committee formed to advocate a five-cent property tax ballot issue for the college on the April 2001 ballot. State law prohibits the use of public funds to advocate, support, or oppose any ballot measure.

**The college expended over \$1 million as a result of change orders for the Industry and Transportation Technology Center.**

Many of the construction change orders were for work that was not included in the scope of the original project and additional bids or proposals were not solicited for any of the change orders. In addition to the increased construction costs resulting from change orders, we also noted increased architectural costs totaling \$124,913 and \$73,874 on all active construction projects for the years ended June 30, 2001 and 2000, respectively.

**State funds for South Campus Development remain idle.**

Approximately seventy-four acres were purchased from the individual that serves as the college's attorney. The college did not have an agreement with the attorney related to the property transactions and an independent appraisal of the property was not obtained.

The college signed a contract in February 2001 with the city of Ozark transferring \$360,000 to an interest bearing checking account, but the college retained the authority to spend the funds. This agreement provided the college a means to draw a specific appropriation totaling \$180,000 from the State of Missouri that would have otherwise lapsed at year-end. The invoice requesting the appropriation was misleading, and one year later funds totaling over \$298,000 still remained idle in the city's account.

**Controls over expenditures need improvement.**

College bidding guidelines are unclear and are not being consistently followed by the various college departments. Our review noted requests for proposals were not solicited for over \$3.9 million in various professional services. In addition, written agreements were not entered into for some professional services.

(over)

YELLOW SHEET

According to college records, approximately \$53,600 was paid for employee registration, lodging, meals, and mileage expenses for employees to attend the Missouri Community College Associate Annual Convention held in St. Louis, Missouri during October 2001. We noted the college sent 178 employees to this conference while other community colleges across the state sent an average of approximately 20 employees.

The college has not adequately bid or monitored furniture purchases of the various building projects. The college has purchased approximately \$1.8 million in furnishings from one primary vendor since 1997.

In 2000, the college entered into a ten-year contract with a local vendor to provide and service vending machines at the Springfield campus. The college did not solicit bids for this contract. The terms of the contract were negotiated with a representative from the vending company, who also serves as a member on the Ozarks Technical Community College Foundation Board.

**The college subsidizes most of the operating expenses of the Foundation and the Foundation is depriving eligible students of available scholarship funds.**

The Ozarks Technical Community College Foundation, a not-for-profit corporation, was established in 1995 to provide financial support and assistance for certain charitable, education, literary, and scientific purposes of the college; however, the college subsidizes most of the operating expenses of the Foundation.

The Foundation is not fulfilling the charitable intentions of donors and efforts to monitor scholarship donations need to be improved. We noted one scholarship donation totaling \$6,217 that has been inactive since 1995. The college agreed to match the interest earned on this donation and informed the donor in 1997 that scholarships would be awarded; however, the college has not matched the interest earned nor has the Foundation awarded any scholarships from this donation. At April 30, 2002, scholarship funds totaling over \$19,000 were available but not distributed by the Foundation.

**President's compensation needs to be reviewed.**

The President's contract is for three years, and is handled as a continuous contract. As a result, the contracts never expire, and the Board loses much of the authority and influence it might otherwise exercise over its top administrator.

Also, as part of the President's compensation package, the college paid an automobile allowance of \$5,400 annually and reimbursed the President 34.5 cents per mile for mileage incurred on college related trips. During the year ended June 30, 2001, the college paid more than \$11,350 to the President for mileage and automobile allowance. In July 2002, the automobile allowance increased by 89 percent, to \$10,200 annually. The practice of paying both an automobile allowance and mileage reimbursements needs to be re-evaluated.

**Our audit also reviewed the college's monitoring of its bookstore contract and day care facility. The audit also noted staff development and reimbursement policies, and accounting controls that need improvement.**

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

OZARKS TECHNICAL COMMUNITY COLLEGE

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-40

<u>Number</u>	<u>Description</u>	
1.	Construction Projects .....	5
2.	South Campus Development.....	7
3.	Professional Services .....	10
4.	Vending Contract .....	11
5.	Bidding and Purchasing Policies.....	13
6.	Foundation .....	15
7.	Expenditures .....	19
8.	Bookstore Contract .....	24
9.	President's Compensation .....	25
10.	Travel and Personnel.....	28
11.	Accounting Policies and Procedures.....	32
12.	Day Care Center .....	36
13.	Board Meetings and Minutes .....	38
14.	Fixed Assets .....	39
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		41-50

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Board of Trustees of the Junior College  
District of Central Southwest Missouri  
and  
Dr. Norman K. Myers, President  
Ozarks Technical Community College  
Springfield, MO 65802

We have audited the Ozarks Technical Community College. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review and evaluate expenditures of the colleges as well as purchasing practices and procedures.
2. Review and evaluate selected personnel practices and procedures.
3. Review internal control procedures over selected financial areas, legal compliance issues, and management practices to determine the propriety, efficiency, and effectiveness of those procedures and practices.
4. Review selected records and activities of the colleges' Foundation.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The college's Board of Trustees had engaged Davis, Lynn, & Moots, P.C., Certified Public Accountants (CPA firm), to perform financial audits of the colleges for the years ended June 30, 2001 and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating work papers of this CPA firm. In conducting our audit, we interviewed personnel; reviewed specific policies, procedures, and relevant legal provisions; reviewed various documents and records; and visited campus locations.



As part of our audit, we assessed the college's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subject to the procedures applied in the audit of the Ozarks Technical Community College.

The accompanying Management Advisory Report presents our findings arising from our audit of the Ozarks Technical Community College.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 24, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Sandi Ohern, CPA
	Troy Royer

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

OZARKS TECHNICAL COMMUNITY COLLEGE  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Construction Projects</b>
-----------	------------------------------

In 1996, the Ozarks Technical Community College (OTC) began to implement a master plan for construction of a permanent campus. Through a public building corporation, the college purchased land adjacent to its original buildings. The Technical Education Center opened in 1997, the Information Commons in 1998, the Information Commons East Wing in 1999, the Industry and Transportation Technology Center in 2000, renovations of Lincoln Hall in 2001, and the Information Commons West Wing is scheduled to be completed in 2002. During our review of some of these capital improvement projects, we noted the following concerns:

- A. Several of the construction contracts were significantly increased through change orders. Additional bids or proposals were not solicited for any of the change orders.
- The college expended over \$1 million as a result of change orders for the Industry and Transportation Technology Center. The original construction contract totaled \$8 million. Many of the construction change orders were for work that was not included in the scope of the original project. For example, over \$390,000 was to construct the John Q. Hammons Fountain, and \$131,740 was to construct a parking lot.
  - The college expended \$386,400 as a result of change orders for the Lincoln Hall Renovation Project. The original construction contract totaled \$6.2 million. Change orders included \$118,000 for the renovation of classrooms located in a different building. This work was not included in the scope of the original project.
  - In addition to the increased construction costs resulting from change orders, we also noted increased architectural costs totaling \$124,913 and \$73,874 on all active construction projects for the years ended June 30, 2001 and 2000, respectively (procurement of architectural services is discussed in more detail in MAR No. 3).

Change orders are normally used to make adjustments for minor problems that are unknown when construction projects are originally bid. They should not be used to make significant changes to existing contracts. If the scope of a project changes substantially, consideration should be given to rebidding those parts of the project.

B. The college has not adequately bid or monitored furniture purchases for the various building projects.

- The college has purchased approximately \$1.8 million in furnishings from one primary vendor since 1997. In 1997, the college solicited bids for furniture as part of the bid for the construction of the Technical Education Center; however, no bids have been requested since that time.

The 1997 bid specifications required the furniture bidder to propose a discount rate on purchases that would be held firm and fixed for four years. However, there is no written contract to outline the discounts to be received, the furnishings to be provided, or the prices for those furnishings. In fact, college personnel are not aware of what discount amounts should have been received on furniture purchases and invoices from the furniture vendor do not reflect any discounts. According to the furniture vendor, the discount rate varies.

College personnel indicated the same furniture vendor was used to maintain consistency between the various buildings. However, after our review of this area, the college purchased similar furnishings from a new vendor. These new furnishings were the same brand and quality; but were purchased at a savings of more than 28 percent.

- The OTC paid an interior designer between \$25,000 and \$30,000 per building to select furnishings. It appears the college relied on the designer to oversee the furnishing of the buildings and, as a result, did not adequately monitor furniture purchases. We noted instances where the price of some furnishings increased substantially. For example, we noted the price of a trash can purchased by the college increased from \$421 to \$618 in one year (a 47 percent increase).

We also noted three benches costing \$3,342 purchased in September 2000 were never delivered to the college. While college records indicated the benches were not delivered and college personnel were aware or informed on the nondelivery of these items, college personnel paid for the benches, but did not follow up with the vendor to determine why the items had not been delivered. The furniture was delivered in May 2002, after we brought this matter to the attention of the furniture vendor.

To protect the interests and resources of the college, furnishing of new facilities must be adequately planned and monitored. Further, soliciting bids and entering into written agreements where all terms and conditions are specified provides the college a means to select the vendor best suited to provide the goods required and the tool necessary to adequately monitor furniture purchases.

**WE RECOMMEND** the OTC:

- A. Ensure adequate planning is performed to reduce the number of change orders, and, if substantial changes are needed, consideration should be given to rebidding the applicable projects.
- B. Solicit bids for each major furniture purchase and establish procedures to monitor all future furniture purchases.

**AUDITEE'S RESPONSE**

- A. *OTC agrees with the goal of minimizing the number of change orders on construction projects. As construction of the new \$7.2 million Information Commons West nears completion, change orders to date total less than \$200,000 or less than three percent of the base cost of the project.*

*In responding to explosive enrollment growth and student needs, OTC has implemented a Campus Master Plan for Facilities in a very short period of time. In every instance, the college has attempted to be a good steward of the public funds that have made the new campus a reality.*

- B. *OTC agrees with the goal of obtaining competitive pricing for all furniture purchases, and has achieved this goal as a result of a competitive bidding process in 1997 that selected a furniture vendor who agreed to provide substantial discounts and uniformity of product in meeting the college's needs in equipping new and existing facilities.*

*OTC also agrees that it is important to monitor all furniture purchases, and has incorporated some of the specific suggestions included in the Audit Report to improve monitoring.*

<b>2. South Campus Development</b>
------------------------------------

- A. In 2000, the college purchased three parcels of land in Christian County, Missouri, totaling approximately seventy-eight acres, for the purpose of developing a South Campus. The property was subsequently annexed into the city of Ozark. Two parcels (approximately seventy-four acres) were purchased from the individual that serves as the college's attorney.

The attorney owned the land for only a few months prior to selling the property to the college. The attorney indicated he purchased the property on behalf of the college and was searching for a donor to purchase the property from him, improve the property, and then donate it to the college. When the search proved unsuccessful, the college purchased the property directly from the attorney. However, neither the college nor the attorney were able to provide adequate documentation to support these intentions. In fact, other than the college

president, college officials indicated they had no knowledge of the original cost paid by the attorney for the property.

We obtained information from the attorney to verify the details of this transaction. In addition to reimbursing the attorney for the cost of the land (\$534,000), closing costs (\$1,800), miscellaneous expenses (\$4,000), and all accrued interest (\$13,000), the college paid attorney fees totaling more than \$33,000 for time spent searching for a donor. The college did not have an agreement with the attorney related to the various property transactions and an independent appraisal of the property was not obtained.

A transaction such as this between the college and its attorney may create the appearance of a conflict of interest or impropriety, especially when adequate documentation is not maintained by either party involved. Good business practices require that major real estate purchases be adequately documented. Further, formal and independent appraisals are necessary to ensure a reasonable price is paid.

- B. The State of Missouri granted the college a specific appropriation totaling \$180,000 during the year ending June 30, 2001, for the infrastructure planning and development of the college's South Campus. The appropriation required the college to provide matching funds of \$180,000. Because the college did not have plans in place to use the appropriation, the college signed a contract in February 2001 with the city of Ozark transferring \$360,000 to an interest bearing checking account for which the city served as a fiscal agent, but the college retained the authority to spend the funds. The city of Ozark was apparently involved in this contract because of the potential economic development benefits to the city and to coordinate planning and utility expansions for the south campus area.

The college provided a copy of an invoice from the city of Ozark to the State of Missouri for architectural and engineering services, utility expansion, vehicular access, and other services totaling \$360,000 to support the payment of the appropriated funds from the state treasury to the college. This invoice was misleading. Only minimal architectural services had been performed as of the date of the invoice. As of February 2002, one year later, funds totaling over \$298,000 still remained idle in the city's account.

This agreement provided the college a means to draw the state appropriation that would have otherwise lapsed at year-end without spending the money for its intended purpose. In addition, the college has not secured funds to continue with the expansion of the South Campus.

Allowing funds to remain idle is an unnecessary use of state funds. In addition, transferring funds to a separate entity increases the possibility that funds will be misused. The college should re-evaluate its contract with the city of Ozark, and consider ending the agreement. Furthermore, the college should, in the absence

of a legitimate claim, refund to the State of Missouri \$180,000, plus interest, that was improperly claimed by the college and held by the city of Ozark.

**WE RECOMMEND** the OTC:

- A. Avoid situations that present an appearance of a conflict of interest and ensure all real estate transactions are adequately documented. In addition, obtain an independent appraisal of any property purchased in the future.
- B. Discontinue the practice of spending state appropriations in advance of the need and consider canceling the contract with the city of Ozark. In addition, the college should refund to the State of Missouri the amount improperly claimed.

**AUDITEE'S RESPONSE**

- A. *OTC agrees that the appearance of a conflict of interest can be almost as destructive as the existence of a conflict. In acquiring a site south of Springfield for future campus expansion, the college attempted to balance the need for confidentiality in ensuring a good and fair purchase price with the importance of demonstrating accountability to the patrons of the college district. The college did obtain a verbal appraisal of the purchased property, but did not request that appraisal in writing at the time of the transaction. With the examples of the verbal appraisal report and other aspects of the purchase of the South Campus properties in mind, the college agrees that better contemporaneous documentation would be helpful in future real estate transactions.*
- B. *The college strongly disagrees with the conclusion that the \$180,000 state appropriation was spent "in advance of the need." The cooperative agreement in place with the city of Ozark is a prudent arrangement to maximize dollars appropriated by the General Assembly (and the \$180,000 match provided by OTC) for the planning and development of the South Campus. Every single dollar appropriated by the General Assembly and budgeted by OTC for the planning and development of OTC's South Campus has been spent consistent with that purpose. The Alderman of the city of Ozark and the OTC Board of Trustees approved the agreement in open public meetings.*

*To date, these funds have been used to develop an architectural Master Plan for the South Campus and more recently to begin the engineering work necessary to extend sewer, water and other utilities to the site. When this work is completed, a substantial portion of the total fund of \$360,000 will have been expended in a timely, efficient fashion. The dollars remaining in this fund will be available at that point to help defray the costs of building the needed infrastructure improvements.*

**3.****Professional Services**

The college hires firms and individuals to perform various professional services; however, it does not have formal written policies and procedures for the selection and procurement of companies or individuals for professional services. Our review noted requests for proposals were not solicited for over \$3.9 million in various professional services. In addition, written agreements were not entered into for some professional services.

- The college has used the same architectural firm for construction projects since 1993. Although the college originally selected the firm through a formal selection process, the college has continued to renew the contract with this firm without periodically requesting or reviewing proposals from other architectural firms. Payments to this firm since 1993 total more than \$2.6 million.
- The college, in conjunction with the Ozarks Technical Community College Public Building Corporation, did not solicit proposals for the services of the bond underwriter, bond counsel, and bond rating services for debt instruments issued during fiscal years 2001, 1999, 1998, 1996, and 1995. These debt instruments were issued for the purpose of classroom construction. The issuance costs for the debt instruments total approximately \$828,000.
- The college does not have a written agreement with its legal counsel and according to college officials, the same firm has been used since the college originated in 1990. Although the college originally selected the firm through a formal selection process, the college has continued to use this firm without periodically soliciting proposals. The college paid approximately \$127,600 to this firm during the two years ending June 30, 2001. Further, the invoices submitted by the firm do not provide details related to the hours spent or the hourly rate charged by the legal counsel.
- The college has not solicited proposals for its annual audits since November 1990, when the current auditing firm was selected. The college has continued to have this same firm perform its annual audits. College officials indicated they were pleased with the services of this firm and wanted to maintain this relationship. The college paid \$34,575 for auditing services during the two years ending June 30, 2001.
- The college did not solicit proposals for marketing services. The college paid over \$283,000 during the two years ending June 30, 2001 for these services. In addition, there was no written agreement for these services.

While professional services, such as attorneys, architects, accountants, and consultants, may not be subject to standard bidding procedures, the college should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such



services to a competitive selection process does not preclude the college from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the college to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. Further, legal fees should be supported by adequate documentation of the number of hours spent and the hourly rate charged.

**WE RECOMMEND** the OTC develop formal written policies and procedures for the selection and procurement of companies or individuals for professional services. In addition, the college should solicit proposals for professional services to the extent practical and prepare written contracts to formalize these agreements. The college should also ensure legal fees are supported by detailed invoices.

#### **AUDITEE'S RESPONSE**

*OTC has utilized a consistent, fair process in selecting companies or individuals who perform professional services, but agrees that it is appropriate and helpful to reduce this process to a written policy. OTC has executed written contracts to formalize agreements with companies and individuals that provide professional services, and will continue to do so.*

*With respect to detailed invoices for legal services, OTC has coordinated with outside legal counsel a revision of the invoice and billing process that provides the college with more information to assess legal fees.*

<b>4. Vending Contract</b>
----------------------------

In 2000, the college entered into a ten-year contract with a local vendor to provide and service vending machines at the Springfield campus. The college did not solicit bids for this contract. The terms of the contract were negotiated with a representative from the vending company, who also serves as a member on the Ozarks Technical Community College Foundation Board. This relationship presents the potential for a conflict of interest.

Terms of the contract required the vendor to donate a piece of property adjacent to the college's Springfield campus, and make an annual commission payment of \$8,000. According to college personnel, the land and building was valued at \$400,000; however, the college did not request or obtain a written, independent appraisal on the property. The college subsequently spent \$100,000 to demolish the building and add fencing to the property for a parking lot.

A formal review of anticipated commissions from the use of vending machines was not performed to provide a comparison of this agreement and the related terms to other potential vending agreements. Prior to 2000, the college received commissions from a different outside vendor based on the volume of sales. This type of arrangement could potentially provide the college with increased commissions as student enrollment increases; however, the current contract has limited the college's vending commissions to only \$8,000 per year and obligated the college to this vendor for at least 10 years. Further, the contract stipulates that if the college terminates the contract, the vendor has the right to pursue legal remedies to recover damages and lost profits. Thus, should the college wish to terminate the contract, buyout terms could prove costly.

Because the vending contract was not bid, college officials have no assurance that the current agreement offers the most benefits to the college. Furthermore, college officials should avoid transactions where potential conflicts of interests exist, and long-term agreements that obligate the college to a single vendor.

Soliciting proposals and entering into a truly competitive bidding process provides the college with a range of possible choices, and a means to select the vendor best suited to provide the service required. In addition, good business practices require that major real estate transactions be formally and independently appraised to ensure a reasonable value is exchanged, and a formal review or study of anticipated commissions be performed and documented at the time of the transaction to support the college's decision making process. Further, college officials should avoid transactions where a potential conflict of interest exists.

**WE RECOMMEND** the OTC reevaluate its practice of entering into long-term contracts, solicit bids for college vending services, obtain independent appraisals of property exchanged, and avoid transactions that could present actual conflicts of interest or the appearance of conflicts of interest.

### **AUDITEE'S RESPONSE**

*As a general rule, OTC does not enter into contracts with a term longer than three years. The agreement with the current vending company was an opportunity for the college to increase vending revenues dramatically over a ten-year period and also acquire in a friendly transaction an adjacent property that has been converted to a parking lot with capacity for 120 cars. Before entering into the long-term agreement, OTC contacted other vending companies who confirmed that they were not in a position to contribute an asset valued at more than \$400,000 in addition to annual vending revenues.*

*The college disagrees that the transaction to increase vending revenues and obtain a much-needed property for parking involved either the appearance or reality of a conflict of interest. This transaction was facilitated in part by a community volunteer and Foundation Board member who is also associated with the vending company. The college, the OTC Foundation and the vending company were at all times aware that the community volunteer was also affiliated with the vending company.*

*With respect to a formal appraisal of the property, OTC did receive an oral appraisal from the late Fred Wagner, a respected business appraiser who has been a property consultant to the City of Springfield, City Utilities and OTC. The appraised value in excess of \$400,000 makes the total value of the ten-year contract almost \$500,000, an amount significantly greater than the college's previous vending agreement and substantially more than any other vendor indicated they could provide under a vending agreement.*

<b>5. Bidding and Purchasing Policies</b>
-------------------------------------------

- A. The college has no written policies defining levels of purchase authorization or approval requirements for various purchases. In addition, college bidding guidelines are unclear and are not being consistently followed by the various college departments. The policy requires competitive price quotations for purchases over \$2,000, but then states that telephone or written quotes are optional for purchases between \$6,000 and \$9,999. The policy indicates that sealed bids shall be received for all purchases over \$10,000; however, it does not address whether purchases over \$10,000 need to be publicly advertised. Further, the policy does not address the situation in which sole source procurement is necessary or provide standards for documentation of bidding procedures performed. As a result, the college has no assurance that its resources are being effectively and efficiently used.

We had concerns regarding the following purchases:

- The college routinely uses a local electrical contractor for electrical services, but does not bid these services. Approximately \$181,600 and \$71,400 was expended during the years ending June 30, 2001 and 2000, respectively, for these services.
- The college paid approximately \$97,000 and \$80,500 during the years ending June 30, 2001 and 2000, respectively, for software maintenance. Although college personnel indicated the purchase was from a sole source provider, this information was not documented. If sole source procurement is necessary, the college should retain documentation of these circumstances.
- Sewer line repairs totaling \$43,906 were not bid. College personnel indicated this was handled as an emergency repair. The college's bid policy gives authority to the President and the Vice President of Administration and Business to make emergency purchases without receiving bids or quotations. However, the policy requires emergency purchases to be ratified by the Board of Trustees and this purchase was not ratified by the Board. In addition, documentation to support this expenditure was not adequate.

- The college paid one company approximately \$29,500 for various building maintenance services for the year ended June 30, 2001, and an additional \$35,000 for the period from July 1, 2001 through January 31, 2002. These services were not bid.

Complete and detailed written purchasing policies and procedures are necessary to provide guidance. Bidding procedures for major purchases provide a framework for the economical management of college resources and help assure the college that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in college business.

Documentation of bids should always be retained as evidence the college's established purchasing procedures are being followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice where applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. The college provides approval for numerous routine bills through a process in which standing purchase orders are issued; however, the college has not established written policies or procedures for the establishment of such purchase orders and has not monitored the status of standing purchase orders.

Some standing purchase orders have individual transaction maximums while others do not; however, college personnel indicated they regularly circumvent the maximum limits of purchase orders by having the vendor ring the sale as two separate purchases. In addition, we noted one standing purchase order with a maximum individual transaction limit of \$3,000; but there was one purchase that exceeded \$5,700.

Further, some standing purchase orders are reissued each year to the same vendor without the college competitively bidding such purchases. We noted numerous instances during the two years ending June 30, 2001, where competitive bidding should have been considered:

<u>Item</u>	<u>Amount</u>
Automotive supplies	\$ 97,163
Moving services	92,951
Painting services	79,915
Books and supplies	72,475
Food supplies	70,150
Dental supplies	69,688
Mailing services	39,098
Maintenance supplies	28,403
Backhoe and snow removal	26,840
Copier maintenance services	23,387
Pest control	10,499

Written policies and procedures for establishing, approving, and monitoring standing purchase orders are necessary to provide guidance, avoid misunderstandings, and to prevent unauthorized or fraudulent purchases. Also, competitive bidding helps ensure the college receives fair value by contracting with the lowest and best bidders.

**WE RECOMMEND** the OTC:

- A. Develop written policies and procedures for college purchases. In addition, the college should clarify its current bidding policy and ensure the policy is uniformly followed by all college departments.
- B. Develop written policies and procedures for establishing, approving, and monitoring standing purchase orders. This should include a provision that provides for competitive bidding of all college purchases.

**AUDITEE'S RESPONSE**

*A&B. The college agrees that a revision of its written policies and procedures for college purchases is timely, and such a revision was already under way before the arrival of the State Auditor on the OTC campus. With growth in the college budget from less than a million to more than \$40 million for Fiscal Year 2003, revised policies will better reflect the growing complexity of purchasing requirements at OTC. The revised bidding and purchasing requirements will be presented to the OTC Board of Trustees in September of 2002.*

<b>6.</b>	<b>Foundation</b>
-----------	-------------------

A not-for-profit corporation, the Ozarks Technical Community College Foundation (the Foundation), was established in 1995 to provide financial support and assistance for certain charitable, educational, literary, and scientific purposes of the college. The

Foundation is administered by five officers and a committee of fourteen members. The College President and a member of the Board of Trustees serve as ex-officio members.

The Foundation receives donations from individuals and organizations for the benefit of the college. Donations received by the Foundation are classified as either unrestricted, restricted, or endowment funds. Unrestricted funds are expendable for any purpose deemed appropriate by the Foundation. Restricted funds are restricted by the donor, grantor, or other outside party for a particular purpose. Endowment funds are subject to the restrictions of gift instruments with the principal and/or income used as specified by the donor. For the year ended June 30, 2001, revenues and expenses of the Foundation totaled approximately \$232,971 and \$85,521, respectively. Of the expenditures, \$32,390 was distributed in the form of scholarships. A review of the Foundation's operations and activities disclosed the following concerns:

- A. The college subsidizes most of the operating expenses of the Foundation. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.
- In fiscal years 2001 and 2000, the contributed services totaled approximately \$75,600 and \$83,600, respectively, and were paid from the college's General Fund. These amounts primarily involved the payroll and employee fringe benefit costs of college employees who serve as the Foundation's staff; however, they also included auditing, postage, travel, telephone, and other expenses. In addition, the college provides office space for the Foundation staff and Foundation expenditures are processed through the college's business office.
  - The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. In August 1999 and September 2001, the college gave these funds to the Foundation. Because these funds are part of the consideration of the contract with the college's bookstore vendor, they appear to be general operating revenue of the college.

The practice of subsidizing the Foundation with college funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article VI, Section 25 of the Missouri Constitution.

- B. In February 2000, the Foundation entered into a contract with a consultant to provide various services to the Foundation. The Foundation agreed to pay the consultant \$3,000 per month plus expenses. According to the duties outlined in the contract, the consultant was to prepare a master plan for fundraising activities and assist the Foundation in achieving its fundraising goals. The Foundation's goal was to raise \$5 million within five years; however, the contract with the consultant was not contingent upon achieving any related financial goal.

The Foundation paid the consultant \$49,956 between February 2000 and May 2001, at which time the Foundation fell behind in its payments because it did not have sufficient funds to continue paying the consultant. As a result, the contract was cancelled, the Foundation's unrestricted funds were depleted, and the college had to make the final payment of \$6,000 to the consultant in August 2001.

There is no documentation to indicate that Foundation or college officials reviewed the estimated costs and anticipated benefits associated with this contract prior to its inception. In addition, because of turnover in Foundation staff the plan that was developed by the consultant has not been implemented, and the amount of funds that may be received, if any, can not be determined.

Prior to entering into similar type contracts, the Foundation should perform a detailed review of estimated costs to ensure the Foundation expends the charitable contributions it receives in a manner that can be reasonably expected to benefit or be in the best interest of the Foundation, College, and student population.

- C. The Foundation's efforts to distribute and monitor scholarship donations need to be improved.
- Available scholarship funds are not always distributed to students, and several scholarship donations have been inactive for many years. We noted one scholarship donation totaling \$6,217 that has been inactive since 1995. The college agreed to match the interest earned on this donation and informed the donor in 1997 that scholarships would be awarded; however, the college has not matched the interest earned nor has the Foundation awarded any scholarships from this donation.
  - Endowments or other named scholarships have been invested by the Foundation; however, interest and other gains or losses on investments have not been applied to such scholarships. The earnings from all investments are applied to the general scholarship fund and the Foundation has not awarded any scholarships from this fund. The purpose of an endowment is to invest a donor's gift in perpetuity with the income from the principal of the gift being distributed in the form of scholarship awards.
  - The Foundation has not established efficient procedures to communicate the availability of scholarship funds to the Financial Aid Office. The Financial Aid Office is responsible for preparing scholarship application forms and notifying students of the availability of scholarship funds. Further, several Foundation scholarships were not included in the college's Financial Aid and Scholarship Guide. This guide is provided to students to assist in applying for and obtaining available scholarships.

- The Foundation did not maintain adequate records for some scholarships, including information related to the donor's intentions or criteria for awarding the scholarship. Many donors specify eligibility requirements, award amounts of the scholarships, and procedures for application.

At April 30, 2002, scholarship funds totaling over \$19,000 were available but not distributed by the Foundation. This balance included earnings on endowed scholarships and many other one-time donations of scholarship funds. As a result of this situation, the Foundation is depriving eligible students of available scholarship funds, and is not fulfilling the charitable intentions of donors.

Efficient procedures to communicate the availability of scholarship funds to the Financial Aid Office are necessary to ensure available scholarships are being utilized. The practice of including all available scholarships in the college's scholarship guide would help ensure that all students are aware of the Foundation's scholarship opportunities. Further, formal policies related to the solicitation of donations and adequate records of donor gifts are necessary to ensure that funds are being used to fulfill the donor's intentions.

**WE RECOMMEND** the OTC:

- A. Discontinue the practice of subsidizing the operations and activities of the Foundation and consider requesting reimbursement from Foundation funds for past subsidies.
- B. Along with the Foundation, analyze the feasibility of any future consulting contracts prior to their inception to ensure all contracts are in the best interest of the college.
- C. Along with the Foundation:
  - Ensure all available scholarship funds are being awarded to eligible students.
  - Ensure earnings and/or losses on investments are added to applicable endowments or other scholarships.
  - Develop policies and procedures to inform the Financial Aid Office of all available Foundation scholarships.
  - Maintain adequate records of the donor's intentions for related scholarships.



## **AUDITEE'S RESPONSE**

A-C. *The OTC Board of Trustees approved the creation of the OTC Foundation and the appointment of an Executive Director of the Foundation to advance the mission and goals of the college. The trustees remain committed to the Foundation, and have allocated funds each year to support the Foundation, particularly the dollars for the salary of the Executive Director. The Executive Director of the Foundation represents the college in a variety of capacities, and is an important ambassador representing OTC before a variety of internal and external constituencies. The college has benefited from the activities of the Foundation, and has no intention to seek reimbursement from the Foundation of funds allocated to help create and establish the Foundation and the role of Executive Director.*

*The Foundation Board, composed of community volunteers who support the mission of OTC, has and will continue to closely analyze consulting contracts entered into on behalf of the Foundation. Raising funds to support college activities is a challenging, long-term process, especially in the current difficult economic climate. The Foundation Board is confident that the plan developed as a result of the consulting contract reviewed by the State Auditor will result in substantial contributions to OTC and the Foundation over the next several years.*

*One of the primary purposes of the Foundation is to raise funds for scholarships, and the Foundation Board and the college agree that funds available for scholarships should be distributed annually consistent with the intent of the donors. The Foundation and the college also agree that unitary accounting is appropriate to track individual scholarship funds, and that approach has been implemented by the Foundation. The Foundation and the OTC Financial Aid Office continue to make efforts to improve and streamline communication concerning available Foundation scholarships, and that information was included in the college's 2002 Guide to Financial Aid.*

<b>7.</b>	<b>Expenditures</b>
-----------	---------------------

A. The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. During July 2000, the college directed this \$20,000 donation to the Committee for Better Jobs, Better Lives which was a committee formed to advocate a five-cent property tax ballot issue for the college on the April 2001 ballot. Section 115.646, RSMo 2000, prohibits the use of public funds to advocate, support, or oppose any ballot measure. The only safe harbor that Section 115.646, RSMo 2000, provides is the authority for public officials to make public appearances and issue press releases to the media. It is questionable whether the disbursement of \$20,000 to the committee was allowable under state law.

The college contends that this contribution was not in violation of state law since the funds were stipulated as a "general donation" in a contract with the college's bookstore vendor. Because these funds are part of the consideration of the contract, they appear to be general operating revenue of the college and therefore must be disbursed in accordance with state law.

B. Our audit noted numerous expenditures which did not appear to be a prudent or necessary use of college, or public funds. These expenditures included:

- \$5,150 for two decorative eagles,
- \$5,000 for cakes, cards, flowers, food, and other gifts for employee birthdays, illnesses, weddings, retirement receptions, as well as employee meetings and Board of Trustee gatherings,
- \$2,000 on food and beverages for a staff Christmas reception and decorating party,
- \$775 on candy for the faculty break room at the Technical Education Center,
- \$1,000 for a membership to the Wonders of Wildlife Museum,
- Other questionable items included baseball tickets given to college employees (\$260), and other purchases such as the rental of a Santa Claus suit.

These expenditures do not appear to be a prudent use of college resources. The college should ensure college funds are spent only on items which are necessary to meet the critical educational needs of the college.

C. According to college records, approximately \$53,600 was paid for employee registration, lodging, meals, and mileage expenses for employees to attend the Missouri Community College Association Annual Convention held in St. Louis, Missouri during October 2001. We noted the college sent 178 employees to this conference while other community colleges across the state sent an average of approximately 20 employees.

While a certain level of professional development is necessary, the college should assess the importance of its annual attendance at the convention as compared to other critical needs of the college. The college should also consider developing a comprehensive policy regarding professional development.

D. Annually, the college gives \$300 to \$500 to each employee selected as a recipient of its Excellence in Education Award. A total of \$3,800 was awarded to employees during the two years ending June 30, 2001. The Excellence in

Education Award is presented to instructional, administrative, clerical, and custodial staff members. In addition, the college often presents gift certificates to employees as an incentive to present informational workshops during the college's in-house training. We noted one instance where gift certificates totaling \$600 were awarded to various staff members.

These payments appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." Article III, Section 39 of the Missouri Constitution also prohibits the use of public funds for gifts to any person.

- E. The college cafeteria allows some employees to charge meals and other food items directly to the college. These charges to the college are applied against the employees' departmental budget. Employees allowed to charge consist primarily of the college deans and vice presidents; however, some employees supervised by these individuals are also allowed to charge. Our review of cafeteria charges noted the following concerns:

- The college does not have written policies or procedures regarding which employees are allowed to make cafeteria charges, or the types of charges that are allowed.
- Cafeteria charge slips are not always signed by the employee making the charge. In addition, charge slips do not document the purpose of the meal charge.

Complete and detailed written policies are necessary to provide guidance, avoid misunderstandings, and to prevent unauthorized charges. To ensure the validity and propriety of cafeteria charges, and to ensure that all charges are properly authorized, all charge slips should include a stated purpose as well as the signature of the employee making the charge and the employee authorizing the charge.

- F. The college has no written policies for returning merchandise and obtaining credits or refunds. Some merchandise is returned through the college's central receiving department, while some merchandise is returned directly by the individual department who received the merchandise.

The business office relies on the individual departments to track their own returns and notify the business office if a credit memo or refund has not been received. However, many of the departments are not properly following up to ensure credits or refunds are received by the college. During our review of expenditures, we

noted returned merchandise from July 2000 totaling \$385 for which the college had not received a credit. College personnel contacted the vendor and obtained a refund after we brought this matter to their attention.

To safeguard against the possible loss or misuse of funds, merchandise returned to vendors should be handled through one central location. To ensure that the college has received full credit for returned merchandise and to ensure the credit is properly recorded, someone independent of the accounts payable process should record the credit. In addition, to ensure that procedures for returning merchandise and handling credit memos are followed, the college should establish a formal written policy.

- G. The college pays for approximately fourteen cellular phone plans for various college departments and employees. The college utilizes two separate cellular phone providers, and each phone has a separate usage package with differing monthly fees and number of free minutes allowed. During our review of cellular phone use, we noted the following concerns:

- The college has not developed a formal written policy regarding cellular phone usage, or guidelines to determine whether a cellular phone is needed or of benefit to the college. Currently, college departments are allowed to contact cellular phone companies to set up their own accounts and obtain cell phones without any review or approval from other college fiscal or management personnel.

Further, we noted the college purchased three cell phones for one department, but then determined that the departmental budget was not sufficient to pay the related monthly charges. The cellular phones were then given to the respective employees to maintain personally.

- Some college departments allow personal use of cellular phones. During June 2000, approximately 17 calls, representing over 76 percent of the total airtime minutes used by the Vice President of Administration and Business were for personal use. The Vice President generally reimburses the college \$25 per month for personal calls; however, this only represents approximately 20 percent of the monthly charges. In addition, there is no documentation to support how the \$25 was determined to cover the personal calls. Further, the college does not provide a cellular phone to other college vice presidents.

Since the personal usage of cellular phones does not provide any clear benefit to the college, consideration should be given to prohibiting such use except in cases of emergency.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy should be developed regarding cellular phones.

This policy should establish a monitoring system for the assignment, usage, and acquisition of cellular phones to ensure they are acquired only by authorized personnel and used for business purposes. In this policy, the college should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

**WE RECOMMEND** the OTC:

- A. Ensure public funds are not expended to advocate, support, or oppose any ballot measure.
- B. Ensure all expenditures are a necessary and prudent use of college funds.
- C. Assess the cost of attending the annual convention as compared to other critical education needs.
- D. Discontinue awarding gifts or bonuses to employees.
- E. Establish comprehensive written policies and procedures for cafeteria charges, and ensure that charge slips include a stated purpose and are properly signed.
- F. Establish written policies for returning merchandise and obtaining credits or refunds and establish controls to ensure these policies are enforced. The college should consider requiring all returns and refunds to be handled through a central location.
- G. Develop a formal written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons. In addition, the college should establish a monitoring system for the assignment, usage, and acquisition of cellular phones.

**AUDITEE'S RESPONSE**

A-G. *The college agrees that public funds should not be expended to advocate, support or oppose any ballot measure. OTC has a responsibility to provide information to patrons about any ballot issues involving the college, but advocacy is left to independent campaign committees established by friends and supporters of the college. In each instance when OTC has placed a tax levy or bond issue on the local ballot, an independent campaign committee composed of volunteers has headed up the advocacy portion of the campaign.*

*The college agrees it should continue to ensure that all expenditures are a necessary and prudent use of college funds.*

*Each year that OTC personnel have attended the annual convention of the Missouri Community College Association, the college has assessed the costs associated with staff attending the convention and has concluded that attendance at the MCCA Convention is*

*a very cost-effective opportunity for staff development. The same analysis will take place this and every fiscal year.*

*The college disagrees that gifts or bonuses have been awarded to employees. Instead, the annual Excellence in Education Awards are honors presented to outstanding employees each year from the OTC faculty and staff. The college intends to continue the practice of honoring outstanding employees on an annual basis.*

*The college has established a new policy for Food Services that addresses meal charges and other relevant issues as a new, expanded cafeteria will open in the Information Commons West building in September of 2002.*

*The college is refining its policies for returning merchandise and obtaining credits or refunds and agrees that all returns are best handled through a central location, the Receiving, Mailing and Purchasing Building on Central Street.*

*Finally, the college agrees that a formal written policy regarding the use of cell phones should be established, including prohibition of college cell phones for personal use and criteria and monitoring for the assignment and usage of cellular phones.*

## **8.**

### **Bookstore Contract**

The college contracts with an outside vendor to operate a bookstore on campus. In 2001, the college solicited bids for this service and negotiated a three-year contract with the vendor who has provided this service since the college's inception.

The contract provides commissions to the college based on bookstore sales less certain exemptions. Amounts that are exempted include discounted sales to college faculty and staff, computer hardware sales, and other sales that are made at a discount. The contract allows the Vice President of Administration and Business to approve exempt sales. The contract also allows the college to monitor bookstore prices and the related buybacks of student textbooks. Further, the contract states that bookstore records will be available for "review, audit and verification" by college personnel. Our review of this contract revealed the following weaknesses:

- The college has not established procedures to verify the accuracy of reported sales and the related commission calculations. During the year ended June 30, 2001, the bookstore reported sales of more than \$1.7 million, of which the college received commissions of approximately \$133,000. No effort was made by the college to verify commissions to ensure the appropriate amount was received.
- The Vice President of Administration and Business does not review, monitor, or approve exempt sales as allowed by the contract. During the year ended June 30, 2001, the bookstore exempted sales totaling \$96,182 from the commission calculation.

- The college has not developed procedures to monitor discounts that are received on departmental purchases from the bookstore. The contract specifies varying discount rates for all college purchases except textbooks. While the contract does not address discounts on textbooks, discounts are often received. However, we noted one instance where a discount was not received on a textbook purchase and after we brought the matter to the attention of the book store, the college received a refund of \$69.
- The college does not monitor bookstore prices or the related buybacks of student textbooks. The contract establishes maximum prices that can be charged by the bookstore to ensure students are charged fair and competitive prices.

Without adequate monitoring procedures, the college has no assurance the bookstore vendor is complying with the terms of the contract. Thorough reviews are necessary to ensure the propriety of commissions received by the college and compliance with contractual terms.

**WE RECOMMEND** the OTC establish procedures to monitor the terms of contract with the bookstore vendor and clarify the contract related to the discount rate given for college purchases of textbooks.

### **AUDITEE'S RESPONSE**

*The OTC Board of Trustees adopted a policy in July of 2002 requiring an annual report concerning the terms and conditions of the contract for the bookstore.*

<b>9.</b>	<b>President's Compensation</b>
-----------	---------------------------------

- A. The college has entered into a multi-year employment contract with the college President. The President's contract is for three years, and is handled as a continuous contract. Specifically, the college renegotiates the salary and benefits each year and adds a year to the end of the contract period. As a result, the contracts never expire, and the Board loses much of the authority and influence it might otherwise exercise over its top administrator.

No statutes expressly prohibit multi-year contracts; however, problems can arise from such arrangements. For example, should the Board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board needs to reevaluate its practices regarding multi-year contracts.

- B. As part of the President's compensation package, the college pays an automobile allowance of \$450 per month (\$5,400 annually) and reimburses the President 34.5 cents per mile for mileage incurred on college related trips. During the year ended June 30, 2001, the college paid more than \$11,350 to the President for

mileage and automobile allowance. In July 2002, the automobile allowance will increase by 89 percent, to \$850 per month (\$10,200 annually).

In addition, the mileage reimbursement requests submitted by the President do not always include detailed information about the purpose of the trip and the destination. For example, reimbursement requests often simply stated "Springfield" with mileage amounts ranging from 11 to 103 being claimed.

The college should re-evaluate the need for providing a monthly automobile allowance in addition to reimbursing mileage expenses. Also, to ensure mileage reimbursement requests are reasonable and represent valid, business-related expenditures, the college should require the requests to be adequately detailed, including the purpose and destination of each trip.

C. During our review of the President's expense reimbursement requests we noted the following:

- The President's contract indicates the college will reimburse travel expenses for his wife to accompany him on no more than two activities per year. During the year ended June 30, 2001, the college paid travel expenses of the President's wife for eight activities. After our review, the President reviewed reimbursements he received for the last four years and reimbursed the college \$1,656 for the additional activities attended by his wife.
- The President's reimbursement requests are not approved or authorized by someone independent. In addition, reimbursement requests are often prepared by the President's secretary and stamped with the President's signature stamp.
- Adequate supporting documentation was not always included with expense requests submitted by the President. For example, we noted numerous single meal requests ranging from \$75 to \$385 without adequate documentation or explanation to justify the large meal expense.
- Numerous meal expenses within the city of Springfield were requested and reimbursed. The purpose and need to incur business-related meal expenses within the city limits were never documented. In addition, the college's policy regarding employee expense reimbursements does not address expenses incurred locally.

Internal controls should be established to ensure expenses requested by an individual are approved or authorized by someone independent of the requestor. In addition, without adequate supporting documentation, the college cannot determine the validity and propriety of the expenditures. Further, the college should review the need for reimbursing meal expenses incurred within the



Springfield city limits. If the college determines that reimbursing local meal expenses is a necessary, business-related cost of the college, guidelines should be established defining those expenses eligible for reimbursement.

- D. The college provides a membership to a private dining club for the President. The college pays the \$35 monthly membership fees, which are not included as a taxable fringe benefit on his W-2 form. The college should ensure all fringe benefits are properly reported for tax purposes on the employees' W-2 forms.

College officials indicate that this membership is in the President's name only and that others at the college may use the membership. We contacted the club and were told this membership was for the named individual and not the institution as a whole. Club personnel said they don't sell memberships for \$35 per month and allow all employees of the college to use the membership. We saw no documentation from the college that informed other college personnel that this membership was available for their business or personal use.

**WE RECOMMEND** the OTC:

- A. Utilize employment contracts that last for a specific term and refrain from renegotiating compensation during the term of a contract.
- B. Re-evaluate the practice of paying both a monthly automobile allowance and mileage reimbursements to the President. In addition, mileage reimbursement requests submitted by the President should include detailed information concerning the purpose and destination of each trip.
- C. Establish procedures to ensure someone independent of the requestor approves and authorizes reimbursements. All reimbursement requests should be supported by adequate documentation, and are in accordance with the president's contract and/or college policy. In addition, the college should determine if reimbursing local meal costs is necessary.
- D. Properly report all taxable fringe benefits and amend the President's W-2 form to include the membership fees associated with the private dining club.

**AUDITEE'S RESPONSE**

- A-C. *The OTC Board of Trustees appreciate the State Auditor's suggestion about negotiating contracts with the Chief Executive Officer only for a specific term and refraining from renegotiating during that term, but respectfully decline to adopt this suggestion. The Board believes that the current president of the college is a nationally respected community college leader who has been extremely successful, and that it has been in the best interest of the college to extend his contract as appropriate to allow for continuity of leadership.*

*The President has adopted the recommendation to include more detailed information concerning the purpose and destination of each trip when seeking a mileage or other reimbursement.*

*As a matter of practice and policy, the President will present all travel reimbursement requests to the president of the Board of Trustees for approval before payment.*

- D. *OTC agrees that all taxable fringe benefits should be included as reportable taxable income of the college President, but disagrees that the membership donated to OTC for use of the Tower Club is a taxable fringe benefit. This membership is available for the use of college staff, not just the President. The President is listed on the bill only as a representative of the institution.*

<b>10. Travel and Personnel</b>
---------------------------------

- A. The college has adopted written staff development and reimbursement policies; however, the policies are not being strictly enforced by the college. The staff development policy allows faculty and staff to attend conferences, workshops, meetings, and seminars appropriate to the individual's needs, and allows the employee to be reimbursed for the costs of attending such training.

College policy requires employees to complete a Professional Activity/Travel Request Form in advance of any travel activity to document the approval of the travel activity and provide an estimate of the costs; however, many employees do not complete this request form. As a result, the college does not have documentation of approval for employees to attend various conferences and workshops. In addition, employees are required to complete a Professional Activities Form after attending a professional development program to document the benefits the employee received from attending the staff development activity; however, none of the college departments require employees to complete this form.

Without enforcing employee reimbursement and staff development policies, the intended controls over travel are nonexistent.

- B. The employee reimbursement policy states that "the college shall reimburse the employee for the mode of transportation which is the most economical, considering the time and convenience of the transportation." However, the policy does not require a comparison to determine the most economical mode of transportation.

We noted several instances in which an employee was reimbursed a considerable amount of mileage for using their personal vehicle to drive to training activities out of state. For example, we noted mileage reimbursements totaling

approximately \$884 for a trip to Jackson Hole, Wyoming, \$570 for a trip to Denver, Colorado, and \$475 for a trip to New Orleans, Louisiana. It appears that the cost of air travel may have been more economical in each of these instances; however, a formal comparison of costs was not documented.

Without a comparison of the expected costs of each mode of transportation for long trips, the college has no assurance the most economical mode of transportation is being utilized.

- C. College vice presidents request, approve, and authorize their own personal expense reimbursement requests. In addition, some reimbursement requests did not include a stated purpose and appeared questionable. For example, the Vice President of Administration and Business was reimbursed \$93 for rental car expenses used only on personal vacation days after a conference. During the year ended June 30, 2001, approximately \$13,000 was reimbursed to college vice presidents.

Although the vice presidents are at a level high enough to authorize purchases, to ensure the validity and propriety of expenditures, internal controls should be established to ensure purchases and reimbursements are approved or authorized by someone independent of the requestor. In addition, without adequate supporting documentation related to the purpose of the expense, the college cannot determine the validity and propriety of the expenditures.

- D. The Vice President of Administration and Business and the Assistant to the President were reimbursed approximately \$2,225 between July 2000 and March 2002 for fees, dues, and mileage to attend meetings for a local civic organization. Neither their job descriptions nor their employment contracts require participation in civic organizations, and the college does not have a policy to address whether employee participation in local civic organizations is a reimbursable business expense.

The college should determine if civic memberships are business-related and directly benefit the college. If it is determined that such expenses provide a benefit to the college, expense reimbursement guidelines should be clarified to address civic organizations.

- E. The college contracts with an outside payroll service company to process payroll checks and submit payroll taxes to the appropriate taxing authorities. The college received a notice from the Missouri Department of Revenue (DOR) that taxes for February 2001 totaling \$5,202 had not been properly remitted. Although the payroll company had withdrawn the funds from the college's bank account, the payment was not remitted to the DOR. As a result, the college was assessed penalties and interest of \$1,290. The college paid the taxes, penalties, and interest and discontinued its contract with the payroll company.

The college subsequently withheld \$5,105 from payments for payroll services, but did not follow up or seek reimbursement for the remaining \$1,387. After we brought this to the attention of college personnel, the payroll company was contacted and the college received an abatement of penalties from the DOR and a refund from the payroll company.

College personnel made no attempt to follow up on this situation until we brought it to their attention. The failure to follow up on such situations could result in potential lost revenues to the college. In addition, contracts need to be effectively monitored to prevent problems of this nature.

- F. The college has a policy prohibiting employees from supervising members of their immediate family and defines those who are considered immediate family. This policy does not include provisions for exceptions to the policy. However, a college food service employee is supervised by her husband, the manager of the college cafeteria. In January 1998, the husband interviewed and recommended the hiring of his wife.

Procedures should be established to identify instances where related employees are working in conflicting employment capacities. Further, the college should review the current working arrangements and take appropriate action to ensure that employees are not supervised by closely related family members.

- G. The college's outside employment policy allows employees to engage in other employment or consulting, provided that such work does not interfere with the employee's work at the college. Employees who engage in outside employment or consulting are required to notify their supervisor; however, the information is not added to the employee's personnel file.

Complete personnel information related to individual employees should be maintained in the college's Human Resource Department.

- H. The college personnel policy allows tuition to be waived for all full-time employees and their dependents. In April 2001, the college revised the policy to allow the tuition waiver for part-time employees. However, we noted some individuals received a tuition waiver who did not comply with the college's policy. For example, tuition was waived in the Fall of 1999 for an employee of the privately owned bookstore on campus. Also, tuition was waived for a part-time employee prior to April 2001 when the policy was revised.

Further, the personnel policy does not address tuition waivers if the employee terminates employment prior to the end of the college term. We noted several employees who terminated employment during the academic term in which they received a tuition waiver, and these individuals were not required to repay any portion of the fees waived.

The college needs to ensure the eligibility of individuals receiving tuition waivers and clarify the tuition fee waiver policy regarding terminated employees.

- I. The college requires the use of annual leave and sick leave to be approved by the employee's immediate supervisor; however, the Director of Human Resources, who is responsible for ensuring employees comply the college's personnel policies, does not always have his leave requests approved by his immediate supervisor (the Vice President of Institutional Development).

Proper control over payroll requires documentation, such as leave slips, signed by the employees and approved by their supervisors, to provide evidence of time worked and/or leave taken each month.

**WE RECOMMEND** the OTC:

- A. Enforce policies regarding staff development and reimbursement, or consider revising the policies.
- B. Consider revising the reimbursement policy to require a comparison of the transportation costs for out of state trips.
- C. Ensure that someone independent of the requestor reviews and authorizes all reimbursements and purchases, and that all reimbursements include a stated purpose and adequate supporting documentation.
- D. Determine if participation in civic organizations provides a direct benefit to the college, and develop a policy to address employee participation in civic organizations. Further, if employee participation in such organizations is not business-related and does not benefit the college, such reimbursements should be discontinued.
- E. Effectively monitor all contracts, and follow up on all similar situations in the future to prevent lost revenue to the college.
- F. Strictly enforce the college's policy concerning employment of relatives. Furthermore, the college should review all employment that is not in accordance with college policy, including the exception noted above, and take appropriate action.
- G. Ensure the Human Resource Department maintains information related to outside employment of employees.
- H. Clarify the tuition fee waiver policy and verify the eligibility of all individuals receiving a waiver of tuition.

- I. Require all employees to follow the college's procedures related to the approval or request of leave.

### **AUDITEE'S RESPONSE**

A-I. *The college will continue to enforce policies regarding staff development and reimbursement, and will revise policies as changing situations dictate. In addition, the college will ensure that someone reviews the travel reimbursement of all employees—including the college president— other than the requester before payment.*

*Participation in civic organizations provides a direct benefit to the college. Before authorizing participation in and reimbursement for civic activities, college personnel must receive approval from the college president. The college agrees that reduction of this policy to a written procedure would be beneficial.*

*The college will continue to monitor all contracts, and make every effort to ensure complete performance by all vendors.*

*With respect to the college's anti-nepotism policy, OTC disagrees that the husband and wife mentioned in the Report have been hired or have worked in violation of the policy. The college agrees that the anti-nepotism policy has merit and will continue to enforce that policy.*

*Human Resources will maintain a data base of relevant outside employment of OTC employees, and has already acted to clarify the confusion that occurred in a couple of instances during the inaugural year of OTC's tuition reimbursement program. The college agrees that all employees should follow the college's procedures related to the request and approval of leave.*

<b>11. Accounting Policies and Procedures</b>
-----------------------------------------------

A. The college has established an internal auditor position. Our review of this position identified the following concerns:

1. The internal auditor did not perform any internal audits of the activities or operations of the college during 2000 and 2001. Instead that individual has assisted the Dean of Finance and Director of Accounting with maintaining the college's accounting and reporting system.

Internal audits can be a valuable management tool by identifying ineffective or inefficient operations and ensuring that established policies and procedures are being followed. The college may want to consider expanding the size of the audit staff if other responsibilities are preventing the internal auditor from performing her primary function.

2. Under the current organization structure, the internal auditor does not report to top management such as the Board of Trustees or the President, but instead reports to the Director of Accounting. The Institute of Internal Auditors' standards provide that internal audit activity is to be independent and should "report to a level within the organization that allows the internal audit activity to fulfill its responsibilities". Direct communication with the Board of Trustees and/or President would help ensure independence and provide a means whereby the Board of Trustees and President can be kept abreast of current operations and activities.
- B. The college's computer system contains several software modules including a financial accounting system, a human resources system, and a student information system. The security software package controls who can access the computer system. During our review of computer security, we noted the college has not revoked access to the system on a timely basis when an employee terminates employment. At our request, college personnel provided a list of employees who could access the computer system. Eight former employees were included on the list. When an employee terminates employment, that individual's access to the college's computer system should be revoked promptly.
- C. The college uses an automated invoice processing system to process bills paid by the college. To receive payment, vendors must be entered in the system with a vendor number. Our review of the vendor list disclosed at least 200 duplicate vendor names, each with a separate vendor number. Many times the duplicate entry was due to a slight difference in spelling or a change of address. The current software package will not permit the removal of vendors, except by purging them from the file. According to personnel, the college has never purged the vendor file.
- Deleting duplicate vendor names and inactive vendors would give the college better control over vendor information and would result in a more efficient operation.
- D. The college has no written procedures for writing and processing manual checks. Currently, manual checks are issued when payroll adjustments are necessary or in situations when the business office determines monies are needed immediately. Two signatures are required on all checks, and college personnel indicated one signature is required to be an original for manually prepared checks, with the other allowed to be applied by a signature stamp. However, we noted numerous instances where both signatures were applied using a signature stamp. In addition, we reviewed sixteen manual checks and noted that supporting documentation for five manual checks did not contain authorization from the applicable vice president. Other expenditures processed through the college's normal accounts payable system are approved by an applicable vice president.

Lack of controls over manual checks could allow unauthorized use and errors or irregularities to occur or go undetected.

- E. The college has a policy that allows faculty and staff to cash personal checks from daily cash receipts. Cashing personal checks from daily cash receipts is a poor practice and reduces the accountability for monies received. This practice should be discontinued immediately.
- F. The college has not established adequate procedures to collect unpaid emergency loans made to students. In 1998, the college began providing short-term emergency loans to students. Most loans do not exceed \$250 and must be paid by the end of the semester. The balance of unpaid emergency loans at December 31, 2001, totaled approximately \$16,400, of which approximately \$12,600 was over one year old.

While the college places a hold on the student account after the loan has become delinquent to prevent the student from receiving any further services (such as receiving a transcript or registering for future classes), additional collection procedures should be adopted. Procedures such as sending statements to students, or turning delinquent accounts over to collection agencies are not utilized by the college. Further, the business office does not recognize the emergency loans as receivables on the student's account or college financial statements. As a result, we noted one student who owed \$305, but was refunded over \$1,900 in fees for dropped classes. The \$305 balance has never been paid. If the emergency loan had been entered as a receivable on the student's account, the business office would have been aware of the balance due and could have deducted the amount owed for the loan before calculating the refund.

To prevent possible loss of funds or prevent college funds from being committed for an extended period of time, the college should establish procedures for the collection of emergency loans made to students. This should include entering the loan as a receivable on the student's account.

- G. The college requires students to pay all of their tuition and fees by the final fee payment deadline (which is prior to the start of classes) unless alternate arrangements are made. Alternate arrangements include qualifying for financial aid, third party payment, or enrollment in the deferred payment plan. After being placed on an alternative payment plan, if payments are not made, the student's account is sent to a collection agency and a hold is put on the student's account. At June 30, 2001, there was approximately \$260,000 in student accounts receivable over one year old.

Although the college meets the guidelines to use the state debt offset program, they have not utilized this option to collect delinquent accounts receivable. The state debt offset program allows state agencies to intercept tax refunds owed to individuals to satisfy debts owed by these individuals to the agencies. By not



using this program, the college is not utilizing all available resources to pursue collection of amounts owed to the college. In addition, the college does not have procedures to write-off delinquent accounts that are deemed uncollectible unless the debt is canceled in bankruptcy.

The college should consider using the state debt offset program to optimize collection efforts. All delinquent accounts should be reviewed and those which are deemed to be uncollectible should be written off after review and approval by someone independent of the business office.

**WE RECOMMEND** the OTC:

- A.1. Take steps to ensure internal audits are conducted of college operations and activities.
- 2. Consider having the internal audit department report directly to the Board of Trustees and/or President.
- B. Develop procedures to ensure computer access rights are immediately terminated when an employee leaves employment.
- C. Purge the vendor file of duplicate and inactive vendors on a periodic basis.
- D. Develop a formal written policy regarding the writing and processing of manual checks. These written policies should include provisions to ensure all manual checks are properly authorized.
- E. Discontinue the practice of cashing personal checks from daily cash receipts.
- F. Establish collection procedures for loans made to students, which should include the business office entering the loan as a charge on the students account, and including the loan as a receivable on the college's financial statements.
- G. Pursue collection of applicable receivables using the state debt offset program, and consider writing off accounts which are deemed to be uncollectible.

**AUDITEE'S RESPONSE**

A-G. *Although the college organization chart indicates the position of Internal Auditor, in practice the audit function has been performed primarily by an independent accounting firm on an annual basis. As the college continues to grow, OTC will reassess the need for an independent internal audit function or position that would report directly to the president.*

*The college has implemented a new policy that terminates computer access of an employee immediately when employment ends, and is in the process of purging the vendor files of duplicated entries and will continue to do so on a regular basis.*

*The college is in the process of reducing the existing practice of writing manual checks to a written policy, but has elected to continue cashing personal checks—with appropriate controls—as a service to students, faculty and staff.*

*The college will present a revised policy to its Board of Trustees concerning collection procedures for the Emergency Student Loan program, and is close to completion of the process of applying for inclusion in the State Debt Offset Program.*

**12.**

### **Day Care Center**

Day care for children is available to students, employees, and the public at the OTC Junior Eagle Learning Enhancement Center located on the Springfield campus. The day care center must meet licensing regulations established by the Missouri Department of Health and Senior Services(DOHSS). The Missouri Division of Family Services (DFS) reimburses the day care center for all or part (based on attendance) of day care tuition for children of low income families. The center also operates as a lab school for students participating in the early childhood development program.

Our review of the records and operations of the day care center disclosed the following concerns:

- A. Accounting duties over day care center activities are not adequately segregated. Currently, one individual prepares billings, receives monies, records receipts, transmits monies to the cashier's office, and is responsible for collecting delinquent accounts. In addition, this same individual purchases all food and supplies for the center.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties would help provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the center's records. If proper segregation of duties cannot be achieved, at a minimum, the college's business office should perform a documented review of all records.

- B. Some day care receipts are not recorded and transmitted to the business office. Instead, some cash receipts are used as petty cash for expenditures of the day care center, and no documentation for these expenditures is retained. In addition, child care fees are not transmitted to the business office in a timely manner. Fees are transmitted to the business office approximately weekly.

Recording all monies received and transmitting such receipts to the business office intact is necessary to ensure proper recording and accountability of receipts. Also, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be transmitted intact daily or when accumulated receipts exceed \$100.

If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

- C. A complete listing of child care fees owed to the center is not maintained and monitoring procedures related to collection of these fees are not adequate. The center's payment policy states that "payment is due upon receipt of the bill" and that the balance due may not exceed \$50; however, this policy is not strictly enforced and the center has allowed some accounts to remain delinquent for an extended period of time. We noted an employee who was allowed to pay day care fees monthly instead of the weekly payment requirement established for all other parents.

In addition, the day care center has not established formal procedures for the collection of delinquent accounts receivable. As of April 2, 2002, there was \$3,741 due from customers, of which at least \$2,500 was over nine months old.

The college should maintain a complete list of child care fees due, and ensure timely and appropriate action is taken to address delinquent child care accounts. Proper follow-up on delinquent accounts is necessary to ensure all charges are collected on a timely basis.

- D. Supporting documentation to determine the eligibility status for free or reduced meals is not maintained by the center. The DOHSS's Child Care Food Program reimburses the center for costs related to providing free or reduced meals for children whose families meet certain income guidelines.

Complete and accurate information should be maintained to support the eligibility status for reimbursement from the state's Child Care Food Program.

- E. The college does not perform any criminal background screenings on students participating in the early childhood development program at the day care. While the college indicated they perform background screenings on nursing students providing elder care, the college has not performed similar background checks on students having direct contact with the children in the day care. In the Spring of 2002, the college had over 200 high school and college students participating in the early childhood development program.

Various state agencies maintain listings of individuals who have been found to have abused or neglected children, the elderly, or the mentally challenged. For example, the Family Care Safety Registry screens individuals against criminal

records, the Division of Family Services' Child Abuse and Neglect registry, the Division of Aging's Employee Disqualification Listing, and foster parent denials, revocations, and suspensions. Requiring background checks could help ensure that only appropriate student workers are allowed to provide direct care to the children.

**WE RECOMMEND** the OTC:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of records by a business office employee.
- B. Record and transmit all receipts to the business office intact, daily or when accumulated fees exceed \$100. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- C. Maintain a complete list of fees owed, and implement formal procedures for the collection of delinquent accounts. In addition, the college should ensure timely and appropriate action is taken regarding delinquent accounts.
- D. Ensure the eligibility status is properly documented for participants in the Child Care Food Program.
- E. Develop procedures to perform applicable criminal background screenings on students participating in the early childhood development program.

**AUDITEE'S RESPONSE**

A-E. *The college agrees with each of the recommendations concerning the operation of the Day Care Center, and either has implemented or is in the process of implementing each of the recommendations.*

<b>13. Board Meetings and Minutes</b>
---------------------------------------

- A. The Board conducted business in closed meetings on various occasions. Section 610.021, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, and personnel matters. Minutes are not maintained to document matters discussed during the closed meetings. In the absence of closed meeting minutes, there is no evidence the closed discussions or business is related to the specific reason(s) announced for closing the meeting.

In addition, although minutes for closed meetings are not specifically required by law, minutes constitute the record of the proceedings of the board. Failure to maintain such minutes results in an inadequate record of district transactions, proceedings, and decisions.

- B. The board minutes are prepared and signed by the President's secretary and approved by the board at subsequent meetings; however, the board minutes are not signed by a board member. The board minutes should be signed at the time they are approved by the President's secretary as preparer and a board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

**WE RECOMMEND** the OTC:

- A. Ensure that minutes are maintained for closed meetings.
- B. Ensure board minutes are signed by the President's secretary and a board member upon approval to attest to their completeness and accuracy.

**AUDITEE'S RESPONSE**

*A&B. The Board of Trustees makes no decisions in closed session, has taken all actions publicly and will evaluate the Auditor's recommendation concerning the advantages of maintaining minutes for closed meetings.*

<b>14. Fixed Assets</b>
-------------------------

- A. Fixed asset additions are not always reconciled to capital expenditures. The college failed to record infrastructure improvements during fiscal year 2001 totaling \$249,224. In addition, 57 items totaling over \$55,000 that were included on the fixed asset listing could not be located by the college during physical inventory counts. There was no indication these items had been investigated, or the situations resolved.

Adequate fixed asset records are necessary to provide better controls over property and provide a basis for proper financial reporting. Reconciliations are necessary to ensure all property items are being properly recorded and controlled. Further, to ensure fixed assets are being used, managed, and disposed of properly, any items that cannot be accounted for properly should be fully investigated and the results of the investigation should be documented in the fixed asset records.

- B. Although physical inventory counts are performed, these counts are performed by the same person responsible for maintaining the property records. To ensure adequate control over fixed assets, the physical inventory should be performed by someone other than the individual who maintains the fixed asset records.

**WE RECOMMEND** the OTC:

- A. Include all fixed asset additions on the property records and periodically reconcile additions and deletions to the expenditure records to ensure all items are properly and promptly recorded. In addition, any fixed assets that cannot be accounted for should be investigated, and the results of the investigation fully documented in the fixed asset records.
- B. Ensure the physical inventory of fixed asset items is performed by an individual independent of the record-keeping duties.

**AUDITEE'S RESPONSE**

*A&B. The college agrees with the recommendations concerning fixed assets, and has either implemented or is in the process of implementing each of the recommendations.*

This report is intended for the information of the OTC management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## OZARKS TECHNICAL COMMUNITY COLLEGE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Ozarks Technical Community College traces its origin back to April 1990, when residents of Springfield and thirteen surrounding public school districts approved the creation of the Junior College District of Central Southwest Missouri. The institution initially operated by the new district was referred to as the Heart of the Ozarks Community Technical College. The college name was changed to Heart of the Ozarks Technical Community College in 1992 and then shortened to Ozarks Technical Community College in 1994. The college is generally known by its initials, OTC.

Initially, the college held classes in a five-building complex leased to OTC for 99 years for a nominal fee by the Springfield R-12 School District. To meet additional needs, OTC entered into a series of lease agreements with a Springfield hospital to acquire more space in which to house administrative offices, student services, the allied health division, culinary arts, and continuing education. In 1992, in response to continued growth, OTC began leasing space in a Springfield shopping mall, adding additional mall space in 1994 and office space in an adjoining building in 1995.

By 1996, the college began to implement a master plan for construction of a permanent campus. Through a public building corporation, the college purchased land adjacent to its original buildings (leased from the Springfield R-12 School District). On this site the first building of the permanent campus was built. The Technical Education Center opened in 1997, the Information Commons in 1998, the Information Commons East Wing in 1999, the Industry and Transportation Technology Center in 2000, and renovations of Lincoln Hall were completed in 2001. Construction of the Information Commons West Wing is scheduled to be complete in 2002. Currently only the Chef's apprenticeship and Adult Basic Education programs are housed off-campus in a few remaining leased sites.

In addition to the main campus, OTC offers degree programs at two extension sites. Courses are offered in Lebanon at the Nelson Community Center and in Branson at the Special Services Center, which is owned by Branson Public Schools.

Seventy-eight acres has also been purchased 23 miles south of the main campus, to work toward a second campus that would serve as a complementary campus for several years, eventually growing into a self-sustaining campus. The South Campus is located on Highway 14 approximately 1½ miles west of Highway 65. The first educational facility is planned for completion in 2004.

In addition to its college credit component, OTC provides area citizens with several other educational options:

- High school juniors and seniors can participate in half-day job skills program through OTC's area vocational-technical school;
- Specific training can be custom designed for business and industry at the work site;



- Non-credit hobby and personal enrichment courses are available; and
- Adult Basic Education courses are available to adults looking to attain the General Equivalence Diploma (GED).

Currently the district covers the county of Greene, and parts of the counties of Christian, Dallas, Dade, Lawrence, Polk, Stone, and Webster, and includes the school districts of Springfield, Ash Grove, Clever, Everton, Fordland, Logan-Rogersville, Marshfield, Nixa, Ozark, Pleasant Hope, Republic, Strafford, Walnut Grove, and Willard.

In the fall of 2001 and 2000, OTC's full-time equivalent student enrollment totaled 7,571 and 6,343, respectively.

OTC is governed by an elected six-member Board of Trustees. The trustees serve a six-year term. These individuals serve without compensation; however, they receive reimbursement for any expense incurred in performing their duties.

The Board of Trustees as of June 2001, consisted of the following members:

Name	Position	Term Ends
Cliff Davis	President	April 2006
Dolores Brooks	Vice President	April 2004
Don Wessel	Treasurer	April 2002*
Jackie McKinsey	Member	April 2004
Frank Farmer	Member	April 2002*
Don Clinkenbeard	Member	April 2006

\* Don Wessel and Frank Farmer were re-elected in April 2002.

The Board of Trustees appoints a President to serve as the College's Chief Executive Officer. Five Vice Presidents have been appointed to oversee Academic Affairs, Administration and Business, Institutional Development, Information Technology, and Student Development. The following schedule lists the individuals and their annual compensation as of June 30, 2001:

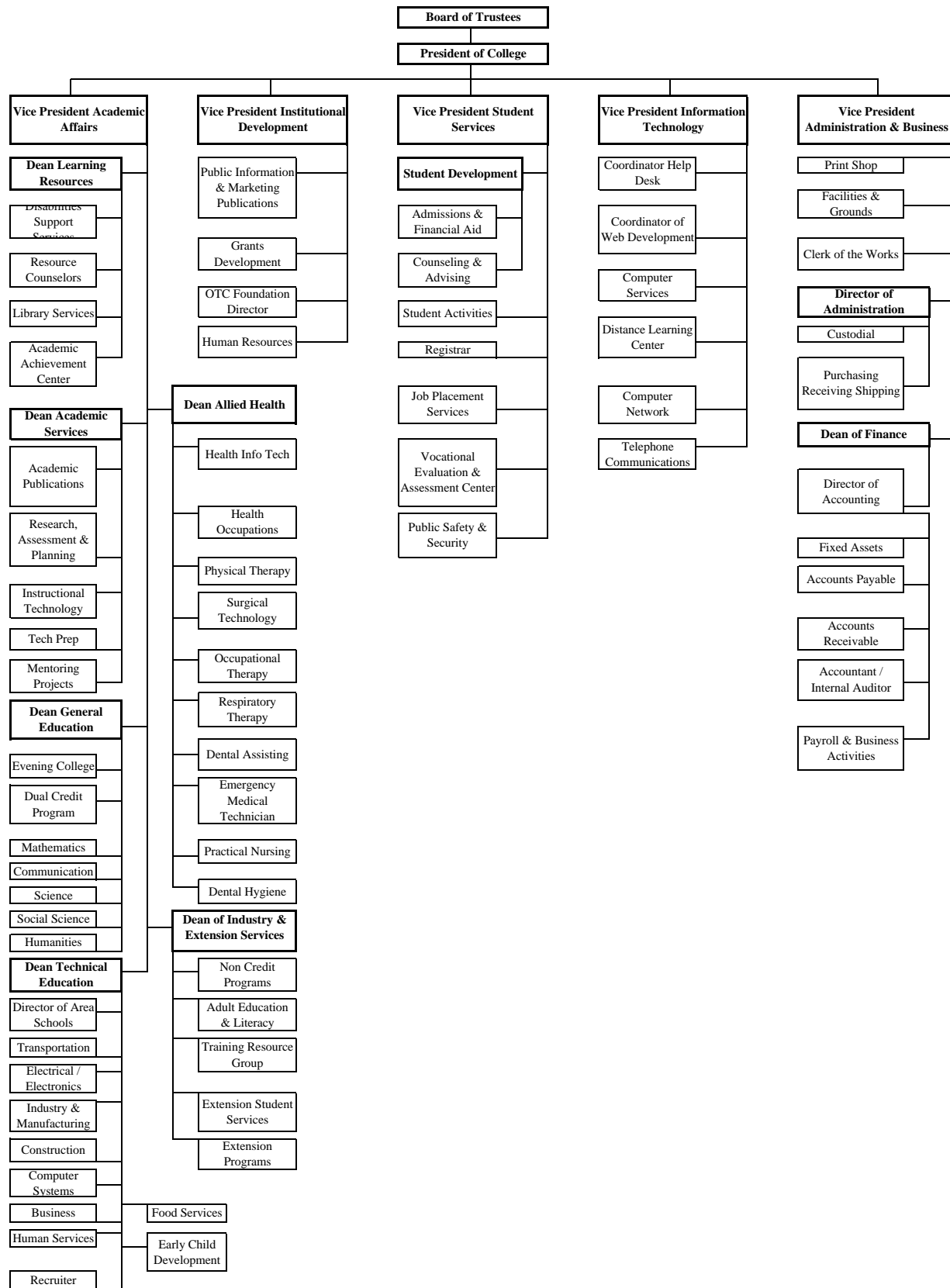
Name	Position	Annual Compensation
Dr. Norman K. Myers	President	\$ 117,815**
Dr. Randy Humphrey	Vice President for Academic Affairs	83,928
Dr. Brian King	Vice President for Administration and Business	72,792
Brian Fogle	Vice President for Institutional Development	60,962
Joel LaReau	Vice President for Information Technology	70,080
Ty Patterson	Vice President for Student Development	83,928

\*\* In addition to the annual base salary, the President's contract provides for the President to be paid for a housing allowance (\$9,000), an automobile allowance (\$5,400), and a supplemental retirement allowance (\$6,000). The college also provides health insurance, traveling expenses

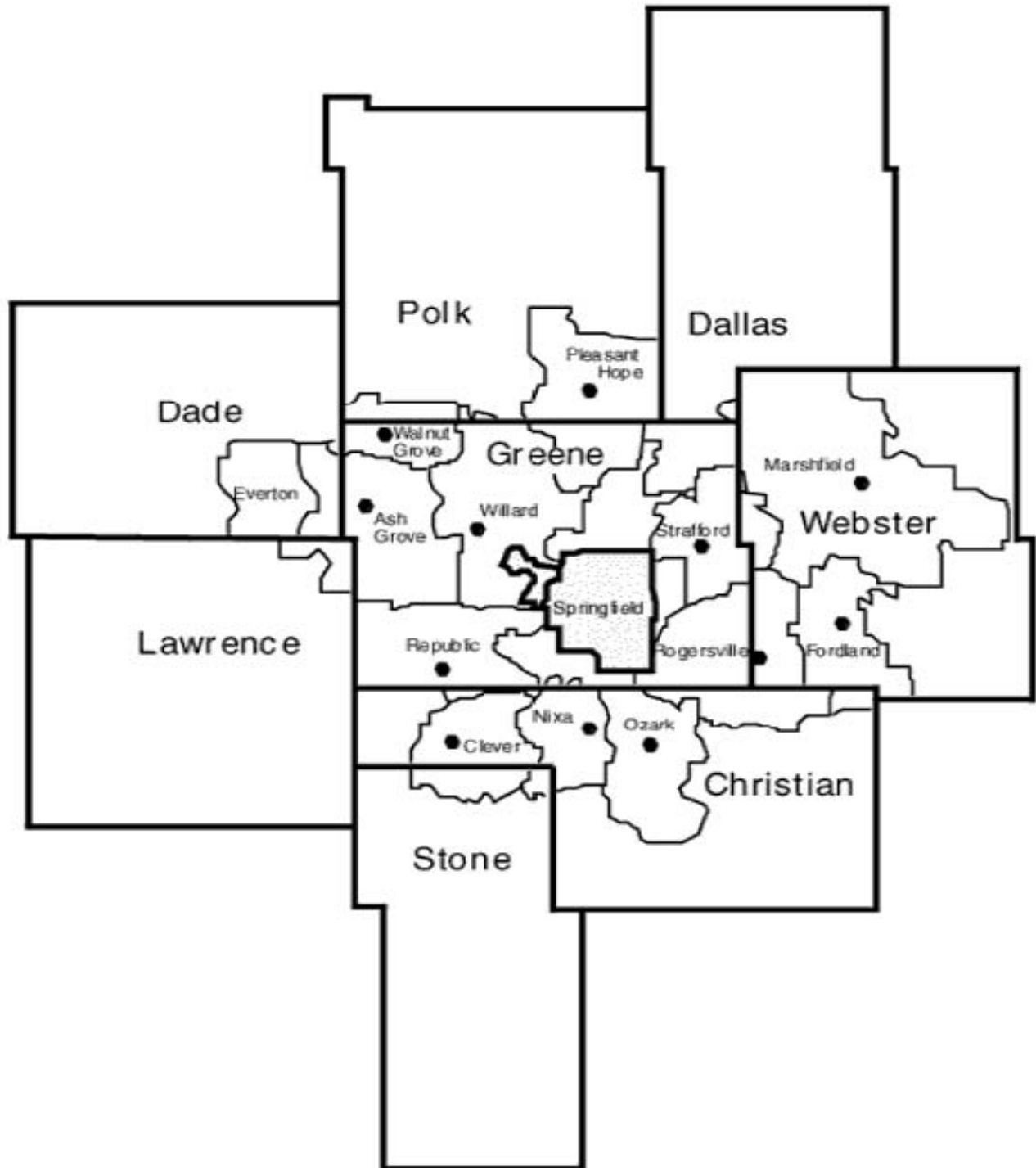
incurred on two college trips for the President's spouse, memberships to civic and professional organizations, and expenses related to an annual physical. In July 2002, the annual amounts paid to the President will increase to \$132,985 base salary, \$13,200 housing allowance, \$10,200 automobile allowance, and \$23,700 supplemental retirement allowance.

An organization chart, district map, and financial information follow.

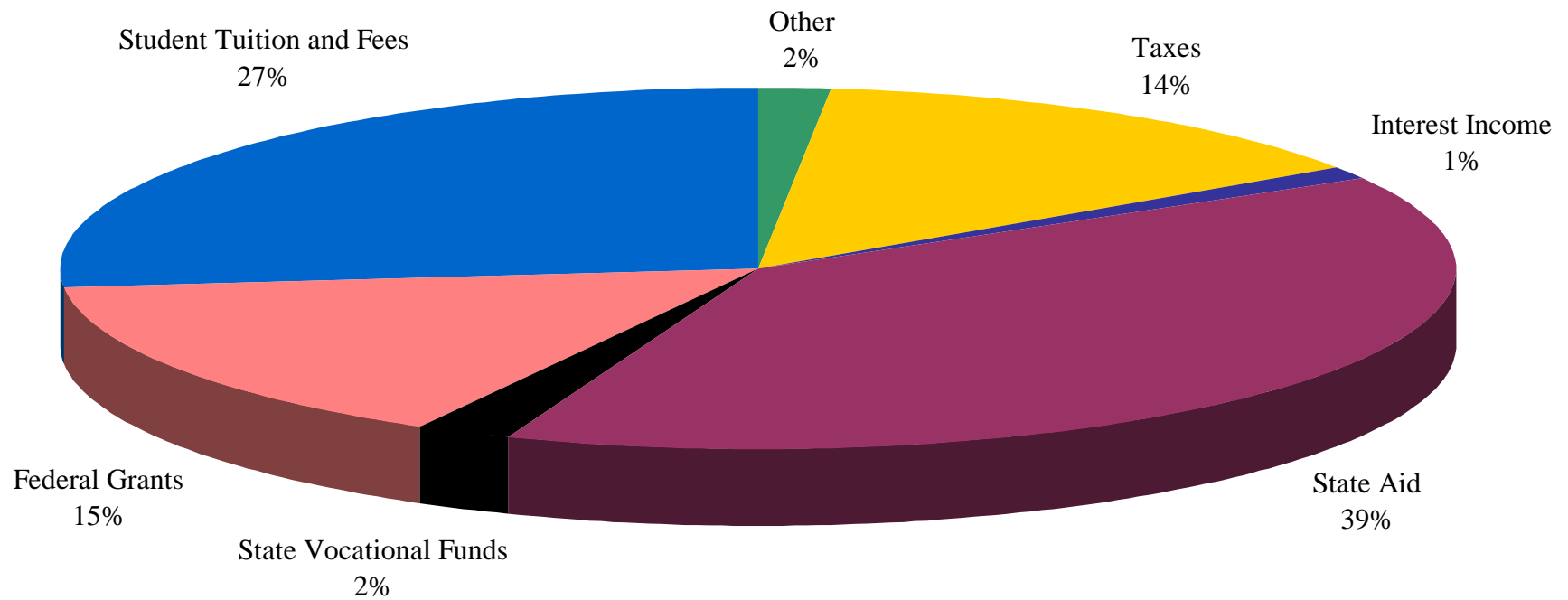
Ozarks Technical Community College  
Organization Chart  
June 30, 2001



OZARKS TECHNICAL COMMUNITY COLLEGE  
DISTRICT MAP

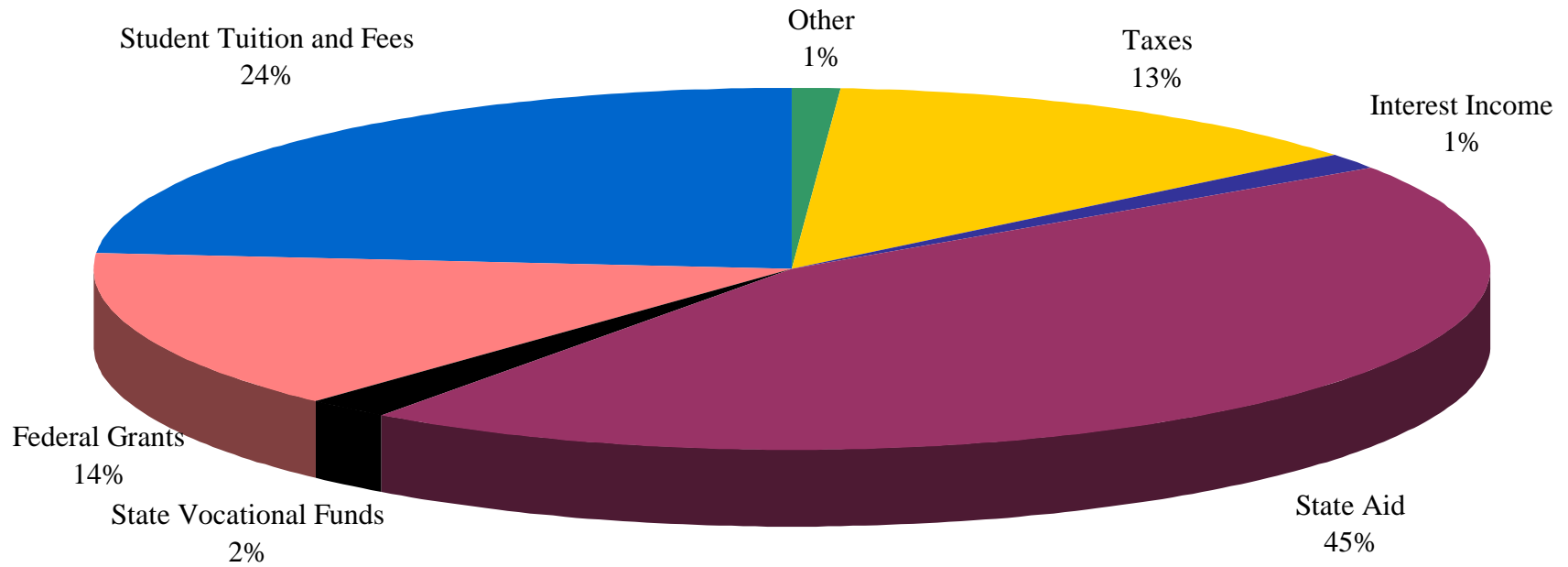


**Ozarks Technical Community College  
Fiscal Year 2001  
Restricted and Unrestricted Fund Revenues**



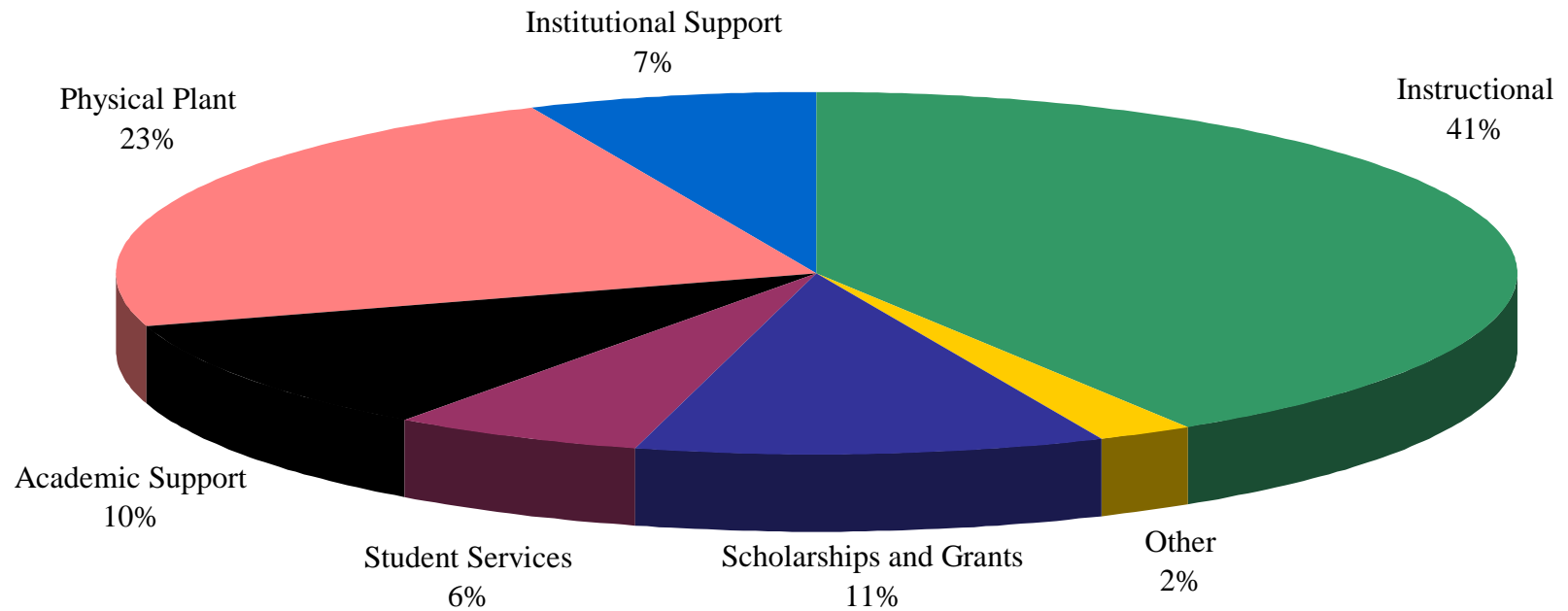
Total Revenues: \$33,492,446

**Ozarks Technical Community College  
Fiscal Year 2000  
Restricted and Unrestricted Fund Revenues**



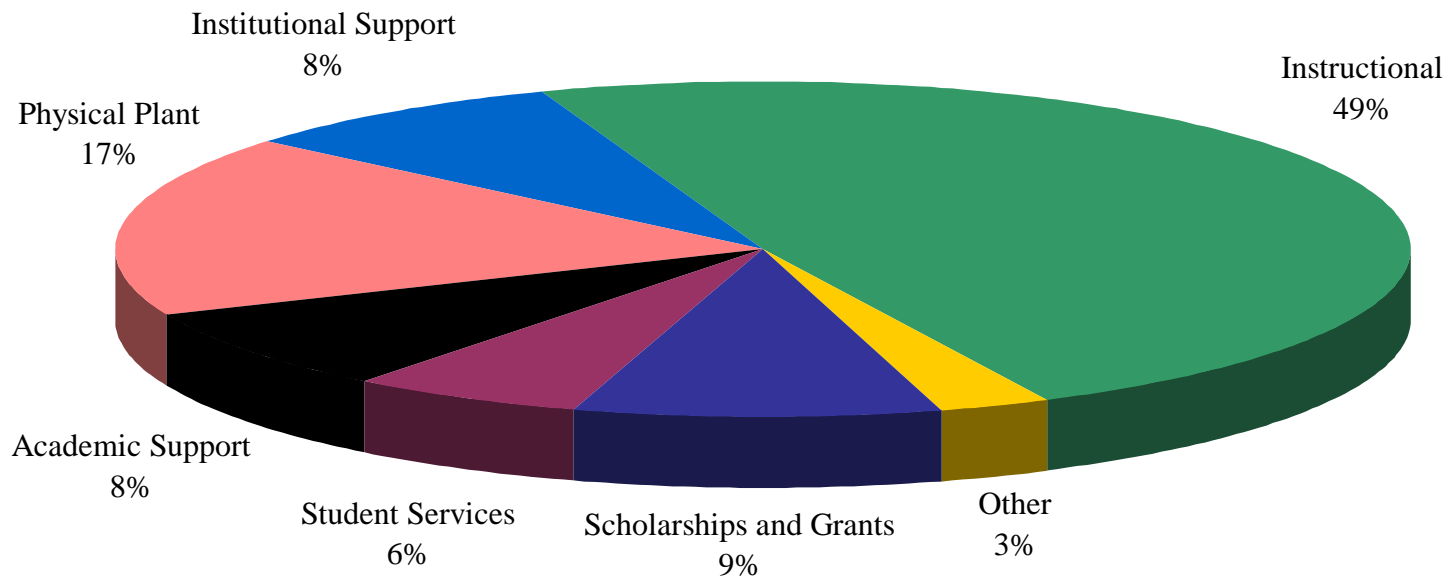
Total Revenues: \$32,997,473

**Ozarks Technical Community College  
Fiscal Year 2001  
Restricted and Unrestricted Fund Expenditures and Transfers**



Total Expenditures and Transfers: \$33,124,525

**Ozarks Technical Community College  
Fiscal Year 2000  
Restricted and Unrestricted Fund Expenditures and Transfers**



Total Expenditures and Transfers: \$30,124,525

\* \* \* \* \*





**DEPARTMENT OF CONSERVATION OVERSIGHT OF LAND ACQUISITION,  
CAPITAL IMPROVEMENTS, AND RELATED PROGRAMS**

**From The Office Of State Auditor  
Claire McCaskill**

*Officials need to improve budget planning, oversight  
over private organizations, and the strategic planning  
process.*

**Report No. 2002-108  
October 3, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

October 2002

**State spent \$2 billion over 24 years on conservation efforts; improvement needed in planning and management of these earmarked funds**

Missouri spends more per capita on conservation efforts than its eight neighboring states and has the nation's third largest conservation budget. In the 24 years the state has collected sales tax earmarked for conservation, department officials have spent more than \$2 billion acquiring land, starting programs and building infrastructure. Overall, the department owns 774,000 acres, with 473,000 acres acquired since the tax passed in 1978. This audit focused on how department officials spent this money and found improvement needed in: budget planning, oversight of private organization partnerships and strategic planning.

**\$10 million in state grants to conservation partnerships not monitored well**

Auditors found inadequate oversight of the \$10 million the department granted to its partnerships with non-profit, local, state and federal entities since fiscal year 1997. Auditors reviewed 29 grant projects and found multiple problems including: no requirement for a budget detailing state fund use, no department access to an organization's financial records and no requirement for an annual accomplishment report. (See page 11) The report details several results of inadequate oversight including the examples below.

**Nature center still nonexistent after grant to organization run by ex-employees**

The department donated \$492,000 and 455 acres to an organization run by former department employees for a forest heritage center. But more than three years later, all that exists is the center's future site and a hiking trail. Most money meant for center development went for salaries or administrative costs. Due to a lack of documentation, it is unclear how the organization used some of this money. Department personnel acknowledge close ties to former employees may have affected decisions about this project. (See page 12)

**\$1.5 million to improve Canadian duck habitats for Missouri-bound fowl**

The department has given Ducks Unlimited \$1.5 million since 1997 to help improve Canadian duck habitats, because numerous ducks migrate from Canada through Missouri. The department has not formally assessed project benefits or if the project warrants continued funding. In addition, the grant agreement does not give the department access to the organization's financial records and the organization's accomplishment report does not detail how the project used Missouri funds. (See page 14)

SHEETS  
MOTLEY  
YELLOW

### **Conservation goals are unspecific**

Department officials have not always specified "how much is enough" to meet conservation goals. For example, the department set its original wetland acquisition goals in 1989 and met most goals by 1997. Since 1989, however, the department has continued acquiring and developing wetlands, spending \$75 million on 43,400 acres. Current wetland acreage exceeds the original 1989 goal by 82 percent. The department also exceeded its 1989 goal of restoring duck population to 1970s levels. Yet the 2003 strategic plan calls for continued wetland acquisition with no updated or specified acreage goals. (See page 17)

### **Future expenditures may be underestimated**

Current department spending patterns show operating costs could rise faster than department projections. Operating costs have steadily increased from 50 percent of total expenditures in fiscal year 1982, up to 83 percent by fiscal year 2002. Department projections show an average annual 3 percent increase through fiscal year 2010. But the 6 percent increase in fiscal year 2002 has already doubled this projection. At the 6 percent rate, operating costs will more than consume total revenues by fiscal year 2010. (See page 6)

### **Inaccurate cost estimates of multi-million dollar projects skews budgeting**

Auditors reviewed seven completed construction projects and found three projects substantially exceeded initial cost estimates. In these cases, Commission members approved projects and the department paid design costs before staff developed reliable project cost estimates. For example, officials initially estimated \$3.6 million for the Kansas City Discovery Center. Private donors and other departments donated money to expand the project, which totaled \$8 million in the end (\$4.7 million from Conservation, \$1.1 million from the Department of Natural Resources and \$2.2 million from private donors). Design and development division personnel said non-specific initial project plans caused initial lower estimates. In addition, department officials did not budget operating costs for new construction projects until fiscal year 2002, partly because the department often had funds to absorb operating cost increases. (See page 8)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**DEPARTMENT OF CONSERVATION OVERSIGHT OF LAND ACQUISITION,  
CAPITAL IMPROVEMENTS, AND RELATED PROGRAMS**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>3</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>6</b>
1. Improvements Are Needed in Budget Planning Process .....	6
Conclusions.....	9
Recommendations.....	9
2. Improved Oversight of Private Organizations Is Needed .....	11
Conclusions.....	15
Recommendations.....	15
3. Efforts to Address Strategic Planning Have Not Ensured Accountability .....	17
Conclusions.....	23
Recommendations.....	24
<b>APPENDIXES</b>	
I. OBJECTIVE, SCOPE AND METHODOLOGY .....	26
II. GRANTEE ORGANIZATIONS.....	28
III. COMMUNITY ASSISTANCE PROJECT GRANTS.....	30
IV. LAND ACQUISITIONS REVIEWED .....	32
V. CONSTRUCTION PROJECTS REVIEWED .....	34
VI. COMMENTS FROM THE DEPARTMENT OF CONSERVATION .....	36



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
John D. Hoskins, Director  
Department of Conservation  
Jefferson City, MO 65109

Department of Conservation (department) officials have spent approximately \$2 billion the past 24 years acquiring land, initiating programs, and building the infrastructure to support conservation efforts in the state. Because of the importance of conservation efforts to the citizens of Missouri, we focused on determining whether officials have provided adequate oversight of land acquisitions and related projects and programs. Our methodology can be found in Appendix I, page 26.

We found department officials need to improve (1) budget planning efforts, (2) oversight over private organizations, and (3) the strategic planning process. Improvements are needed in budget planning because officials' projections of future expenditures may be understated. Operating and maintenance costs may eventually consume the department's budget unless officials establish a plan to achieve projected cost growth and address future infrastructure maintenance needs. In addition, officials need to develop realistic initial cost projections for new projects included in budgets, and ensure that realistic operating expenses are developed for all new projects and programs during the planning and budget approval process.

Officials have not provided oversight needed to assure private not-for-profit organizations have met department requirements and that state funds have been properly used by those organizations. Officials have not always adequately monitored organization activities, reviewed financial records, and formally evaluated whether projects deserve to continue to be funded.

Officials need to improve the strategic planning process by establishing better measures of progress, defining problems, and determining how much is needed to satisfy department goals. Officials could also enhance strategic planning by following state guidance on strategic planning, linking the budget process to strategic planning, and providing key staff with adequate training to ensure successful strategic planning efforts.

We make several recommendations to improve the oversight in these areas.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
In-Charge Auditors:	Robert E. Showers, CPA
	Darrick Fulton

## **INTRODUCTION**

The Department of Conservation's (department) budget has grown to be the nation's third largest conservation budget behind California and Florida,<sup>1</sup> but the highest budget per capita among these and Missouri's eight bordering states. Table 1 compares the expenditures, population, and per capita expenditures of those states and neighboring states.

**Table 1: Comparison Of Per Capita Expenditures For Conservation**

<b>State</b>	<b>Budget (in millions)<sup>1</sup></b>	<b>Population (in millions)</b>	<b>Per Capita Expenditures</b>
Missouri	\$ 153	5.6	\$ 27
Arkansas	57	2.7	21
Iowa	37	2.9	13
Nebraska	22	1.7	13
California	370 <sup>2</sup>	34.5	11
Florida	166	16.4	10
Kansas	26	2.7	10
Kentucky	37	4.1	9
Tennessee	41	5.7	7
Oklahoma	25	3.5	7
Illinois	53	12.5	4

<sup>1</sup>State conservation budgets vary as to conservation activities included.

<sup>2</sup>Excludes \$1 billion for fire protection and recycling programs.

Source: Prepared by SAO based on states' department of conservation data for fiscal year 2001 and U.S. Census Bureau 2001 population estimates.

The department's mission is:

“to protect and manage the fish, forest and wildlife resources of the state; to serve the public and facilitate their participation in resource management activities; and to provide opportunity for all citizens to use, enjoy and learn about fish, forest and wildlife resources.”

Department divisions include fisheries, wildlife, forestry, protection, design and development, private land services, outreach and education, and natural history.

In 1976, Missouri voters approved a constitutional amendment that increased the state sales tax by one-eighth cent and earmarked those funds for the department's exclusive use and primary source of revenue. The amendment did not contain a provision to limit the sales tax increase to a specified period of time. In addition to the tax, the department receives revenue from selling hunting and fishing permits and other miscellaneous sources. The sales tax revenue represents \$1.4 billion of the approximate \$2.2 billion in revenue the department has received since 1978.<sup>2</sup>

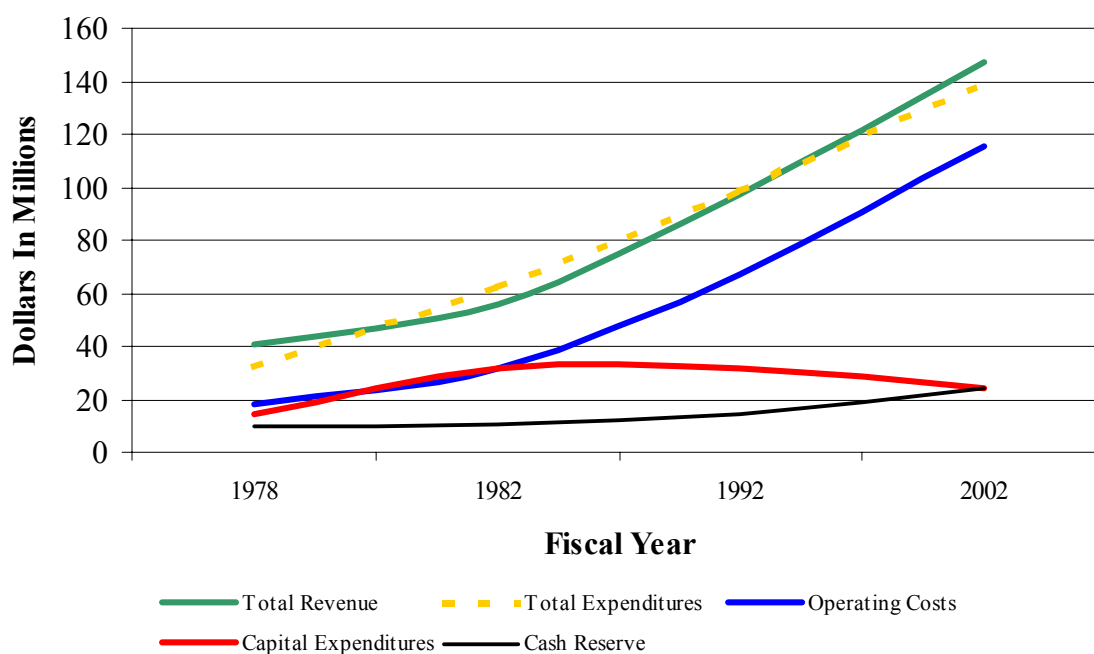
<sup>1</sup> 2001 Survey of State Wildlife Agency Revenue. Wildlife Legislative Fund of America.

<sup>2</sup> The first year the sales tax was available for use. Revenue from sources other than sales tax is made up of \$465 million in permit sales, \$222 million in federal aid, \$101 million in other sales and rentals, \$31 million in interest, and \$26 million in miscellaneous receipts.

Revenue has been used to enhance wildlife, improve fisheries, conserve forests, create public recreation areas, educate the public, enforce conservation laws, support private land owners and manage endangered species. Funds to carry out department goals are also obtained through donations. In fiscal year 2000, officials began encouraging donors to contribute funds or other assets to the Missouri Conservation Heritage Foundation. For calendar years 2000 and 2001, that private not-for-profit organization received \$3.9 million that is to be used for departmental purposes.

Since 1978, the department has spent approximately \$1.6 billion on operating expenditures. About \$1.1 billion (69 percent) of this amount has been for personnel costs \$500 million for other operating expenses. The department has spent an additional \$634 million on capital expenditures including \$265 million to purchase approximately 473,000 acres, increasing department-owned acreage to approximately 774,000 acres; \$235 million for construction projects and maintenance; and \$134 million for equipment. Figure 1 depicts the financial history of the department since the inception of the sales tax including total revenues, total expenditures, operating expenditures, capital expenditures and cash reserves.

**Figure 1: Revenue and Expenditure Trends From 1978 to 2002**



Source: Department fiscal services data.

The department also partners with private not-for-profit organizations to accomplish department goals. Since fiscal year 1997, the department has granted approximately \$7 million to not-for-profit organizations for conservation-related programs and projects; and another \$3 million to local, state, and federal entities.<sup>3</sup> During that timeframe, private organizations have donated \$3.3 million to the department.

<sup>3</sup> See Appendixes II and III, pages 28 and 30, for listings of organizations funded since fiscal year 1997 and purpose for the funding.



In 1977, the department initiated strategic planning when department personnel, with citizen input, developed the “Design for Conservation.” It provided 10 years of strategic direction for the agency and its programs and was followed in 1989 by the first of two five-year strategic plans. The 1990-1994 plan focused on the need to develop a planned management system for prioritizing department goals. With this plan, department personnel emphasized public land usage and stressed developing conservation education programs. Department officials also documented a land purchase strategy in 1991, which laid out the goals to acquire large amounts of land.

In 1995, the governor signed the Commission on Management and Productivity Implementation Order 94-04. This order mandated the adoption of an integrated strategic planning process by all state agencies. The department's second five-year strategic plan (1996-2000) included the department's general direction, goals and objectives. The format of the department's strategic plan changed starting with the fiscal year 2001 plan, which defined strategic issues, desired results and performance measures to help track progress and emphasize accountability as the keys to achieving goals. The department's fiscal year 2003 plan, the next plan developed, is similar in format to the fiscal year 2001 plan. Starting with the fiscal year 2003 plan, the department intends an annual update.

## **RESULTS AND RECOMMENDATIONS**

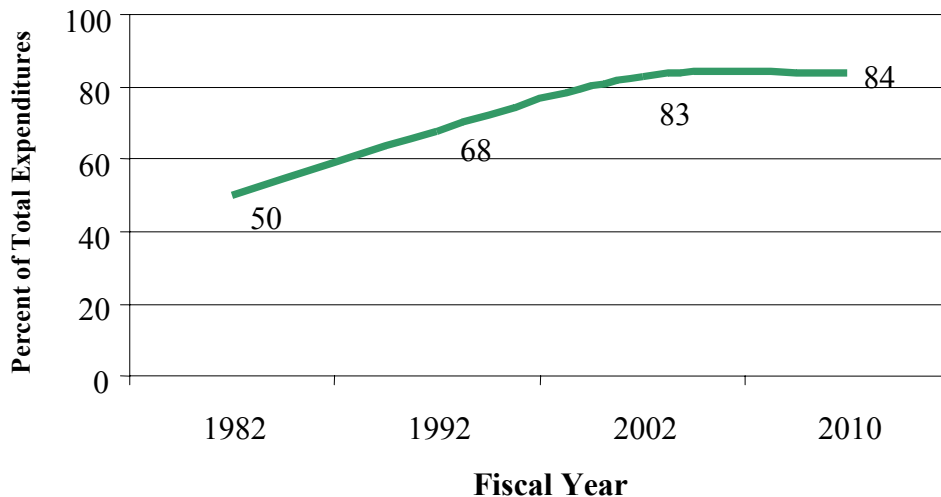
### **1. Improvements Are Needed in Budget Planning Process**

Improvements are needed in the department's budget planning process because department officials' projections of future costs may be understated and officials have not always included accurate project costs or all costs in budget estimates. Department projections of future expenditures may be underestimated because officials have assumed minimal growth in operating costs and have not adequately addressed future maintenance costs that are expected to increase significantly as existing infrastructure ages. Improvements are also needed because officials have not (1) used realistic initial cost estimates for projects or programs, and (2) considered operating costs associated with new projects in past budgets. If officials do not accurately estimate and control increasing operating, maintenance, and other costs, or if revenues are less than projected; department officials may be faced with reducing or eliminating planned capital improvements, programs, or reserve funds.

#### **Department may be underestimating future expenditures**

Officials' projected future operating costs, which consists of personnel and all other support costs, will increase to 84 percent of total expenditures by fiscal year 2010. Operating costs as a percentage of total expenditures have increased substantially from fiscal years 1978 through 2002. For example, operating costs increased steadily from 50 percent of total expenditures in fiscal year 1982 to 83 percent by fiscal year 2002, increasing 6 percent in fiscal year 2002 alone. Figure 1.1 depicts the trend of the increase in operating costs as a percentage of total costs during the last 20 years and the projected increase through 2010.

**Figure 1.1: Operating Costs As Percent of Total Expenditures**



Source: Departmental data and budget projections, as of May 2002.

Department projections have assumed operating costs will increase an average of 3 percent per year through fiscal year 2010. However, our review of historical budget planning data showed operating costs increased an average of 6 percent per year for the past 10 fiscal years. A department official stated the operational cost projections are not meant to be exact and are only meant to capture inflation over the projected timeframe. However, if operating costs continued to grow at their historical growth rate of 6 percent per year, they would amount to 105 percent of total projected revenues by fiscal year 2010.<sup>4</sup>

The department took some action to limit operating costs for fiscal year 2002. For example, department personnel anticipated that smaller increases in revenue might occur so they (1) limited pay raises for employees to an amount that would cover insurance cost increases, (2) elected not to fill all personnel vacancies, and (3) reduced the department fleet by 50 vehicles. Financial data show operating costs decreased slightly (1.4 percent) from fiscal year 2001 to 2002. Although operating cost growth was reduced in fiscal year 2002, a department official stated a specific plan has not been developed to reduce costs to levels projected in future periods. However, a taskforce has been organized to look into this issue, according to that official. Our review of budget planning data showed officials have planned \$40.8 million in construction and development of facilities and land for fiscal years 2003 to 2006. This includes over \$9 million in new facilities that could result in additional operating costs such as additional personnel and other support costs.

Department projections of \$19.8 million for maintenance costs in fiscal years 2003 through 2006 may also be understated. The department's capital improvements budget projections for these years included approximately \$6 million for major renovations and repairs, or an average of \$1.4 million per year. These projections are the first to distinguish additional funding for major infrastructure needs. However, the amount added likely will not cover future costs because maintenance costs increase as existing and future infrastructure ages, according to a department official. When commenting on the draft report, department officials stated they are currently developing a survey which assesses infrastructure needs and costs for the next 20 years.

Projections for  
capital repairs not  
adequate

The department includes funds for maintenance, operating equipment, new projects, and land acquisition in capital expenditures. However, capital expenditures have decreased as a share of total expenditures leaving less funding for those areas. For example, capital expenditures decreased from 50 percent of total expenditures in fiscal year 1982 to 17 percent by fiscal year 2002. By fiscal year 2010, these expenditures are estimated to be 16 percent of total expenditures.

---

<sup>4</sup> Assuming a cost growth rate of 4 percent, operating costs would be 91 percent of total projected revenues by fiscal year 2010. Assuming a cost growth rate of 5 percent, operating costs would be 98 percent of total projected revenues by fiscal year 2010.

## **Budget planning has not always addressed all costs**

Our review of seven completed construction projects identified three instances where actual costs substantially exceeded initial cost estimates. Such inaccurate cost estimates adversely affected the budget planning process, according to a department official, and forced delays of a few projects. Personnel from the department's design and development division develop the initial cost estimates and commission members use these estimates to approve annual capital improvement budgets. Design and development division personnel stated project plans they received during initial planning phases were not specific. As a result, costs exceeded initial projections on three of the seven completed projects reviewed. Project specifications were generally not developed until after the design contract had been awarded, which left division staff lacking the necessary information to formulate meaningful estimates. Contractor design work usually runs from 7 percent to 10 percent of the construction costs for a project. Department personnel work with the design firm to formulate the project specifications and an updated cost estimate during the design phase. Once the design phase is complete, commission members must then approve the construction contract for the project.

Additional cost growth has also occurred on some projects because of unplanned project additions. That is, officials decided to expand several projects between the design phase and final approval. In one case, for example, the \$8 million final construction cost—\$4.7 million from Conservation, \$1.1 million from the Department of Natural Resources, and \$2.2 million from private donors—of the Kansas City Discovery Center exceeded the initial \$3.6 million budget estimate. As such, the department's \$4.7 million final construction cost exceeded its design estimate by 31 percent.<sup>5</sup> Design and development division officials stated they based the Discovery Center's initial cost estimate on the construction costs of Jefferson City's Runge Nature Center and without sufficient knowledge of the new center's specifications or features.

In addition, department officials have not always addressed operational costs in decisions to purchase land or fund capital improvements. According to a department official, operating costs on individual projects were not formally addressed in the budget process until fiscal year 2002. Budget documentation shows that department officials included approximately \$10.4 million in operating expenditures for planned projects<sup>6</sup> during fiscal years 2002 through 2006. Prior to fiscal year 2002, department personnel addressed operating costs by making an annual adjustment to total operating costs. If understated, the department had the resources to absorb the increase, according to this department official.

The Kansas City Discovery Center is also an example where operating costs were not formally considered. Department officials did not consider approximately \$1.1 million a year to operate the center when planning this project. The center is designed to house some metro office staff and to serve as an educational center for the Kansas City metropolitan area. Of the 19 staff currently budgeted to operate the facility, 11 represent additional staff not previously employed by the department.

---

<sup>5</sup> The \$4.7 million does not include \$759,000 in design cost.

<sup>6</sup> Includes funding for the Kansas City Discovery Center, which opened in April 2002.

## **Conclusions**

Improvements are needed in the process officials use to formulate future budget estimates. Officials have assumed they can limit increases in operating costs to about three percent a year. However, given (1) past growth of operating expenditures, (2) officials' plans to fund future capital projects and programs, and (3) officials' lack of a plan to control the growth of costs associated with operating and maintenance costs, it is questionable whether that goal will be achieved. In addition, the department has not adequately addressed additional maintenance costs as new and existing infrastructure ages when planning future capital expenditure budgets.

Budget planning has been adversely affected by inaccurate initial cost estimates for projects and the lack of estimated operating costs for new projects. Commission members should have accurate initial project cost estimates to assist them in preparing budgets and approving a project before proceeding to the design phase where design costs will be incurred. In addition, meaningful estimates for personnel and other costs are needed before committing to new projects or programs that could exist for many years. The department has not addressed operating costs for projects in the budget planning process until fiscal year 2002. In the past, officials assumed revenue would be adequate to absorb additional operating costs, which may not be true in the future.

If a plan is not developed to limit increases in expenditures that adequately addresses future infrastructure maintenance requirements, the department could be forced to make up shortfalls. This problem could require increasing license and permit fees, spending existing fund balances or reducing capital and operating expenditures. Such reductions could include cutting staff and programs.

## **Recommendations**

We recommend the Director, Department of Conservation:

- 1.1 Develop plans to control future increases in operating expenditures and address future infrastructure maintenance requirements.
- 1.2 Require department personnel to address operating costs on all projects or programs during initial planning.
- 1.3 Institute procedures that require a formal assessment of project specifications prior to formulation of initial internal cost estimates.

## **Department of Conservation Responses**

- 1.1 *We agree. The need to control operating cost increases has been recognized and future projects proposed will continue to include operating cost requirements prior to their approval.*

- 1.2 *We agree. All planning documents now contain operating cost projections for each new project. A Cash Flow management report is regularly prepared by the Fiscal Services Chief and reviewed by the Capital Improvement Coordination Committee as they consider future funding recommendations.*
- 1.3 *We agree. This is now being done. Initial internal estimates have historically been revised as planning proceeds and prior to final approval.*

## **2. Improved Oversight of Private Organizations Is Needed**

The department needs to improve its oversight of affiliations with private not-for-profit organizations. The department has not always (1) required private organizations to meet agreement provisions, (2) conducted periodic site visits and/or conducted program reviews, (3) reviewed financial records, and (4) assessed the benefits of the program/project. As a result, department officials cannot be assured that private organizations have used state funds for intended purposes and met department goals.

### **Adequate oversight of private organizations has not been assured**

Our review of 29 grant projects<sup>7</sup> determined officials had not included adequate oversight provisions in many of the agreements. Sound business practices call for specific provisions in agreements with outside organizations which allow the department to adequately monitor the use of state funds. The following provisions are sound business practices:

- A summary of goals or objectives of the project.
- A detailed budget that outlines the planned use of state funds.
- Access to financial records of the grantee and/or audited financial statements.
- An annual report of accomplishments.

Our review disclosed that for two of the 29 projects, the department had not executed a formal agreement with the private organizations.

Of the remaining 27 projects, we found multiple problems. For example, 3 project agreements did not contain an adequate summary of the program/project goals or objectives, 13 project agreements did not require the private organization to submit a budget outlining the use of state funds, 23 project agreements did not contain provisions that allow the department access to the grantee's financial records and/or require a financial audit report from the organization, and 17 project agreements did not require the organization to submit an annual or final report of project accomplishments.

Further review of 7 of the 27 projects showed department officials did not adequately monitor activities of the grantees. We believe sound business practices call for department officials to provide adequate oversight of organizations which includes:

- Reviewing financial data or audited financial statements.
- Making site visits and/or conducting adequate program reviews.
- Formally assessing yearly accomplishments prior to renewing agreements.

As such, the department cannot ensure the private not-for-profit organizations meet the department's expectations, or that state funds were used as intended. Examples of weaknesses on four of seven projects reviewed follow.

---

<sup>7</sup> See Appendix II, page 28, for listing of organizations funded since fiscal year 1997.

## Missouri Forest Heritage Center

The department granted \$837,000 to the Missouri Forest Heritage Center, Incorporated, a non-profit organization formed in 1989 by department employees, to develop an education center. The department did not (1) adhere to the terms of the agreements, (2) require organization officials meet all terms of the agreements, and (3) require state funds to be used in accordance with the terms of one of the agreements. In addition, the department did not require a detailed budget that outlined the planned use of state funds or an annual report of accomplishments. Furthermore, officials did not perform adequate program reviews of this project, periodically assess the benefits of this project, or adequately review financial information of the organization.

This project involves \$837,000 in state funding that consists of \$492,000 in cash and 455 acres donated to the organization valued at \$345,000. The organization has attempted to develop the Forest Heritage Educational Center in Shannon County. As of May 31, 2002, one department official serves on the foundation's board of trustees. In addition, a former department director and three former department employees serve as either board members or as an officer of the foundation. Department officials entered into two separate agreements with the organization.

Officials approved the first agreement (center agreement) in June 1995 to provide a grant of \$1 million toward the design and construction of the facility, if matching funds in the amount of \$1 million were secured by the private organization's officials. The department's donation of land was part of the \$1 million commitment to the project. The center agreement stipulated transfer of title to the land would occur either (1) when department officials determined there were sufficient assets controlled by organization officials to complete the project, or (2) when the total grant had been satisfactorily matched with assets of the organization. As of May 31, 2002, the department had paid the organization \$192,000 in cash and deeded \$345,000 in land toward the \$1 million commitment.

In addition to the \$1 million commitment, officials executed a second agreement in January 1996 under which they paid an additional \$300,000 to the organization. To meet the terms of this agreement, the private organization created the Missouri Forest Association to promote forestry and raise funds for the construction and operation of the center.

In addition to state funding of \$492,000 under both agreements, organization officials received approximately \$300,000 in private donations,<sup>8</sup> for a total of \$792,000 in cash. Of that amount, we estimate that organization officials have spent approximately \$784,000<sup>9</sup> and have a cash balance of approximately \$8,000, as of July 15, 2002. In April 2001, administrative operations ceased because the organization's board determined funding was no longer sufficient to support paid staff.

\$492,000 in state  
funds expended

Contrary to the terms of the agreement with center officials, the department executed a quitclaim deed transferring ownership of the land to the private organization on January 15, 1999, with

---

<sup>8</sup> Tax credits totaling \$66,746 were issued by the Department of Economic Development associated with these donations.

<sup>9</sup> Estimate based on our review of bank and organization records for fiscal years 1996 through 2001.



certain stipulations. The stipulations required that (1) a gate house, temporary museum, picnic area, outdoor exhibits and visitor parking were to be completed and open to the public within three years of the execution of the deed; and (2) a main building (interpretive museum) be completed and open to the public within five years of the execution of the deed. The stipulations on the deed gave the department the right to reclaim the property if the organization did not meet these terms.

In December 1998, commission members recognized that the private organization failed to meet terms of the agreement to transfer the land title. However, organization representatives met with commission members and asked that the land still be transferred to the organization. During the discussions, commissioners expressed concern that the department had been underwriting the private organization's operating costs during its fundraising campaign, which had been ongoing for over two and a half years and raised less than \$300,000. An organization representative acknowledged that the fundraising campaign had not been very successful and stated that prospective donors had been reluctant to commit to the project until the organization had title to the property. Commission members supported the transfer, but noted property ownership would revert to the department if development requirements were not met.

Terms of  
agreement not  
enforced

In February 2002, three years after the execution of the deed to the land, we visited the project site and found no development activity had occurred except for a trail created by volunteers. However, as of July 15, 2002, the department had not taken any action to reclaim this property as allowed in the deed. Department personnel stated they have not reclaimed the property because organization officials have told them the organization intends to apply for \$250,000 in federal grant funding. However, as of July 15, 2002, organization officials had not submitted the application for these funds. In commenting on the draft report, officials stated they plan to execute a new quitclaim deed with the organization. The new deed will require the organization to secure federal grants and/or private funding and begin construction of the facility by April 2, 2003.

Regarding the \$192,000 paid to the organization under the center agreement, our review of bank records disclosed organization officials used approximately \$167,000 to pay for administrative costs in violation of the terms of the agreement. For example, state funds were used for salaries for two staff and other administrative costs. The center agreement required funds only be used for development of physical facilities of the center and stated that funds were not to be used for operational expenses. In addition to the \$167,000, bank and project records showed organization officials spent approximately \$25,000 for architect fees and various artifacts to be displayed at the center.

The department's agreement provided access to the private organization's financial records. However, department officials independent of the project did not adequately review the organization's financial records to evaluate the use and management of state funds. Our review of the organization's bank records disclosed several internal control weaknesses. For example, we found the organization's director signed checks totaling about \$21,000 that were payable to

the director<sup>10</sup> and checks totaling approximately \$25,000 payable to cash.<sup>11</sup> Organization officials could not provide adequate supporting documentation to determine how funds were used.

Department personnel acknowledged that the close working relationship with former department employees, who serve as organization trustees, may have influenced the department's decisions on this project.

#### American Fish and Wildlife Museum

The department committed \$2.5 million to the American National Fish and Wildlife Museum District over a five year period, with an option, for an additional \$2.5 million. According to department officials, the purpose of the funding is to support conservation related exhibits and the establishment of an education program at a museum located in Springfield. In conjunction with the education program, museum officials agreed to reimburse the department for department employees that may be assigned to the museum, according to department officials. The department's agreement did not contain a summary of goals or objectives of the project, a detailed budget that outlined the planned use of state funds, provisions for department access to financial records or audit reports, or an annual report of accomplishments. While the department director is a member of the board of this organization and receives monthly financial statements, a department official stated that state funding is combined with other museum funds, making it impossible to track specific use of the funds.

#### Management of North America Wetlands

The department granted a total of \$2.3 million to Ducks Unlimited, Incorporated since fiscal year 1993, to improve duck habitat in Canada and other projects. The department's agreement did not allow the department access to financial records or audit reports. In addition, department officials did not formally assess the program's benefits to determine whether to continue state funding. Department officials stated they visited the site in October 2001 and in the mid-1990s in an attempt to assess the program's benefits. The department also receives a report of overall project accomplishments and total funds expended. However, this report does not specifically address how state funds were used.

Missouri is one of three states that financially support this project. A department official stated that this project is important because a significant number of ducks migrate from Canada through Missouri. An agreement executed in April 1995 called for both organizations to cooperate in providing the non-federal matching funds required for North American Wetlands Conservation Act projects conducted in Canada. The joint project also called for management emphasis on migratory waterfowl for those wetland habitats which have been acquired, developed, or enhanced by cooperative organization and state funding.

---

<sup>10</sup> Based on our review of bank records, we estimate \$15,326 related to the director's salary and benefits, \$4,260 related to travel and entertainment, and \$1,119 for office equipment and supplies.

<sup>11</sup> Based on our review of bank records, we estimate \$16,389 related to the purchase of computer equipment, \$2,846 related to the purchase of office equipment and supplies, \$2,380 related to the director's salary and benefits, \$920 related to miscellaneous expenses, and \$2,871 could not be identified.

## Coordination of Missouri Volunteer Activities and Missouri Forest Keepers Network

The department has provided \$1 million<sup>12</sup> in state and federal funding since 1997 to Forest Releaf of Missouri to coordinate volunteer activities. Two agreements for part of this funding were executed for fiscal year 2002 and totaled \$159,000. The agreements did not allow department officials access to financial records of the grantee and/or require the organization to submit an audited financial statement. In addition, department officials did not formally assess the program's benefits to evaluate continued funding. The cooperative agreement, executed in August 1999, states the department and the organization share a common goal — to help educate citizens about the care and management of forest resources and to provide them a means of action. To accomplish this goal, department and organization officials launched a volunteer-based forest health monitoring program known as the Missouri ForestKeepers Network. The agreement states that besides forest health education, the network provides a statewide network of supporters and an early warning system of damage and potential threats to the health of forest communities.

### **Conclusions**

By not adequately overseeing affiliations with private organizations, department officials cannot ensure that all projects have been completed in accordance with the terms of agreements. In addition, the department cannot ensure that state funds were used properly when private organizations were not required to submit audited financial statements, report on the progress of on-going projects or programs, or submit a final report summarizing results achieved. Actively monitoring private organizations—especially when they include department employees—decreases the risk that an organization may never finish a project or improperly use state funding.

Officials' failure to review financial records, assess programs, and formally evaluate overall results achieved, increases the likelihood of continued funding of unsuccessful projects and potential inappropriate use of state funds. It is imperative officials take an active role in overseeing taxpayer funded programs and projects.

### **Recommendations**

We recommend the Director, Department of Conservation, strengthen oversight of affiliations with private organizations by requiring officials to:

- 2.1 Establish oversight provisions for inclusion in agreements with private organizations that receive state funds by requiring:
  - A summary of goals or objectives of the program/project.
  - A detailed budget that outlines the planned use of state funds.
  - Access to financial records of the grantee and/or audited financial statements.
  - An annual report of accomplishments.

---

<sup>12</sup> The federal government provided approximately half of the funding for this project, according to department personnel.

2.2 Monitor private organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved as agreed by:

- Reviewing financial data or audited financial statements.
- Making site visits and/or conducting adequate program reviews.
- Formally assessing yearly accomplishments prior to renewing agreements.

### **Department of Conservation Responses**

2.1 *We agree. These provisions are now incorporated into agreements with private organizations.*

2.2 *We agree that a more formal monitoring process is appropriate. A designated Department official has been assigned to current and will be assigned to all future agreements with private organizations. Each agreement will be monitored against contract requirements and reported to the Director immediately if problems are identified.*

### **3. Efforts to Address Strategic Planning Have Not Ensured Accountability**

Department officials cannot be assured that state funds expended for conservation land management programs and projects are accomplishing intended goals because officials have not (1) fully implemented the results-based strategic planning process, (2) adequately linked the budget process to strategic planning, and (3) adequately trained key personnel involved in the strategic planning process. In addition, officials have not always adhered to strategic planning guidance. As a result, a key element of strategic planning, accountability, has not been assured. Without accountability, taxpayers cannot be assured the department has spent available funding the most effectively.

#### **Results-based strategic planning process has not been fully implemented**

Officials have not fully addressed requirements of strategic planning guidance provided by the governor or other critical elements of results-based planning. Department officials have not (1) established specific goals to be achieved, (2) always used data to measure and/or report on progress achieved, (3) restricted the number of performance measures used, (4) always adequately defined the extent of the problem, and (5) always assessed the impact of other programs and resources when implementing strategies. Discussions of these weaknesses follow.

##### **Specific goals have not always been established**

The department has not always specified "how much is enough" to accomplish conservation goals. Our review of the fiscal year 2003 strategic plan showed it contains strategic issues with desired results, or expected outcomes, which are not always specific in terms of the expected improvements as recommended by state-level strategic planning guidance. For example, the plan notes wetland diversity as a strategic issue, which includes a desired result of increasing the total acres of state-owned wetlands. While that outcome is measurable, it is not stated in terms of a specific goal. For example, designating a desired result of increasing the total number of state-owned wetland acres by 50,000 would be an outcome that is both measurable and specific and would allow the department to track progress towards the specified goal.

Department officials have previously developed specific wetland acquisition and duck population goals, but have not tracked progress towards meeting those goals. For example, the department's 1989 wetland plan established an objective of acquiring an additional 23,820 acres of department owned wetlands. The 1989 plan also established a goal of restoring duck populations to 1970s levels.

Department officials prepared a wetland plan progress report in 1997, which recognized the achievement of most of the goals established in the 1989 plan. However, they did not use this assessment to amend statewide wetland goals and no new statewide wetland goals have been established. Officials from the department's wildlife division indicated that no new statewide goals have been established due to the agency's switch to a decentralized planning process in the late

Wetland goals  
exceeded

1990s. Our analysis of department data showed department officials have acquired approximately 43,400 wetland acres since 1989. The total acres acquired exceed the 1989 acquisition goal by 19,580 acres, or 82 percent. The department has also exceeded the duck population goals set forth in the 1989 wetland plan. Department research data showed duck populations have exceeded 1970s levels 6 of the last 7 years. Department officials have spent approximately \$75 million since 1989 acquiring and developing wetland areas over and above 1989 wetland goals, yet in the fiscal year 2003 strategic plan, officials continue to plan to buy and develop an unspecified amount of additional wetlands.

### **Insufficient data used to measure progress**

Data has not always been used to measure progress or to support the reporting of results. Data presented on accomplishments in the fiscal year 2003 plan generally represented data at a specific point in time and did not provide information on trends. According to results-based planning guidance, baseline data should be presented to establish a starting point, or a baseline, and subsequent trend data should be presented to track progress and assess results over time. While department officials have presented some trend data in that plan, specifically regarding prairie chicken and small game populations, the majority of results reported were not supported by adequate data. For example, the strategic issue of completing Missouri's natural areas system includes a performance measure of the number of acres of new natural acres designated. The only data presented to report progress is that 1,652 new acres were designated in fiscal year 2001.

In addition, department officials have not presented any data to support the achievement of other department goals. For example, the number and types of wetland acres has not been tracked and the department does not have a record of total wetland acres according to department personnel. Department officials recognized the importance of a wetland inventory in the 1989 department wetland plan. This plan emphasized the need for a wetland inventory system in order to "provide a base from which to measure future changes in the status of Missouri wetlands." However, this 1989 goal has not been accomplished and continues to be recognized as a significant weakness in the fiscal year 2003 strategic plan. According to department personnel, this situation exists because of a debate as to which inventory system to use, as well as affordability issues. Using department data, we estimate that the department owns approximately 100,000 wetland acres, as of July 15, 2002.

### **Too many performance measures used**

Department officials also have not restricted the use of performance measures. The department's fiscal year 2003 strategic plan specifies 135 separate performance measures and the department's most recent budget request to the legislature contained 89 performance measures. According to results-based planning literature,<sup>13</sup> too many performance indicators make it difficult for "legislators and executive branch users to sort out what is important." The primary reasons for the excessive number of performance measures are as follows:

- Many measures are activity-based performance measures. State-level strategic planning guidance indicates that the use of activity-based measures is not productive when it comes to strategic planning. An activity-based measure is one that measures the amount of work the department is doing rather than the results of department programs. The section of the strategic plan concerning conservation education includes numerous activity based performance measures. For example, the plan states public relations specialists presented 233 programs to 33,498 people. However, there is no attempt to measure either changes in citizens' attitudes about conservation issues or the effectiveness of conservation education programs. Guidance reviewed suggests that some activity-based measures may be useful, however, the primary purpose of a performance measure should be to show progress in achieving desired results or outcomes.
- Many measures selected by the department are not necessarily the best measure of accomplishment related to the issue at hand. For example, one of the performance measures used to measure the strategic issue of floodplain habitat enhancement is the number of fisherman using the river. While the number of fisherman may be a useful measure of recreational usage, it does not give an accurate measure of whether floodplain habitat has been enhanced.

### **Adequate problem statements have not always been developed**

Department officials have developed strategic issues and implemented strategies to achieve statewide conservation goals without always defining the extent of the problem or providing baseline data that supported the existence of a problem. State-level strategic planning guidance (state guidance) stresses the need for internal and external assessments as a tool to recognize current and potential issues of the agency. That guidance states that these assessments must take into account "both historical and future perspectives with reviews of past performance."<sup>14</sup> Additional results-based accountability guidance suggests making an initial determination through the collection of baseline data to determine the extent of the problem.

Our review of current and previous strategic plans revealed, in many cases, department projects were undertaken without any indication a problem existed. For example, the

---

<sup>13</sup> *Making Results-Based State Government Work*, The Urban Institute.

<sup>14</sup> *Missouri Integrated Strategic Planning - Model and Guidelines*, Interagency Planning Council, December 1999.

fiscal year 2003 strategic plan calls for enhancing Missouri and Mississippi River habitats and addresses strategies to accomplish related goals. However, the plan contains no baseline data or information showing a need for river habitat enhancement. In addition, the fiscal year 2003 and prior strategic plans address conservation education in general, but do not provide baseline data to determine the extent of the conservation education problem. Baseline data could also be used to measure the effectiveness of conservation education programs.

### **Impact of other programs and demand for services has not always been assessed**

When assessing needs and planning strategies the department did not assess the extent to which private organizations or other state or federal programs impacted department goals. State guidance states that the impact of other programs should be assessed as part of an external assessment process. Officials also did not determine the extent that the public would utilize the facilities or programs established in most cases. This situation occurred in the following examples.

In one example, officials have spent about \$75 million acquiring in excess of 43,400 wetland acres and developing approximately 21,000 wetland acres.<sup>15</sup> Our review of the department's 1989 wetland planning document showed department officials considered public use wetland acres owned and operated by the U.S. Fish and Wildlife Service when determining statewide need goals. However, officials did not reassess wetland needs after a federal wetland program was established in 1992. Since that time, the federal government has paid Missouri landowners \$69.6 million under the Wetland Reserve Program for wetland easements and restoration. As of September 2001, approximately 68,000 acres of privately held land had been enrolled in that program. In addition to federal funds going towards wetland restoration, an unspecified amount of wetland habitat is privately held, some of it for commercial purposes such as hunting clubs.

Department officials stated that the implementation of the Wetland Reserve Program and the resulting increase in the amount of privately held restored wetland has not altered the department's wetland acquisition strategy because they feel department managed wetland areas serve a different purpose from privately held lands. Department managed lands are generally more intensively managed to provide wetland habitat for public use even in years of drought.

In the second example, officials did not consider the impact of federal and other state-owned forestland on the need for additional forestland when they approved the purchase of the Gist Ranch Conservation Area in 1997, for approximately \$2.2 million. Gist Ranch is an 11,400-acre forested conservation area in southeast Texas County and is located within 40 miles of four major sections of the Mark Twain National Forest as well as the federal Ozark National Riverways. Gist Ranch is also less than 20 miles from more than 75,000 acres of department owned land in Shannon County. In acquiring the

---

<sup>15</sup> We calculated by combining the department's 1997 wetland update report and our review of acquisition and construction files.



Gist Ranch property, department officials did not follow guidance in the department's 1991 land acquisition plan. The guidance states that officials should take other state and federal resources into account when considering a new acquisition by designating it as a "low priority in counties with significant public lands." Department personnel stated that when the property became available, it represented an excellent opportunity to acquire a large track of land in a county where the department owned only a small amount of land.

In the third example, department officials did not assess the impact that other conservation-based education programs in the Kansas City metropolitan area would have on the need for the Kansas City Discovery Center. While developing plans for the center, department officials provided \$500,000 to a not-for-profit organization to develop a hands-on nature education facility in North Kansas City. The services provided by this organization were described as "similar" and "complementary" to services provided at the Discovery Center, according to outreach and education personnel. According to the organization's annual report, it serves 15,000 students per year and is the only one of its kind in the nation. In addition, the department operates Burr Oak Woods Nature Center which is located within 20 miles of the center and a variety of conservation educational programs for students and teachers are offered by the city.

A December 1992 plan for the development of nature centers addressed the need to serve inner city youth in Kansas City, according to an official from the department's outreach and education division, as well as the need to provide office space for department personnel in Kansas City. However, department personnel stated that the education center was expanded in response to the suggestions of financial donors. In addition, department officials did not conduct a market analysis to determine the demand for the educational center. Subsequent questions have arisen as to the affordability of busing students to the center from neighboring schools, according to department personnel. An analysis of this type would have given department officials an indication of expected usage during a school year.

Demand for  
center not  
determined

### **Budget process is not adequately linked to strategic planning**

The department's budget process is not adequately linked to the strategic planning process. State guidance for strategic planning states that strategic planning should be "the basis for the allocation of resources and program implementation. Core and expansion budget requests should be driven by the strategic planning process." The guidance also states the link between the strategic plan and the budget is necessary to ensure a department's accountability.

Approximately 83 percent of the department's budget for fiscal year 2002 is being expended on existing conservation programs administered by division personnel. Those expenditures represent operational and salary costs, which are budgeted and tracked on a division basis. However, amounts budgeted annually are based on historic spending levels rather than on the strategic plan, according to department personnel. The remainder of the department's budget is available for capital improvement projects and reserves. A member of the capital improvements coordinating committee said committee members consider the strategic plan when prioritizing

capital improvement projects. However, committee members rely primarily on prioritized lists submitted by regional and unit staff in deciding which capital improvement projects to fund.

Department officials acknowledged the weak link between the budget and strategic planning process and said the strategic plan is not intended to be used extensively in the budget process. Officials contend a new management system being implemented will provide a sufficient link between program activities and the budget process. Further discussion with a department planning official showed this new system measures activities, such as the number of individuals served, but still does not measure program results.

### **Key personnel lack adequate training in the strategic planning process**

Department planning section personnel stated they have received little strategic planning training and the training received did not cover the issues stressed in state strategic planning guidance. Personnel in this section review the work of the strategic plan review teams. The review teams evaluate the department's performance on each strategic issue and improve these issues by revising performance measures. One review team leader stated she had received no training, while another review team leader had not received planning training since 1997. Other review team members stated their only exposure to the strategic planning process occurred during a general discussion of strategic planning at department leadership training.

Planning section personnel have conducted strategic thinking and action planning workshops for field staff and supervisors. However, those workshops focused on how to use strategic thinking and action planning to develop local level operational plans and did not address creating a statewide strategic plan.

### **Strategic planning guidance not always followed**

Department officials have not adhered to strategic planning guidance issued by the governor in 1995. State guidance states to successfully implement an integrated strategic planning process, "state agencies' planning processes should be based on a common planning model..." The primary differences noted between the state guidance and the department's strategic plan include the following.

First, the strategic plans reviewed did not specifically state what strategies would be employed to achieve department goals. The majority of the strategic issues in the fiscal year 2003 strategic plan contain strategies; however, most of them are imbedded in progress narratives, making it difficult to determine what strategies are being used. The identification of specific strategies is a key element of the evaluation of results. State guidance states "information from outcome measures, objective measures and customer satisfaction surveys should be reviewed and evaluated to provide the basis for developing alternative strategies and revising service design and delivery."

Second, department officials have not used common terminology as called for in the governor's guidance for strategic planning. The fiscal year 2003 strategic plan uses "performance measures" to track progress towards conservation goals. The state guidance specifies that the

department should measure progress in terms of "outcomes" and "objectives," with an "outcome" being a more general measure to be used by executive users and an "objective" being a more detailed measure to be used within the agency. The motive behind differentiating between the two, according to state guidance, is to simplify results measurement for executive users, such as the legislature, allowing them to fully understand the result measurement information presented to them. Department officials stated state guidance does not always apply to conservation related activities and they believe the department's existing planning process is adequate.

## **Conclusions**

Department officials have not taken the necessary steps to ensure accountability in conservation programs and, therefore, cannot be assured that conservation goals are being achieved. The use of adequate data provides a sound basis to track progress over time and establishes trends that can then be used to effectively measure progress achieved. Establishing specific, measurable outcomes is critical to track progress and to prioritize department objectives. The use of baseline data in defining the extent of the problem is a critical step in the strategic planning process. This methodology allows management to determine whether a problem really exists, establish realistic goals, prioritize strategic issues, and more effectively implement appropriate strategies. Careful consideration of programs offered by other state, federal, or private entities should be undertaken to help ensure that state funds are not used to duplicate existing programs. In order to ensure that facilities and programs are fully utilized, it is also important to determine through valid market analyses, whether the public will take advantage of facilities or programs, if established.

Linking the budget and strategic planning processes is a key component in ensuring accountability because it allows management to evaluate performance and allocate department resources in the most effective manner. However, department expenditures are budgeted and tracked on a division basis while the strategic plan is organized by strategic issues. As a result, it is not clear which division is responsible for each strategic issue which makes it more difficult to measure the effectiveness of division activities.

Key planning personnel responsible for preparing the strategic plan have done so without the benefit of adequate training. Until department officials take steps to improve the strategic planning process and ensure greater accountability, taxpayers cannot be assured that state funds are being used effectively and conservation goals will be met.

Establishing specific strategies and using common language are also important to successful strategic planning. Without specific clearly documented strategies, it is difficult to determine what is being done to accomplish goals and identify alternatives available to reach those goals. Using common language is important to help legislators, as well as others, more easily understand what officials are trying to accomplish and provides legislators the ability to cross-compare results among agencies.

## Recommendations

The Director, Department of Conservation, strengthen the department's strategic planning process by:

- 3.1 Improving the performance measurement process by using trend data to measure and support results achieved, defining how much improvement is needed, and restricting the use of performance measures.
- 3.2 Establishing problem statements that are well supported and based on appropriate data.
- 3.3 Assessing the impact of other public, state or federal programs when determining department needs and planning strategies.
- 3.4 Conducting valid market analyses to determine whether the public will support and utilize proposed projects or programs.
- 3.5 Organizing the strategic plan on a division basis to enhance the link between the plan and budgeting process.
- 3.6 Providing training to department personnel to ensure results-based planning efforts will be effective.
- 3.7 Adhering to state-issued guidance on the strategic planning process by developing specific strategies to accomplish department goals and using common terminology when formulating the plan.

## Department of Conservation Responses and Our Evaluation

- 3.1 *We agree. We will integrate trend data where possible. We will continue to improve our use of performance measures as demonstrated by the benchmarks achieved through the Design For Conservation plan.*
- 3.2 *We agree. Clear problem statements help to direct efforts and identify areas of emphasis.*
- 3.3 *We agree about the importance of the assessment process. We must be aware of related initiatives outside the Department of Conservation, and we regularly meet with other agency staff to maximize efforts. MDC staff will continue to work with other entities when determining Department needs and planning strategies.*
- 3.4 *We agree. The Department has conducted scientific surveys of Missourians since 1979 to monitor their fish-, forest-, and wildlife-related interests. These surveys asked for specific citizen appraisal of Department performance, as well as guidance on what services the Department might provide to better serve Missourians. Department employees conduct informal surveys daily through interaction with the public. This is a valuable source of qualitative data that is constantly considered as programs are evaluated. We will continue*

*targeted market analysis where warranted and will explore new strategies to employ marketing approaches for key programs.*

- 3.5 *We do not agree. We feel it is important to focus our thinking and budgeting on priorities and issues rather than bureaucratic structure. This is critical to our success because multi-divisional approaches are needed to fulfill our constitutional mandate and to provide quality services to the consumers of the Department's resources.*

#### **Auditor's Comment**

Accountability cannot be accomplished without an adequate link between the budget document and the strategic plan. By creating such a link, the department would ensure state funds are being spent on department priorities in the most effective manner possible. Since the department's budget is already organized on a division basis, organizing the strategic plan in a similar fashion would be the most effective and efficient way to create such a link.

- 3.6 *We agree. Training is an important tool for excellence and we continue to place a high value on its importance in employee development. The Department's recent workshop, Strategic Thinking and Action Planning, provided the key elements of strategic and operational planning. We will continue to train staff in both strategic and operational planning.*
- 3.7 *We do not agree. In 1994, Governor Carnahan's Commission On Management and Productivity (COMAP) addressed the need for state agencies to adopt a strategic planning process. We believe the ultimate goal was to have all agencies institutionalize and regularly use a strategic planning process, tailored to their needs and organizational culture. We remain committed to the idea of continuous improvement and will continue to work with the state Interagency Planning Council regarding the state model and guidelines for strategic planning.*

## **OBJECTIVE, SCOPE AND METHODOLOGY**

### **Objective**

Our objective was to determine whether the department had adequate oversight of land acquisition and related projects and programs. To accomplish this objective, we focused on the department's (1) process for budgeting land acquisitions and capital improvements, and the impact of capital improvement spending on overall department costs; (2) oversight of private organization agreements related to land purchases, capital improvements, and other programs; and (3) the strategic planning process.

### **Scope and Methodology**

To determine whether improvements are needed in the budgeting process and the impact of capital improvements on department costs, we reviewed budget procedures and conducted interviews with department personnel and officials familiar with the budgeting process. We also reviewed current and historical budget data for trends in expenditures for fiscal years 1975 through 2002. We obtained revenue estimates, expenditure estimates and cash flow projections through fiscal year 2010 and analyzed the relationship of revenue and expenditures for fiscal years 2002 through 2010.

To determine the adequacy of officials' oversight of affiliations with private organizations and political subdivisions, we developed data to determine the extent that partnership agreements had been used by department officials during fiscal years 1997 through 2002. With the assistance of department personnel, we developed a list of private organizations and political subdivisions, shown in Appendix II, page 28, and Appendix III, page 30, that had been provided funding for conservation-related projects.

To determine whether adequate oversight provisions had been included in agreements, we judgmentally selected 29 projects in which the department paid \$5.9 million to private organizations. We applied sound business practices that should be included in department agreements such as a summary of goals or objectives of the program or project, a detailed budget that outlines the planned use of state funds, access to financial records of the grantee and/or audited financial statements, and an annual report of accomplishments.

We conducted a detailed review of seven of those projects to determine the adequacy of oversight provided by department officials. As part of this review, we interviewed department personnel and reviewed reports submitted by the private organizations. We interviewed officials with one private organization and obtained available financial records for that organization to determine how state funds were used. In reviewing the seven projects, we considered sound business practices necessary to provide proper oversight of private or public organizations. Those practices included reviewing financial data or audited financial statements, making site visits and/or conducting program reviews, and assessing yearly accomplishments prior to renewing agreements.

## APPENDIX I

To determine the adequacy of the department's strategic planning process, we reviewed department policies and procedures related to strategic planning and conducted interviews of department officials regarding the strategic planning process. We focused on department strategic plans for fiscal years 2001 and 2003 and reviewed plans dating back to August 1975, as well as selected department division operating plans and regional plans. We reviewed the Interagency Planning Council's *Missouri Integrated Strategic Planning - Model and Guidelines* which serves as guidance for state agency officials to use in strategic planning and other results based strategic planning guidance.

To determine the adequacy of training provided to key personnel involved in the strategic planning process, we interviewed department personnel that had received training and personnel that provided strategic planning training.

To determine whether land purchases and capital projects were adequately supported by strategic planning, we reviewed files for both types of expenditures made during fiscal years 1997 through 2002. We reviewed acquisition and project files, interviewed department personnel, and reviewed strategic planning documents to ascertain whether land acquisitions and projects were adequately justified and linked to the strategic planning process. We judgmentally selected the 19 land acquisition transactions shown in Appendix IV, page 32. The transactions selected accounted for approximately \$21 million, or 61 percent, of \$34.7 million expended for land acquisitions over that time period. In addition, we judgmentally selected 11 construction projects, shown in Appendix V, page 34, that totaled \$27.4 million, for review.

We obtained formal comments on this report from the Director, Department of Conservation in a letter dated September 6, 2002 and incorporated his comments where appropriate. We performed our work between November 2001 and July 2002.

**GRANTEE ORGANIZATIONS**

Table II.1 depicts the organizations receiving funding, amount received, and a description of the type of grant activity undertaken by the grantee.

**Table II.1: Funding Provided to Private Organizations Since Fiscal Year 1997**

Organization	Amount	Description
Ducks Unlimited**	\$ 1,480,129	Duck habitat restoration projects in Canada and support of a paid position.
Forest Releaf of Missouri**	989,322	Coordinates volunteer efforts to plant trees and monitor tree health throughout the state. Approximately half of the project cost was paid for from federal funds.
Missouri Forest Heritage Center**	465,549	Development of the Missouri Forest Heritage Center, a planned nature center type facility near Winona. The amount includes land valued at \$345,000.
Missouri Forest Heritage Center**	200,000	Development of an association in support of the Missouri Forest Heritage Center.
American Fish and Wildlife Museum**	500,000	Support of this museum located in Springfield. The contract obligated the department to contribute \$2.5 million (\$500,000 per year for 5 fiscal years) to this project.
Missouri Forest Products Association**	474,444	Support of a training program for loggers.
Gateway Trailnet Inc., of St. Louis	306,000	Grant for conservation of habitat and education area at Grasso Spring.
James Foundation of St. James*	242,144	Addition to a visitors center at the Meramac Spring Park, stream improvements and annual operational dues paid.
Ozark Greenways, Inc.	199,445	To reimburse landowners for fencing their property adjoining the Ozarks Greenway trail, and for interpretive signs placed along the trail.
National Fish and Wildlife Foundation*	174,767	Support of the forest interior bird component of the Missouri Ozark Forest Ecosystem Project.
Youth, Education and Health/YouthBuild*	156,000	To provide conservation education to students through this organization located in St. Louis.
Wildlife Management Institute**	144,021	Cooperative research programs on geese in Canada.
Audubon Society*	126,752	Support of two paid positions to promote the use of native plants.
Quail Unlimited*	125,359	Assistance for private landowners in improving habitat for quail.
The Nature Conservancy*	110,000	To fund a natural features inventory in 17 counties of the northeastern region (\$20,000 a year for four years) and \$30,000 for native prairie restoration on the Dunn Ranch Nature Preserve.
The Nature Conservancy	100,000	Partial reimbursement for the Westlake tract addition to the Dunn Ranch Nature Preserve owned by The Nature Conservancy.
The Nature Conservancy	52,696	To reimburse The Nature Conservancy for part of the payroll costs for a specialist who worked on the department's Heritage database during 2001 and 2002.
The Nature Conservancy	25,000	Development of a native forb seed nursery at Wah-Kon-Tah Prairie Preserve.
The Nature Conservancy	15,000	Landowner contact and Heritage site update in the Ozark region.
Trailnet Inc*	106,000	A grant to design the Great Rivers Resource Center in St. Louis in conjunction with other state and federal agencies.
Grace Hill Neighborhood Services*	100,663	Grant for the maintenance and development of the Riverfront Trail and North Riverfront Park in St. Louis.
Missouri Wildlife Rescue Center*	100,365	Grant to support the building of a new facility for this organization.

\* Reviewed agreement.

\*\* Reviewed agreement and oversight provided by department officials.



## APPENDIX II

Organization	Amount	Description
Science City at Union Station	100,000	Grant for a conservation related exhibit at this facility in Kansas City.
Missouri 4-H Foundation**	89,360	Support a 4-H youth development faculty position at the University of Missouri.
Missouri Prairie Foundation*	60,000	To fund native prairie management on Missouri Prairie Foundation land and adjacent private land.
Missouri Prairie Foundation	10,000	To purchase chain saws and safety equipment for an Americorps team to manage native prairie on Missouri Prairie Foundation Land.
Missouri Prairie Foundation	7,500	To pay expenses for a grant writer position employed and funded by the Missouri Prairie Foundation.
Missouri Conservation Heritage Foundation*	76,000	Grant to a consultant to coordinate the "Grow Native" plant program to encourage the use of native plants.
Conservation Foundation of Missouri*	56,160	To help support the Natural Resources Career Camp Project in conjunction with other state and federal agencies.
Friends of the Zoo	55,077	Funded a Missouri River Life Aquarium at the Kansas City zoo.
Johnny Morris Foundation, Springfield	50,000	To help implement a pilot Outdoor Recreation and Conservation School.
Conservation Federation of Missouri*	40,000	To help pay the salaries of the "Wildlife Diversity Coordinator" and the "Stream Team Coordinator."
Greenville College	39,800	To plant giant cane on department property in the Southeast Region and monitor the success of the planting.
Missouri Botanical Garden	34,300	To pay for part of the cost to hire a contract botanist to help with a book on the flora of Missouri.
Missouri Botanical Garden*	30,000	To fund the East-West Gateway Biodiversity Initiative in cooperation with The Nature Conservancy, Department of Natural Resources, and several other agencies and organizations.
Shady Creek Nature Sanctuary	30,000	To purchase land.
Bridging the Gap, Kansas City	30,000	Assist partners with funding for a project coordinator for the Kansas City Wildlands Project.
Pheasants Forever	29,420	Winter survival food plot mix and other feed for pheasants.
World Bird Sanctuary*	25,000	Support of the Clarksville visitor center for public education.
Missouri River Communities Network*	20,600	Stream Team Grant to fund Missouri River cleanup effort held on October 6, 2001.
Neighborhood Partnership*	13,596	To help fund a tree removal project in St. Joseph.
St. Louis Orienteering Club	12,000	Grant to help fund an orienteering map of the Rockwood Reservation.
Mighty Ducks Team*	10,000	Grant for a team of teachers to participate in the Show-Me Environmental Education Model School Program.
NaturServe	10,000	Provide software and training on the new operating system for the Heritage database.
Missouri Cave and Karst Conservancy	8,000	Field visits and biological inventory of 40 caves in southern Missouri.
Northland Neighborhood*	5,000	The department's portion of a grant to plant 50 trees in Englewood Park in Kansas City.
Englewood Business Association*	5,000	The department's portion of a project to plant 15 trees in Kansas City.
Navigator Team*	5,000	Grant for a team of teachers to participate in the Show-Me Environmental Education Model School Program.
Weston Development Co.	5,000	A "Branch Out Missouri" grant. The grant provided funding for 35 trees for the city parking lot on Main St. in Weston.
Shaw Arboretum	2,730	A food stipend for Americorps workers for work at the Shaw Nature Reserve.
Cave Research Foundation*	2,520	To archive cave invertebrate specimens in a museum and to add cave biology records to a statewide cave biology database.
Greater Desloge Federated	1,906	A "Branch Out Missouri" grant. The grant provided funding for 19 trees for the city park in Desloge.
Foxtales International	1,211	For conducting storytelling workshops at nature centers.
Total	\$ 7,058,836	

Source: Information provided by department personnel.

**COMMUNITY ASSISTANCE PROJECT GRANTS**

Table III.1 depicts the funding year, political subdivisions receiving grant funding, amount received, and a description of the project undertaken by the grantee.

**Table III.1: Funding Provided to Political Subdivisions Since Fiscal Year 1997**

Year	Political Subdivision	County	Amount	Description
1997	Limpp Community Lake	Gentry	\$ 1,986	Lake bank repairs
1997	Worth County Community Lake	Worth	13,983	Lake bank and jetty repairs
1997	Perry County Community Lake	Perry	31,404	Electrical service and aeration
1997	North Riverfront Park	St. Louis	2,613	Fishing jetty and pier
1997	Boston Ferry Access	Taney	27,000	Access facility development
1997	Lancaster	Schuyler	7,500	Access facility development
1997	St. Louis County	St. Louis	168,750	Dredge Spanish Lake
1997	Harrison County Lake	Harrison	76,890	Access facility development
1997	Fellows Lake	Greene	8,045	Access facility repair
1997	Willmore Park Lake	St. Louis	18,054	Lake deepening
1997	O'Fallon Park Lake	St. Louis	2,655	Lake deepening
1997	Farrington Park Lake	Henry	16,989	Lake renovation
1997	Clover Dell Park	Pettis	100,635	Access facility development
1997	South Farm R-1 Lake	Boone	18,416	Access facility development
1997	Higbee City Lake	Randolph	17,212	Access facility development
1997	Marshall Habitation	Saline	40,000	Parking lots, road and dock
1997	Cassville	Barry	14,252	River bank stabilization
1997	Thayer	Oregon	57,404	Access facility development
1998	Perry County Community Lake	Perry	4,658	Electrical service and aeration
1998	Spanish Lake	St. Louis	4,821	Dock, trail and parking lot
1998	Harrison County Lake	Harrison	4,895	Access facility development
1998	Farrington Park Lake	Henry	60,986	Lake renovation and repair damage
1998	Dexter City Lake	Stoddard	10,290	Lake bank stabilization
1998	Clover Dell Park Grant	Pettis	51,000	Access facility development
1998	Empire District and Ozark Beach	Taney	186,000	Public use facilities
1999	Spanish Lake	St. Louis	9,756	Dock, trail and parking
1999	Dexter City Lake	Stoddard	8,536	Lake bank stabilization
1999	Odessa City Lake	Lafayette	25,075	Access facility development
1999	Mexico Lakeview & NE Park	Audrain	13,458	Parking lots and trails
1999	Macon	Macon	35,940	Access facility development
1999	Clarksville	Pike	38,000	Parking and restroom facility renovation
1999	Crawford County	Crawford	69,300	Birds nest access facility development
1999	Rockaway Beach	Taney	38,250	Restroom facility development
1999	Caplinger Mills Park	Cedar	1,826	Facility renovation
2000	Route 66 State Park	Jefferson	198,750	Access facility development
2000	Washington State Park	Washington	135,225	Access facility development
2000	Wild Acre Park Lake	St. Louis	25,000	Pond renovation and fishing pier
2000	Spanish Lake	St. Louis	5,972	Dock, trail and parking
2000	Suson Park Lakes	St. Louis	97,665	Lake bank stabilization
2000	Odessa City Lakes	Lafayette	91,268	Access facility development
2000	Mexico Lakeview & NE Park	Audrain	47,543	Access improvements, parking lots and trails

## APPENDIX III

Year	Political Subdivision	County	Amount	Description
2000	Hickory Creek-Neosho	Newton	28,022	Development and river bank stabilization
2000	Potosi City Park	Washington	25,000	Pond construction
2000	Caplinger Mills Park	Cedar	2,044	Facility renovation
2001	Two Rivers Access	Shannon	231,135	National Park Service access development
2001	South Lake- Willmore Park	St. Louis	36,315	Parking, trail and platforms
2001	Boathouse Lake	St. Louis	32,967	Boathouse Lake renovation
2001	Bellefontaine Park Lake	St. Louis	19,808	Trail and platform
2001	Suson Park Lakes	St. Louis	235,288	Lake bank stabilization
2001	Odessa City Lakes	Lafayette	14,160	Access facility development
2001	Van Buren Riverfront Park	Carter	23,591	Ramp, parking and road
2001	Rockaway Beach Access	Taney	62,200	Fishing dock
2002	Fellows Lake	Greene	41,713	Boat ramp and parking renovation
2002	Forest Park	St. Louis City	71,076	Lake improvements
2002	Hideaway Harbor	St. Charles	253,035	Access facility development
2002	Van Buren Riverfront Park	Carter	165,294	Ramp, parking and road
	Total		\$ 3,029,650	

Source: Prepared by SAO based on information provided by department personnel.

## APPENDIX IV

### LAND ACQUISITIONS REVIEWED

This appendix lists the land acquisitions we reviewed as part of our review of the strategic planning process.

<b>Land Acquisition</b>	<b>Cost</b>	<b>Description</b>
Four Rivers Conservation Area addition	\$9.8 million	Purchased 7,036 acres in Vernon County for wetlands development. Of the total amount paid, approximately \$2.5 million came from department funding, approximately \$4.9 million came from federal funding and about \$2.4 million came from donations made by non-profit organizations. This tract connected two existing conservation areas to form a large wetland area.
Columbia Bottoms Conservation Area	\$9.5 million	Purchased 4,318 acres at the confluence of the Mississippi and Missouri Rivers in the city of St. Louis.
Gist Ranch Conservation Area *	\$2.2 million	Purchase of 11,404 acres of land in Texas County.
B.K. Leach Conservation Area addition	\$3.2 million	Purchase of 2,901 acres in Lincoln County for wetlands development. The department provided about \$1.5 million in funding for the purchase with the remainder being provided by non-profit organizations and funds held in trust.
Deer Ridge Conservation Area addition *	\$761,000	Purchased 1,912 acres in Lewis County.
Capps Creek Conservation Area	\$675,000	Purchased 647 acres in Newton County primarily due to the tract's coldwater stream frontage.
Jerry Presley Education and Training Center	\$630,000	Purchased 1,565 acres in Shannon County. Department officials purchased the property for use as a statewide educational and training facility for teachers because it had a lodge and various out buildings that would accommodate classrooms and overnight stays, according to the center's director. Education division personnel are responsible for the day-to-day operation of the facility and the department plans to spend about \$2 million for capital improvements to the facilities over the next 5 years.
Hart Creek Conservation Area	\$590,000	Purchased 574 acres of land in Boone County. Department officials believed the tract had potential for considerable public use because of its proximity to the Katy Trail.
Plowboy Bend Conservation Area addition	\$550,000	Purchased 557 acres in Moniteau County. The department is attempting to purchase the entire bend in the river for use as an opportunistic wetland and for flood control along the Missouri River.
Wigwam School Access	\$375,000	Purchased 78 acres in Morgan County on the Lake of the Ozarks to provide an additional lake access site.
Twenty Five Mile Prairie Conservation Area	\$280,000	Purchased 334 acres of prairie in Polk County.
Mule Shoe Conservation Area addition	\$162,000	Purchased 302 acres as an addition to Hickory County area. The tract contains approximately one mile of stream frontage considered important to the protection of an endangered specie of fish.
Mineral Hills Conservation Area addition	\$57,000	Purchased 120 acres in Putnam County to eliminate an inholding of the existing area.

\* Two land acquisitions were reviewed.

## APPENDIX IV

<b>Land Acquisition</b>	<b>Cost</b>	<b>Description</b>
River Round Conservation Area addition	\$56,000	Purchased 28 acres in Franklin County with Meramec River frontage to give the department better access to the existing area acreage.
Trade with U.S. Forest Service	\$1.37 million	The department traded various land to the U.S. Forest Service for land worth approximately \$1.38 million. Land acquired in this trade included the 456 acre Twin Pines Tract which was later donated to the Missouri Forest Heritage Center, Inc.
Private trade	Not available	1,647 scattered acres of department land were traded to a private landowner for 1,652 acres scattered throughout the Sunklands, Rocky Creek, Angeline and Clearwater conservation areas. The acres acquired served to eliminate inholdings of existing areas, while the acres disposed of were deemed expendable portions of existing areas.
Graham Brown Conservation Area	Not available	The land was originally donated to the Missouri Conservation Heritage Foundation by a private landowner. The foundation maintains a trust fund to be used in the maintenance of the area.

## APPENDIX V

### **CONSTRUCTION PROJECTS REVIEWED**

This appendix lists the construction projects reviewed as part of our review of the strategic planning process.

<b>Project</b>	<b>Cost</b>	<b>Description</b>
Parma Woods Shooting Range	\$3.6 million	Construction of a shooting range and training center in Platte County which is in the Kansas City metropolitan area. The total construction cost of the project was approximately \$3.2 million with an additional \$400,000 for internal design costs. The project included the building of a 10-point pistol and 15-point rifle range along with associated buildings, baffles, berms, parking lots, and other improvements on land leased from Platte County at a cost of \$1 per year.
Andy Dalton Shooting Range	\$338,000	The project involved the addition of an outdoor pavilion, trap station and one trap/skeet station to the existing facilities in Greene County. The total construction cost of the project was approximately \$265,000 with an additional \$73,000 for internal design costs.
Kansas City Discovery Center	\$9 million	Construction of an education center located in Kansas City. The total construction cost of the project was approximately \$8 million with an additional \$1 million for design costs. Officials designed the center to serve as an educational center for the Kansas City metropolitan area and to provide office space for some department employees as well as Department of Natural Resources personnel. The project was funded through approximately \$5.5 million in funding from the department, \$2.4 million in private donations and \$1.1 million from the Department of Natural Resources.
Lost Valley Fish Hatchery	\$21.8 million	The project involved the construction of a fish hatchery in Benton County, to serve as a central hatchery for the state. The total construction cost of this project was \$19.1 million with an additional \$2.7 million for internal design costs. Department officials obtained \$13.5 million in federal funds to help fund the project.
West Plains Regional Office	\$3.6 million	The project involved the construction of a regional office in Howell County at a total design and construction cost of \$3.6 million.
Four Rivers Conservation Area Wetland Development	\$537,000	The project involves construction of three wetland pools with a water surface of 2,535 acres along with the associated earthwork, water control structures, gravel roads and parking areas.
Settle's Ford Wetland Development	\$1.3 million	This project involved the development of 870 acres of wetland pools. It also included enhancement of a remnant channel of the South Grand River and the associated earthwork, water control structures, gravel roads, and parking areas. A federal wetlands grant of \$500,000 helped fund the project.

## APPENDIX V

Project	Cost	Description
Nodaway Valley Wetland Development	\$4 million	Project consisted of 2,236 acres of new wetland pools, two pump stations, and parking areas. This project was funded, in part, with a \$1 million federal wetland grant. At the time of our review, \$2.7 million have been spent on this project.
Bellefontaine Conservation Area Pond Development	\$569,000	This project consists of the construction of two ponds, a wetland area, a trail, and an entrance roadway and parking area. Construction is currently in process.
Cape Girardeau Conservation Campus	\$6.6 million	<p>This planned construction project involves the building of a conservation campus underway in Cape Girardeau County that is estimated to cost about \$5.3 million, according to a department official. The department's commitment to the construction of the facility is \$4.75 million. The project will provide indoor and outdoor exhibits related to conservation issues important to Southeast Missourians, and office space for department employees. As of December 11, 2001, the department has paid a total of \$833,282 to the architect for the design of this project.</p> <p>This project is a partnership between the department, Cape Girardeau County and private parties in Southeast Missouri. Cape Girardeau County is providing the land for the building and is issuing the bonds, which the department will pay off over 10 years at an estimated cost of \$6.6 million, including interest. According to a department official, the private parties are required to raise approximately \$550,000 toward construction of the project. According to that official, the private parties have currently raised approximately \$150,000 of the required \$550,000 toward the project. Construction of the Conservation Campus will not begin until the private parties raise the remaining funds, according to that official.</p>
Columbia Bottoms Development	\$6 million	Columbia Bottoms is located at the confluence of the Missouri and Mississippi Rivers in St. Louis. The department is planning development of the site, which includes wetland restoration, an observation deck looking over the confluence, various roads and maintenance facilities and the construction of a visitors center. As of January 30, 2002, a total of \$495,091 has been paid to the design firm for this project. However, department capital improvement budgets estimate the entire Columbia Bottoms project to cost \$6 million.

COMMENTS FROM THE DEPARTMENT OF CONSERVATION**MISSOURI DEPARTMENT OF CONSERVATION***Headquarters*

2901 West Truman Boulevard, P.O. Box 180, Jefferson City, Missouri 65102-0180  
 Telephone: 573/751-4115 ▲ Missouri Relay Center: 1-800-735-2966 (TDD)

JOHN D. HOSKINS, Director

September 6, 2002

Ms. Claire McCaskill  
 Missouri State Auditor  
 224 State Capitol  
 Jefferson City, MO 65101

Dear Auditor McCaskill:

I appreciate the opportunity to comment on your draft performance audit report, "Department of Conservation Oversight of Land Acquisition, Capital Improvements, and Related Programs." As the new Director, your review of the Department's past performance is helpful, and many of the issues you raised are those which I am concerned with as well. It should be noted that some of the findings in the audit originated in 1997 and that subsequent improvements have been made in the way we conduct business.

We have an effort underway within the Department to review Department programs and make recommendations to the Director and Conservation Commission of a strategic nature. The work has progressed on schedule and implementation will begin by January, 2003. I expect several organizational efficiencies to result from the effort and I have already implemented cost-cutting measures that will have an immediate impact on the FY03 budget. I will achieve operating and capital improvement cost savings through a reorganization that will eliminate fourteen middle management positions within the Department. This will allow us to delay replacing two existing regional office buildings resulting in a savings of several million dollars. I have reduced the Department's out-of-state travel budget for FY03 by 30% since my appointment. My administration of the Department will place a number one priority on delivering the very best conservation programs in the nation to all citizens of the state of Missouri. An emphasis will be placed on the infra-structure needs of our existing properties. I will expect total accountability from my staff for the taxpayer dollars entrusted to the Commission.

Commissioners and employees of the Department take pride in the fact that the citizens of Missouri place an emphasis on conservation through their support of sales tax and license funding. In the Introduction of the draft report it states that the per capita expenditures for conservation in Missouri are the third largest in the nation. It is no accident that this is the case since Missourians were farsighted enough to approve the Conservation Sales Tax in 1976. A Missouri Department of Conservation article, "Promises Made Promises Kept", *Missouri Conservationist*, March 2002 (Attachment 1) reports in detail the results of 25 years of "Design for Conservation." Since passage of the Conservation Sales Tax Amendment in 1976, the Conservation Department has purchased nearly 450,000 acres of land from willing sellers. That amount represents about 60 percent of the 768,400 acres the Conservation Department now owns. I also believe it is important to recognize that revenue growth of the Conservation Commission fund has not kept pace with the state of Missouri revenue growth. Since 1979, Commission funds increased 204% compared to a state revenue increase of 317%. (Attachment 2).

## COMMISSION

STEPHEN C. BRADFORD  
 Cape Girardeau

ANITA B. GORMAN  
 Kansas City

CYNTHIA METCALFE  
 St. Louis

HOWARD L. WOOD  
 Bonne Terre



Ms. Claire McCaskill  
 Page 2  
 September 6, 2002

In response to the Recommendations contained in the draft report, please consider the following:

Recommendations:

**1.1 *Develop plans to control future increases in operating expenditures and address future infrastructure maintenance requirements.***

**MDC Response:** We agree. The need to control operating cost increases has been recognized and future projects proposed will continue to include operating cost requirements prior to their approval.

**1.2 *Require department personnel to address operating costs on all projects or programs during initial planning.***

**MDC Response:** We agree. All planning documents now contain operating cost projections for each new project. A Cash Flow management report is regularly prepared by the Fiscal Services Chief and reviewed by the Capital Improvement Coordination Committee as they consider future funding recommendations.

**1.3 *Institute procedures that require a formal assessment of project specifications prior to formulation of initial internal cost estimates.***

**MDC Response:** We agree. This is now being done. Initial internal estimates have historically been revised as planning proceeds and prior to final approval.

**2.1 *Establish oversight provisions for inclusion in agreements with private organizations that receive state funds by requiring:***

- **A summary of goals or objectives of the program/project.**
- **A detailed budget that outlines the planned use of state funds.**
- **Access to financial records of the grantee and/or audited financial statements.**
- **An annual report of accomplishment.**

**MDC Response:** We agree. These provisions are now incorporated into agreements with private organizations.

**2.2 *Monitor private organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved as agreed by:***

- **Reviewing financial data or audited financial statements.**
- **Making site visits and/or conducting adequate program reviews.**
- **Formally assessing yearly accomplishments prior to renewing agreements.**

Ms. Claire McCaskill  
 Page 3  
 September 6, 2002

**MDC Response:** We agree that a more formal monitoring process is appropriate. A designated Department official has been assigned to current and will be assigned to all future agreements with private organizations. Each agreement will be monitored against contract requirements and reported to the Director immediately if problems are identified.

**3.1 *Improving the performance measurement process by using trend data to measure and support results achieved, defining how much improvement is needed, and restricting the use of performance measures.***

**MDC response:** We agree. We will integrate trend data where possible. We will continue to improve our use of performance measures as demonstrated by the benchmarks achieved through the Design For Conservation plan.

**3.2 *Establishing problem statements that are well supported and based on appropriate data.***

**MDC response:** We agree. Clear problem statements help to direct efforts and identify areas of emphasis.

**3.3 *Assessing the impact of other public, state or federal programs when determining department needs and planning strategies.***

**MDC response:** We agree about the importance of the assessment process. We must be aware of related initiatives outside the Department of Conservation, and we regularly meet with other agency staff to maximize efforts. MDC staff will continue to work with other entities when determining Department needs and planning strategies.

**3.4 *Conducting valid market analyses to determine whether the public will support and utilize proposed projects or programs.***

**MDC response:** We agree. The Department has conducted scientific surveys of Missourians since 1979 to monitor their fish-, forest-, and wildlife-related interests. These surveys asked for specific citizen appraisal of Department performance, as well as guidance on what services the Department might provide to better serve Missourians. Department employees conduct informal surveys daily through interaction with the public. This is a valuable source of qualitative data that is constantly considered as programs are evaluated. We will continue targeted market analysis where warranted and will explore new strategies to employ marketing approaches for key programs.

Ms. Claire McCaskill  
Page 4  
September 6, 2002

**3.5 *Organizing the strategic plan on a division basis to enhance the link between the plan and the budgeting process.***

**MDC response:** We do not agree. We feel it is important to focus our thinking and budgeting on priorities and issues rather than bureaucratic structure. This is critical to our success because multi-divisional approaches are needed to fulfill our constitutional mandate and to provide quality services to the consumers of the Department's resources.

**3.6 *Providing training to Department personnel to ensure results-based planning efforts will be effective.***

**MDC response:** We agree. Training is an important tool for excellence and we continue to place a high value on its importance in employee development. The Department's recent workshop, *Strategic Thinking and Action Planning*, provided the key elements of strategic and operational planning. We will continue to train staff in both strategic and operational planning.

**3.7 *Adhering to state-issued guidance on the strategic planning process by developing specific strategies to accomplish department goals and using common terminology when formulating the plan.***

**MDC response:** We do not agree. In 1994, Governor Carnahan's Commission On Management and Productivity (COMAP) addressed the need for state agencies to adopt a strategic planning process. We believe the ultimate goal was to have all agencies institutionalize and regularly use a strategic planning process, tailored to their needs and organizational culture. We remain committed to the idea of continuous improvement and will continue to work with the state Interagency Planning Council regarding the state model and guidelines for strategic planning.

The Conservation Commission and all Department staff are committed to improving the future delivery of conservation programs to all Missourians while maintaining a high degree of accountability.

Sincerely,



JOHN D. HOSKINS  
DIRECTOR

Attachments

c: Conservation Commission



DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
PARENTS AS TEACHERS PROGRAM

From The Office Of State Auditor  
Claire McCaskill

*The Parents as Teachers program is well received and managed in accordance with state mandates. With some enhancements, the program can achieve greater success.*

Report No. 2002-107  
October 1, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

PERFORMANCE AUDIT



Office of  
Missouri State Auditor  
Claire McCaskill

October 2002

**Minor improvements to Parents as Teachers program could increase current success**

Auditors found the \$30.3 million state-funded parent education program - Parents as Teachers - is run fairly by the education department in 522 school districts. Changing procedures for allocating program funding and monitoring program expenditures would further improve the program.

**Program participants called program successful**

Eighty-nine percent of the participants surveyed by auditors (187 current and inactive parent educators and 64 program coordinators) said the program met its goal. About 81 percent said the program successfully reached new parents. (See page 3)

**Program lost some funds which went unused**

In fiscal year 2001, 85 schools returned more than \$288,000 of the \$30.3 million program funds to the department after not serving enough families as set in quotas. One school returned \$66,000, while two schools returned all the money received. These funds could not be reallocated to other schools in need because the funds went back to the state's General Revenue Fund at fiscal year end. If the district required interim reporting of progress toward the family served quotas, the state could redistribute the "unused" funds to other programs. (See page 8)

**More monitoring needed of program expenditures**

Department officials do not require school districts to submit actual program expenditure reports for review and do not analyze expenditures during routine monitoring visits or evaluations. Department officials only request expenditure information after complaints occur or an evaluation shows an accounting issue. (See page 9)

**Allocating funds off census data does not work**

Department officials allocate program funds based on the census population of children from birth to age five in a district. But census data often misrepresents the area by the time the department uses it. In fiscal year 2001, 39 districts served more than 100 percent of the district's families counted in the 2000 census data. As a result, in the next fiscal year, department officials set quotas above 100 percent of the families. (See page 7)

SHEETS  
MOTLEY  
YELLOW

### **Parent educator pay and some unsupportive districts curbs recruitment**

Fifty percent of the inactive parent educators surveyed said they left the program to become full-time teachers for increased pay and benefits. Missouri parent educator pay ranged from approximately \$20,000 to less than \$1,500 per educator per year, according to 1999 state data. The national average pay for a parent educator equaled \$35,000 annually for a 40-hour work week and \$17,500 for a 20-hour work week. (See page 5)

Forty-three percent of the current educators surveyed wanted more support from the district. Survey respondents said some administrators and school boards did not care about the program, did not provide office supplies or a work space.

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
PARENTS AS TEACHERS PROGRAM**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
The Parents as Teachers Program is Successful and with a Few Enhancements Could Achieve Better Outcomes .....	2
Conclusion.....	11
Recommendations .....	11
 <b>APPENDIXES</b>	
I.    OBJECTIVES, SCOPE AND METHODOLOGY .....	15
II.   BACKGROUND.....	17
III.  SUMMARY OF SURVEY RESULTS .....	18
A. CURRENT PARENT EDUCATORS.....	18
B. COORDINATORS .....	22
C. INACTIVE PARENT EDUCATORS.....	24



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
D. Kent King, Commissioner  
Missouri Department of Elementary and Secondary Education  
Jefferson City, Missouri 65102

The State Auditor's Office audited the Missouri Department of Elementary and Secondary Education's Parents as Teachers program. The objectives of the audit were to determine if the Parents as Teachers program is effectively managed and state appropriated funds were spent as intended.

We concluded the Parents as Teachers program has been successful in reaching families and providing services. Program administrators have properly followed state mandates and provided funding to all school districts. Internal program evaluations and state audit survey responses show a high rate of satisfaction with the program. The audit identified some enhancements to program management that would provide even better outcomes.

The audit included an assessment of management controls related to the oversight of school district expenditures of state funds allocated to the program. We determined whether there were policies and procedures for reviewing district expenditures. We tested the budget and expenditure reporting processes and found weaknesses in oversight of these processes.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits: William D. Miller, CIA  
Audit Manager: Debra S. Lewis, CPA  
Audit Staff: Monique Williams, CPA  
Kim Fowler



## **RESULTS AND RECOMMENDATIONS**

### **The Parents as Teachers Program is Successful and with a Few Enhancements Could Achieve Better Outcomes**

Program managers administered the Parents as Teachers program (program) fairly and followed state mandates. Audit tests disclosed overall satisfaction with the program by participants and administrators. Eighty-nine percent of the parent educators and program coordinators surveyed stated the program achieved its goal, and 98 percent of the program coordinators surveyed said their parent educators were motivated. However, the program did not use all provided funds and had to return some funds to the General Revenue Fund at the end of fiscal year 2001; thus making the funds unavailable to the program. The department cannot ensure the funding allocation methodology appropriately matches funding to school district needs. In addition, the allocation methodology caused the unused funds, as did the use of unrealistic quotas for some school districts. The program could improve results with enhancements to (1) funding allocation method, (2) oversight of funds spent at school districts, and (3) publicity of the program.

#### **Description of Parents as Teachers Program**

Sections 178.691 through 178.699, RSMo 2000, govern the Parents as Teachers program administered by the Division of School Improvement - Early Childhood Education, within the Department of Elementary and Secondary Education (department). These statutes (known as the Early Childhood Development Act) require every school district to provide an approved parent education program and screening services to families with children up to 5 years old.

Parents as Teachers is a home-community -school partnership, which supports parents as their child's first and most influential teachers. Parents in every Missouri school district can participate in the services, which include personal visits from certified parent educators,<sup>1</sup> group meetings, developmental screenings and links with other community resources. Districts that are not able to offer an approved program shall enter into a contract to provide parent education. The general goals of these programs are to:

- Inform parents of possible delays in their child's development as well as normal or advanced progression.
- Provide appropriate and useful information and guidance to parents as their child's primary and most important teachers.

The statutes also establish uniform state reimbursement paid by the department for districts providing parent education directly or by contract.

According to the 2000 census, there are 369,898 children under age five in Missouri. Approximately 10 percent of those children will require special education and an additional 15

---

<sup>1</sup> A certified parent educator is defined as the person(s) hired by the school district responsible for delivering direct parent education services to families.

percent will require less intense services, such as remedial services during their school years.<sup>2</sup> The department received the same appropriations of \$30.3 million in fiscal years 2001 and 2002 to fund the program. These funds are allocated to 522 school districts based on U. S. census data and analyses showing the number of children (birth to age five) living in the school district.

### **Participants, parents and administrators view the program as successful**

Survey responses from 187 current and inactive parent educators and 64 program coordinators showed 89 percent said the program met its goals and 81 percent said the program successfully reached families with newborns. Survey respondents stated the program succeeded because it (1) empowered parents to act in the best interest of their child, (2) increased parenting skills and knowledge, (3) identified developmental delays in children early, and (4) introduced children to the school atmosphere early. Some survey comments were:

Program helps  
identify  
developmental  
delays

- "I think PAT<sup>3</sup> is a fantastic program. I am a 15 yr. Parent Educator. I have seen it grow into a great program. I'm very proud of how our program has grown the last 3 yrs...."
- "I believe that PAT is one of the most innovative programs that is available to all parents of young children. The impact of the program will not completely be seen until these children are parents."
- "I was a parent in the program 15 years ago and I have always admired this program and it's work. I have been a Parent Educator for 5½ years and I am still learning, about children, about parents, and about myself. I am honored to touch so many lives and to play a part in our newest generation of learning."
- "I believe in the PAT program wholeheartedly. I have seen parents make good decisions on raising their child/children after reading PAT material and visiting with their educator."

### **Program evaluations stress success**

In 2000, the state conducted the Missouri School Entry Assessment Project<sup>4</sup> (project), which assessed the school-readiness of children as they entered public kindergarten classes, and collected data concerning pre-school experiences and access to health care.

---

<sup>2</sup> Missouri Department of Elementary and Secondary Education. *Early Childhood Development Act Program Guidelines & Administrative Manual*. Revised October 2000.

<sup>3</sup> PAT is Parents as Teachers Program.

<sup>4</sup> Bartman, Robert E. *School Entry Assessment Project: Report of Findings*, 2000, Missouri Department of Elementary and Secondary Education.

The project found:

- Children who attend preschool or center care and participate in the program score above average upon entering kindergarten. This condition occurred with both minority and non-minority children and those attending low- and high-poverty level schools.
- Participating children with solely home-based care and education also scored significantly higher.
- Teachers rated special needs children as equally prepared as average children if they participated in the program and attended preschool and an early childhood special education program.
- Head Start children participating in the program and preschool score average or above when they enter kindergarten.

Department officials included a brief evaluation of each district's performance regarding the program in the Missouri School Improvement Program evaluation (evaluation).<sup>5</sup> The school districts serving below the state's average program participation rate are given a "concern" on the evaluation. The number of concerns a district receives can affect accreditation. These evaluations have positively impacted the program at the school districts reviewed. In fiscal year 2001, approximately 52 percent of the evaluated districts increased the percentage of families served in the district from the prior year. Also, in fiscal year 2000, approximately 61 percent of the evaluated districts increased the percentage of families served from the previous year. In addition, 38 school districts continued to increase the percentage for up to 2 years after the review.

Performance  
evaluations  
improve program

### **Quotas do not consider factors impacting accomplishment**

Quotas used to hold school districts accountable for the funding allocations are inaccurate and are unmanageable for some school districts. The quotas represent the target number of district families the program should serve and are used to determine how much of the final amount will be paid. Department personnel use the census data by district to set quotas for the next fiscal year. The quotas are calculated for each district as the larger of:

- The number of families seen by the district in the previous year.
- Sixty percent of the families reported in the census data.

As a result, if the district does not achieve the goal of 60 percent of the families reported in the census the personnel could use the same data for the 10-year period between censuses.

---

<sup>5</sup> The Missouri School Improvement Program reviews approximately one-fifth of the Missouri school districts each year with a department team who visits the site, assesses strengths and needed improvements in education programs. This review also analyzes if a school is meeting its Parents as Teachers program goals.

Program officials will increase or decrease a quota with a written request from the district officials justifying the change. Acceptable reasons for changing quotas include: (1) a new industry bringing new employees to the community, (2) increased district contributions allowing the hiring of an additional parent educator, (3) a temporary reduction in parent educators, and (4) a loss of a large local employer prompting several families to leave the area.

Meeting quotas can be difficult for some school districts because of mitigating circumstances not considered by the department when establishing quotas.

### **Barriers to quota accomplishment**

Our survey showed various barriers to meeting quotas including (1) religious beliefs, cultural differences and language differences, (2) parents choosing to home school their children, and (3) families choosing not to participate in the program. These families would be included in the census data and included in the department set quotas, despite the low probability of their participation.

### **Other non-state funded entities provide the same services**

Child care centers, non-profit organizations, and other parent education programs serve the same populations targeted by school districts, which reduces the number of potentially participating families. The quotas are not adjusted for populations served by other early childhood or parent education programs. Information provided to us by the Parents as Teachers National Center (National Center) showed there were 568 Parents as Teachers programs in Missouri as of September 2001, but only 522 school districts in Missouri.

### **Low pay and benefits affect ability to recruit parent educators**

Fifty percent of the inactive parent educators surveyed indicated they left the program to become full-time teachers for increased pay and benefits. Compensation levels for parent educators are determined by the individual school districts and depend upon funding received from the state and other sources. Districts receive only minimal guidance from the department or the National Center regarding educator salary.

Districts pay the educators on an annual salary basis, hourly basis, a set amount per family contact or a set amount per contractual agreement. The compensation of many parent educators is based on the number of participating families, which determines the amount of funding received from the state.

Not every district provides benefits for parent educators. Benefits can range from retirement, insurance and leave for a full-time educator to a personal day for a part-time educator. Differences also exist by district in defining full- or part-time employees. Some districts used a minimum 20 hours per week as the requirement for benefit coverage, while other districts used 30 hours per week.

The National Center's implementation guide showed the national average pay for a parent educator is \$17 per hour. This pay would equate to more than \$35,000 annually for a parent educator working 40 hours per week, 52 weeks a year; or just over \$17,500 for an educator working 20 hours per week, 52 weeks a year. Based on data collected by the Early Childhood Education team in fiscal year 1999, Missouri parent educator pay ranged from approximately \$20,000 to less than \$1,500 per educator per year.

**Parent educator qualification requirements impair recruitment and service to families**

At least eight districts require a college degree or state teacher certification to apply for a parent educator position. These requirements are stricter than department qualifications and limit the field of potential employees. Two of these districts have served only an average of 20 percent of the families in their districts. Table 1.1 shows the range of education and experience the department accepts for hiring parent educators.

Some school districts demand more than required

**Table 1.1: Department Parent Educator Requirements**

Education	Experience
State teacher certification and a 4-year degree in one of the following: Early Childhood Education Early Childhood Special Education Elementary Education Vocational Home Economics or Family and Consumer Sciences	Demonstrated ability in working with young children and their parents.
A 2-year associate degree or 2-year certificate program in Early Childhood Education, Child Development, or Nursing	Demonstrated ability in working with young children and their parents.
Sixty college hours	Two years of successful experience in a program working with young children and their parents.
No college hours	Five years of successful experience in a program working with young children and their parents.

Source: Early Childhood Development Act Program Guidelines & Administrative Manual

The noted qualifications are only department suggestions. Department officials examine any candidate recommended by a district on a case-by-case basis. They will accept an individual that does not meet the qualifications if they believe the applicant can perform the duties of a parent educator.

In addition, all parent educator candidates have to complete a department-approved training program in parent education regardless of previous training and experience. The most common training used is the week long *Born to Learn*<sup>TM</sup> Institute provided by the National Center.

### **Parent educator morale**

Forty-three percent of the current parent educators surveyed wanted more support from the district. Survey respondents stated that some administrators and school boards did not care about the program and did not provide the parent educators with office supplies or a work place. Parent educators also reported not receiving feedback from their superiors regarding job performance, which led them to seek employment elsewhere.

Another major concern of the parent educators was the hours spent on paperwork, recruiting, planning and extra time with the families without additional compensation. Some parent educators sought other employment because of night visits and time spent away from their own families. These problems discourage individuals from becoming a parent educator and force some parent educators to seek other employment because they cannot support themselves or their families on their salary. In some instances, parent educators were certified teachers and had difficulties maintaining the hours needed for certification.

### **The method of allocating funds to school districts does not work well**

Using U. S. census data to allocate state funds to the districts is no longer working well since the program had to return unused funds at the end of fiscal year 2001, and the data loses its accuracy between census counts. A comparison of census counts showed population changes can make the census data obsolete. There was an average 33.9 percent increase or decrease in population by school district between the 1990 census and the 2000 census. Program officials obtain the most recent census data. However, the data often is a year or more old by the time it is received because additional analysis must be done to group the data by school district.

Census data is not timely and can be obsolete

To allocate funds, department personnel determine the number of children at each age from birth to 5 years by school district, and number of families per school district. These allocations do not always coincide with the needs of the districts. Program officials did not receive the 2000 census data until just before they had to set the fiscal year 2002 family service quotas. In some districts, this 2-year-old information no longer represented the number of families or children in the area. In fiscal year 2001, 39 districts served more than 100 percent of the district's families counted in the 2000 census data, which showed the district had more families than the department calculated. As a result, in fiscal year 2002, the program officials set quotas in 20 districts above

100 percent of the families, basing their calculation on the number of families served the previous year and not the outdated census data.

Program officials pay out the allocated funds to districts in three installments. The first two payments account for approximately 80 percent of the total allocation and are made in September and January. These payments are made without tracking how the funds are spent or if the districts are near their quotas. Program officials make the final payment in August after receiving the school's final report showing the number of families served and types of services provided. If the district does not meet its quota, program officials withhold some of the allocation.

### **Some funds were not used and were lost to the program**

In fiscal year 2001, 85 schools had to return more than \$288,000 of \$30.3 million to the department after not reaching the number of families set by their quotas. Refunded amounts totaled \$66,000 at one school, and two schools returned all of the money they received. These funds could not be reallocated to other schools in need because the funds revert to the General Revenue Fund at the end of the fiscal year. Interim reporting of the number of families served could allow department officials to reallocate funds to other districts and prevent unused funding.

Improved  
management  
would preserve  
funding

The department should evaluate other alternatives to enhance the funding methodology for the school districts. Some suggestions for enhancement include:

- Establish a grant system for allocating funds that would require districts to request the funds they need based on quotas they set.
- Contract out Parents as Teachers services in those districts that are not willing to support the program or have parent educator recruiting and retention problems.
- If a quota system is retained, develop data more clearly representative of the child population from birth to age five. This new data may involve identifying birth records and developing a birth rate adjustment factor for U. S. census data.
- If a quota system is retained, identify and account for existing competing programs in the school districts in establishing quotas.
- Create a best practices pamphlet to share with the districts.
- Use a mentoring approach to allow successful school districts to collaborate with struggling school districts.
- Recruit parent educators that can relate to religious, cultural and bilingual populations to improve participation by the applicable school districts.

### **Better oversight of school district expenditures is needed**

Department officials do not require the school districts to submit actual expenditure reports for review and generally do not review expenditure data during monitoring visits or evaluation reviews. Department officials request expenditure information from the districts only after complaints or evaluation reviews indicate spending or accounting problems.

Districts are required to submit budgets as part of their yearly application process. The budget is prepared after the districts have been notified of the amount they will receive if they fulfill the set quota. The budgets include how the state funds will be spent on salaries, benefits, purchased services, materials and supplies, equipment and other areas. The budgets also include the number of full-time employees and the amount the district expects to contribute in each of the categories. Department officials do not always review the budgets submitted by the districts or request additional information for unusual or unreasonable items. In a limited review of some district budgets, auditors identified concerns a budget reviewer might question:

- One district did not submit the budget information for the last 2 years.
- One district doubled the amount budgeted for travel from fiscal year 2001 to 2002, and budgeted \$1,200 for professional storytellers for program parent meetings.
- One district budgeted normal school operation costs - such as audit services, equipment repair, building usage, advertising, printing and telephone services - out of program funds which were not direct costs to the program. The Program Guidelines & Administrative Manual states "Early Childhood Development Act funds can be used only for programs authorized under this Act."

Additionally, the total expenditures reported by a district for fiscal year 2001 were approximately \$8,000 less than the amount reimbursed by the department.

### **Better exposure of the program to the public could help in reaching potential participants**

Program officials allow each district to recruit and publicize the Parents as Teachers program. Guidance is given by program officials when requested or when a problem is identified. For example, after a monitoring visit identified one district's participation problem, program officials forwarded a list of recruiting methods commonly used by a more successful program.

Twenty-five of the surveys indicated better statewide and local publicity would increase program exposure and enhance recruiting efforts. The National Center prepared a public service announcement and distributed it to 43 network and cable television stations. One respondent stated a public service announcement produced by the National Center was broadcast on television at 4:00 a.m.--making the timing and value of the announcement questionable.

Twenty-nine of the districts queried provided some innovative approaches to recruiting families. They used (1) billboards; (2) flyers in Welcome Wagon packets, local photography studios, and petting zoos; (3) contacts with real estate agencies, and local fire departments; (4) advertisements



on local cable television channels; and (5) booths at community and school events, including county fairs, and back-to-school nights.

The department could consider the following alternatives to increase awareness of the program.

- Develop working relationships with other state departments and programs targeting similar populations, and create a network to distribute information about the programs available for families with children.
- Encourage the districts to pool resources for county-wide advertising campaigns.
- Encourage school districts to contact local media to broadcast public service announcements about the program, and consider using some funding for a statewide publicity campaign.
- Prepare and distribute a best practices list showing other districts new and innovative methods to promote the program.
- Print and distribute information flyers for the districts and other state programs to pass on to potential participants. (The National Center has such flyers available or program officials could develop flyers to be reproduced as needed.)
- Target advertising to groups who are susceptible to cultural and language barriers to build trust and confidence in the program.

### **The department's performance goal may be unachievable**

The department may not meet its goal to provide Parents as Teachers services to 60 percent of the families with children under age five by fiscal year 2005. Table 1.2 shows the status of the department's progress toward the goal.

**Table 1.2: Number of Missouri Families Served in 2001 vs. Goal**

	<b>Number</b>	<b>Percentage</b>
Missouri families	336,476	
Goal	201,885	60
Actual served	157,237	47
Increase needed to reach goal	44,468	

Source: Program data obtained from department officials

As the table shows, the department needs to serve 44,468 more families to meet the 60 percent goal. To achieve this goal by 2005, district personnel will have to serve an average of 11,162 additional families (44,648 divided by 4) a year. The program has not experienced an increase in the number of families of this magnitude since fiscal year 1991. In fiscal year 1991, the number of families participating increased by 10,702 (11 percent) from fiscal year 1990.

## **Conclusion**

The Parents as Teachers program has been successful and well received; however, some enhancements could increase the program's accomplishments. School districts administering the program are not held accountable and do not always develop the program to reach the goals set by the department. The current goal of the department will not be achieved by 2005 unless changes are made to the program and more families are recruited on a statewide level.

## **Recommendations**

We recommend the Commissioner, Department of Elementary and Secondary Education:

- 1.1 Re-evaluate the methodology used to distribute the funds to the schools and determine if changes could be made to enhance the program. In the re-evaluation consider:
  - Establishing a grant system for allocating funds that would require districts to request the funds they need based on quotas they set.
  - Contracting out Parents as Teachers services in those districts that are not willing to support the program or have parent educator recruiting and retention problems.
  - Creating a best practices pamphlet to share with the districts.
  - Using a mentoring approach to allow successful school districts to collaborate with struggling school districts.
  - Recruiting parent educators that can relate to religious, cultural and bilingual populations to improve participation by the applicable school districts.
  - If a quota system is retained, developing data more clearly representative of the child population from birth to age five. This new data may involve identifying birth records and developing a birth rate adjustment factor for U. S. census data.
  - If a quota system is retained, identifying and accounting for existing competing programs in the school districts in establishing quotas.
- 1.2 Monitor the districts' expenditures of program funds to ensure these funds are properly used for the program and proper records are maintained.
- 1.3 Evaluate the following alternatives to increase publicity of the program on a statewide level:
  - Develop working relationships with other state departments and programs targeting similar populations, and create a network to distribute information about the programs available for families with children.

- Encourage the districts to pool their resources for county-wide advertising campaigns.
- Encourage school districts to contact local media to broadcast public service announcements about the program, and consider using some funding for a statewide publicity campaign.
- Prepare and distribute a best practices list showing other districts new and innovative methods to promote their program.
- Print and distribute information flyers for the districts and other state programs to pass on to potential participants. (The National Center has such flyers available or program officials could develop flyers to be reproduced as needed.)
- Target advertising to those groups who are susceptible to cultural and language barriers to build their trust and confidence in the program.

1.4 Review the feasibility of meeting the department's performance goal and change the goal to a more achievable level if warranted.

### **Department of Elementary and Secondary Education Responses**

*We concur with your conclusion in the recent audit of the Parents as Teachers program that the program has been successful in reaching families and providing services. We have a very dedicated staff at the Department of Elementary and Secondary Education. The Department staff works with an equally dedicated cadre of parent educators across our state to help parents better understand how to be their child's first teacher and get their child off to the best start possible.*

1.1 *Re-evaluate the methodology used to distribute the funds to schools and determine if changes could be made to enhance the program.*

- *In the beginning, quotas for school districts were set using a percentage of the census figure for families with children of an eligible age. (Example: The first year of statewide implementation of Parents as Teachers (PAT), quotas were set at 10% of the number of families with children birth to age three according to the existing census figures.) This method has not been used for several years. Quotas are now set based on the number of services provided by the school district in the previous year. The census percentages provide a point of reference to help set local and statewide goals.*
- *Districts are allowed to request an increase in their quotas based on a documented need. Based on the level of appropriations, districts are then able to receive additional funding.*

- *Districts have always been allowed to contract services out to another agency to provide Parents as Teachers services. An application is available for this type of program implementation. A few small districts have also formed co-ops to provide PAT services.*
- *The Parents As Teachers National Center (PATNC) is currently involved in a project to set program standards for Parents as Teachers programs. From these standards, the Department of Elementary and Secondary Education (DESE) will develop a “best practices” pamphlet to distribute to districts and parent educators.*
- *DESE staff will grant variances to certain individuals who do not completely meet the required qualifications for becoming a parent educator based on bilingual, cultural, etc. needs. Often we contact the PATNC regional coordinators and request special mentoring for these parent educators.*
- *DESE has met with a state demographer from Office of Administration, Division of Budget and Planning, to request updated census information throughout the census cycle. This will be used to check the accuracy of census information on an on-going basis.*

*1.2 Monitor the districts’ expenditures of program funds to ensure these funds are properly used for the program and proper records are maintained.*

- *DESE is in the process of developing a final expense form that districts will be required to return with other end-of-year reports.*

*1.3 To increase publicity of the program on a statewide level:*

- *A public service announcement (PSA) video featuring Bob Costas is available from PATNC for \$5.00. This PSA was distributed to television stations throughout the country.*
- *Funds for a statewide publicity campaign are not available; however, DESE staff is considering writing a grant to finance such an endeavor.*
- *DESE is currently working with MO Department of Social Services (DSS) to ascertain how DSS can help recruit families for PAT. Recently a flyer describing PAT and information on how to enroll was distributed by Medicaid. DSS staff will join us at our PAT Advisory Council in September to discuss how they can provide additional support to PAT.*
- *The entire PAT curriculum, including brochures and other recruitment materials, is available in Spanish. In addition, some local school districts translate materials into other languages pertinent to their area.*

*1.4 Review the feasibility of meeting the department's performance goal and change the goal to a more achievable level if warranted.*

- DESE performance goals are reviewed on an annual basis. This suggestion will be taken into consideration.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The objectives of the audit were to determine if the Parents as Teachers program is effectively managed and state appropriated funds were spent as intended.

**Scope**

Our audit work included activities of the Parents as Teachers program for fiscal years 2000 and 2001. We reviewed:

- Information maintained by the department regarding quotas and the number of children served by each school district in the state.
- A sample of files for school districts maintained by program officials including budget information and final reports of services provided by school districts.
- Census data regarding the number of children in the state of Missouri.
- Information maintained at the National Center regarding early childhood development programs in Missouri and other states.
- Monitoring reports prepared by the National Center and the department and Missouri School Improvement Program reviews.

**Methodology**

To accomplish the audit objectives we:

- Obtained the quotas for each school district and the number of children served by each school district for fiscal years 2000 and 2001.
- Determined how the quotas are set and whether they appear reasonable.
- Analyzed school district performance in relation to quotas.
- Obtained information from the National Center regarding how other states handle their programs and the number of children seen by other states.
- Determined and compared the number of births per county to the recruitment numbers of the school districts.

## **APPENDIX I**

- Obtained and analyzed resources, recruitment methods, and computer systems information of the school districts.
- Surveyed a sample of program coordinators, parent educators and inactive parent educators.
- Visited the National Center and discussed monitoring procedures. Obtained a list of all schools monitored in the last 2 years and planned for monitoring in the current year. We also examined some monitoring reports.
- Obtained and reviewed the program goals.
- Discussed with the early childhood development staff what improvements/changes they think are necessary to improve the program.
- Evaluated management controls pertinent to funding allocations and oversight of school district expenditures.

**BACKGROUND**

The 83rd General Assembly enacted Senate Bill 658, the Early Childhood Development Act, which authorizes the administration of a program of services for children below kindergarten entry and their parents.<sup>1</sup> This program has become the Parents as Teachers program administered by the Division of School Improvement - Early Childhood Education, within the Department of Elementary and Secondary Education. The principal laws and rules for this program are Sections 178.691 through 178.699, RSMo 2000.

The Early Childhood Education Act programs also provide a means of meeting the first National Education Goal regarding readiness for school. By helping parents to increase their confidence and parenting skills, they are better able to support their children's education and development before and after school entry. Periodic screenings increase parents' understanding of their children's developmental progress, as well as alert them to any possible delays. Early intervention for identified problems help improve chances children will enter school with "healthy minds and bodies."<sup>2</sup>

Periodic monitoring of a child's development is the foundation of educational guidance to parents. A review with each participating family of their child's progressive developmental profile significantly reduces the possibility the child will go through preschool years with an undetected developmental delay. Skills and abilities are developing rapidly during this time. Since many causes of slow development can be treated effectively and efficiently if detected early, it is important they be identified as early as possible. In addition, the recurrent monitoring and review can signify to parents that their child is progressing at a normal or advanced rate of development and can also give direction on how to support and encourage continued growth.<sup>3</sup>

---

<sup>1</sup> Missouri Department of Elementary and Secondary Education. *Early Childhood Development Act Program Guidelines & Administrative Manual*. Revised October 2000, Foreward.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid., p. 3.



**SUMMARY OF SURVEY RESULTS**

**A. CURRENT PARENT EDUCATORS**

A survey questionnaire was sent to 163 current parent educators of the Parents as Teachers (PAT) programs. A total of 151 responded to the questionnaires giving a response rate of 93 percent. The results of this survey are as follows:

Question	Number of Responses	Percentage of Total
What is your affiliation with the school district?		
Teacher with the district.	20	13
Other employee with the district.	45	30
No affiliation with the school other than as a Parent Educator, employed in Early Childhood field.	76	50
Other.	10	7
Are you considered a full-time or part-time Parent Educator?		
Full-time	55	36
Part-time	96	64
How many hours per week do you spend as a Parent Educator?		
Less than 10 hours per week	2	1
10-20 hours per week	71	47
21-30 hours per week	19	13
31-40 hours per week	46	30
Over 40 hours per week	10	7
No response	3	2
How many families are you assigned to work with?		
10 or less families	10	7
11-20 families	5	3
21-30 families	13	8
31-40 families	13	8
41-99 families	91	60
More than 99 families	16	11
No response	5	3

Source: Current Educator responses to SAO survey

## APPENDIX III

Question	Percent	
	Yes	No
Do you feel that your PAT program is successfully reaching families with newborns?	78	22
Do you use a computer system/program to track information for the PAT program?	53	47
Do you feel you are allowed adequate time to spend with the families?	88	12
Do you feel you are allowed adequate time to complete all the tasks necessary as a Parent Educator?	61	39
Do you feel the school district supplies the program with sufficient resources to complete your job duties and properly serve your contacts?		
Yes	57	
No, more financial support is needed		26
No, more significant support is needed		10
No, both types of support is needed		4
No		3
Please check the recruiting methods used by your district to recruit families in the PAT program.		
Participant referral	91	
Displays at local functions (back to school nights)	85	
Fliers to local health departments/hospitals	82	
Fliers to daycare centers/preschools	76	
Fliers posted throughout the district	68	
Fliers to K-3 <sup>rd</sup> grade students	64	
Advertised in a local newspaper	61	
Fliers to local library	58	
Door-to-door introductions	28	
Advertised on a local Website	25	
Distributed door hangers	20	
School or other newsletter	7	
Local cable channel/television	5	
Billboards	2	
Fliers at real estate agents	1	

### APPENDIX III

Question	Percent	
	Yes	No
Do you feel the Department of Elementary and Secondary Education, Early Childhood team provides adequate resources, guidance, and support for the program and parent?	83	17
Do you feel the quotas set by the Early Childhood Development team are/were attainable and reasonable for your district?	86	14
Do you feel the PAT program is accomplishing goals?	90	10

Source: Current Educator responses to SAO survey

## APPENDIX III

Question/Responses	Number of Responses
What do you feel contributed to the success or breakdown of your district's Parents as Teachers program in regards to meeting quotas?	
<b>Success (Top three answers)</b>	
Dedicated Parent Educators/good leadership	20
Good support from school district	13
Good recruitment and positive word of mouth	12
<b>Breakdown (Top three answers)</b>	
Parents not interested in program or no time to participate	8
Turnover of Parent Educators	7
Lack of coordinator interest/administrative support	6
What improvements would you make to your district's Parents as Teachers program?	
Hire more Parent Educators/maintain Parent Educators	13
Increased pay for Parent Educators	10
Expand/improve facilities	10
No improvement needed, district does a great job	10
What successes do you think the Parents as Teachers program has had?	
Improving parenting skills and providing them resources	56
Reaching children in need and identifying problems early	40
Prepare children to be interactive, develops social skills	10
What improvement would you make to the Parents as Teachers program as a whole?	
Provide a pay scale equal to a teacher's salary	11
Expand program, increase home visits for 3-5 year olds	10
Reduce the amount of paperwork	10
Increase marketing and advertisement of program	9

Source: Current Educator survey responses

## APPENDIX III

### B. COORDINATORS

A survey questionnaire was sent to 52 current coordinators of Parents as Teachers programs. A total of 64 responded to the questionnaires giving a response rate of 123 percent because the questionnaire was shared with other coordinators. The results of this survey are as follows:

Question	Number of Responses	Percentage of Total
How many hours per week do you spend on the Parents as Teachers Program?		
less than one hour per week	5	8
1 - 5 hours per week	12	19
more than 5 hours per week	45	70
more than 40 hours per week	2	3

Source: Coordinator survey responses

Question	Percent	
	Yes	No
Do you feel that your Parents as Teachers program is successfully reaching the families with newborns?	86	14
Do you use a computer system/program to track information for the Parents as Teachers program?	48	52
Do you feel the Parent Educators in your district are motivated to help this program succeed?	98	2
Does the district provide funds for the Parents as Teachers program in addition to the monies received from the state program?	75	25
Do you obtain financial support for the Parents as Teachers program from sources outside the district's funds?	24	76
Do you feel the Department of Elementary and Secondary Education, Early Childhood team provides adequate resources, guidance, and support for the program and Parent Educators?	83	17
Do you feel the quotas set by the Early Childhood Development team are/were attainable and reasonable for your district?	84	16
Do you feel the Parents as Teachers program is accomplishing its goals?	91	9

Source: Coordinator responses to SAO survey

## APPENDIX III

Question/Responses	Number of Responses
What do you feel contributed to the success or breakdown of your district's Parents as Teachers program in regards to meeting quotas?	
<b>Success (Top three answers)</b>	
Good Parent Educators/good program	13
Good word of mouth for the program	5
Hired a new Parent Educator	4
<b>Breakdown (Top five answers)</b>	
Lots of turnover in program	6
No superintendent/administrative support	5
Not enough qualified Parent Educators/maintaining current educators	4
Quotas not accurate, need to be lowered	4
Change in family/community demographics	4
What improvements would you make to your district's Parents as Teachers program?	
Maintain Parent Educators	10
Increased pay for Parent Educators/increased program funding	8
More space and/or better facilities for the program to use	6
What successes do you think the Parents as Teachers program has had?	
Locating special needs families	12
Increased parent involvement in school	5
Increasing parenting skills and knowledge	4
What improvement would you make to the Parents as Teachers program as a whole?	
Increased pay for Parent Educators/increased funding for program	8
Add funding for advertising or increased statewide advertising	5
Reduce the amount of paperwork	4

Source: Coordinator responses to SAO survey

## APPENDIX III

### C. INACTIVE PARENT EDUCATORS

A survey questionnaire was sent to 140 inactive parent educators of the Parents as Teachers programs. A total of 36 responded to the questionnaires giving a response rate of 26 percent. The results of this survey are as follows:

Question	Number of Responses	Percentage of Total
What was your affiliation with the school district?		
Teacher with the district	5	14
Other employee with the district	7	19
No affiliation with the school other than as a Parent Educator, employed in Early Childhood field.	23	64
Other	1	3
Were you considered a full-time or part-time Parent Educator?		
Full-time	10	28
Part-time	26	72
How many hours per week did you spend as a Parent Educator?		
Less than 20 hours per week	3	8
20 hours per week	15	42
35 hours per week	5	14
40 hours per week	6	17
Other	7	19
How many families were you assigned to work with?		
Less than 20 families	3	10
20-30 families	3	10
31-40 families	10	32
41-60 families	6	19
More than 60 families	9	29

Source: Inactive Parent Educator responses to SAO survey

## APPENDIX III

Question	Percent	
	Yes	No
Did you feel that your Parents as Teachers program was successfully reaching the families with newborns?	86	14
Did you feel you were allowed adequate time to spend with the families?	83	17
Did you feel you were allowed adequate time to complete all the tasks necessary as a Parent Educator?	64	36
Did you feel that the school district supplied the program with sufficient resources to complete your job duties and properly serve you?	61	39
Did you feel the Department of Elementary and Secondary Education, Early Childhood team provided adequate resources, guidance, and support for the program and Parent Educators?	80	20
Did you feel the quotas set by the Early Childhood Development team were attainable for your district?	70	30
Did you feel the Parents as Teachers program was accomplishing its goals?	83	17

Source: Inactive Parent Educator responses to SAO survey

Question/Responses	Number of Responses
Please tell us why you are no longer a Parent Educator.	
Left to become a full-time teacher	13
Left for a better paying position	10
Left due to the hours required in the evenings	7
Left due to the lack of administrative support	4
What do you feel contributed to the success or breakdown of your district's Parents as Teachers program in regards to meeting quotas?	
<b>Success (Top two answers)</b>	
District's/coordinator's support	7
Good staff/hard working Parent Educators	5
<b>Breakdown (Top two answers)</b>	
Administrators and district staff did not understand the benefits of the program.	4



## APPENDIX III

Question/Responses	Number of Responses
Quotas too high, required 50+ hours to meet the needs of the families.	2
What improvements would you make to your district's Parents as Teachers program?	
Higher pay for Parent Educators/increased funding	8
More supervisory participation/administrative support	6
Parent Educator positions should be full-time with benefits	5
What successes do you think the Parents as Teachers program has had?	
Identify developmental delays and early intervention	11
Better informed parents/builds parent's confidence	9
Developmental information given to families	8
Parents more comfortable with the school	6
What improvement would you make to the Parents as Teachers program as a whole?	
Higher pay for Parent Educators/increased funding	7
Use certified teachers/degreed Parent Educators	4
Parent Educators should be full-time positions with benefits	3

Source: Inactive Parent Educator responses to SAO survey



**DEPARTMENT OF AGRICULTURE  
OVERSIGHT OF MANUFACTURE AND DISTRIBUTION OF  
COMMERCIAL FEED PRODUCTS**

**From The Office Of State Auditor  
Claire McCaskill**

*Compliance with commercial feed labeling is high, but changes in the inspection program are needed to ensure deficient feed products are not sold to farmers and pet owners.*

**Report No. 2002-106  
October 1, 2002**

**[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

October 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Agriculture, Oversight of Manufacture and Distribution of Commercial Feed Products.**

-----  
The Department of Agriculture, Plant Industries Division-Bureau of Feed and Seed (bureau) inspection and testing program helps ensure the majority of commercial feed products, such as cattle feed and pet food, manufactured and/or distributed in the state contain ingredients guaranteed on the product labels. The bureau's testing program consistently showed at least 87 percent of the commercial feed providers complied with ingredient requirements.

**Repeated violators not penalized**

Despite high compliance, the bureau's policy did not penalize feed distributors who repeatedly violated state feed laws and regulations. This policy has partly contributed to sales of over 6.5 million pounds in deficient feed products during calendar years 2000 and 2001.

These mislabeled products contained less protein and/or other necessary ingredients critical to the growth and health of livestock, poultry, and pets. When commercial feed products contain less ingredients than advertised, it can result in reduced profits for commercial feed purchasers, and increased health maintenance costs for pet owners. Additionally, the bureau did not collect all state inspection fees in a timely manner.

The bureau's analyses showed 87 percent of the feed sampled in 2000 and 88 percent sampled in 2001 complied with labeling laws. For feed products that did not meet label guarantees, the bureau issued a "withdrawal from distribution order."

Audit analysis of withdrawal orders for 2000 and 2001 showed commercial feed manufacturers and distributors reported 6.5 million of the 9.5 million pounds of deficient feed (68 percent) already sold when they received the withdrawal order. The total amount of deficient feed products actually sold to farmers and pet owners could be substantially higher than 6.5 million pounds. The withdrawal orders only list the amount of feed on hand at the site of the original sample, which could have been substantially less than the total amount manufactured, especially if the sample came from a retail distributor.

The bureau lacked procedures to ensure deficient feed products are not sold. Due to the time required to obtain samples and conduct feed tests, it is not possible to totally prevent the sale of deficient feed products.

YELLOW SHEET

(over)

The bureau's feed inspectors visited and obtained feed samples from numerous retail sites when they could obtain the same feed samples from single manufacturing feed mill sites within the state. The bureau's inspection policy authorizes feed inspectors to independently develop feed inspection and sampling strategies rather than follow a statewide strategy. Additionally, bureau staff may be over testing some products, such as 20 or more tests on a product in a calendar year.

Although a statewide inspection and sampling strategy would not eliminate the need to visit some retail distributors and obtain multiple samples of the same feed, bureau officials acknowledged some visits and multiple testing of the same product could be prevented. Eliminating unnecessary visits would allow feed inspectors more time to ensure manufacturers and distributors comply with withdrawal orders.

Increased central oversight could reduce the number of feed samples obtained and annual tests conducted. Audit analysis showed some feed products were sampled and tested 52 times in a calendar year. Because several of these products did not fail or failed only a few tests for labeling guarantees, some tests could have been potentially eliminated.

According to the bureau officials, some feed ingredients, such as soybean meal, need more frequent testing because of the importance related to protein guarantees. Bureau staff, however, have not monitored the samples obtained and tested for each product throughout the year to determine if current practices are adequate.

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**DEPARTMENT OF AGRICULTURE OVERSIGHT OF MANUFACTURE AND  
DISTRIBUTION OF COMMERCIAL FEED PRODUCTS**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>3</b>
1. Improved Oversight and Control Could Help Prevent the Sale of Deficient Commercial Feed Products.....	3
Conclusion .....	7
Recommendations.....	7
2. A More Efficient Inspection Strategy Could Help Improve Oversight and Control .....	10
Conclusion .....	11
Recommendations.....	12
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY.....	13
II. BUREAU INSPECTION DATA.....	14
III. WITHDRAWALS BY FEED CLASS AND TYPE OF RELEASE .....	16



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Lowell F. Mohler, Director  
Department of Agriculture  
and  
Joseph Francka, Director  
Plant Industries Division  
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Agriculture, Plant Industries Division - Bureau of Feed and Seed (bureau) inspection program. The audit objectives included analyzing if the bureau is effectively administering state laws and regulations designed to ensure feed manufacturers and distributors consistently and accurately label feed products. We reviewed the bureau's policies, procedures, and inspection and testing results between January 2000 through December 2001.

A majority of the state regulated commercial feed products follow state labeling laws. Compliance rates were at least 87 percent in calendar years 2000 and 2001. Improvement was needed in enforcement procedures to ensure deficient feed products are not sold to consumers. The audit identified more than six million pounds of mislabeled feed products sold after the feed failed inspections. Additionally, inspection resources could be better used by taking more samples from manufacturers' feed mills and by reducing the number of tests for some products.

During the audit, the bureau initiated some corrective actions to mitigate the sale of deficient feed products. We make several recommendations to help prevent the sale of deficient commercial feed products and improve the efficiency of the bureau's procedures to regulate commercial feed products.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John B. Mollet, CISA
In-Charge Auditor:	Deborah J. Yost
Audit Staff:	Michelle J. Holland

## **RESULTS AND RECOMMENDATIONS**

### **1. Improved Oversight and Control Could Help Prevent the Sale of Deficient Commercial Feed Products**

The Department of Agriculture, Plant Industries Division - Bureau of Feed and Seed (bureau) inspection and testing program helped ensure the majority of commercial feed products, such as cattle feed and pet food, manufactured and/or distributed in the state contain ingredients guaranteed on the product labels. The bureau's testing program consistently showed at least 87 percent of the commercial feed providers complied with ingredient requirements. Despite high compliance, the bureau's policy did not penalize feed distributors who repeatedly violated state feed laws and regulations. This policy has partly contributed to sales of over 6.5 million pounds in deficient feed products during calendar years 2000 and 2001. These mislabeled products contained less protein and/or other necessary ingredients critical to the growth and health of livestock, poultry, and pets. When commercial feed products contain less ingredients than advertised, it can result in reduced profits for commercial feed purchasers, and increased health maintenance costs for pet owners. Additionally, the bureau did not collect all state inspection fees in a timely manner.

#### **Bureau inspections and testing have helped ensure most feed products are labeled correctly**

In 1998, the state's commercial feed law (Sections 266.152 to 266.220, RSMo 2000) was amended requiring all commercially labeled feed products to be guaranteed for the following ingredients 1) crude protein, minimum percentage; 2) crude fat, minimum percentage; 3) crude fiber, maximum percentage; 4) calcium, minimum and maximum percentage; and 5) phosphorus, minimum percentage. The law also required the addition of salt must be guaranteed with minimum and maximum percentages. To help ensure commercial feed products are labeled according to state laws, the bureau's feed inspectors visit commercial feed manufacturers and retail distributors to obtain feed samples for laboratory testing. The samples are sent to the bureau's feed control laboratory in Jefferson City to determine if the feed meets the labeling guarantees. For example, the laboratory's analysis will show if the feed sample contains 25 percent crude protein as guaranteed on the label. The bureau's inspectors conducted 1,970 inspections and analyzed 5,968 feed samples in 2000 and conducted 2,125 inspections and analyzed 6,053 food samples in 2001.

The bureau's analyses showed 87 percent of the feed samples in 2000 and 88 percent analyzed in 2001 complied with labeling laws. For feed products that did not meet label guarantees, the bureau issued a "withdrawal from distribution order." The withdrawal order states "further distribution (sale) of this product is hereby ordered stopped," and also notes the entity receiving the order cannot remove the products until it has received a release from the bureau. To obtain a release, the deficient feed product holders must state they plan to destroy, relabel, or reprocess the product. The manufacturer or retailer may also report the product was "all sold" at the time officials received the withdrawal order.

State inspections  
produce high  
compliance rate



Based on the dates withdrawal orders were issued, the bureau issued 736 withdrawal orders in 2000 and 717 withdrawal orders in 2001. These orders involved about 4 million pounds of deficient feed products in 2000 and 5.5 million pounds of deficient feed products in 2001. The withdrawal orders are mailed to the location where the sample was obtained and to the manufacturer of the feed, if a different location. For example, if the bureau obtained the sample from a retail distributor, the withdrawal order is sent to the retailer and the manufacturer who produced the feed.

### **Majority of deficient feed products ordered withdrawn were reported as already sold**

Audit analysis of withdrawal orders for 2000 and 2001 showed commercial feed manufacturers and distributors reported 6.5 million of the 9.5 million pounds of deficient feed (68 percent) already sold when they received the withdrawal order. (*See Appendix III, page 16, for a list of products sold.*) The total amount of deficient feed products actually sold to farmers and pet owners could be substantially higher than 6.5 million pounds. The withdrawal orders only list the amount of feed on hand at the site of the original sample, which could have been substantially less than the total amount manufactured, especially if the sample came from a retail distributor. Since samples drawn from retailers represent only a portion of feed manufactured in the same lot and distributed to other retailers, a deficiency at one retailer makes the entire lot of feed suspect.

### **Deficient feed products can result in reduced profits for producers and higher maintenance costs for pet owners**

A publication of the Association of American Feed Control Officials (Association) states "subtle deviations from label claims may not be readily apparent and may result in health or production losses before the use of the offending product can be discontinued."<sup>1</sup> Feed purchasers rely on commercial feed labels to ensure the products they buy contain the ingredients, such as crude protein and fat, needed to sustain proper weight gain and animal health. Products containing less than claimed amounts of crude protein can be especially detrimental, according to the Association. Protein is essential for maintenance, growth, milk and wool production. Because crude protein is a high cost ingredient, feed purchasers also typically pay more for products with higher crude protein guarantees. Audit analysis showed 2.8 million pounds (over 43 percent) of the deficient feed products ordered withdrawn and reported sold for 2000 and 2001 had less protein than guaranteed.

---

<sup>1</sup> This Association is a nationally recognized organization comprised of feed officials from private feed organizations, and federal and state governments, including Missouri.

## **Bureau lacked procedures to ensure deficient feed products are not sold**

Due to the time required to obtain samples and conduct feed tests, it is not possible to totally prevent the sale of deficient feed products. Bureau data shows an average 11-day time period from obtaining the feed sample to an entity receiving a withdrawal order. The bureau usually issued the order 9 days after taking the sample and conducting laboratory tests, with another 2 days for the mailed order to reach a distributor. During this 11-day period, feed distributors could legally sell the feed products until they received withdrawal orders. Audit tests disclosed laboratory tests are performed timely and results are available for distribution as soon as they are known. Bureau officials could do more to mitigate the selling of deficient feed products.

Withdrawal  
orders can be  
issued sooner

- When the laboratory determines the product failed tests, immediate notification via telephone or facsimile could be used rather than waiting to issue the order until after posting the failure to records. Telephone or facsimile notification could alert the vendor of the product failure, order withdrawal and advise a withdrawal order is forthcoming.
- Bureau officials could require feed manufacturers to forward withdrawal orders to retailers who received the deficient feed products to prevent the sale. For example, analysis showed the bureau obtained a sample of 480,000 pounds of cat food and 480,000 pounds of dog food at a manufacturer's site on February 5, 2001, and sent out a withdrawal order for both products on February 21, 2001. Nine days later, on March 2, the manufacturer reported both deficient pet food batches had been sold (shipped to retailers). The bureau did not require the manufacturer to notify retailers about the deficient food.

Bureau officials have not effectively followed up on withdrawal orders. They do not require feed inspectors to promptly visit feed distributors to ensure compliance with withdrawal orders. State law<sup>2</sup> does not allow distributors to dispose deficient feed in any manner until they have obtained permission (a release) from the bureau or a court. Distributors should seek a release within 30 days of receiving a withdrawal order. As Table 1.1 shows bureau staff have not ensured distributors obtained releases for 373 withdrawal orders within 45 or more days after issuing the orders.

---

<sup>2</sup> Section 266.205, RSMo 2000.

**Table 1.1: Withdrawal Releases Not Obtained in 45 or More Days**

<b>Number of Days to Release</b>	<b><u>Number of Orders Issued</u></b>	
	<b>2000</b>	<b>2001</b>
45-99 Days	88	113
100-199 Days	57	39
200-299 Days	28	9
300 or more Days	<u>9</u>	<u>30</u>
Totals	<u>182</u>	<u>191</u>

Source: SAO Analysis

Immediately after auditors showed bureau officials these results, they required the six area feed inspectors to obtain a release for these withdrawal orders. The officials also recommended the inspectors immediately follow up on 30 to 40 percent of withdrawal orders issued to determine if feed remained and the distributor's disposal plans.

### **Bureau lacks policy to ensure all feed manufacturers comply with state feed laws**

Bureau data showed 16 commercial feed manufacturers failed to meet labeling guarantees 10 or more times in 2000 and/or 2001. State feed regulations (2 CSR 70-30.110) allow assessment of a maximum \$1,000 administrative penalty for each serious violation of these regulations. Serious violations per the regulation include "excessive and/or repeated failures to meet labeling guarantees when such failures create adverse economic impact to the purchaser of the feed." Bureau officials have not established criteria for how many failures warrant an administrative penalty or assessed a penalty on any manufacturer. The bureau administrator stated bureau policy is to assist feed manufacturers, especially small companies, meet labeling guarantees rather than assess penalties, which could close a business. The bureau's primary responsibility; however, is to ensure feed purchasers receive the feed products guaranteed on the label.

Penalties could  
improve  
compliance

Audit analysis showed these practices did not ensure compliance from at least two feed manufacturers, acknowledged by bureau officials as problem manufacturers.

- The bureau issued 37 withdrawal orders for 285,750 pounds of deficient feed products to one manufacturer during 2000 and 2001. The manufacturer reported already selling 275,750 pounds (97 percent) before receiving the withdrawal orders.
- A manufacturer received 14 withdrawal orders for 89,300 pounds of deficient feed. The manufacturer reported selling 87,700 pounds (98 percent) before receiving the withdrawal orders.

Analysis showed 14 other commercial feed manufacturers received 10 or more withdrawal orders in 2000 and/or 2001, but bureau officials did not penalize these entities for noncompliance. The Association's "Official Publication 2002" recognized the need for penalties to enforce feed regulations. The publication states:

"Feed regulations by themselves serve no useful purpose unless accompanied by a means of enforcement. Enforcement provisions must allow for the authority to verify compliance with the regulations. Punitive actions for noncompliance must be provided in the regulations and need to be severe enough to act as a deterrent and yet not be crippling when imposed."

### **Bureau has not required 30 feed manufacturers to pay inspection fees in a timely manner**

Bureau procedures for collecting inspection and product registration fees allowed 30 feed manufacturers to pay these fees late by 12 months or more. Feed manufacturers are required to report quarterly the tonnage of feed produced/sold and pay a 10-cent-per-ton inspection fee or a \$5 minimum. Inspection fees are due the last day of the month in the month preceding the end of the quarter. Pet food manufacturers are required to pay an annual \$25 product registration fee by January 31 for each product sold in 10-pound or less bags. If companies do not pay fees when due, bureau officials can sanction them by ordering all products withdrawn for sale in the state. According to bureau policy, officials send delinquent companies quarterly reminder notices and do not order products withdrawn until fees are delinquent for 12 months or longer. Because the feed manufacturers had not filed required tonnage reports, bureau data did not show the dollar amounts owed. Analysis of the bureau's delinquent companies listing showed the feed manufacturers paid late four or more quarters before the bureau ordered products withdrawn. Bureau officials cancelled licenses of only 14 of these feed manufacturers, which continue to owe inspection and/or product registration fees.

Bureau should  
sanction sooner

### **Conclusion**

Feed purchasers rely on commercial feed labels to ensure feed products purchased contain the ingredients needed to sustain proper weight gain and health. The bureau's testing and sampling procedures have helped ensure the majority of commercial feed product manufactured and distributed in the state meet labeling guarantees. Nevertheless, bureau officials could do more to enforce state feed laws and regulations to help prevent sales of deficient commercial feed products. Because of sales of deficient feed, an unknown number of feed purchasers did not receive the guaranteed products for which they paid. Better enforcement of state feed laws and regulations would ensure feed manufacturers paid state license fees when due.

### **Recommendations**

We recommend the Director, Department of Agriculture direct the bureau to establish:

- 1.1 Procedures for immediately notifying feed manufacturers and distributors to withdraw product from sale when the product fails tests.
- 1.2 Procedures requiring timely follow up inspections on withdrawal orders to ensure deficient feed products are disposed in accordance with state laws and regulations.

- 1.3 A policy requiring manufacturers to notify retailer distributors to withdraw deficient feed products.
- 1.4 Guidelines and timeframes for how many repeated and/or excessive failures to meet labeling guarantees warrant an administrative penalty.
- 1.5 A more stringent and timely procedure for collecting licensing, inspection and product registration fees.

### **Department of Agriculture Response**

- 1.1 *We agree with this recommendation. We will begin informing feed manufacturers and distributors by telephone or fax as soon as the analysis is completed and it is determined that a serious deficiency exists. This procedure will be implemented October 1, 2002.*
- 1.2 *We agree with this recommendation. We have already implemented a plan to follow-up on 30-40% of all withdrawal orders to determine that feed products are relabeled, reprocessed, or disposed of in accordance with the law. One hundred percent follow-up is not possible due to the small number of field inspectors (6) and the fact that one position was lost during the budget crisis of 2001. The average number of feed inspectors per state for the eight surrounding states is twelve and eight-tenths (12.8). We are looking at the way other states handle their withdrawals to draw ideas that will help us in making improvements in our own process.*
- 1.3 *We agree that serious adulteration of feed products need immediate withdrawals and notification to retail distributor and manufacturer. However, we disagree that situations of minor deficiencies that do not pose serious or economic problems do not warrant this kind of immediate attention. Also, the question exists as to whether we have statutory authority to do this.*
- 1.4 *We disagree. We feel that our regulations (rules) are very clear on how and when punitive damages may be assessed. Please refer to 2 CSR 70-030.110 for very explicit directions on how actions are to be taken. It is not possible to write a procedure for every deficiency encountered because subsection 5 of this rule states, "An administrative penalty, not to exceed one thousand (\$1,000.00) dollars, will be ordered by the director, based on (A) Determination of the level of adulteration or misbranding, within the meaning of sections 266.175 and 266.180 RSMo, and the degree of resulting physical injury, loss of health, or death to animals and/or humans, or (B) Determination of the degree of the adverse economic impact to the purchaser caused by the violation and/or (C) The overall compliance record of the commercial feed labeler".*

*Therefore, an investigation must occur on each individual case and a determination made at that time as to whether an administrative penalty is necessary and how much it should be based upon the seriousness of the violation as referenced in the above mentioned rule. Also, unless it is a serious adulteration we must allow for a ninety-day compliance period as stated in subsection (3) (D) in this rule.*

*Our "voluntary compliance" philosophy does work. We have increased compliance from 77% in 1994 to 88.2% in 2001. We work with individuals who are having problems and give them advice and information on formulating feeds. It is not a simple procedure to formulate feed correctly, nor can it be corrected in one day. We have found variances as high as one percent in corn protein for corn grown in northwest Missouri as opposed to corn grown in southeast Missouri. Also, this will vary from year to year. This is the basis of our annual corn survey, i.e., to help feed manufacturers formulate their feed correctly and protect the end user, the farmer.*

*We will concentrate our efforts more on feed manufacturers who are habitually deficient and take appropriate action when needed.*

*You should also be aware of the fact that all deficiencies are published in the Annual Feed Summary which is sent free of charge to all distributors listed in the report and all feed dealers and farmers requesting it. Publishing a company's deficient products for everyone to see is more of a deterrent than any fine imposed upon a feed manufacturer could be.*

*Finally, we have a program called the "Excellence in Compliance Award". Companies that meet a ninety-percent (90%) compliance rate receive a certificate. This figure will be gradually moved upward to further increase compliance. This also helps increase compliance plus the fact it notifies farmers the company maintains high standards. Most companies strive very hard to meet this criteria and receive this certificate.*

- 1.5 *We agree. Better procedures have been put in place for the collection of delinquent inspection fees. As companies are notified of new delinquent quarterly tonnage reports, information will include old delinquent reports and action that will be taken for failure to file reports. Licensing and product listing fees have followed a more stringent timetable. Stronger enforcement will be implemented to make compliance more timely. However, we will always have a few that we cannot collect from because of bankruptcy or going out of business. This has been implemented.*

### **Auditor's Comment**

Regarding the disagreement with recommendation 1.4, the department's voluntary compliance policy is not in question by the auditors. Instead, the report identifies 16 feed manufacturers who failed to meet labeling standards 10 or more times. At some point these manufacturers should be assessed a penalty because of the seriousness of the repeated violations. Establishing criteria as to how many violations a manufacturer can have before sanctions are imposed would assist in determining when to assess sanctions.

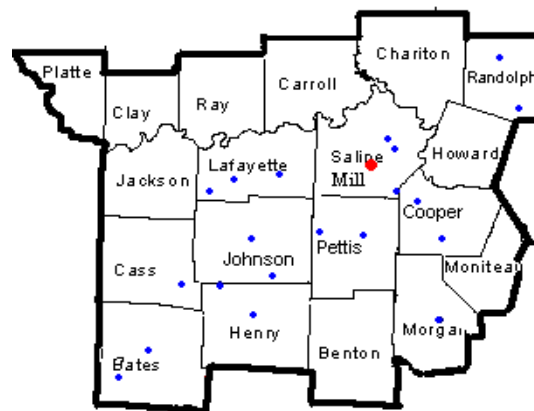
## 2. A More Efficient Inspection Strategy Could Help Improve Oversight and Control

The bureau's feed inspectors visited and obtained feed samples from numerous retail sites when they could obtain the same feed samples from single manufacturing feed mill sites within the state. The bureau's inspection policy authorizes feed inspectors to independently develop feed inspection and sampling strategies rather than follow a statewide strategy. Additionally, bureau staff may be over testing some products, such as 20 or more tests on a product in a calendar year. Although a statewide inspection and sampling strategy would not eliminate the need to visit some retail distributors and obtain multiple samples of the same feed, bureau officials acknowledged some visits and multiple testing of the same product could be prevented. Eliminating unnecessary visits would allow feed inspectors more time to ensure manufacturers and distributors comply with withdrawal orders.

### **Inspectors can use their time better**

Although several commercial feed mills are located in the state, the bureau lacks an inspection strategy to maximize the number of samples obtained directly from the feed mills. As a result, inspectors sampled feed manufactured by the mills at numerous cities and retail distributors. During 2000 and 2001, inspectors collected 871 samples in 241 cities of which 589 (67 percent) were collected from retail stores. Thus, only one-third of all samples were collected from feed mills, which produce the feed sold by retailers. Withdrawal orders would be more effective at the mills because they would have broader application. Bureau officials could require mills to notify all retailers who received deficient feed from the same lot to stop sales. Figure 2.1 shows the activities of one inspector in 2001 who tested feed at 20 retailers, although the feed came from 1 feed mill located in the inspector's jurisdiction. The feed mill was inspected once during that year.

**Figure 2.1: Feed Inspector Visits to Retailers**



#### Legend

- Mill in Marshall
- Retailers

## Central oversight and planning could eliminate the need for some tests

Increased central oversight could reduce the number of feed samples obtained and annual tests conducted. Audit analysis showed some feed products were sampled and tested 52 times in a calendar year. Because several of these products did not fail or failed only a few tests for labeling guarantees, some tests could have been potentially eliminated. According to bureau officials, some feed ingredients, such as soybean meal, need more frequent testing because of the importance related to protein guarantees. Bureau staff, however, have not monitored the samples obtained and tested for each product throughout the year to determine if current practices are adequate. Table 2.1 shows feed products made by 6 companies which inspectors tested 20 or more times in 2000 and/or 2001.

**Table 2.1: Products Tested 20 or More Times in One Year**

Company Number	Product	2000		2001	
		Number Times Tested	Pass Rate	Number Times Tested	Pass Rate
Company 1	Product 1	21	100%	16	94%
	Product 2	21	95%	15	93%
	Product 3	27	100%	36	97%
	Product 4	28	93%	23	96%
	Product 5	20	90%	13	92%
	Product 6	22	95%	18	94%
	Product 7	52	98%	31	84%
Company 2	Product 1	17	88%	49	100%
	Product 2	9	100%	21	100%
Company 3	Product 1	16	100%	36	97%
Company 4	Product 1	25	92%	32	91%
Company 5	Product 1	7	100%	24	79%
Company 6	Product 1	24	88%	13	100%

Source: SAO Analysis

## Conclusion

The bureau's policy giving feed inspectors discretion in selecting samples directly from a feed manufacturer or from retail distributors causes an inefficient use of staff resources. Implementing a strategy emphasizing sampling directly from commercial feed manufacturers rather than retail distributors should give inspectors additional time to enforce state feed laws and regulations. Such a strategy could more broadly protect consumers if withdrawal orders issued to manufacturers also reached retail distributors. The bureau's lack of a system to track feed



product testing has contributed to over testing of some products. Implementing a tracking system should eliminate unnecessary tests and expedite testing of other products.

## **Recommendations**

We recommend the Director, Department of Agriculture direct the bureau to establish:

- 2.1 A strategy emphasizing sampling directly from the manufacturers' feed mills and reducing visits and samples collected at retail distributors.
- 2.2 Central oversight procedures to track how often a product is tested and the results.

## **Department of Agriculture Response**

- 2.1 *We do not agree or disagree. We already sample directly at the manufacturers' feed mills at least annually and some places much more when problems are found. We will require at least semi-annual sampling at all manufacturing facilities. Inspections and sampling product at the retail level offers increased consumer protection. In many cases, the product is manufactured outside of the state or the product is made and shipped before a sample can be analyzed and a withdrawal order issued. Approximately fifty percent of the licensed feed manufacturers selling feed in Missouri are located in other states. It is not customary for us to go into other states to do inspections. Thus, we can only find product at the retail level for fifty percent of the feed manufacturers licensed to do business in Missouri. Retail sampling many times prevents the sale of a defective product to a customer. I think there is a misunderstanding concerning what our field inspector said concerning sampling directly at the manufacturer's feed mills or our young inspector may have been intimidated by three field auditors following him and gave the wrong information.*
- 2.2 *We do not agree or disagree. We already have the ability to track how often a product is tested and the results of the analyses. We plan to make better use of this data. The products cited in the text of this report with the exception of one are very high volume products that are found in all areas of the state. It is very important that the current level of sampling and testing continue or increase due to the products being used in the manufacture of on-the-farm rations as well as being used in the manufacture of commercial finished feed products. The products cited have a high economic impact on the livestock producers in Missouri.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

Our objectives were to determine if the Department of Agriculture, Plant Industries Division-Bureau of Feed and Seed, is effectively administering state laws and regulations designed to ensure feed manufacturers and distributors consistently and accurately label feed products.

**Scope and Methodology**

Auditors reviewed state laws and regulations governing the manufacture and distribution of commercial feed products within Missouri, and the bureau's policies, manuals, and procedures for sampling and testing commercial feed products. Auditors performed the following audit steps to determine if bureau officials effectively regulated the commercial feed industry:

- Accompanied three of the bureau's six area feed inspectors during inspections of commercial feed manufacturers and distributors and observed if feed sampling followed bureau guidelines.
- Interviewed bureau officials to determine their policies and procedures to issue withdrawal orders for feed failing labeling guarantees and ensure deficient feed is not sold.
- Obtained and reviewed the bureau's 2000 and 2001 summary reports "Commercial Feed Inspections."
- Evaluated the extent bureau officials assessed administrative penalties for excessive and/or repeated failures to meet labeling guarantees when such failures would create adverse economic impact to the purchaser of the feed.

We also obtained and analyzed the bureau's detailed computerized data related to all commercial feed withdrawal orders issued for calendar years 2000 and 2001, and through May 31, 2002. We analyzed the data to determine 1) if feed manufacturers obtained compliance within 30-days as required by state regulations; 2) the classes of feed with withdrawal orders, including total weight; 3) the number of withdrawal orders reported as all sold; 4) the number of withdrawal orders showing the protein level lower than guaranteed; and 5) the number of feed manufacturers with less than 50 percent compliance rates. We tested the bureau's computerized data to verify its validity and found the data accurate. We evaluated the bureau's management controls related to the enforcement of state feed laws and regulations.

**BUREAU INSPECTION DATA**

The bureau employs six area feed (and seed) inspectors who randomly inspect and sample feed from feed manufacturers and retail distributors located in their areas (see map on page 15 for the bureau's six inspection areas). The area inspectors conducted 2,125 inspections and obtained 6,053 official feed samples during 2001. An official sample involves a product or an ingredient which is regulated by state law for the level guaranteed in the label. On a weekly basis, the feed inspectors mail the official samples for content analysis to the bureau's feed control laboratory in Jefferson City. The laboratory performed 62,120 tests in 2001 to determine if the feed samples contained the percent of ingredients, such as protein, as guaranteed on the label.

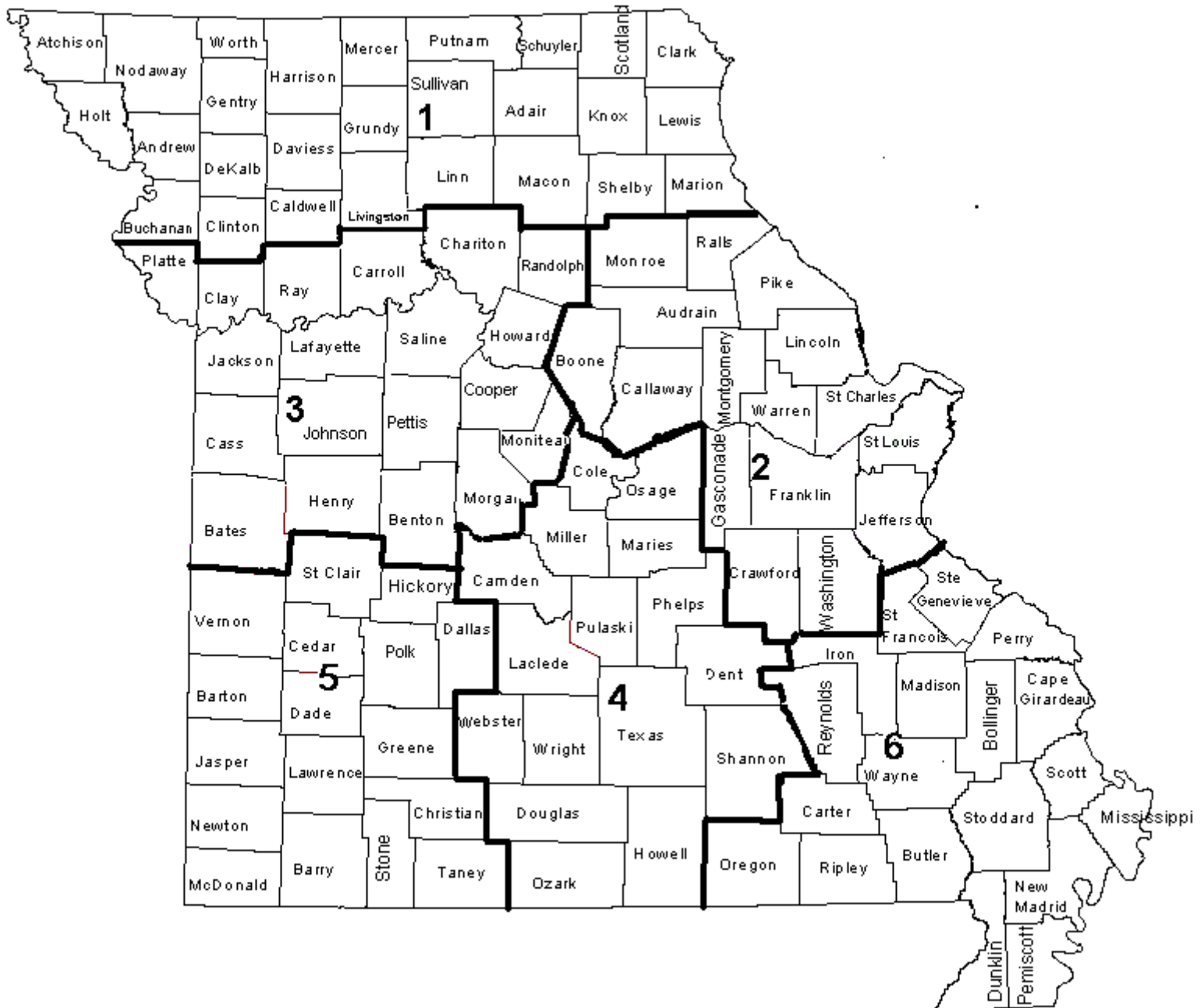
State regulations (2 CSR 70-30.110) allow assessment of a maximum \$1,000 fine against feed manufacturers and distributors for each serious violation of the state's feed laws and regulations. Serious violations include:

- "Excessive and/or repeated failures to meet labeling guarantees when such failures would create adverse economic impact to the purchaser of the feed."
- "The removal, sale, or distribution of any commercial feed placed under a "Withdrawal From Distribution Order" without permission of the director or an authorized representative."
- "The manufacturing or distributing of any adulterated or misbranded commercial feed that is hazardous to the health and well being of animals and/or humans, within the meaning of sections 266.175 and 266.180, RSMo."

The bureau, in partnership with the U.S. Food and Drug Administration, also provides inspection reports and regulations involved with preventing Bovine Spongiform Encephalopathy, commonly called mad cow disease in Missouri. Bureau staff are responsible for inspecting all facilities in the state who are manufacturing, labeling, or retailing products containing prohibited mammalian protein.

## APPENDIX II

**Figure II.1: Bureau of Feed and Seed Six Inspection Areas**



Source: Bureau of Feed and Seed officials

## APPENDIX III

### WITHDRAWALS BY FEED CLASS AND TYPE OF RELEASE<sup>1</sup>

**Table III.1: 2000 Activity**

Feed Class	<u>All Withdrawals</u>		<u>Reported Sold</u>		<u>Other</u>	
	Number of Orders	Total Pounds	Number of Orders	Total Pounds	Number of Orders	Total Pounds
No Class Identified	81	473,348	61	362,313	20	111,035
Broiler Feeds-Complete	2	1,962	1	12	1	1,950
Starter-Grower (Egg Type) Complete	5	14,400	3	8,650	2	5,750
Layer-Breeder (Egg Type) Complete	10	43,650	5	19,500	5	24,150
Layer-Breeder (Egg Type) Supplement	2	1,800	0	0	2	1,800
Beef Feeds-Complete	100	371,540	72	293,790	28	77,750
Beef Feeds-Supplement	126	536,271	84	378,491	42	157,780
Dairy Feeds-Complete	13	37,000	10	22,600	3	14,400
Dairy Feeds-Supplement	15	87,490	13	84,140	2	3,350
Swine Feeds-Complete	39	90,050	22	48,950	17	41,100
Swine Feeds-Supplement	28	106,730	9	19,300	19	87,430
Sheep Feeds-Complete	5	9,650	4	5,100	1	4,550
Sheep Feeds-Supplement	4	7,900	2	2,900	2	5,000
Horse Feed-Complete	28	70,810	22	50,060	6	20,750
Horse Feed-Supplement	6	16,475	2	3,625	4	12,850
All Stock	40	134,750	30	110,200	10	24,550
Rabbit Feed	16	57,400	13	49,600	3	7,800
Pet Foods (Dog & Cat)	64	203,885	34	115,933	30	87,952
Fish Feed	4	6,450	1	2,500	3	3,950
Health Products	4	6,950	3	2,950	1	4,000
Mineral Feeds	73	288,650	31	121,300	42	167,350
Liquid Feeds-Beef	6	78,500	2	17,500	4	61,000
Other Feeds	6	7,010	4	6,410	2	600
Alfalfa Products	10	169,880	6	153,230	4	16,650
Animal Products	5	351,450	3	200,000	2	151,450
Corn Products	2	5,500	1	2,500	1	3,000
Cottonseed Products	15	149,950	7	13,300	8	136,650
Distillers Products	2	91,220	1	51,220	1	40,000
Linseed & Flax Products	1	500	0	0	1	500
Marine Products	1	27,550	0	0	1	27,550
Milk Products	2	2,350	2	2,350	0	0
Oat Products	1	6,000	0	0	1	6,000
Screenings	1	46,000	0	0	1	46,000
Soybean Products	18	452,502	11	293,770	7	158,732
Wheat Products	<u>1</u>	<u>46,413</u>	<u>1</u>	<u>46,413</u>	<u>0</u>	<u>0</u>
Totals	<u>736</u>	<u>4,001,986</u>	<u>460</u>	<u>2,488,607</u>	<u>276</u>	<u>1,513,379</u>
Percentage	100%	100%	63%	62%	37%	38%

<sup>1</sup> Type of release includes reported sold, reprocessed, destroyed, returned to manufacturer, or relabeled

Source: SAO Analysis

## APPENDIX III

**Table III.2: 2001 Activity**

Feed Class	<u>All Withdrawals</u>		<u>Reported Sold</u>		<u>Other</u>	
	<u>Number</u> <u>of Orders</u>	<u>Total</u> <u>Pounds</u>	<u>Number</u> <u>of Orders</u>	<u>Total</u> <u>Pounds</u>	<u>Number</u> <u>of Orders</u>	<u>Total</u> <u>Pounds</u>
Broiler Feeds-Supplement	1	2,500	1	2,500	0	0
Starter-Grower (Egg Type) Complete	1	550	0	0	1	550
Layer-Breeder (Egg Type) Complete	11	13,690	9	9,040	2	4,650
Layer-Breeder (Egg Type) Supplement	1	1,450	1	1,450	0	0
Turkey Feeds-Complete	1	1,000	0	0	1	1,000
Beef Feeds-Complete	110	416,100	82	324,200	28	91,900
Beef Feeds-Supplement	82	340,550	50	203,750	32	136,800
Dairy Feeds-Complete	17	116,786	14	91,086	3	25,700
Dairy Feeds-Supplement	11	143,610	7	121,560	4	22,050
Swine Feeds-Complete	44	97,700	27	64,200	17	33,500
Swine Feeds-Supplement	38	95,951	22	54,150	16	41,801
Sheep Feeds-Complete	10	23,100	6	19,350	4	3,750
Sheep Feeds-Supplement	5	7,350	4	3,850	1	3,500
Horse Feed-Complete	27	67,450	18	30,250	9	37,200
Horse Feed-Supplement	4	2,568	4	2,568	0	0
All Stock	34	70,000	29	51,500	5	18,500
Rabbit Feed	3	14,000	2	12,000	1	2,000
Pet Foods (Dog & Cat)	110	1,859,439	64	1,775,262	46	84,177
Health Products	1	2,000	1	2,000	0	0
Mineral Feeds	98	312,105	57	127,200	41	184,905
Scratch Grains	2	3,350	0	0	2	3,350
Liquid Feeds-Beef	1	5,450	1	5,450	0	0
Specialty Pet Foods (cage or tank)	6	3,626	4	2,586	2	1,040
Other Feeds	3	2,530	2	530	1	2,000
Alfalfa Products	9	95,400	5	2,100	4	93,300
Animal Products	15	510,570	9	230,270	6	280,300
Brewers Products	1	1,500	1	1,500	0	0
Corn Products	4	120,040	3	95,040	1	25,000
Cottonseed Products	27	368,512	19	249,762	8	118,750
Distillers Products	9	319,470	6	233,720	3	85,750
Linseed & Flax Products	2	262,559	2	262,559	0	0
Milk Products	1	110	1	110	0	0
Minerals Products	3	39,350	2	3,350	1	36,000
Oat Products	4	81,000	1	36,000	3	45,000
Soybean Products	14	120,060	9	37,760	5	82,300
Vitamin Products	4	1,790	1	0 <sup>2</sup>	3	1,790
Yeast	1	716	0	0	1	716
Miscellaneous Products	<u>2</u>	<u>4,300</u>	<u>1</u>	<u>4,000</u>	<u>1</u>	<u>300</u>
Totals	<u>717</u>	<u>5,528,232</u>	<u>465</u>	<u>4,060,653</u>	<u>252</u>	<u>1,467,579</u>
Percentage	100%	100%	65%	73%	35%	27%

<sup>2</sup> Less than one pound

Source: SAO Analysis.



**DEPARTMENT OF MENTAL HEALTH  
MANAGEMENT OF THE SUBSTANCE ABUSE TRAFFIC  
OFFENDERS PROGRAM**

**From The Office Of State Auditor  
Claire McCaskill**

*The Division of Alcohol and Drug Abuse has  
not ensured repeat offenders advance to higher  
level treatment programs.*

**Report No. 2002-105  
October 1, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

October 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Management of the Substance Abuse Traffic Offenders Program (SATOP).**

---

The SATOP program is a statewide system of comprehensive, accessible, community-based education and treatment options for individuals arrested in Missouri on alcohol and drug-related offenses. State law requires suspension of an offender's driver's license until he/she successfully completes an acceptable substance abuse traffic offender program. Depending on severity and frequency of offense, offenders can be ordered to different levels of treatment.

**Questionable treatment level for repeat offenders**

Some repeat offenders do not advance to higher level treatment programs as required by the program manual. Of the total 64,836 offender screenings performed, 23,029 (36 percent) were considered repeat offenders with two or more driving while intoxicated offenses. Our review identified 1,247 (5 percent) of these repeat offenders who were still assigned to a Level I program. According to the division's program manual, offenders with more than one conviction for driving while intoxicated are not eligible to attend an entry-level program.

Some offenders are not required to complete higher level programs if they live more than 30 miles from a provider offering such programs. According to the program manual, offenders do not have to attend recommended higher level programs if they live more than 60 miles from a Level II program provider, or 30 miles from a Level III program provider. Instead, they may attend a lower level program. The division does not track how often distance allowances are granted, or whether such allowances are granted to repeat offenders.

Offenders must complete questionnaires and a driver risk inventory during the screening process. These screening tools require offenders to provide information about previous treatment programs completed and previous alcohol or drug-related traffic offenses. Division of Alcohol and Drug Abuse personnel stated that federal guidelines prohibit giving offender management units access to the offenders' prior program history. As a result, the screeners cannot verify the information provided by the offenders.

**Procedures need improvement**

Division personnel need to ensure accurate and complete information is recorded in data systems, and implement several management reconciliations regarding this

(over)

YELLOW SHEET



information. These changes are necessary to ensure offenders actually complete the assigned treatment program, the state screening fees are remitted to the state, and proper payments are made to providers. Information such as social security number, birth data, first name and middle initial, blood alcohol level, repeat offender status, and program level assigned is often not entered in the division's data systems.

### **Fees not remitted timely**

Offender management units do not always remit the state's portion of screening fees timely. Total fees received for fiscal year 2000 and 2001 were \$1,687,868 and \$1,655,748, respectively. Our fiscal year review showed the offender management units made late payments for approximately 48 percent of payments in 2000 and 43 percent in 2001. Some payments were significantly late. For example, a review of 1,368 January 2001 screenings with remittances due by February 15, 2001, showed 1,004 screenings (74 percent) paid after that date, with 329 of these screenings (24 percent) remaining delinquent as of March 1, 2001, and some not paid until May 2001.

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**DEPARTMENT OF MENTAL HEALTH  
MANAGEMENT OF THE SUBSTANCE ABUSE TRAFFIC OFFENDERS PROGRAM**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
1. Better Procedures Are Needed to Ensure Offenders Are Placed in the Proper Treatment Programs.....	2
Conclusion .....	6
Recommendations .....	6
2. Data Collected and Reported in the Division's Data Systems Were Not Reliable .....	9
Conclusion .....	11
Recommendations .....	12
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	14
II. PROGRAM MISSION AND ADMINISTRATION .....	16



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Dorn Schuffman, Director  
Department of Mental Health  
and  
Michael Couty, Director  
Division of Alcohol and Drug Abuse  
Jefferson City, MO 65102

The State Auditor's Office audited the Division of Alcohol and Drug Abuse's (division) Substance Abuse Traffic Offenders Program. The objectives of this audit were to determine whether offenders paid appropriate fees, attended and completed appropriate programs, and whether division officials paid appropriate amounts to service providers and provided proper oversight to the program.

We concluded that division personnel could improve monitoring of placement decisions to ensure offenders receive appropriate education and treatment. Additionally, improvement was needed in managing data collected to ensure state fees were paid and proper payments were made to service providers.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Gary Boehmer, CPA
Audit Staff:	Kenneth Allman

## **RESULTS AND RECOMMENDATIONS**

### **1. Better Procedures Are Needed to Ensure Offenders Are Placed in the Proper Treatment Programs**

Some repeat and serious offenders are not placed in higher level treatment programs. According to division employees, lower level placement usually is allowed when offenders live further than 30 or 60 miles away from providers offering higher level treatment programs. In addition, procedures may not identify offenders as repeat offenders. As a result, individuals may not receive the proper rehabilitation education and treatment programs. Program officials have recently de-emphasized the mileage criteria as a reason for assigning a lower level of treatment. More stringent regulations, increased monitoring of placement decisions, and data system improvements would result in more offenders receiving the appropriate treatment.

#### **Program procedures**

The program is a statewide system of comprehensive, accessible, community-based education and treatment options for individuals arrested in Missouri on alcohol and drug-related offenses. The enabling legislation for the program is contained in Chapters 302 and 577, RSMo 2000, and became effective on July 1, 1994. This law requires suspension of an offender's driver's license until he/she successfully completes an acceptable substance abuse traffic offender program. Depending on severity and frequency of offense, offenders can be ordered to different levels of treatment as shown in Table 1.1.

**Table 1.1: Treatment Level for Offenders**

<b>Level</b>	<b>Programs</b>	<b>Program Description</b>
I	Offender Education/ Adolescent Diversion Education Programs	10-hour education courses designed to help first-time offenders understand the choices they made leading to their intoxication, drug abuse and arrest.
II	Weekend Intervention	A weekend (48 continuous hours) of intensive education and counseling intervention methods.
III	Clinical Intervention/ Youth Clinical Intervention Program	Intensive outpatient counseling for 3 to 6 weeks based on the needs of the persistent or "high-risk" offender (minimum 50 hours) / Treatment for youth under the age of 21, consisting of intensive outpatient counseling based on the needs of the youthful offender. Each offender will participate in 25 total hours of treatment.
IV	Residential, Private, Hospitalization and State Funded Treatment Programs	State funded programs providing up to 30 days of traditional residential treatment for persons with alcoholism or drug dependency. Other inpatient and outpatient programs ranging from 50 to 200 hours for serious repeat offenders. Level IV treatment is recommended for offenders with four or more convictions and some high risk offenders identified in evaluation assessments.

Source: The Safe and Sober Manual published by the Division of Alcohol and Drug Abuse

Offenders are ordered to report to 1 of 72 offender management units (facilities certified by the Department of Mental Health) for an assessment and evaluation considering (1) a score on a driver risk inventory; (2) blood alcohol content level at arrest; (3) family background and family history of alcohol or drug abuse; and (4) appearance, previous arrests, and other factors. These assessments are made by professionals familiar with alcohol and drug abuse. At the conclusion of the screening process, the offender receives a list of certified providers with the recommended treatment program. Offenders are notified they must be enrolled in the assigned education or treatment program within 6 months of the initial screening. Upon completion of the treatment program, offender management unit personnel notify Department of Revenue officials to restore the offender's driving privileges.

The division has implemented various methods designed to ensure offender screenings and subsequent program assignments are made consistently and appropriately. These methods include using a uniform screening instrument, preparing a screening and referral manual for professionals authorized to screen, and biennially certifying and monitoring the offender management units. During fiscal years 2000 and 2001, screeners performed 64,836 offender screenings, and offenders completed 55,635 treatment programs.

*(See Appendix II, page 16, for additional background information)*

### **Repeat offenders are not advancing to higher level treatment programs as required**

Some repeat offenders do not advance to higher level treatment programs as required by the program manual. Of the total 64,836 offender screenings performed, 23,029 (36 percent) were considered repeat offenders with two or more driving while intoxicated offenses. Our review identified 1,247 (5 percent) of these repeat offenders who were still assigned to a Level I program. According to the division's program manual, offenders with more than one conviction for driving while intoxicated are not eligible to attend an entry-level program. Specific examples of repeat offenders inappropriately assigned to a lower program level included:

Repeat offenders  
were assigned to  
the entry level  
program

- Four offenders had four convictions each for driving while intoxicated, but were assigned to complete a Level I program.
- One offender with five convictions completed two Level I programs in 1999, a Level III program in 2000, and two Level I programs in 2000 and 2001 subsequent to the Level III program.
- One offender with four convictions completed two Level I programs in December 1999 and July 2000, completed a Level III program in March 2001, but then completed another Level I program in September 2001.
- One offender completed three Level I programs in less than 1 year.

In addition, we reviewed 54 repeat offenders who were assigned to a Level II or higher program, and noted that 21 (39 percent) did not advance to a higher level program as required by the program manual.

Repeat offenders often do not complete higher level treatment programs when recommended by the driver risk inventory. The driver risk inventory is a 140-item, self-administered offender screening assessment, that is particularly useful in identifying and evaluating offenders who do not effectively cope with stress. This instrument takes about 25 minutes to complete and recommends the appropriate program treatment level. Table 1.2 shows 4,139 of the 23,029 repeat offender screenings resulted in a different treatment level than recommended.

**Table 1.2: Repeat Offender Treatment Activity**

<b>Recommended Program Level</b>	<b>Program Level Attended</b>	<b>Number of Offenders</b>
IV	I, II, or III	14
III	I or II	3,269
II	I	<u>856</u>
Total		<u>4,139</u>

Source: Auditor's analysis of treatment levels for repeat offenders

Program officials stated that repeat offenders could be assigned to lower level programs when their circumstances are evaluated. Some could be assigned to a specific program by court order and others could have personal, work, or travel circumstances that could prevent longer term treatment assignments

### **Offenders avoided assignment to higher level programs**

Some offenders are not required to complete higher level programs if they live more than 30 miles from a provider offering such programs. According to the program manual, offenders do not have to attend recommended higher level programs if they live more than 60 miles from a Level II program provider, or 30 miles from a Level III program provider. Instead they may attend a lower level program. The division does not track how often distance allowances are granted, or whether such allowances are granted to repeat offenders. Program officials stated that while mileage is still a consideration in any given case, there are no longer a set number of miles used as criteria. They referred to circumstances where a Level III type program is not available in the offender's community.

During fiscal years 2000 and 2001, our review noted 1,021 offenders attended a Level I program despite having a blood alcohol content greater than .18. According to the program manual, these offenders should not be assigned to the entry-level program.

## Repeat offenders may not be identified during the screening process

Offenders must complete questionnaires and a driver risk inventory during the screening process. These screening tools require offenders to provide information about previous treatment programs completed and previous alcohol or drug-related traffic offenses. Offender management units employ professionals who rely on the screening information, the offender's personal interview, and the Department of Revenue's driving records to make the program assessments. However, offender management unit and division personnel stated the driving offense records may not be available during the screening, and not used when assigning the program level.

System  
improvements are  
needed

Division personnel stated that federal guidelines prohibit giving offender management units access to the offenders' prior program history. As a result, the screeners cannot verify the information provided by the offenders. For example, an offender could tell the screener he had no prior offenses when in fact he did. In addition, because the program does not assign an identifying number to offenders, the system cannot detect and prevent screeners from assigning program levels which violate program requirements. As a result, repeat offenders and offenders with high blood alcohol content levels are not prevented from being assigned to an entry level program. Because of these system deficiencies, division personnel cannot ensure the proper program treatment levels are assigned to offenders.

## Some offenders may "shop" to be assigned to lower program treatment levels

Program completion information for fiscal years 2000 and 2001 showed 483 offenders were screened twice within 6 months. Of these offenders, 192 paid the state screening fee twice and did not designate the second screening as a second opinion. Offenders have the right to seek a second opinion and are not required to pay the state portion of the screening fee. These offenders; however, did not designate the screening as a second opinion and paid the state screening fee again. This scenario (not designating a second opinion was being sought and paying the state screening fee again) raises the possibility that the offender "shopped" for a lower level program assignment. We reviewed 50 of the 192 instances, and noted that 31 (62 percent) received a lower treatment level assignment on the second screening. Table 1.3 identifies examples where offenders went to more than one screener and obtained a different treatment program.

**Table 1.3: Offender Screening Activities**

Offender Number	Date of Screening		Screening Recommendation	
	First	Second	First	Second
1	August 2000	September 2000	Level III	Level I
2	February 2001	February 2001	Level III	Level II
3	October 2000	October 2000	Level II	Level I
4	January 2001	February 2001	Level III	Level I
5	September 2000	November 2000	Level III	Level I

Source: Auditor's analysis of offender screenings within six months of each screening date

Division internal review staff include the same type analysis of offender activities when targeting samples for their case reviews.

## **Conclusion**

Division personnel need to adopt more stringent regulations, increase monitoring activities of placement decisions, and improve system capabilities to ensure offenders receive the appropriate education and treatment. While travel distances to treatment providers can present a hardship to offenders, this concern should be secondary to ensuring offenders attend the most appropriate treatment programs. Repeat offenders and offenders with a high blood alcohol content risk factor who do not receive the appropriate treatment programs are less likely to be properly rehabilitated.

## **Recommendations**

We recommend the Director, Department of Mental Health:

- 1.1 Eliminate provisions allowing repeat and serious offenders assignment to lower level treatment programs due to the long driving distances to higher level treatment program.
- 1.2 Improve data system capabilities to ensure repeat offenders are properly identified during the screening process.
- 1.3 Increase the monitoring activities over instances where second screenings resulted in lower level treatment program assignments.

## **Department of Mental Health Responses**

- 1.1 *We concur with this recommendation. Administrative rules have already been revised which became effective on October 1, 2001, which removed the distance criteria that may have reduced some placement recommendations. However, there may still be some situations in which there may not be higher levels of service available due to the remoteness of various areas. If no such services are available, individuals may need to complete the next lower service level that is reasonably available.*

*Additional findings of the performance audit identified where repeat offenders may not have advanced to higher levels of treatment programs. While the audit gave specific instances of this finding, it was unable to obtain all of the information necessary in making this determination. There are other factors that could influence the placement of an individual into a program level, one such additional factor being a court order or a judicial review. SATOP providers will cite their findings for placement but state that the final recommendation is being made as a result of a court order.*

- 1.2 *We concur with the recommendation. Findings for this performance audit were derived from a data system that is no longer in use.*



*The Department of Mental Health, Division of Alcohol and Drug Abuse recognized some weakness of the previous data system and designed a new electronic system which was implemented April 1, 2002. The new SATOP Database Application has many features which will assist in identifying individuals who may have received some type of services from the Department.*

*However, the Department, and its certified providers, must operate within existing federal confidentiality regulations and are thereby restricted from disclosing specific types of services without a duly authorized release of information form signed by the individual. Information reported by the individual, information available on the Department of Revenue driving record, as well as information that can be shared in the SATOP Database Application must still be utilized by the providers in making appropriate program recommendations.*

- 1.3 *We partially concur with the recommendation. Citing in the performance audit indicated where some clients had at least two screenings within six months where the second screening recommended a lower level than the first screening. A review of the sample found that two of the five individuals cited in the audit had an incorrect number of DWI offenses indicated on the assignment form that could not be corroborated by the Department of Revenue driving record. This change in DWI offenses could have been one of the contributing factors in the lower program recommendation.*

*Another possibility for the different program recommendation could have been that the second screening was more accurate than the first recommendation. This could only be determined by reviewing the clinical documentation of the individual's record, which was not available for the performance audit.*

*Division staff routinely reviews all factors for determining the program recommendations individuals receive. The information reviewed includes the number of offenses as reported on the Department of Revenue driving record, the blood alcohol content at the time of the offense, the report of the Driver's Risk Inventory (DRI-II), and a summarization of the Qualified Substance Abuse Professional's interview with the individual where they review the pertinent information. If the documentation provided by the Qualified Substance Abuse Professional cannot support the recommendation, then appropriate action is taken by Division staff. Such actions can include additional technical assistance related to the screening of clients, the agency or individual being placed on a conditional certification status, or the revocation of certification. During the course of the performance audit, information was available which indicated that such actions have been initiated by Division staff.*

*Current monitoring activities include certification site surveys (generally conducted once every two years), compliance audits (conducted yearly), and monthly review of agency activities. The implementation of the new SATOP Database Application provides opportunities for Division staff to review, in a timelier manner, the screenings and recommendations made by agencies which allows for quicker response by Division staff to any problem areas that may be identified.*

**Auditor's Comment**

The October 1, 2001, administrative rule cited by division officials may not ensure placement decisions are no longer reduced for distance considerations. The rule allows distance to be considered as a reasonable circumstance for not placing the offender in the recommended program. The rule does not define reasonable in terms of distance or travel time. Thus, there is no criteria for mileage under the new rule. Additionally, the rule has not been published in the revised program manual which serves as guidance for professional screeners who make treatment program assignments. Therefore, the only guidance that has been distributed to professional screeners is the guidance we cite in this report.

## **2. Data Collected and Reported in the Division's Data Systems Were Not Reliable**

Division personnel need to ensure accurate and complete information is recorded in data systems, and implement several management reconciliations regarding this information. These changes are necessary to ensure offenders actually complete the assigned treatment program, the state screening fees are remitted to the state, and proper payments are made to providers. The division recently recognized weaknesses in data systems and began implementing a new automated data system that has better case tracking capabilities. Our initial review indicates that it is an improvement and provides safeguards that were not present before. We noted areas within the new system where improvements are still needed.

### **Management information is not always complete or accurate**

Information such as social security number, birth data, first name and middle initial, blood alcohol level, repeat offender status, and program level assigned is often not entered in the division's data systems. In addition, our review noted spelling errors in client names, incorrect social security numbers, incorrect blood alcohol levels, and an incorrect number of previous driving while intoxicated offenses. These errors occur because offender management units do not properly complete the forms, or information from the forms is not accurately entered in the data systems. Division personnel have not developed edit checks to ensure screening and program completion information is accurate after data entry.

Edit checks have  
not been  
developed

Table 2.1 shows the errors in the data systems for the 64,836 offender screenings and 55,635 offender program completions during fiscal years 2000 and 2001.

**Table 2.1: Errors in Data System**

<b>Description of Error</b>	<b>Number of Occurrences</b>	<b>Offender Screening Data</b>	<b>Program Completion Data</b>
Blank fee fields	2,042	X	
Blank program level field	917	X	X
Repeat offender not indicated	3,234	X	
Duplicate entries in data fields	160	X	X

Source: Auditor's analysis of data system entries

In April 2002, division personnel implemented an automated direct-entry data system that will alleviate some of these errors in the future.

### **Basic management reconciliations have not been performed**

Division officials do not periodically compare various management information to ensure the program is properly managed. The following basic reconciliations have not been performed:

- Offender screening information is not reconciled to offender program completion information. This reconciliation is necessary to ensure the offender completed the program determined by the qualified professional during the client screening.
- Offender screening information is not reconciled to offender management unit fee remittance information. Division personnel do not reconcile screening information forms to monthly offender management unit remittance summary reports. These reconciliations are necessary to ensure the state has received all fees. We matched offender screenings to offender management unit remittances and found 3,867 screened offenders that potentially did not pay their screening fees. We selected 60 offenders for further review and noted 26 (43.3 percent) instances where the required fees had not been paid to the state. Division officials previously identified one agency failing to remit fees and initiated litigation to recover the fees. Twenty of the 26 exceptions we noted involve this agency. According to division personnel, this agency had not remitted over \$40,000 in fees between July 1, 1999 and July 31, 2001. This agency owes \$15,692, which is being repaid through future payment withholdings for contracted services performed. The results of our match also noted some screening agencies made duplicate payments to the state for the same offender screening. In fiscal year 2001, we noted 10 duplicate payments made by the same agency for the same offender screenings during December 2000. Division personnel were unaware of these duplicate payments but later confirmed this information through contact with the applicable agencies.
- Offender program completion information is not reconciled to amounts the division pays to program providers. This reconciliation is necessary to ensure the division pays only for services provided and pays the appropriate amount for the program.
- Offender screening, program completion, and Department of Revenue notification forms are not pre-numbered to account for all applicable forms, which makes these forms irreconcilable.

Some fees have not been paid to the state

### **State screening fees are not remitted timely**

Offender management units do not always remit the state's portion of screening fees timely. The program manual requires offender management units to submit monthly reports along with the fees collected to the state by the 15<sup>th</sup> day of the following month. Total fees received for fiscal year 2000 and 2001 were \$1,687,868 and \$1,655,748, respectively. Our fiscal year review showed the offender management units made late payments for approximately 48 percent of payments in 2000 and 43 percent in 2001. Some payments were significantly late. For example, a review of 1,368 January 2001 screenings with remittances due by February 15, 2001, showed 1,004 screenings (74 percent) paid after that date, with 329 of these screenings (24 percent) remaining delinquent as of March 1, 2001, and some not paid until May 2001.

Penalty provisions are needed

## **New computer data system is implemented**

A new computer data system was implemented in April 2002. The new system is totally electronic and does not use manual forms. The system is still being updated and some offender management units have not converted to the new system. This system requires information in certain fields to be entered into the data system. This data entry should help ensure the accuracy and completeness of most information recorded. Our review of system capabilities noted the following:

- The new data system provides for a computer-generated reference number which is a unique number and cannot be duplicated. Therefore, the control of having pre-numbered forms and periodically accounting for the numerical sequence of these forms has been implemented.
- Each new offender is given a state identification number along with a local chart number. An offender that has been in the department's mental health system before will be identified through these numbers and the information can be used for additional screening purposes. This procedure should aid in identifying previous offenders.

Even with the new system there are management concerns that still need to be addressed:

- Edit checks to ensure accurate information is entered for areas such as the number of prior offenses and blood alcohol content level have not been designed.
- While the new data system will automatically generate a monthly listing of fees owed to the state, division personnel will still need to reconcile monthly totals to fees actually collected. Division personnel will also need to reconcile screening assignments to the programs billed by service providers to ensure payments are for the program assigned and actually attended.
- The new system does not prevent offender management unit screeners from inappropriately assigning repeat and serious offenders to lower level treatment programs.

## **Conclusion**

Division personnel need to establish appropriate edit checks to ensure the integrity of information entered in data systems. The division also needs to implement various management reconciliations to ensure appropriate programs were completed, state screening fees were remitted, and proper payments were made to service providers. Penalty provisions need to be adopted to ensure state screening fees are remitted in a timely manner. The new automated system has not been on-line long enough to determine its full effect on the problems noted in the audit. However, based on an initial review, the system is an improvement.

## Recommendations

We recommend the Director, Department of Mental Health:

- 2.1 Install edit checks in the data system to ensure information recorded in the database is accurate and complete.
- 2.2 Reconcile fees owed to fees collected monthly.
- 2.3 Reconcile other information reported to ensure the program is managed correctly.
- 2.4 Develop procedures to penalize late fee payers.

## Department of Mental Health Responses

- 2.1 *We concur with the recommendation. A new database application was implemented statewide on April 1, 2002. Several features of this new application have the edit checks identified by the performance audit which would require information to be provided.*  
  
*Findings reported in the performance audit indicated that data was incomplete or missing. Rates identified ranged from 4.98% to 0.13%. While these are low rates for data errors, the new application will ensure that the data is accurate and complete thereby lowering the data errors encountered.*
- 2.2 *We concur with the recommendation. The implementation of the SATOP Database Application will allow for the reconciliation of supplemental fees owed to supplemental fees remitted. Discussions are already in place with the Department's Office of Information Services to enhance the application allowing for this function to be completed.*
- 2.3 *We disagree with this recommendation. Data from the database system is reviewed (reconciled) by Division staff in order to identify where agencies may be deviating from standards. When anomalies are found, the agency may be contacted to provide additional information or Division staff may visit the site to review the files. Data from the database is also used to determine the types of files reviewed by Division staff while conducting compliance audits or certification site surveys. Current administrative rules and policies identify the actions which may be taken whenever there are deviations from standards. As identified earlier, these actions can include conditional certification, revocation of certification, or other administrative sanctions. During the course of the performance audit, information was available which indicated that such actions have been initiated by Division staff.*
- 2.4 *We partially concur with this recommendation. The remittance of supplemental fees in a timely manner is one of the requirements of the SATOP administrative rules. Policies already exist which allow for agencies to receive penalties for late remittance of the supplemental fee. These actions include being placed on conditional certification status,*

*revocation of certification or other administrative sanctions. During the course of the performance audit, information was available which indicated that such actions have been initiated by Division staff. Current statutes do not allow for the assessment of any financial penalty for the late remittance of fees. The Division will study the feasibility of developing legislation to address this issue.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The Department of Mental Health, Division of Alcohol and Drug Abuse is responsible for the operation and management of the Substance Abuse Traffic Offenders Program. The objectives of the audit were to determine whether:

- (1) Offenders pay and screening agencies remit the appropriate fees to the state as required.
- (2) Offenders complete the program determined by the screening assessment.
- (3) Offenders receive the appropriate treatment level, including whether repeat offenders are moved to higher treatment levels.
- (4) The division pays the proper amount to service providers.
- (5) The division ensures service providers have accurately completed standard means tests.
- (6) The division accurately captures information in databases and effectively uses this information to manage the program.
- (7) The division adequately performs billing reviews and on-site certification reviews.

**Scope and Methodology**

Audit fieldwork began in November 2001 and continued through June 2002. Audit staff:

- Reviewed applicable state statutes and regulations, and division policies and procedures.
- Interviewed knowledgeable personnel and reviewed the division's processes and controls for screening offenders, receipting state screening fees, paying service providers, and performing certification reviews of offender management units.
- Performed data analysis and related testing procedures on program information extracted from various division data systems for fiscal years 2000 and 2001. Although original data could not be validated (see scope impairment below), we were able to determine that data were incomplete and inaccurate.
- Reviewed offender management unit certification reviews and provider reviews performed by division staff.



## **APPENDIX I**

The scope was impaired due to a lack of records which resulted in the inability to complete either fully or partially the objectives of the audit. We cannot attest to the impact the records we were not able to obtain would have had on this audit.

**PROGRAM MISSION AND ADMINISTRATION**

The Department of Mental Health, Division of Alcohol and Drug Abuse administers the Substance Abuse Traffic Offenders Program that provides services to individuals who have had an alcohol or drug related traffic offense. The program serves more than 32,000 offenders annually who are referred as a result of an administrative suspension or revocation of their driver's licenses, court order, condition of probation, or plea bargain. When a person's driver's license is suspended or revoked due to an alcohol related offense, the program is, by law, a required element in driver's license reinstatement by the Department of Revenue. All offenders enter the system via an offender management unit. Offenders receive a screening assessment which includes a review of their driving record and breath alcohol content at the time of their arrest, a computer-interpreted assessment and an interview with a qualified substance abuse professional. Based upon the information gathered during the screening, an appropriate referral is made to one of several types of programs.

The program's mission is to inform and educate offenders as to the hazards and consequences of impaired driving, promote safe and responsible decision making regarding driving, motivate for personal change and growth, and contribute to public health and safety. The program provides a range of educational and rehabilitative options, designed to be commensurate with the level of the offender's substance abuse/dependency. The program has several different levels of participation based on factors relied upon by qualified professionals at the time of the screening. These factors include a score on a driver risk inventory, blood alcohol content level at the time of the arrest, family background and family history of alcohol or drug abuse, appearance, previous arrests, and others.

The offender pays \$125 for the screening to the offender management unit, which retains \$66 and remits the remaining \$59 to the state's Mental Health Earnings Fund. There are about 200 locations statewide where offenders can be screened. At the conclusion of the screening process, the offender is given a list of certified providers where the recommended treatment program is available. The offender is notified that he/she must be enrolled in the assigned education or treatment program within 6 months of the initial screening or another screening must be performed. Offenders are also informed of their right to a second opinion at the time of the initial screening. However, once the offender has begun the intervention/treatment program recommended by the original offender management unit, the right to a second opinion is forfeited.

Offender management unit personnel send copies of the screening forms to the division. After the client completes the assigned program, the service provider sends a copy of the program completion form to the offender management unit that performed the screening. Unit personnel submit a notification form to the Department of Revenue to reinstate the offender's driver's license. Unit personnel also forward copies of the program completion form to the division. Division staff enter information from these forms in program databases and then destroy the copies of the forms.

## **APPENDIX II**

Division staff perform certification reviews on all offender management units every 2 years for state recertification. These reviews include reviewing selected client files for appropriate forms, adequate documentation, reasonableness of treatment program level, and payment of fees to the state. The reviews also include a review of the facilities, curriculum, personnel files, policy and procedure manuals, and attendance records. Division personnel prepare a written recertification report that is signed by the division director. Units with severe problems are more closely scrutinized, and recommendations are tracked to ensure implementation. Recommendations are made and severe violations could result in an offender management unit losing its state certification.



**WASHINGTON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-104  
September 30, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Washington, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Washington County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal financial assistance for the preparation of the schedule of expenditures of federal awards. The county's schedules for 2001 and 2000 contained several errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions in federal funds.
- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. The County Commission's amending of some budgets caused projected deficit cash balances in those funds. Documentation was not maintained to support the administrative service fee transferred from the Special Road and Bridge Fund.
- In prior years, the County Commission issued several loans to companies and individuals as part of an economic development program. Although the agreements indicated there were to be monthly payments of interest and principal, two companies made no interest or principal payments during 2000 and only interest payments during 2001. Another company had not made any payments of interest or principal during the two years and there was some dispute over the amount remaining unpaid. Because these monies have not been repaid, the county has less money available for additional economic development loans.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissioners meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1998 Washington County's Associate County Commissioners' salaries were each increased approximately \$6,650 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to Section 50.333.13, RSMo, are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,950 should be repaid.

- Although the county has reduced the tax anticipation notes payable, \$267,000 is still outstanding at December 31, 2001. The county has not had the funds to completely pay off the notes in one year as required by Section 50.070, RSMo, and have renewed such notes annually.
- Several problems were noted regarding the records and procedures of the Washington County Handicapped Board (also know as the Senate Bill 40 Board) including incorrect budgets, missing records, pay and benefit concerns, Sunshine Law compliance, problems with expenditures and contracts, and inadequate fixed asset records.
- Several problems were noted regarding the records and procedures of the Health Center including concerns over receipts and deposits, questionable expenditures, inadequate fixed asset records, and Sunshine Law compliance.
- Several problems were noted regarding the records and procedures of the Central Dispatch 911 Board including Sunshine Law compliance, consulting service contracts and invoices, and documentation of land acquisition.

The audit also includes some recommendations to improve general fixed assets and property tax controls and procedures. The audit also suggested improvements in procedures for the Sheriff, County Assessor, Circuit Clerk, Prosecuting Attorney, Associate Division and Ex Officio Recorder of Deeds.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

WASHINGTON COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: .....

2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards .....

3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....

5-6

Financial Statements: .....

7

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....

8

A-2

Year Ended December 31, 2000 .....

9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000 .....

10-18

Notes to the Financial Statements .....

19-22

Supplementary Schedule: .....

23-25

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 .....

24-25

Notes to the Supplementary Schedule .....

26-28

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: .....

30-32

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133 .....

31-32

WASHINGTON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	33-37
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	34-37
Section I - Summary of Auditor's Results .....	34-35
Section II - Financial Statement Findings .....	35
Section III - Federal Award Findings and Questioned Costs .....	35-37
01-1. Schedule of Expenditures of Federal Awards .....	35
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	38-39
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	40-41
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	43-74
<u>Number</u>	
1. Budgetary Practices and Published Financial Statements .....	45
2. County Commission Procedures .....	48
3. Officials' Salaries and Payroll .....	49
4. Tax Anticipation Notes .....	50
5. General Fixed Assets .....	51
6. Property Tax Controls and Procedures .....	52
7. Sheriff's Controls and Procedures .....	53
8. County Assessor's Controls and Procedures .....	57
9. Circuit Clerk's Controls and Procedures .....	58
10. Prosecuting Attorney's Controls and Procedures .....	59
11. Associate Division Controls and Procedures .....	60
12. Ex Officio Recorder of Deeds' Controls and Procedures.....	61
13. Washington County Handicapped Board (Senate Bill 40 Board).....	61
14. Health Center's Controls and Procedures.....	67
15. Central Dispatch 911 Board.....	71
Follow-Up on Prior Audit Findings .....	75-86



WASHINGTON COUNTY, MISSOURI

TABLE OF CONTENTS

Page

STATISTICAL SECTION

---

History, Organization, and Statistical Information .....	88-93
----------------------------------------------------------	-------

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Washington County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Washington County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 20, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Washington County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

June 20, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA, CIA
In-Charge Auditor:	Karen A. Lenk, CPA
Audit Staff:	Scott L. Fontana
	Thomas H. Franklin



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Washington County, Missouri

We have audited the special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Washington County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Washington County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

June 20, 2002 (fieldwork completion date)

## Financial Statements



Exhibit A-1

WASHINGTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 68,229	2,217,272	2,211,352	74,149
Special Road and Bridge	178,408	1,788,431	1,870,992	95,847
Assessment	5,842	221,810	217,794	9,858
Law Enforcement Training	2,451	4,499	3,277	3,673
Prosecuting Attorney Training	3,501	876	0	4,377
Sheriff's Law Enforcement	0	1,094,998	1,094,898	100
Law Enforcement Expense	112	9,879	9,260	731
Prosecuting Attorney Bad Check	40,906	15,720	4,761	51,865
Prosecuting Attorney Expense	0	56	0	56
Prosecuting Attorney Delinquent Tax	7,732	919	0	8,651
DARE	2,746	621	1,907	1,460
Senior Citizens' Service	53,927	86,154	81,717	58,364
Industrial Development	43,280	1,025	44,305	0
Economic Development Tax	1,333,344	689,469	698,485	1,324,328
Recorder's User Fee	26,549	12,864	1,291	38,122
Election Services	1,647	3,523	1,875	3,295
Health Center	430,256	600,760	602,025	428,991
Handicapped Board	105,596	302,056	271,369	136,283
Circuit Division Interest	3,519	700	2,574	1,645
Associate Circuit Division Interest	1,872	46	0	1,918
Sheriff's Fees	0	28,556	28,556	0
Domestic Violence Shelter	1,790	3,728	3,340	2,178
Recorder's Technical	0	3,718	0	3,718
Central Dispatch 911	0	335,479	94,853	240,626
Total	\$ 2,311,707	7,423,159	7,244,631	2,490,235

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WASHINGTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 38,109	1,856,407	1,826,287	68,229
Special Road and Bridge	168,406	1,729,454	1,719,452	178,408
Assessment	6,469	278,638	279,265	5,842
Law Enforcement Training	3,465	4,102	5,116	2,451
Prosecuting Attorney Training	2,608	893	0	3,501
Sheriff's Law Enforcement	1,006	1,080,074	1,081,080	0
Law Enforcement Expense	97	4,488	4,473	112
Prosecuting Attorney Bad Check	32,197	16,722	8,013	40,906
Prosecuting Attorney Expense	431	6	437	0
Prosecuting Attorney Delinquent Tax	6,961	861	90	7,732
DARE	3,267	1,955	2,476	2,746
Senior Citizens' Service	45,402	91,905	83,380	53,927
Industrial Development	87,921	3,698	48,339	43,280
Economic Development Tax	1,023,950	630,808	321,414	1,333,344
Recorder's User Fee	15,126	11,423	0	26,549
Election Services	112	1,862	327	1,647
Health Center	367,409	638,377	575,530	430,256
Handicapped Board	110,770	313,889	319,063	105,596
Circuit Division Interest	2,998	2,565	2,044	3,519
Associate Circuit Division Interest	1,477	395	0	1,872
Sheriff's Fees	26	40,108	40,134	0
Domestic Violence Shelter	2,101	3,809	4,120	1,790
Family Access Fee	101	26	127	0
Total	\$ 1,920,409	6,712,465	6,321,167	2,311,707

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 7,772,047	7,080,234	(691,813)	6,959,923	6,668,522	(291,401)
DISBURSEMENTS	9,466,104	7,146,438	2,319,666	8,357,019	6,276,786	2,080,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,694,057)	(66,204)	1,627,853	(1,397,096)	391,736	1,788,832
CASH, JANUARY 1	2,303,659	2,309,917	6,258	1,878,863	1,918,181	39,318
CASH, DECEMBER 31	609,602	2,243,713	1,634,111	481,767	2,309,917	1,828,150
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	346,642	212,319	(134,323)	344,176	332,261	(11,915)
Sales and use taxes	685,000	739,607	54,607	656,000	638,112	(17,888)
Intergovernmental	621,354	683,609	62,255	178,161	158,701	(19,460)
Charges for services	262,200	283,574	21,374	243,800	264,623	20,823
Interest	6,500	9,664	3,164	3,555	6,009	2,454
Tax anticipation note	0	0	0	0	200,000	200,000
Other	124,750	155,014	30,264	87,744	125,603	37,859
Transfers in	134,112	133,485	(627)	134,905	131,098	(3,807)
Total Receipts	2,180,558	2,217,272	36,714	1,648,341	1,856,407	208,066
<b>DISBURSEMENTS</b>						
County Commission	114,419	114,555	(136)	115,100	116,308	(1,208)
County Clerk	142,148	118,755	23,393	127,951	116,630	11,321
Elections	32,381	31,087	1,294	71,503	66,727	4,776
Buildings and grounds	95,656	102,005	(6,349)	85,320	85,208	112
County Treasurer	49,788	48,640	1,148	49,341	48,053	1,288
County Collector	135,163	132,024	3,139	130,739	126,860	3,879
Circuit Clerk and Ex Officio Recorder of Deeds	115,014	104,571	10,443	112,034	100,223	11,811
Associate Circuit Court	35,776	33,798	1,978	38,049	34,702	3,347
Court administration	11,370	7,121	4,249	13,535	7,041	6,494
Public Administrator	46,435	43,831	2,604	44,973	45,295	(322)
Prosecuting Attorney	229,609	206,356	23,253	235,237	213,541	21,696
Juvenile Officer	81,485	81,485	0	95,507	95,506	1
County Coroner	43,738	32,559	11,179	32,942	34,676	(1,734)
Sheriff Auxiliary	2,280	1,835	445	2,880	2,333	547
Landfill	14,806	17,864	(3,058)	21,190	14,524	6,666
Airport	538,442	584,554	(46,112)	44,844	39,911	4,933
Industrial Development Authority	74,112	73,159	953	75,220	71,414	3,806
Unitiversity Extension	44,930	43,050	1,880	44,672	44,384	288
Other	90,358	103,483	(13,125)	65,526	83,982	(18,456)
Debt service	130,000	124,799	5,201	85,000	287,686	(202,686)
Transfers out	143,249	205,821	(62,572)	153,371	191,283	(37,912)
Emergency Fund	67,083	0	67,083	49,000	0	49,000
Total Disbursements	2,238,242	2,211,352	26,890	1,693,934	1,826,287	(132,353)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,684)	5,920	63,604	(45,593)	30,120	75,713
CASH, JANUARY 1	68,229	68,229	0	38,109	38,109	0
CASH, DECEMBER 31	10,545	74,149	63,604	(7,484)	68,229	75,713

## Exhibit B

WASHINGTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	402,861	396,162	(6,699)	354,000	395,094	41,094
Sales taxes	600,000	596,345	(3,655)	550,000	566,665	16,665
Intergovernmental	1,383,840	719,139	(664,701)	599,800	680,703	80,903
Interest	11,500	9,206	(2,294)	8,700	11,620	2,920
Other	55,736	67,579	11,843	739,057	75,372	(663,685)
Total Receipts	2,453,937	1,788,431	(665,506)	2,251,557	1,729,454	(522,103)
<b>DISBURSEMENTS</b>						
Salaries	631,180	632,616	(1,436)	617,120	564,128	52,992
Employee fringe benefits	172,479	167,947	4,532	154,691	142,160	12,531
Supplies	147,428	125,624	21,804	119,400	108,669	10,731
Insurance	18,500	20,111	(1,611)	19,000	16,095	2,905
Road and bridge materials	501,531	344,558	156,973	422,761	467,790	(45,029)
Equipment repairs	96,500	98,033	(1,533)	93,000	80,207	12,793
Rentals	11,000	564	10,436	0	0	0
Equipment purchases	318,547	211,371	107,176	206,034	123,170	82,864
Construction, repair, and maintenance	613,980	152,740	461,240	669,057	118,464	550,593
Capital improvement	32,000	36,162	(4,162)	32,000	14,360	17,640
Other	29,200	21,266	7,934	27,216	24,725	2,491
Transfers out	60,000	60,000	0	59,684	59,684	0
Total Disbursements	2,632,345	1,870,992	761,353	2,419,963	1,719,452	700,511
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,408)	(82,561)	95,847	(168,406)	10,002	178,408
CASH, JANUARY 1	178,408	178,408	0	168,406	168,406	0
CASH, DECEMBER 31	0	95,847	95,847	0	178,408	178,408
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	211,901	191,147	(20,754)	254,861	238,347	(16,514)
Charges for services	4,000	4,167	167	6,200	2,696	(3,504)
Interest	901	1,496	595	1,200	985	(215)
Transfers in	36,554	25,000	(11,554)	34,721	36,610	1,889
Total Receipts	253,356	221,810	(31,546)	296,982	278,638	(18,344)
<b>DISBURSEMENTS</b>						
Assessor	253,356	217,794	35,562	303,942	279,265	24,677
Total Disbursements	253,356	217,794	35,562	303,942	279,265	24,677
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,016	4,016	(6,960)	(627)	6,333
CASH, JANUARY 1	0	5,842	5,842	1,006	6,469	5,463
CASH, DECEMBER 31	0	9,858	9,858	(5,954)	5,842	11,796

## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	4,000	4,398	398	3,675	3,964	289
Interest	135	101	(34)	125	138	13
Total Receipts	4,135	4,499	364	3,800	4,102	302
<b>DISBURSEMENTS</b>						
Sheriff	4,000	3,277	723	3,800	5,116	(1,316)
Total Disbursements	4,000	3,277	723	3,800	5,116	(1,316)
RECEIPTS OVER (UNDER) DISBURSEMENTS	135	1,222	1,087	0	(1,014)	(1,014)
CASH, JANUARY 1	2,451	2,451	0	3,465	3,465	0
CASH, DECEMBER 31	2,586	3,673	1,087	3,465	2,451	(1,014)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	900	742	(158)	900	893	(7)
Interest	0	134	134	125	0	(125)
Total Receipts	900	876	(24)	1,025	893	(132)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	300	0	300	500	0	500
Total Disbursements	300	0	300	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	600	876	276	525	893	368
CASH, JANUARY 1	3,501	3,501	0	2,608	2,608	0
CASH, DECEMBER 31	4,101	4,377	276	3,133	3,501	368
<b><u>SHERIFF'S LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	600,000	596,351	(3,649)	556,000	566,668	10,668
Intergovernmental	331,906	231,954	(99,952)	309,908	284,608	(25,300)
Charges for services	2,300	3,170	870	3,300	13,902	10,602
Interest	0	10	10	0	1	1
Other	20,800	54,736	33,936	22,800	20,307	(2,493)
Transfers in	166,695	208,777	42,082	163,650	194,588	30,938
Total Receipts	1,121,701	1,094,998	(26,703)	1,055,658	1,080,074	24,416
<b>DISBURSEMENTS</b>						
Salaries	811,094	760,100	50,994	793,763	762,049	31,714
Office expenditures	46,960	49,542	(2,582)	48,652	48,459	193
Equipment	81,747	76,294	5,453	66,068	70,320	(4,252)
Mileage and training	1,000	1,397	(397)	1,250	1,316	(66)
Other	180,900	207,565	(26,665)	181,441	198,936	(17,495)
Total Disbursements	1,121,701	1,094,898	26,803	1,091,174	1,081,080	10,094
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	100	100	(35,516)	(1,006)	34,510
CASH, JANUARY 1	0	0	0	1,006	1,006	0
CASH, DECEMBER 31	0	100	100	(34,510)	0	34,510

## Exhibit B

WASHINGTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT EXPENSE FUND</u></b>						
RECEIPTS						
Interest	0	11	11	20		(20)
Other	5,000	9,868	4,868	5,780	4,488	(1,292)
Total Receipts	5,000	9,879	4,879	5,800	4,488	(1,312)
DISBURSEMENTS						
Sheriff	5,010	9,260	(4,250)	5,750	4,473	1,277
Total Disbursements	5,010	9,260	(4,250)	5,750	4,473	1,277
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10)	619	629	50	15	(35)
CASH, JANUARY 1	112	112	0	97	97	0
CASH, DECEMBER 31	102	731	629	147	112	(35)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	18,000	14,130	(3,870)	13,500	16,722	3,222
Interest	0	1,590	1,590	1,400	0	(1,400)
Total Receipts	18,000	15,720	(2,280)	14,900	16,722	1,822
DISBURSEMENTS						
Prosecuting Attorney	9,500	4,761	4,739	4,100	8,013	(3,913)
Total Disbursements	9,500	4,761	4,739	4,100	8,013	(3,913)
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,500	10,959	2,459	10,800	8,709	(2,091)
CASH, JANUARY 1	40,906	40,906	0	32,197	32,197	0
CASH, DECEMBER 31	49,406	51,865	2,459	42,997	40,906	(2,091)
<b><u>PROSECUTING ATTORNEY EXPENSE FUND</u></b>						
RECEIPTS						
Interest	0	1	1	21	0	(21)
Other	0	55	55	0	6	6
Total Receipts	0	56	56	21	6	(15)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	437	(437)
Total Disbursements	0	0	0	0	437	(437)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	56	56	21	(431)	(452)
CASH, JANUARY 1	0	0	0	431	431	0
CASH, DECEMBER 31	0	56	56	452	0	(452)

## Exhibit B

WASHINGTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	875	637	(238)	2,100	861	(1,239)
Interest	0	282	282	350	0	(350)
Total Receipts	875	919	44	2,450	861	(1,589)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	200	0	200	1,600	90	1,510
Total Disbursements	200	0	200	1,600	90	1,510
RECEIPTS OVER (UNDER) DISBURSEMENTS	675	919	244	850	771	(79)
CASH, JANUARY 1	7,732	7,732	0	6,961	6,961	0
CASH, DECEMBER 31	8,407	8,651	244	7,811	7,732	(79)
<b><u>DARE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	25	25	0	0	0
Interest	0	46	46	125	0	(125)
Other	2,100	550	(1,550)	4,200	1,955	(2,245)
Total Receipts	2,100	621	(1,479)	4,325	1,955	(2,370)
<b>DISBURSEMENTS</b>						
Sheriff	2,600	1,907	693	3,000	2,476	524
Total Disbursements	2,600	1,907	693	3,000	2,476	524
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(1,286)	(786)	1,325	(521)	(1,846)
CASH, JANUARY 1	2,746	2,746	0	3,267	3,267	0
CASH, DECEMBER 31	2,246	1,460	(786)	4,592	2,746	(1,846)
<b><u>SENIOR CITIZENS' SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	77,000	76,264	(736)	75,000	77,334	2,334
Intergovernmental	7,275	6,893	(382)	8,000	9,880	1,880
Interest	4,500	2,997	(1,503)	2,500	4,691	2,191
Total Receipts	88,775	86,154	(2,621)	85,500	91,905	6,405
<b>DISBURSEMENTS</b>						
Contractual services	93,200	81,505	11,695	83,700	82,975	725
Other	420	212	208	235	405	(170)
Total Disbursements	93,620	81,717	11,903	83,935	83,380	555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,845)	4,437	9,282	1,565	8,525	6,960
CASH, JANUARY 1	53,927	53,927	0	45,402	45,402	0
CASH, DECEMBER 31	49,082	58,364	9,282	46,967	53,927	6,960

## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>INDUSTRIAL DEVELOPMENT FUND</u></b>						
RECEIPTS						
Interest	4,200	1,025	(3,175)	3,700	3,698	(2)
Transfers in	0	0	0	50,000	0	(50,000)
Total Receipts	4,200	1,025	(3,175)	53,700	3,698	(50,002)
DISBURSEMENTS						
Bond payment	0	0	0	45,000	48,339	(3,339)
Transfers out	40,000	44,305	(4,305)	0	0	0
Total Disbursements	40,000	44,305	(4,305)	45,000	48,339	(3,339)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,800)	(43,280)	(7,480)	8,700	(44,641)	(53,341)
CASH, JANUARY 1	43,280	43,280	0	87,921	87,921	0
CASH, DECEMBER 31	7,480	0	(7,480)	96,621	43,280	(53,341)
<b><u>ECONOMIC DEVELOPMENT TAX FUND</u></b>						
RECEIPTS						
Sales taxes	650,000	596,276	(53,724)	556,000	566,614	10,614
Interest	0	48,888	48,888	33,000	64,194	31,194
Transfers in	0	44,305	44,305	0	0	0
Total Receipts	650,000	689,469	39,469	589,000	630,808	41,808
DISBURSEMENTS						
County Industrial Development Authority	1,980,000	625,000	1,355,000	1,590,000	250,000	1,340,000
Transfers out	0	73,485	(73,485)	0	71,414	(71,414)
Total Disbursements	1,980,000	698,485	1,281,515	1,590,000	321,414	1,268,586
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,330,000)	(9,016)	1,320,984	(1,001,000)	309,394	1,310,394
CASH, JANUARY 1	1,333,344	1,333,344	0	1,023,950	1,023,950	0
CASH, DECEMBER 31	3,344	1,324,328	1,320,984	22,950	1,333,344	1,310,394
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	12,000	11,808	(192)	11,000	11,423	423
Interest	0	1,056	1,056	475	0	(475)
Total Receipts	12,000	12,864	864	11,475	11,423	(52)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	5,000	1,291	3,709	1,500	0	1,500
Total Disbursements	5,000	1,291	3,709	1,500	0	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,000	11,573	4,573	9,975	11,423	1,448
CASH, JANUARY 1	26,549	26,549	0	15,126	15,126	0
CASH, DECEMBER 31	33,549	38,122	4,573	25,101	26,549	1,448



## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,850	3,432	1,582	1,000	1,862	862
Interest	0	91	91	0	0	0
Total Receipts	1,850	3,523	1,673	1,000	1,862	862
<b>DISBURSEMENTS</b>						
County Clerk	500	1,875	(1,375)	0	327	(327)
Total Disbursements	500	1,875	(1,375)	0	327	(327)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,350	1,648	298	1,000	1,535	535
CASH, JANUARY 1	1,647	1,647	0	112	112	0
CASH, DECEMBER 31	2,997	3,295	298	1,112	1,647	535
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	225,000	233,828	8,828	215,000	234,948	19,948
Intergovernmental	355,000	272,377	(82,623)	345,500	304,050	(41,450)
Interest	16,000	15,863	(137)	9,000	13,693	4,693
Other	40,100	78,692	38,592	46,100	85,686	39,586
Total Receipts	636,100	600,760	(35,340)	615,600	638,377	22,777
<b>DISBURSEMENTS</b>						
Salaries	374,730	348,231	26,499	387,470	333,305	54,165
Office expenditures	78,900	98,161	(19,261)	72,800	79,537	(6,737)
Equipment	3,990	2,260	1,730	5,300	4,208	1,092
Mileage and training	7,040	10,479	(3,439)	10,200	6,948	3,252
Building lease payments	53,190	53,188	2	151,662	50,554	101,108
Other	118,250	89,706	28,544	85,950	100,978	(15,028)
Total Disbursements	636,100	602,025	34,075	713,382	575,530	137,852
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,265)	(1,265)	(97,782)	62,847	160,629
CASH, JANUARY 1	430,256	430,256	0	367,409	367,409	0
CASH, DECEMBER 31	430,256	428,991	(1,265)	269,627	430,256	160,629

## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HANDICAPPED BOARD FUND</b>						
<b>RECEIPTS</b>						
Property taxes	265,000	261,397	(3,603)	280,000	259,099	(20,901)
Intergovernmental	17,550	28,577	11,027	14,239	18,244	4,005
Interest	6,000	7,369	1,369	5,100	8,080	2,980
Other	7,610	4,713	(2,897)	16,600	28,466	11,866
Total Receipts	296,160	302,056	5,896	315,939	313,889	(2,050)
<b>DISBURSEMENTS</b>						
Salaries	90,135	28,901	61,234	50,020	79,772	(29,752)
Administrative services	0	11,400	(11,400)	0	0	0
Legal and professional services	23,600	8,181	15,419	2,500	42,572	(40,072)
Office expenditures	21,540	6,008	15,532	50,440	14,950	35,490
Equipment	47,000	36,807	10,193	32,400	17,137	15,263
Mileage and training	9,775	1,731	8,044	7,879	8,510	(631)
Contractual services	202,980	178,341	24,639	215,200	156,122	59,078
Other	6,600	0	6,600	34,500	0	34,500
Total Disbursements	401,630	271,369	130,261	392,939	319,063	73,876
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,470)	30,687	136,157	(77,000)	(5,174)	71,826
CASH, JANUARY 1	105,470	105,596	126	77,000	110,770	33,770
CASH, DECEMBER 31	0	136,283	136,283	0	105,596	105,596
<b>CIRCUIT DIVISION INTEREST FUND</b>						
<b>RECEIPTS</b>						
Interest	2,400	700	(1,700)	2,500	2,465	(35)
Other	0	0	0	0	100	100
Total Receipts	2,400	700	(1,700)	2,500	2,565	65
<b>DISBURSEMENTS</b>						
Circuit Clerk	2,000	2,574	(574)	2,500	2,044	456
Total Disbursements	2,000	2,574	(574)	2,500	2,044	456
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	(1,874)	(2,274)	0	521	521
CASH, JANUARY 1	2,899	3,519	620	2,583	2,998	415
CASH, DECEMBER 31	3,299	1,645	(1,654)	2,583	3,519	936
<b>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</b>						
<b>RECEIPTS</b>						
Interest	0	46	46	350	395	45
Total Receipts	0	46	46	350	395	45
<b>DISBURSEMENTS</b>						
Associate Circuit Division	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	46	46	350	395	45
CASH, JANUARY 1	2,202	1,872	(330)	1,807	1,477	(330)
CASH, DECEMBER 31	2,202	1,918	(284)	2,157	1,872	(285)

## Exhibit B

## WASHINGTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF'S FEES FUND</u></b>						
RECEIPTS						
Charges for services	40,000	28,556	(11,444)			
Total Receipts	40,000	28,556	(11,444)			
DISBURSEMENTS						
Sheriff	40,000	600	39,400			
Transfers out	0	27,956	(27,956)			
Total Disbursements	40,000	28,556	11,444			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<b><u>DOMESTIC VIOLENCE SHELTER FUND</u></b>						
RECEIPTS						
Charges for services	3,900	3,728	(172)			
Total Receipts	3,900	3,728	(172)			
DISBURSEMENTS						
Domestic Violence Shelter	4,200	3,340	860			
Total Disbursements	4,200	3,340	860			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	388	688			
CASH, JANUARY 1	1,790	1,790	0			
CASH, DECEMBER 31	1,490	2,178	688			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

WASHINGTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Department Board, Handicapped Board, Senior Citizens' Service Board, or the Central Dispatch 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Technical Fund	2001
Central Dispatch 911 Fund	2001
Family Access Fee Fund	2000
Sheriff's Fees Fund	2000
Domestic Violence Shelter Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Industrial Development Fund	2001 and 2000
Election Services Fund	2001 and 2000
Law Enforcement Expense Fund	2001
Circuit Clerk Interest Fund	2001
General Revenue Fund	2000
Law Enforcement Training Fund	2000
Prosecuting Attorney Expense Fund	2000
Prosecuting Attorney Bad Check Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the General Fund, Assessment Fund, and the Sheriff's Law Enforcement Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2001, did not include the Circuit Division Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center's deposits at December 31, 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name. Of the Health Center's bank balance at December 31, 2000, \$443,399 was covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name, and \$10,788 was uninsured and uncollateralized.

Of the Handicapped Board's bank balance at December 31, 2001, \$132,972 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$4,038 was uninsured and uncollateralized. Of the Handicapped Board's bank balance at December 31, 2000, \$100,000 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$7,079 was uninsured and uncollateralized.

Of the Central Dispatch 911 Board's bank balance at December 31, 2001, \$179,727 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$87,828 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule



## Schedule

WASHINGTON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.unknown	Cooperative Law Enforcement and Cannabis Agreement	N/A	\$ 6,000	1,200
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERSO45-2211	88,152	89,321
10.559	Summer Food Service Program for Children	ERSO46-0211I	180	171
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	197,288	116,922
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	32,386	50,229
Passed through state:				
Department of Public Safety -				
16.588	Violence Against Women Formula Grants	98-VAWA-0088	33,080	38,267
Missouri Sheriff's Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	585	2,223
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO 110(5)	0	5,057
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	MO-16-0033	21,592	0
		MO-16-0032	0	52,528
	Program Total		<u>21,592</u>	<u>52,528</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	1,812

## Schedule

WASHINGTON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	68,691	106
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-2211L	1,761	373
93.268	Immunization Grants	N/A	46,699	47,004
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-2211C	1,810	2,650
Department of Health -				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-20011	17,081	22,822
93.991	Preventive Health and Health Services Block Grant	N/A	0	525
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2211M	23,286	25,887
		ERS175-2080F	6,590	8,039
		DH020027076	173	0
		N/A	4,380	2,623
	Program Total		34,429	36,549
	Total Expenditures of Federal Awards		\$ 549,734	467,759

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

WASHINGTON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Washington County, Missouri

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Capital Assistance Program for Elderly Persons and Persons with Disabilities (CFDA number 20.513) represent the federal share of the original

acquisition cost of equipment received and amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) and the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the Department of Health. Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Washington County, Missouri

Compliance

We have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Washington County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance



with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

### Internal Control Over Compliance

The management of Washington County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

June 20, 2002 (fieldwork completion date)

Schedule

WASHINGTON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses?

\_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted?

\_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

\_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses?

  x   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?

  x   yes    \_\_\_\_\_ no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

**Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1.                      Schedule of Expenditures of Federal Awards</b>
------------------------------------------------------------------------------

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERSO45-2211
Award Year:	2001 and 2000
Questioned Costs:	none

Federal Grantor: U.S. Department of Agriculture  
Pass-Through Grantor: Office of Administration  
Federal CFDA Number: 10.665  
Program Title: Schools and Roads - Grants to States  
Pass-Through Entity  
Identifying Number: N/A  
Award Year: 2001 and 2000  
Questioned Costs: none

Federal Grantor: U.S. Department of Transportation  
Pass-Through Grantor: Highway and Transportation Commission  
Federal CFDA Number: 20.513  
Program Title: Capital Assistance Program for Elderly Persons and Persons with Disabilities  
Pass-Through Entity  
Identifying Number: MO-16-0032  
Award Year: 2001 and 2000  
Questioned Costs: none

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA included amounts totaling \$128,848 and \$132,684, respectively, that were not federal awards. In addition, expenditures relating to several federal grants were reported incorrectly or not included on the schedules. For the years ended December 31, 2001 and 2000, the county's SEFA did not include federal awards totaling \$172,625 and \$95,064, respectively. Many of the problems noted in the SEFA are related to Health Center funds. The County Clerk does not have adequate procedures to ensure the Health Center federal monies are properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk will try to improve on the next schedule they prepare. The Health Center indicated they will provide the County Clerk with the most accurate information they can obtain.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

WASHINGTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

WASHINGTON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

WASHINGTON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. We also have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Washington County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information for the two years ended August 31, 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Washington County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.</b>	<b>Budgetary Practices and Published Financial Statements</b>
-----------	---------------------------------------------------------------

- A. Actual expenditures were in excess of approved budgeted expenditures for the following funds during the two years ended December 31, 2001:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
General Revenue	\$ 0	132,353
Law Enforcement Training	0	1,316
Law Enforcement Expense	4,250	0
Prosecuting Attorney Bad Check	0	3,913
Prosecuting Attorney Expense	0	437
Industrial Development	4,305	3,339
Election Services	1,375	327
Circuit Clerk Interest	574	0

The General Fund was overbudget because the County Commission did not budget for the new tax anticipation note and payback. The other funds are controlled by other officials and, although the County Commission and County Clerk monitor some of the funds, other county officials are apparently not monitoring their budgets. It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. While some of these funds are new and some are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the

County Commission would be able to more effectively evaluate all county financial resources.

A similar condition was noted in our prior report.

- C. The County Commission amended the budgets for the General Revenue, Sheriff's Law Enforcement and Assessment Funds for the year ended December 31, 2000. Such amendments caused projected deficit cash balances in these funds. However, the county made no provisions for these deficits.

Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting and Section 50.740, RSMo 2000, requires a balanced budget.

- D. Several budgets did not have adequate descriptions for receipts or expenditures including the Law Enforcement Training, Prosecuting Attorney Training, Industrial Development, and Sheriff Law Enforcement Expense Funds, and several others. These funds are under the control of the County Treasurer and the individual office holders or boards and the Treasurer prepares the budgets. Section 50.540, RSMo 2000, requires all revenues to be by sources and all expenditures to be by character, object, function, or activity.
- E. Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund. However, budgeted expenditures significantly exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2001 and 2000. The County Clerk indicated she based the transfer amount on the previous year's actual expenditures; however, there was no documentation of how she calculated the amount. Each year the amount transferred exceeded three percent of the actual expenditures.
- F. The annual published financial statements of the county did not include all of the financial activity of some county funds as required. The county's annual published financial statements did not indicate disbursements by vendor for all of the funds presented. In addition, several funds did not include beginning and ending cash balances. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county and county boards should be included.

**WE RECOMMEND** the County Commission:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the county receives additional funds, which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by state law.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Refrain from deficit budgeting.
- D. Ensure revenues and expenditures have adequate descriptions on the budgets.
- E. Ensure administrative transfer amounts from the Special Road and Bridge Fund are adequately documented and that they do not exceed three percent of reasonable budget amounts from the fund.
- F. Ensure complete financial information for all county funds is properly reported in the annual published financial statements.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They will file appropriate budgetary amendments with the State Auditor's Office as soon as unanticipated expenses become known or measurable and prior to the disbursements being made and refrain from authorizing disbursements in excess of budgeted amounts.*
- B. *They will request these budgets for the next year.*
- C. *They will make sure that they do not deficit budget.*
- E. *They will review the transfer amount near the end of the year and adjust the amount accordingly starting this year.*
- F. *The software has been changed to include all the funds in the published financial statements.*

*The County Treasurer indicated:*

- A. *She will monitor the budgets and document her discussions with the officials. She will ask the officials to amend their budgets and present the information to the commission.*
- D. *She will prepare budgets accordingly for next year.*



- A. In prior years, the County Commission issued several loans to companies and individuals as part of an economic development program. Although the agreements indicate there are to be monthly payments of interest and principal, two companies, owing a total of \$120,000, made no interest or principal payments to the county during 2000 and only interest payments during 2001. Another company has not made any payments of interest or principal during the two years and there is some dispute over the amount remaining unpaid. Because these monies have not been repaid, the county has less money available for additional economic development loans.

To maintain the program and to treat all companies equitably, the County Commission should ensure all companies comply with the loan terms and collect on unpaid loans. The County Commission should investigate any unpaid loans and, in consultation with legal counsel, take appropriate action.

- B. The county has a written agreement with the Industrial Development Authority (IDA) for economic development sales tax monies; however, it does not require the IDA to itemize their costs in their budget and financial reporting. The IDA received approximately \$625,000 and \$250,000 in economic development sales tax monies during the years ended December 31, 2001 and 2000, respectively. This information is necessary for the County Commission to properly evaluate the program and determine the amount of funding to provide.

**WE RECOMMEND** the County Commission:

- A. Require all companies and individuals comply with the original loan agreements. In addition, the County Commission should take appropriate action on any outstanding loans.
- B. Require as a part of their agreement that the IDA itemize their costs in their budget and financial reporting.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They plan to discuss this in their next meeting and resolve the one loan with the company that has made no principal or interest payments. In addition, they have contacted the other two companies and requested them to start making principal payments according to the contract.*

- B. *The IDA has a new director and they are currently working with him to obtain detailed information.*

<b>3. Officials' Salaries and Payroll</b>
-------------------------------------------

- A. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, Washington County's Associate County Commissioners' salaries were each increased approximately \$6,650 yearly in 1998, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate Commissioners, totaling approximately \$19,950 through December 31, 2000, should be repaid.

- B. The Prosecuting Attorney received \$57,400 in compensation in 2001, 2000, and 1999. The 1997 salary commission minutes indicated officials were to be paid at 100 percent of their statutory salary or \$47,000 for the Prosecuting Attorney. The Prosecuting Attorney receives an additional \$10,000 because a state correctional facility is located in the county. It appears the extra \$400 in compensation was carried over from his previous term when he was paid \$37,400 or 110 percent of his statutory salary.
- C. Although time records are prepared by employees and filed with the County Clerk, she does not review the annual and sick leave, or compensatory time on the employee time record to ensure the amount is correct.

Without a review of leave record keeping, the County Commission cannot ensure that employees' annual leave, sick leave, and compensatory time balances are accurate. In addition, such a review would better ensure compliance with the Fair Labor Standards Act.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Review the Prosecuting Attorney's salary and related statutory provisions, and seek repayment of any excess salary payments.
- C. Require the County Clerk review the employee time records for accuracy and completeness.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated they believe they complied with all applicable state laws at the time of the raises. They relied on the verbal advice of their attorney and they do not plan to request the Associate Commissioners repay the raises.*
- B. *The County Commission indicated they will address this situation with the Prosecuting Attorney and the County Clerk indicated that they will request repayment from the Prosecuting Attorney. Next year the Prosecuting Attorney will become full time and his salary will change.*

*The Prosecuting Attorney indicated that this was part of the base salary before he came into office and that the County Commission approves his budget and compensation.*

- C. *The County Clerk indicated she and her staff are currently verifying and reconciling the time records for all employees.*

<b>4. Tax Anticipation Notes</b>
----------------------------------

Although the county has reduced the tax anticipation notes payable, \$267,000 is still outstanding at December 31, 2001 for the General Revenue Fund. The county has not had the funds to completely pay back the tax anticipation notes in one year, rather, the tax anticipation notes have been renewed annually. The county paid \$100,000 of principal on the notes during 2000 and 2001. An additional \$50,000 payment of principal has been budgeted for 2002.

The primary reason for lack of funds in General Revenue is the closure of the sanitary landfill in 1992 and the related costs incurred. The General Revenue Fund has also partially subsidized the Sheriff's Law Enforcement Fund.

Section 50.070, RSMo 2000, provides that tax anticipation notes are to be payable in one year or less from the date of issuance out of current county revenues to be derived from taxes or other revenues of the county of the year in which said notes are issued.

This condition was noted in our prior report.

**WE RECOMMEND** the County Commission refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue to pay off the outstanding notes payable.

### **AUDITEE'S RESPONSE**

*The County Commission indicated they borrowed the money in order to close the landfill. They obtained the tax anticipation note in order to limit the amount of fines assessed from the Department of Natural Resources. The Commission indicated that the tax anticipation note will be paid in full as soon as possible.*

<b>5. General Fixed Assets</b>
--------------------------------

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Individual officials and the County Clerk have not reconciled additions or deletions to the annual fixed asset listing and fixed assets purchases are not reconciled to the general fixed asset records maintained by the County Clerk. The County Clerk maintains a file for each individual official that contains a computer printout of their fixed asset listing; however, these records are not complete. We noted one official's folder was empty, while other folders did not contain annual listings of assets.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage. Inventories and proper tagging of county property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

### **AUDITEE'S RESPONSE**

*The County Clerk stated that at the end of the year, she will request the officials to provide appropriate records to document their inventory and she will try to keep better records. The County Commission indicated they will establish a policy related to the handling of fixed assets in the next three months.*

<b>6. Property Tax Controls and Procedures</b>
------------------------------------------------

- A. The County Collector provides the County Clerk with information regarding taxes charged, monthly collections, delinquent credits, and protested amounts. However, the information is not verified by the County Clerk from aggregate abstracts, monthly statements of collections and the tax books. The verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector are accounted for and accurate.
- B. The County Collector does not always indicate the method of payment on the paid tax receipts. As a result, the composition of the paid tax receipts cannot be reconciled to the composition of monies deposited.

To ensure proper handling and safeguarding of monies, the method of payment should be indicated on the tax bills and the composition of receipts reconciled to the bank deposits.

### **WE RECOMMEND:**

- A. The County Clerk verify the information provided by the County Collector and use this information to verify the County Collector's annual settlement.
- B. The County Collector reconcile the composition of receipt slips to the composition of deposits.

### **AUDITEE'S RESPONSE**

- A. *The County Clerk indicated she will start verifying the information obtained from the County Collector's office in September 2002.*
- B. *The County Collector indicated he has installed new computer software that requires the user to enter in the composition of the monies received when they issue a receipt slip. The composition of receipts will be reconciled to the composition of deposits.*

A. During the audit period, the Sheriff maintained a commissary account for the deposit of inmates' money and commissary operations and profits. Total annual deposits to this account averaged \$25,300 in 2001 and 2000. Inmates ordered various personal items from the commissary and the money was deducted from their funds in the account. Any remaining funds were paid to the inmate upon release. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate were recorded on a computer system.

1. Formal bank reconciliations are not performed on the commissary account. Monthly bank reconciliations are necessary to ensure that accounting records are in agreement with the bank and errors are detected on a timely basis.
2. Inmate monies are not deposited on a timely basis. During the month of October 2001, the jail administrator made four deposits, averaging \$680 each. In addition, monies received are not always receipted or recorded in a timely manner. We noted that in October 2001 receipt slips had not been issued for checks and cash received totaling \$130.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily or when accumulated receipts exceed \$100.

3. The total of the prisoners' monies in the Sheriff's commissary checking account is not reconciled to the total of the individual prisoner balances. Inmate balances are maintained on computer files but the balances cannot be reconciled to the total in the account. According to the Sheriff's records, the individual inmates' accounts totaled \$2,399 at December 31, 2001. However, the reconciled bank balance was \$1,061 for a shortage of \$1,338. To reconcile, the Sheriff's office must maintain records for the commissary account that record sales made as well as purchases and calculate the balance of the account. Reconciliations between receipts, disbursements, and individual balances and the total in this account are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.
4. Accounting and bookkeeping duties for the commissary account are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

The commissary account was reviewed in May 2001 by the State Auditor's Office, and we informed the Sheriff's Department of similar recommendations at that time. The Sheriff's Department has not improved their procedures or controls over the commissary account. In addition, similar conditions were noted in our prior reports.

- B. The Sheriff's Department received approximately \$240,239 and \$351,570 in fees and grants for the years ended December 31, 2001 and 2000, respectively. We noted the following concerns with the Sheriff's fee account:

1. Accounting and bookkeeping duties for the Sheriff's fee monies are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

2. Receipts are not deposited to the Sheriff's fee account on a timely basis. During the month of December 2001, the office manager made four deposits, averaging \$4,300 each. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- C. The Sheriff's Department boards prisoners for other political subdivisions and provides meals to the City of Potosi jail. The county does not bill the boarding costs and does not have written agreements with these entities stating the cost and responsibilities of each party. By not billing the other political subdivisions, the county is subsidizing the cost to house these prisoners. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- D.1. A complete inventory listing of seized property was not maintained for the two years ended December 31, 2001. The Sheriff's Department maintains a binder containing

the forms describing the seized property; however, we noted that some of the forms were missing. In addition, the Sheriff's Department was unable to locate two items of seized property we requested. A periodic inventory of the evidence room was not performed for comparison with the inventory listing of seized property.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored unnecessarily.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

**WE RECOMMEND** the Sheriff:

- A.1. Prepare monthly bank reconciliations for the commissary account.
2. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, the Sheriff should issue prenumbered receipt slips immediately upon receipt for all monies received.
3. Reconcile the individual prisoner and commissary balances to the total of the monies in the account on a monthly basis.
4. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. And the County Commission bill other political subdivisions an amount that is sufficient to recover the costs of housing prisoners in the Washington County jail. In addition, the county should enter into written agreements for boarding prisoners and providing meals.



- D.1. Ensure an accurate and up-to-date inventory record is maintained of all seized and confiscated property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

### **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A.1. *A Sheriff's deputy is currently performing bank reconciliations and balancing the commissary accounts to the bank statements and to the check books.*
2. *A Sheriff's deputy is preparing deposits approximately 1-2 times a week. In addition, next month they are going to start limiting the amount of money an inmate will be able to have in their account to help reduce the amount of deposits.*
3. *The current account is reconciled to the individual inmate accounts. The old commissary amount has not been reconciled, and they are unable to determine to whom the money belongs. The old commissary balance currently is \$600. The clerk is trying to identify to whom this money belongs and plans to transfer any extra monies to unclaimed property or pay any amounts due from the current profits account. They plan to do this over the next year.*
4. *He will have an independent individual review the receipts and disbursements for the commissary account beginning in September 2002.*
- B.1. *He will have an independent individual review the receipts and disbursements for the Sheriff's fee account beginning in September 2002.*
2. *The Sheriff's office administrator is currently depositing more timely in the Sheriff's fee account.*
- C. *He will request and obtain agreements in writing for the boarding of other political subdivisions' prisoners. In addition, he noted that they currently have a written contract for the meals for the City of Potosi prisoners.*

*The County Commission indicated they will work with the Sheriff and request that he obtain contracts for boarding prisoners for other political subdivisions.*

- D. *He will modify procedures so that an inventory form is available for all seized property held. He is currently working on cleaning out the seized property room.*

The County Assessor's office collects approximately \$3,300 each year. The County Assessor receives monies for maps, deed copies, phone research, and notary public fees.

- A. Receipt slips are only issued upon request. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. In addition, to ensure all receipts are transmitted intact, the method of payment received should be recorded on the receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals.
- B. The County Assessor does not transmit collections intact to the County Treasurer on a timely basis. A cash count on March 12, 2002, revealed fees on hand totaling \$856, some of which had been held since January 29, 2002. Transmittals to the County Treasurer are typically made only once a month and the County Assessor retains a portion of the receipts for a change fund.

In addition, cashiers' checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the transfer is made to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact daily or when accumulated receipts exceed \$100. In addition, cashiers' checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Accounting and bookkeeping duties are not adequately segregated. One clerk is primarily responsible for receiving, transmitting and disbursing monies, and maintaining the accounting records. An independent review of transmittals and accounting records is not documented as performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of transmitting receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

**WE RECOMMEND** the County Assessor:

- A. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued. In addition, the County Assessor should ensure that the composition of receipt slips issued is reconciled to the composition of transmittals.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers' checks and money orders immediately upon receipt.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

**AUDITEE'S RESPONSE**

*The County Assessor indicated:*

- A. *In the past, they did not issue receipt slips for some of the smaller dollar amounts received. They currently issue prenumbered receipt slips for all monies. The receipt slips are now reconciled to the transmittals when they transfer monies to the County Treasurer.*
- B. *The instance noted was more money than they usually have on hand. They will begin transmitting money to the County Treasurer when they have more than \$100 on hand. Currently, they are transmitting approximately once a week. In addition, they are restrictively endorsing checks immediately upon receipt.*
- C. *She currently reviews the transmittals and initials the work to document her review.*

<b>9. Circuit Clerk's Controls and Procedures</b>
---------------------------------------------------

- A. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk indicated she sends out one initial statement of costs due and no other follow up action is taken. An estimate of the total accrued costs could not be determined by the Circuit Clerk. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

- B. The Circuit Clerk has several old bank accounts that are no longer active including an old fee account and two old child support accounts. At December 31, 2001, the old fee account had several old outstanding checks and an unidentified balance of \$4,749. The child support accounts had old outstanding checks and other miscellaneous items totaling \$7,281.

The Circuit Clerk should attempt to identify these amounts and distribute the monies according to state statute. Sections 447.500 through 447.595, RSMo 2000, require unclaimed property be remitted to the Unclaimed Property Section of the State Treasurer's Office. The Circuit Clerk should review these sections of state law and take appropriate action.

**WE RECOMMEND** the Circuit Clerk:

- A. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- B. Investigate the unidentified monies and old outstanding checks and disburse any unclaimed monies in accordance with state statute.

**AUDITEE'S RESPONSE**

- A. *The Circuit Clerk stated that if BANNER does not have a report that contains this information, she would manually maintain a list. In addition, she indicated that she would forward this recommendation to the next Circuit Clerk.*
- B. *The Circuit Clerk stated the two old child support accounts have been closed. The other old fee account will be closed by the end of the year.*

<b>10. Prosecuting Attorney's Controls and Procedures</b>
-----------------------------------------------------------

The Prosecuting Attorney collects monies for bad checks, restitution ordered by the courts, and delinquent taxes for the state.

- A. Payments received from delinquent taxpayers are not sent to the Department of Revenue (DOR) timely. The Prosecuting Attorney sends the money in after he has received enough money to fill an invoice form. Monies totaling \$2,775 which were collected from July to November 2001 were sent to the DOR on November 29, 2001. Another transmittal was not made again until April 2, 2002. Monies collected for delinquent taxes should be transmitted to the DOR upon receipt.
- B. Accounting and bookkeeping duties are not adequately segregated. One clerk is primarily responsible for receiving, transmitting and disbursing monies, and

maintaining the accounting records. An independent review of transmittals and accounting records is not performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of transmitting receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Transmit monies daily or when collections exceed \$100.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *He will start transferring monies over to the Department of Revenue immediately upon receipt. This recommendation will be implemented in September 2002.*
- B. *He is currently reviewing the deposits and agreeing them to the receipt slips issued. He stated that he initials the deposit paperwork to document his review.*

<b>11. Associate Division Controls and Procedures</b>
-------------------------------------------------------

Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

**WE RECOMMEND** the Associate Circuit Judge adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

## **AUDITEE'S RESPONSE**

*The Associate Circuit Court Judge indicated he will begin immediately having an individual review the deposits and receipts. The review will be performed by a supervisor that did not prepare the information. The individual will initial the paperwork to document their review.*

<b>12. Ex Officio Recorder of Deeds' Controls and Procedures</b>
------------------------------------------------------------------

The Ex Officio Recorder of Deeds does not deposit receipts intact or on a timely basis. Receipts are deposited approximately twice a week. In addition, during our review of deposits, we noted employees issue refunds of overpayments from cash on hand. The Recorder's office utilizes a change fund for cash paying customers. The change fund is not maintained at a constant amount.

Overpayments requiring a refund are properly recorded at the net receipt amount; however, no complete record is currently maintained of the actual amount received and the amount refunded. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact daily or when receipts exceed \$100. Depositing receipts intact and issuing any refunds by check is necessary to ensure the proper accounting of all receipts and disbursements.

This condition was noted in our prior report.

**WE RECOMMEND** the Ex Officio Recorder of Deeds deposit receipts intact daily or when accumulated receipts exceed \$100. If necessary, a change fund should be established and maintained at a constant amount.

## **AUDITEE'S RESPONSE**

*The Ex-Officio Recorder of Deeds indicated she will inform the new Recorder of Deeds of our recommendation.*

<b>13. Washington County Handicapped Board (Senate Bill 40 Board)</b>
-----------------------------------------------------------------------

Several problems were noted regarding the records and procedures of the Washington County Handicapped Board (also known as the Senate Bill 40 or SB40 Board) including incorrect budgets, missing financial records, pay and benefit concerns, Sunshine Law compliance, problems with expenditures and contracts, and inadequate fixed asset records.

- A. During our review of the SB 40 Board's budgets, we noted that actual revenues were not correctly reported. The SB 40 Board was unable to provide documentation to support the amounts reported in the budget. Apparently no one reviewed the budget for accuracy or comparison with actual financial historical data. In addition, the 2002 budget was not submitted to the State Auditor's Office until March 19, 2002.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year and that the budgets be filed on or before the fifteenth day of January. Budgets are essential for the orderly management and operation of any political subdivision. Proper budgeting would aid the SB 40 Board in the control and allocation of available monies.

- B. Various financial records for the SB 40 Board could not be found. The SB 40 Board Treasurer could not locate bank statements for July and December 2001. In addition, the Treasurer was unable to locate 106 canceled checks for 2001 and 2000. Upon our request, the records were provided to us by the bank used by the SB 40 Board.

Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo 2000, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- C. Problems were noted concerning the salary and benefits of the former executive director.

1. The SB 40 Board did not adequately document the former executive director's salary increase. In January 2001 the former executive director received a \$234 per month raise for which there was no evidence of board approval. While Board members signed the checks, the salary increase was not documented as approved by the Board in any minutes of the SB 40 Board. Without documentation, there is no assurance the SB 40 Board approved this raise.
2. Accurate leave records were not maintained by the former executive director and the Board did not adequately review the leave records to ensure the final payment for unpaid leave was correct. Upon the former executive director's leaving, she received \$3,489, based on 192 hours of unused annual leave. However, time records indicated that she had only 168 hours of unused annual leave and should have received \$3,053. The SB 40 Board apparently did not oversee this and errors went undetected. Accurate records of leave and compensatory time are necessary to ensure compliance with the Fair Labor Standards Act (FLSA) and to ensure employees are properly compensated for accumulated leave.

- D.1. The SB 40 Board was unable to locate closed meeting minutes for the period January and September 2000 and March 2001.

Without the preparation and retention of closed meeting minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo 2000, regarding these closed meetings, have been followed.

2. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote.
  3. The former Executive Director conducted six telephone polls of board members during the two years ended December 31, 2001. No minutes were taken of these polls or meetings and the Board did not provide public access to these meetings. Section 610.020, RSMo 2000, requires at any public meeting conducted by telephone, the public shall be allowed to observe and attend the meeting at a designated location identified in the notice of the meeting. This statute also requires minutes be taken and retained for meetings.
- E.1. The SB 40 Board entered into a contract to pay a not-for-profit (NFP) approximately \$11,205 to provide start-up funding for a program. This money was to be repaid to the SB 40 Board; however, the contract did not include a set repayment date. The only indication of when the SB 40 Board will be repaid is when the program ends, which appears to be when the client discontinues receiving 24-hour care. To ensure the SB 40 Board is paid this money back, such agreements should include a set repayment date.
2. The SB 40 Board paid a NFP \$4,005 for van repair costs; however, the minutes indicate the Board had approved only \$3,000. In addition, the expenditure was not supported by an itemized invoice. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors and the reasons for any amounts over the Board approved amount should be documented.



3. The SB 40 Board was unable to provide adequate supporting documentation for a credit card payment of \$305 for travel expenses of the former executive director. The supporting documentation totaled only \$273 and did not appear proper. One invoice was for \$238 for two nights lodging at a hotel and parking charged for another person.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors. The Board should establish procedures to ensure the review and approval of all expenditures and the related supporting documentation.

4. We noted that 5 of 17 invoices reviewed were not marked paid. To prevent duplicate payment, all invoices should be marked paid.

- F. The SB 40 Board does not maintain adequate records accounting for all Board property. The property listing does not include inventory values and beginning and ending balances with additions and deletions. In March 2001, three members of the SB 40 Board used a copy of the fixed asset listing and attempted to verify the items listed on the physical inventory list. The members of the SB 40 Board were unable to locate several items on the fixed asset listing. Periodic inventories were not performed to ensure the list was accurate.

Adequate property records are necessary to secure better internal controls over county property and provide a basis for determining proper insurance coverage. The listing should include a description of the items, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Periodic inventories are necessary to ensure records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

- G. We noted the following concerns while reviewing contracts at the SB 40 Board:

1. The SB 40 Board does not have written agreements with some NFPs providing services to the Board. The SB 40 Board incurred approximately \$16,700 in expenses with NFPs without a contract.

In addition, the SB 40 Board did not require the NFPs to submit financial reports as required by board policy. Without financial reports, the SB 40 Board cannot ensure the monies they are providing are being used to provide services as required.

2. The SB 40 Board has maintained the services of an accounting firm on a monthly basis without a contract indicating services to be provided and the costs for services. The SB 40 Board expends approximately \$1,200 a year for accounting services.

Section 432.070, RSMo 2000, provides that any contract made by the county shall be in writing, dated when made, and signed by the parties. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

- H. The SB 40 Board has contracted with a NFP to provide administrative services at an annual cost of \$14,000. The invoices submitted by the NFP do not indicate hours spent. In addition, the SB 40 Board paid the NFP \$1,200 for training, supplies, and travel per year. No documentation was submitted supporting these amounts. The invoices to the SB 40 Board for administration services should be itemized to verify the contract terms are being complied with properly.
- I. The SB 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The SB 40 Board deposits were under collateralized for the years ended December 31, 2001 and 2000 by \$4,038 and \$7,079, respectively. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Ensure budgets are complete, timely, and accurate.
- B. Retain financial records in a secure location to prevent misplacement or loss.
- C.1. Approve all salary changes and retain documentation in the board's minutes.
  - 2. Require correct accrued leave balances be maintained to prevent employees from receiving unearned leave time or overpayment of the accrued leave after termination. In addition, the SB 40 Board should consider requesting the return of the overpayment from the former executive director.
- D.1. Ensure minutes are prepared, approved, and retained for all closed meetings.
  - 2. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure all the final disposition of applicable matters discussed in closed session are recorded in the regular public meeting minutes.
  - 3. Allow access to and maintain minutes for all meetings as required by state law.
- E.1. Ensure all contracts are written for a predetermined period with no open payment or repayment dates.

- 2&3. Require supporting documentation and invoices for all expenditures to ensure they are a valid use of taxpayer's monies. All expenditures should be approved by the Board.
- 4. Indicate on invoices that they are paid to avoid duplicate payments.
- F. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- G. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement. In addition, the agreement should require financial reports from NFPs as required by policy.
- H. Request invoices for administrative services indicating time worked and include supporting documentation for training, supplies, and travel.
- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

### **AUDITEE'S RESPONSE**

*The SB 40 Board indicated:*

- A. *They have corrected the budget file and will ensure that their budgets comply with state law. The Board has an accountant that prepares the budgets and will submit them accordingly to the State Auditor's Office.*
- B. *They will retain all records as required in the future.*
- C.1. *The former executive director is no longer an employee of the board. In addition, the Board stated that there are currently no employees.*
  - 2. *The former executive director is no longer an employee of the board. They contacted the Prosecuting Attorney and he will determine whether or not to pursue this in the future.*
- D.1. *Minutes were taken of these meetings; however, they are unable to locate the minutes. They will retain the board meeting minutes in the future.*
  - 2. *They agree with the recommendation and will do a better job in the future of documenting the reasons for having closed meetings and the final disposition of matters discussed in closed meetings.*

3. *They agree with the recommendation and this was done during the former administration. The current board does not conduct any telephone polls.*
- E.1. *They agree with the recommendation and stated that this occurred during the former administration. The Board will require that all contracts in the future have a repayment date. They will discuss this contract at their next meeting.*
2. *They agree with the recommendation and currently request invoices to support all expenditures.*
3. *This occurred with the former administration. The current SB40 Board requests all expenditures have adequate supporting documentation. In addition, the Board no longer has a credit card in the board's name.*
4. *They agree with the recommendation and currently stamp invoices to prevent duplicate payments to vendors.*
- F. *They currently have all property tagged and included on a list. The Board will add values to the list and keep it updated with any additions and deletions.*
- G.1. *They currently do not issue any checks unless there is a contract with the vendor. They are currently working on obtaining the financial reports.*
2. *They are currently using the proforma NFP contract for the accounting services. The Board will issue a new contract with the accountant indicating the services to be provided.*
- H. *They agree with the recommendation and are currently requesting the number of hours be indicated on the invoice. The Board has requested the NFP to provide adequate documentation to support the training, travel, and supplies portion of the contract.*
- I. *They will contact their bank and request additional collateral securities to ensure that they have adequate coverage for all of their monies.*

<b>14.</b>	<b>Health Center's Controls and Procedures</b>
------------	------------------------------------------------

Several problems were noted regarding the records and procedures at the Health Center including concerns over receipts, check signing, problems with expenditures, inadequate fixed asset records and Sunshine Law compliance.

- A. During our review, it was brought to our attention that Health Center personnel had discovered that there were several instances where receipt slips were altered or missing and that all monies received may not have been deposited. The Health Center conducted an investigation and one employee was terminated. The Health Center did not determine a total amount of possible missing monies because of

numerous receipt slips missing from the receipt slip book. During our review, we noted additional instances of missing and changed receipt slips.

No independent reviews are performed comparing the monies received and deposited. A supervisor should ensure that receipt slips have not been altered and account for the numerical sequence of the receipt slips. Voided receipt slips should be retained. In addition, the supervisor should ensure the composition of monies on the receipt slips reconciles to the composition of the deposits. By not reconciling the receipt slips to the deposits, the Health Center cannot be sure that all monies collected are deposited.

- B. The administrator and the Board Treasurer are authorized to sign checks. However, the administrator uses an endorsement stamp of the Board Treasurer to affix the second authorized check signature to the checks. This procedure circumvents the internal accounting control provided with requiring two signatures on the checks.
- C. Monies received are not deposited on a timely basis. During December 2001 only six bank deposits were prepared averaging \$5,722 each. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- D. The Health Center paid \$285 and \$351 for Christmas dinners for board members and their families in December 2001 and 2000, respectively. In 2000, the Health Center paid for this expense directly. However, in 2001, the Health Center Administrator paid for the dinner and then claimed the cost on her expense account. Such expenditures do not appear necessary for the operation of the Health Center and do not appear to be a prudent use of public monies.
- E. The Health Center advanced \$4,000 to the Washington County Farmer's Market during the two years ended December 31, 2001. Food vouchers were used by Health Center clients to purchase food at the Farmer's Market. Because the Farmer's Market did not have sufficient funds in their account to wait for the state to reimburse the vouchers, the Health Center advanced the Farmer's Market the monies until they could be repaid by the state. In effect, the Health Center provided a loan to the Farmer's Market. Article VI, Section 23, of the Missouri Constitution disallows the lending of money by a county.
- F. The Washington County Health Center expended WIC funds for a computer and related equipment without prior approval from the Missouri Department of Health. Approval was obtained at a later date for the purchase. The state WIC contract requires prior approval for all computer purchases.

In addition, several of the WIC client's files were not filled out completely. The individual forms were not always signed by the individual requesting assistance or personnel from the Health Center. In addition, financial information from

individuals was not always documented. The WIC contract indicates that the Health Center will require all applicants to fill out the form in its entirety.

- G. The Health Center does not maintain adequate records accounting for all property. The property listing does not include inventory values and beginning and ending balances with additions and deletions. In addition, not all items are included on the property listing and periodic inventories were not performed to ensure the list was accurate. Adequate property records are necessary to secure better internal controls over county property and provide a basis for determining proper insurance coverage. The listing should include a description of the items, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Periodic inventories are necessary to ensure records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.
- H. It is questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session including discussion concerning approval of the staffs' annual wage increase, new hours for the center, and maintaining the same health insurance. The Board did not document how discussing these issues during closed session complied with state law

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- I. The Health Center does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Health Center deposits were under collateralized by \$10,788 as of December 31, 2000. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the Health Center Board of Trustees:

- A. Ensure all receipt slips are accounted for properly and that the composition of the receipt slips is reconciled to the deposits. The Board should disallow the practice of altering receipt slips.
- B. Discontinue the practice of allowing one person to sign checks and also use an endorsement stamp of the other authorized check signer.
- C. Require monies be deposited intact daily or when accumulated receipts exceed \$100.

- D. Ensure all expenditures are reasonable, necessary, and a prudent use of public funds.
- E. Discontinue the practice of loaning public funds.
- F. Ensure they receive proper approval from the Missouri Department of Health before expending monies on equipment for WIC. In addition, the Board should require all WIC applicants fill out all required forms and ensure that both the applicant and the Health Center staff sign the forms.
- G. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- H. Ensure closed meetings are conducted according to state law.
- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

#### **AUDITEE'S RESPONSE**

*The Health Center Administrator and Board President indicated:*

- A. *They have segregated receipting and depositing access to different employees. They reconcile the deposits to the receipt slips issued and investigate any discrepancies. A supervisor is required to initial any receipt slips that are voided or altered. This was implemented in July 2002.*
- B. *They no longer use the signature stamp. This was implemented in July 2002.*
- C. *They have been depositing more timely since July 2002.*
- D. *They agree with this recommendation and will not have any more Christmas dinners. This policy was implemented in July 2002.*
- E. *They agree with this recommendation and have stopped issuing loans to the Farmer's Market.*
- F. *They will obtain approval before purchasing equipment in the future. In addition, they are requiring all forms be completely filled out and signed.*
- G. *They started placing all of their fixed assets with detailed information onto a computer spreadsheet in September 2002.*
- H. *They will go over the Sunshine Law at the next board meeting and ensure they comply with it.*

- I. *They will start reviewing the bank account balances and ensuring that they have adequate collateral securities pledged in October 2002.*

<b>15. Central Dispatch 911 Board</b>
---------------------------------------

The Central Dispatch 911 Board (911 Board) is funded by the Central Dispatch 911 tax passed in November 2000. Our review of the 911 Board's records noted the following concerns:

- A. It is questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session including discussions regarding the 911 cellular telephone service provider and banking arrangements. The Board did not document how discussing these issues during closed session complied with state law. In addition, the open meeting minutes do not always adequately document the specific reasons for closing the meeting and the actions taken by the Board in closed meetings.

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- B. The 911 Board contracted with a company to provide communication consulting services for \$30,000 and did not obtain bids as required by state law. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures, as well as statutory requirements, are followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice if applicable, a copy of all bids received, and a summary of the basis and justification for awarding the bid.

- C. In September 2001, the 911 Board purchased land for \$25,000. According to Board



minutes, the owner of the property had offered to sell 4.82 acres for approximately \$5,000 per acre. It was later determined that there were only 3.42 acres available. The Board did not obtain an independent appraisal or an appropriate legal description of the land prior to the purchase. The Board indicated this land was the only acceptable piece of land available where they could place their tower.

Independent appraisals as well as documentation of the selection process and price negotiations are particularly necessary when amounts paid exceed the original asking price. Complete justification for the selection process should be thoroughly documented.

- D. The 911 Board does not receive detailed invoices from the communications consulting company. Although there is a contract for these services, it does not require detailed invoices documenting the services performed. Without detailed invoices, it is not possible to determine if the company is meeting the terms of the contract.
- E.1. During 2001, the 911 Board paid the County Prosecuting Attorney \$6,100 for legal services. Because the 911 Board is a part of the county, it is unclear why these services should not be provided by the Prosecuting Attorney at no cost to the Board. In addition, the Prosecuting Attorney position has been voted to become a full time position. As such, this issue should be resolved.
- 2. The 911 Board has not entered into written contracts for legal services or administrative services. The Board paid \$1,270 to an individual for administrative services during 2001.

Section 432.070, RSMo 2000, requires all contracts to be in writing. Written contracts are necessary to outline the terms and arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

- F. The 911 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Board deposits were under collateralized by \$87,828 as of December 31, 2001. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the 911 Board:

- A. Ensure closed meetings are conducted according to state law.
- B. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.
- C. Obtain independent appraisals and appropriate legal descriptions for all real estate purchases. The Board should adequately document actions taken and comparisons made to ensure reasonable prices are being paid for real estate purchases.
- D. Require as a part of the contract that all invoices contain sufficient detail of the services performed.
- E.1. Request the County Prosecuting Attorney to provide legal services at no cost.
  - 2. Enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.
- F. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

**AUDITEE'S RESPONSE**

*The Central Dispatch 911 Board indicated:*

- A. *They currently list everything in the minutes pertaining to what they discussed in closed meetings. They will review the Sunshine Law and discuss when they can conduct closed meetings at their next board meeting.*
- B. *The services purchased were provided by the sole provider located in the county. The Board, in the future, will document in the Board minutes any sole source provider situations.*
- C. *They were willing to pay more for the piece of land because this was the only acceptable piece of land available where they could place their tower. The piece of land qualified and met all of the standards and regulations required to place a tower on it.*
- D. *They will immediately begin requesting detailed invoices from all vendors.*
- E.1. *They have obtained outside legal representation.*

*The Prosecuting Attorney indicated that, in his opinion, the 911 Board is not a part of the county and should obtain outside legal representation.*

2. *They will begin requesting all contracts be in writing.*
- F. *They will contact the bank immediately in order to obtain adequate collateral securities to cover all the money in their bank account.*

This report is intended for the information of the management of Washington County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## WASHINGTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Washington County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. County Expenditures

- A. Some purchases were either not properly bid or advertised for bid and efforts to obtain bids were not always documented.
- B. The County Commission acquired land without adequately documenting actions taken or comparisons made to ensure prices paid were reasonable.
- C. The County Commission did not enter into a written agreement with the Washington County Industrial Development Authority for expenditure of economic development sales tax monies.
- D. The county had tax anticipation notes which were not paid off annually.

### Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Adequately document actions taken and comparisons made to ensure reasonable prices are being paid for real estate purchases.
- C. Enter into a formal written contract with the Washington County Industrial Development Authority. This contract should adequately detail the rights and duties of the parties and should be properly updated and/or extended, when necessary.
- D. Refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue to pay off the outstanding notes payable.

Status:

- A. Implemented.
- B. The County Commission did not purchase any real estate during the two years ended December 31, 2001.
- C. Partially implemented. Although a contract was entered into, we noted some concerns. See MAR No. 2.
- D. Not implemented. See MAR No. 4.

2. Budgetary Practices

- A. Actual expenditures were in excess of the approved budgeted expenditures for some funds.
- B. Budgets were not prepared for some special revenue funds.
- C. Deficit budgeting was approved for the DARE Fund.
- D. The county's published financial statements did not include several funds as required.

Recommendation:

The County Commission:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the county receives additional funds which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by state law.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Refrain from deficit budgeting.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A,B,  
C&D. Not implemented. See MAR No. 1.

3. County Sales Tax

The county did not sufficiently reduce its General Revenue Fund property tax levy, as required, to offset sales tax collections resulting in excess property tax collections of \$95,958.

Recommendation:

The County Commission ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Implemented.

4. Personnel and Payroll Procedures

- A. The county considered a former employee of the County Assessor, who was rehired on a part-time basis, to be an independent contractor rather than an employee.
- B. There was no documentation that the salary commission had approved increases in elected officials' salaries resulting from changes in assessed valuations.
- C. The county did not maintain written authorization for employee hiring, salary and wage rate changes, and terminations.
- D. Records of annual leave, sick leave, and compensatory time were not centrally maintained.

Recommendation:

- A. The County Commission review whether this person is an employee or an independent contractor and take appropriate action.
- B. The County Commission consult with legal counsel regarding past actions and pay only the authorized salary set by the salary commission.
- C. The County Commission ensure written authorizations are maintained for employee hirings, salary and wage changes and terminations.
- D. The County Clerk maintain centralized leave records for all county employees.

Status:

A,B  
&C. Implemented.

D. Partially implemented. The County Clerk receives time records from employees; however, she does not review the records for accuracy. See MAR No. 3.

5. Federal Financial Assistance

A. The prior Sheriff sold donated federal property to the General Revenue and Special Road and Bridge Funds without approval from the Department of Public Safety.

B. The Health Center did not prepare annual reports as required for a federal program.

C. Property acquired through the State Agency for Surplus Property was not included on the inventory records.

Recommendation:

A. The County Commission and Sheriff contact the Department of Public Safety to determine the correct course of action to take in regard to the ownership, use, and operation of the donated federal property.

B. The Health Center prepare and submit all reports as required by federal programs.

C. The County Clerk ensure all items that meet the statutory threshold are included on the general fixed asset records.

Status:

A. Implemented. The Sheriff indicated that the Department of Public Safety contacted him and resolved the issue to their satisfaction.

B. Implemented.

C. Not implemented. See MAR No. 5.

6. Road and Bridge Inventory Controls

A. Inventory records were not maintained for the culvert pipes and other materials on hand.

B. Recorded fuel usage was not reconciled to fuel purchases and fuel on hand.



Recommendation:

The County Commission:

- A. Maintain inventory records for materials on-hand, including culvert pipes, and periodically reconcile purchases, usage, and items on hand.
- B. Reconcile fuel usage to fuel purchases.

Status:

A&B. Implemented.

7. Property Tax System

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.

Status:

Partially implemented. The County Clerk maintains an account book; however, she does not verify it. See MAR No. 6.

8. Health Center

- A. Actual expenditures were in excess of the approved budgeted expenditures for 1996 and 1995.
- B.
  - 1) Receipts were not deposited timely and intact.
  - 2) Original receipt slips for family planning monies were not reconciled to entries in the regular receipt records. In addition, employees were sometimes allowed to cash personal checks from daily collections and cash refunds were given periodically.
  - 3) Checks were not restrictively endorsed immediately upon receipt.
- C. Written authorization of various personnel and payroll actions was not properly

maintained.

Recommendation:

The Health Center Board of Trustees:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the board receives additional funds which could not be estimated when the budget was adopted, the board should amend its budget by following the procedures required by state law.
- B.1
- &2. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100. In addition, the Health Center should refrain from cashing personal checks and should reconcile the original family planning receipt slips to entries in the regular receipt book.
- 3. Restrictively endorse checks immediately upon receipt.
- C. Ensure written authorizations are maintained for employee hirings, salary and wage rates, payroll deductions and withholdings, and terminations.

Status:

- A,
- B.3
- &C. Implemented.

- B.1
- &2. Not implemented. See MAR No. 14.

9. County Collector's Accounting Controls and Procedures

- A. Bank reconciliations were not prepared on a timely basis.
- B. Receipts were not deposited intact. The County Collector occasionally cashed personal checks from the cash collections. The County Collector did not always indicate the method of payment or third party payors on the paid tax receipts.
- C. The County Collector improperly distributed \$16,397 received from the State Department of Conservation as payments in lieu of taxes (PILT) to the General Revenue Fund.

Recommendation:

The County Collector:

- A. Prepare bank reconciliations monthly and reconcile to accounting records.
- B. Deposit all monies received intact daily and discontinue the practice of cashing personal checks. The composition of receipt slips should be reconciled to the composition of monies deposited. In addition, the names of third party payors should be noted on the receipt slips.
- C. Recompute the PILT distribution and take the over and underpayments into effect when distributing future PILT payments received from the State Department of Conservation to the appropriate political subdivisions.

Status:

A&C. Implemented.

- B. Partially implemented. We noted no documentation that personal checks were cashed; however, the Collector does not always indicate the method of payment on receipt slips and third party payors are not indicated on all receipt slips. See MAR No. 6.

10. Ex Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Ex Officio Recorder of Deeds did not deposit receipts intact or on a timely basis. Employees were allowed to cash personal checks from daily collections and refunds of overpayments were issued from cash on hand.
- C. Checks were not always restrictively endorsed immediately upon receipt.
- D. "White-out" was sometimes used on the abstract book and official documents.
- E. The payor and method of payment was not documented on the daily abstract of fees or the recorded document.
- F. The Recorder's User Fee Fund had not been established in the custody of the County Treasurer.

Recommendation:

The Ex Officio Recorder of Deeds:

- A. Provide for segregation of duties and ensure that independent reconciliations and

reviews of accounting records are performed.

- B. Deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, the Ex Officio Recorder of Deeds should discontinue the practice of cashing personal checks and paying refunds in cash. If necessary, a change fund should be established and maintained at a constant amount.
- C. Restrictively endorse checks immediately upon receipt.
- D. Discontinue the practice of using "white-out" on the original record of receipts and documents.
- E. Record all fees on the abstract of fees or other supporting schedules in sufficient detail to agree individual recordings to the related deposits. This would include documenting the individual paying the fee and the method of payment for all money received.
- F. Turn over custody of all Recorder's User Fee Fund monies to the County Treasurer.

Status:

A,C,  
D,E  
&F. Implemented.

- B. Partially implemented. We noted no documentation that personal checks were cashed; however, monies are withheld from deposits to make refunds in cash. See MAR No. 12.

11. Prosecuting Attorney's Accounting Controls and Procedures

- A. Receipt slips were not issued for all monies collected.
- B. An adequate system to account for all bad check complaints received, as well as the subsequent disposition of these complaints, had not been established.
- C. Bad check fees were not turned over to the County Treasurer on a timely basis.
- D. The Prosecuting Attorney could not locate two bad check case files.

Recommendation:

The Prosecuting Attorney:

- A. Require prenumbered receipt slips to be issued for all bad check and restitution monies received.
- B. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.
- C. Turn over all monies for bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100.
- D. Ensure all bad check files are properly retained.

Status:

A,B,  
C&D. Implemented.

12. Associate and Probate Divisions' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis.
- C. The Associate Division sometimes used "white-out" or wrote over the amount initially recorded on the receipt ledger.
- D. Several case fee sheets in the Associate Division were incomplete.

Recommendation:

The Associate Circuit Judge:

- A. Ensure that independent reconciliations and reviews of accounting records are performed.
- B. Ensure receipts are deposited daily or when accumulated receipts exceed \$100.
- C. Require the Associate Division Clerk to refrain from using "white-out" on receipt records. If receipt slips are written in error, they should be voided, retained and reissued, if necessary.
- D. Require dates, amounts, and receipt slip numbers and check numbers be recorded on the case fee sheets.

Status:

A. Not implemented. See MAR No. 11.

B,C

&D. Implemented.

13. Sheriff's Accounting Controls and Procedures

A.1. There was no accountability over the numerical sequence of receipt slips issued.

2. The method of payment was not always indicated on the receipt slips.

B. Formal bank reconciliations were not performed on the commissary account and reconciliations of prisoner accounts to the bank account balance were not performed.

Recommendation:

The Sheriff:

A.1. Account for the numerical sequence of receipt slips issued.

2. Indicate the method of payment on receipt slips and reconcile the composition of receipt slips to the composition of monies deposited.

B. Prepare monthly bank reconciliations for the commissary account and reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

Status:

A.1

&2. Implemented.

B. Not implemented. See MAR No. 7.

14. Circuit Clerk's Accounting Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated for the fee account and child support account.

B. The composition of the receipt slips was not reconciled to the composition of the bank deposits.

- C. A complete listing of accrued costs owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate.
- D. The Circuit Clerk did not routinely follow up on old outstanding checks.

Recommendation:

The Circuit Clerk:

- A. Provide for segregation of duties or ensure that independent reconciliations and reviews of accounting records are performed.
- B. Reconcile the composition of receipt slips issued to the composition of monies deposited.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collections.
- D. Adopt procedures to routinely follow-up and reissue old outstanding checks.

Status:

A&B. Implemented.

C&D. Not implemented. See MAR No. 9.

15. Senior Citizens' Service Board

The board maintained the custody of the fund outside of the county treasury.

Recommendation:

The Senior Citizen's Service Board turn over custody of the Senior Citizen's Service Fund to the County Treasurer.

Status:

Implemented.

## STATISTICAL SECTION



History, Organization, and  
Statistical Information

WASHINGTON COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1813, the county of Washington was named after George Washington, the nation's first President. Washington County is a county-organized, third-class county and is part of the Twenty-Fourth Judicial Circuit. The county seat is Potosi, Missouri.

Washington County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Washington County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 608,481	15	727,355	20
Sales taxes	1,335,952	33	1,204,777	34
Federal and state aid	1,402,748	35	839,404	23
Fees, interest, and other	658,522	17	814,325	23
Total	\$ 4,005,703	100	3,585,861	100

The following chart shows how Washington County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,710,131	42	1,327,890	37
Public safety	501,221	12	498,397	15
Highways and roads	1,870,992	46	1,719,452	48
Total	\$ 4,082,344	100	3,545,739	100

In addition, the county funds most of the operations of the Sheriff's office and county jail from the Sheriff's Law Enforcement Fund. Sales tax receipts from this fund totaled \$596,351 and \$566,668 for the years ended December 31, 2001 and 2000, respectively.

The county maintains approximately 51 county bridges and 418 miles of county roads.

The county's population was 15,086 in 1970 and 23,344 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	73.5	70.3	53.6	32.2	24.7
Personal property		38.4	35.9	11.7	10.7	5.6
Railroad and utilities		47.4	48.2	14.3	11.1	6.7
Total	\$	159.3	154.4	79.6	54.0	37.0

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Washington County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.18	.19
Special Road and Bridge Fund		.26	.26
Health Center Fund		.15	.15
Handicapped Board Fund		.19	.17
Senior Citizens' Service Fund		.05	.05

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 48,450	46,505
General Revenue Fund	300,176	307,960
Special Road and Bridge Fund	415,412	398,121
Assessment Fund	87,846	86,407
Health Center Fund	239,818	230,150
Handicapped Board Fund	300,126	260,820
Senior Citizens' Service Fund	79,942	76,729
Debt Service Fund	7	3
Schools Fund	5,594,022	5,312,129
Library Fund	303,891	290,717
Junior Colleges Fund	75,209	93,461
Ambulance District Fund	383,993	367,440
Fire Districts Fund	396,226	379,150
Hospital Fund	303,888	290,716
Cities Fund	12,489	12,061
Surtax	169,610	175,972
Overplus Fund	822	17,440
Other	47,896	38,696
County Employees' Retirement	82,919	69,993
County Clerk	1,842	1,568
Commissions and fees:		
General Revenue Fund	145,688	137,774
Total	\$ 8,990,272	8,593,812

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	84 %	86 %
Personal property	84	85
Railroad and utilities	100	100

Washington County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration	Required
		Date	Property Tax Reduction
General Revenue Fund	\$ 0.005	None	50
Special Road and Bridge Fund	0.005	2004	None
Sheriff's Law Enforcement Fund	0.005	None	None
Economic Development Tax Fund	0.005	2005	None
Local Option Use Tax	flucuates with local sales tax rate	None	None
Central Dispatch 911 Fund (1)	0.005	None	None

(1) The Central Dispatch 911 tax passed in the November 2000 election.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Robert L. Simpson, Presiding Commissioner	\$	28,400	28,400
Kevin Isgrig, Associate Commissioner		26,400	26,400
Gary L. Yount, Associate Commissioner		26,400	26,400
Janet Adams, County Clerk		40,000	40,000
John Rupp, Prosecuting Attorney		57,400	57,400
Gary W. Yount, Sheriff		44,960	
Ronnie L. Skiles, Sheriff			40,460
Betty Abbey, County Treasurer		29,600	29,600
Brian DeClue, County Coroner		12,000	
William Mal Gum, County Coroner			7,000
Janet Drummond, Public Administrator (1)		33,122	35,680
Michael P. McGirl, County Collector, year ended February 29 (28),	40,000	40,000	
Charlotte Boyer, County Assessor, (2) year ended August 31,		40,900	40,900
R. Timothy Daugherty, County Surveyor (3)		7,125	7,125

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Phyllis Ann Fryman, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Troy K. Hyde, Associate Circuit Judge		96,000	97,387

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds *	4	5
County Clerk	4	0
Prosecuting Attorney **	6	0
Sheriff ***	35	0
County Treasurer *	1	0
County Coroner *	1	0
County Collector	3	0
County Assessor ****	7	0
Associate Division	1	3
Road and Bridge *	28	0
Health Center *****	12	0
Custodian *	2	0
Airport	1	0
Landfill	1	0
Total	<u>106</u>	<u>8</u>

- \* Includes one part-time county employee
- \*\* Includes three part-time county employees
- \*\*\* Includes eight part-time county employees
- \*\*\*\* Includes two part-time county employees
- \*\*\*\*\* Includes four part-time county employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Washington County's share of the Twenty-Fourth Judicial Circuit's expenses is 21.49 percent.

Washington County has entered into nine loan agreements in conjunction with a Missouri Development Action Grant received from the state in 1985. These monies were loaned to two industrial development corporations, three manufacturers, and one personal service company. The balance of these loans totaled \$135,645 and \$151,393 as of December 31, 2001 and 2000, respectively. In addition, the county has \$267,000 in tax anticipation loans as of December 31, 2001.



**SCOTT COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-103  
September 30, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Scott County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Scott County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county and the Health Center do not have adequate procedures in place to track federal awards for preparation of the Schedule of Expenditure of Federal Awards. As a result, the county and Health Center over reported expenditures on their SEFA schedule by approximately \$47,700 and \$67,500, for 2001 and 2000, respectively.
- The county owns vehicles used for road and bridge and law enforcement purposes. Logs which document vehicle usage are not maintained.
- Some of the county law enforcement vehicles do not appear to be fully utilized. In the past, the County Commission refused to pay the Sheriff mileage for his personal fleet of vehicles, because they believed the county fleet should be adequate. The Sheriff began paying the mileage from the Sheriff's Special Fund established in the county treasury by Section 57.280, which gives the sheriff discretion over monies not to exceed \$50,000 a year. For the years ended December 31, 2001 and 2000, the Sheriff received \$57,488 and \$46,812, respectively, in mileage claims paid from the Sheriff's Special Fund. None of the various mileage reimbursement documents indicate which vehicle was used.

Without adequate documentation to ensure the Sheriff's fleet is used only when county vehicles are not available, the County Commission has no assurance county vehicles are being fully utilized or that only actual miles traveled are being reimbursed.

(over)

YELLOW SHEET



- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Scott County's Associate County Commissioners salaries were each increased approximately \$6,700 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$13,400 for the two years ended December 31, 2000, should be repaid.

- Collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and the County Collector were insufficient by approximately \$3.8 million on January 31, 2001.
- The Senate Bill 40 Board has accumulated a significant cash reserve and budgets \$50,000 for "potential new projects" each year. Such practices reduce the effectiveness of the budget as a planning tool. Proper notice was not always given to the public regarding meeting times and locations. Bids were not obtained or bid documentation was not retained for various equipment purchases, and contractual procedures need improvement.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Prosecuting Attorney and the Health Center. The audit also suggested improvements be made in the county's budgetary and payroll procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

SCOTT COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-18
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-18
Notes to the Financial Statements .....	19-22
Supplementary Schedule: .....	23-25
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	24-25
Notes to the Supplementary Schedule .....	26-28
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	30-32
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	31-32

# SCOTT COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	33-36
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	34-36
Section I - Summary of Auditor's Results .....	34-35
Section II - Financial Statement Findings .....	35
Section III - Federal Award Findings and Questioned Costs .....	35-36
<u>Number</u>	<u>Description</u>
01-1.	Schedule of Expenditures of Federal Awards.....35
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-38
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	39-40
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	42-57
<u>Number</u>	<u>Description</u>
1.	Vehicle Procedures .....
2.	Salaries and Personnel Procedures .....
3.	Budgetary Practices.....
4.	Collateral Security.....
5.	Sheriff's Accounting Controls and Procedures .....
6.	Prosecuting Attorney's Accounting Controls and Procedures .....
7.	Health Center .....
8.	Senate Bill 40 Board Policies and Procedures .....
Follow-Up on Prior Audit Findings .....	58-67
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	69-74

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Scott County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Scott County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Scott County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Scott County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Scott County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 11, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Scott County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

July 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas P. Robinson
Audit Staff:	Terese Summers, CPA
	A. Dailey
	Lucinda S. Elliot
	Kate Petschonek



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Scott County, Missouri

We have audited the special-purpose financial statements of various funds of Scott County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Scott County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Scott County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material



weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Scott County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

July 11, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

SCOTT COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 151,294	3,416,516	2,681,469	886,341
Special Road and Bridge	205,415	1,058,390	962,493	301,312
Assessment	25,730	329,134	334,077	20,787
Law Enforcement Training	11,204	8,514	8,344	11,374
Prosecuting Attorney Training	4,674	1,567	3,091	3,150
Health Center	842,747	959,828	1,036,487	766,088
911 Rural Address	351,505	219,030	211,891	358,644
Landfill Capital Improvements	158,451	6,252	30,013	134,690
Johnson Grass	25,570	35,364	43,414	17,520
Drainage Districts	1,642	6,816	7,076	1,382
Recorder's User Fees	21,185	23,129	9,239	35,075
Election Services	2,476	6,165	2,362	6,279
Domestic Violence	939	4,804	5,741	2
Law Enforcement Sales Tax	89,145	2,642,709	2,731,514	340
Sheriff's Special	9,748	50,000	57,488	2,260
Prosecuting Attorney Bad Check	2,866	26,451	20,813	8,504
House of Refuge Grant	0	2,902	2,902	0
Law Library	68,456	27,600	10,618	85,438
Associate Circuit Interest	2,967	955	0	3,922
Circuit Clerk Interest	1,936	4,948	2,716	4,168
Sheriff's DARE and Crime Prevention	13,517	17,083	20,951	9,649
Senate Bill 40 Board	486,374	158,122	255,448	389,048
Total	\$ 2,477,841	9,006,279	8,438,147	3,045,973

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SCOTT COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund		Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$	636,882	2,874,783	3,360,371	151,294
Special Road and Bridge		200,778	984,220	979,583	205,415
Assessment		35,904	281,289	291,463	25,730
Law Enforcement Training		9,177	9,463	7,436	11,204
Prosecuting Attorney Training		2,438	2,601	365	4,674
Health Center		842,645	929,193	929,091	842,747
911 Rural Address		343,150	216,803	208,448	351,505
Landfill Capital Improvements		172,219	8,277	22,045	158,451
Johnson Grass		36,012	33,277	43,719	25,570
Drainage Districts		2,784	7,875	9,017	1,642
Recorder's User Fees		11,885	16,566	7,266	21,185
Election Services		237	4,061	1,822	2,476
Domestic Violence		6,618	4,335	10,014	939
Law Enforcement Sales Tax		0	89,145	0	89,145
Sheriff's Special		6,560	50,000	46,812	9,748
Prosecuting Attorney Bad Check		6,232	21,328	24,694	2,866
Law Library		42,463	37,036	11,043	68,456
Associate Circuit Interest		2,131	836	0	2,967
Circuit Clerk Interest		8,325	6,698	13,087	1,936
Family Access		51	2	53	0
Local Use Tax		168,975	1,048	170,023	0
Sheriff's DARE and Crime Pervention		11,032	14,447	11,962	13,517
Senate Bill 40 Board		502,885	152,261	168,772	486,374
Total	\$	3,049,383	5,745,544	6,317,086	2,477,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## SCOTT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 8,532,717	8,986,294	453,577	5,619,848	5,641,952	22,104
DISBURSEMENTS	8,964,261	8,414,294	549,967	6,662,036	6,305,124	356,912
RECEIPTS OVER (UNDER) DISBURSEMENTS	(431,544)	572,000	1,003,544	(1,042,188)	(663,172)	379,016
CASH, JANUARY 1	2,462,719	2,464,324	1,605	3,038,114	3,038,351	237
CASH, DECEMBER 31	2,031,175	3,036,324	1,005,149	1,995,926	2,375,179	379,253
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	272,000	320,794	48,794	242,000	270,650	28,650
Sales taxes	1,500,000	1,494,755	(5,245)	1,410,000	1,133,070	(276,930)
Intergovernmental	520,900	386,816	(134,084)	180,700	239,892	59,192
Charges for services	971,700	1,122,135	150,435	808,200	961,875	153,675
Interest	30,000	41,301	11,301	30,000	35,229	5,229
Other	36,415	27,715	(8,700)	33,467	43,495	10,028
Transfers in	23,000	23,000	0	190,524	190,572	48
Total Receipts	3,354,015	3,416,516	62,501	2,894,891	2,874,783	(20,108)
DISBURSEMENTS						
County Commission	99,000	94,042	4,958	99,000	95,470	3,530
County Clerk	66,722	66,626	96	66,520	64,889	1,631
Elections	50,524	40,811	9,713	86,420	82,690	3,730
Buildings and grounds	722,276	132,423	589,853	353,772	368,747	(14,975)
Employee fringe benefits	303,100	214,164	88,936	507,000	440,404	66,596
County Treasurer	52,422	50,948	1,474	51,170	50,031	1,139
County Collector	111,326	108,010	3,316	109,622	106,983	2,639
Recorder of Deeds	97,034	96,616	418	93,828	93,377	451
Circuit Clerk	14,000	14,227	(227)	17,000	15,627	1,373
Associate Circuit Court	16,800	16,292	508	15,400	15,439	(39)
Associate Circuit (Probate)	6,650	9,633	(2,983)	6,150	5,442	708
Court administration	28,200	13,212	14,988	24,300	10,158	14,142
Public Administrator	59,700	60,442	(742)	19,300	17,496	1,804
Sheriff	0	0	0	636,355	654,466	(18,111)
Jail	0	0	0	548,720	764,799	(216,079)
Prosecuting Attorney	208,650	201,509	7,141	180,348	177,971	2,377
Juvenile Officer	130,000	114,518	15,482	130,000	86,952	43,048
County Coroner	31,815	32,508	(693)	20,785	27,953	(7,168)
Emergency Management Fund	27,706	29,208	(1,502)	25,729	26,186	(457)
General county government	254,800	169,112	85,688	220,778	181,001	39,777
Prosecuting Attorney House Bill 601	70,878	71,066	(188)	67,874	71,526	(3,652)
Public health and welfare services	5,000	2,799	2,201	5,000	2,764	2,236
Drug Court Grant	0	11,291	(11,291)	0	0	0
Crime Victim Advocate Grant	0	3,002	(3,002)	0	0	0
Economic Development Grant	40,000	6,510	33,490	0	0	0
Transfers out	953,000	1,122,500	(169,500)	0	0	0
Emergency Fund	101,000	0	101,000	88,000	0	88,000
Total Disbursements	3,450,603	2,681,469	769,134	3,373,071	3,360,371	12,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96,588)	735,047	831,635	(478,180)	(485,588)	(7,408)
CASH, JANUARY 1	151,294	151,294	0	636,882	636,882	0
CASH, DECEMBER 31	54,706	886,341	831,635	158,702	151,294	(7,408)

## Exhibit B

## SCOTT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	385,000	434,959	49,959	391,000	388,104	(2,896)
Sales taxes	0	0	0	0	0	0
Intergovernmental	511,050	523,323	12,273	491,600	510,866	19,266
Charges for services	5,000	6,755	1,755	0	8,868	8,868
Interest	13,000	15,934	2,934	13,000	15,841	2,841
Other	2,000	4,419	2,419	0	3,554	3,554
Transfers in	73,000	73,000	0	57,000	56,987	(13)
Total Receipts	989,050	1,058,390	69,340	952,600	984,220	31,620
<b>DISBURSEMENTS</b>						
Salaries	324,000	293,296	30,704	310,000	288,348	21,652
Employee fringe benefits	129,500	106,002	23,498	125,000	100,616	24,384
Supplies	86,500	105,218	(18,718)	80,000	91,605	(11,605)
Road and bridge materials	353,000	347,131	5,869	351,500	383,956	(32,456)
Equipment repairs	60,000	45,066	14,934	80,000	51,677	28,323
Rentals	1,000	36	964	1,000	666	334
Equipment purchases	65,000	45,692	19,308	85,000	45,174	39,826
Other	19,500	20,052	(552)	21,000	17,541	3,459
Total Disbursements	1,038,500	962,493	76,007	1,053,500	979,583	73,917
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,450)	95,897	145,347	(100,900)	4,637	105,537
CASH, JANUARY 1	205,415	205,415	0	200,778	200,778	0
CASH, DECEMBER 31	155,965	301,312	145,347	99,878	205,415	105,537
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	276,985	313,918	36,933	284,300	272,522	(11,778)
Charges for services	3,500	10,677	7,177	3,200	3,439	239
Interest	4,500	3,865	(635)	4,500	4,629	129
Other	500	674	174	500	699	199
Transfers in	24,000	0	(24,000)	0	0	0
Total Receipts	309,485	329,134	19,649	292,500	281,289	(11,211)
<b>DISBURSEMENTS</b>						
Assessor	334,850	334,077	773	328,025	291,463	36,562
Total Disbursements	334,850	334,077	773	328,025	291,463	36,562
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,365)	(4,943)	20,422	(35,525)	(10,174)	25,351
CASH, JANUARY 1	25,730	25,730	0	35,904	35,904	0
CASH, DECEMBER 31	365	20,787	20,422	379	25,730	25,351

## Exhibit B

## SCOTT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	3,000	2,566	(434)	3,000	2,998	(2)
Charges for services	6,000	5,526	(474)	7,200	6,052	(1,148)
Interest	250	422	172	250	413	163
Total Receipts	9,250	8,514	(736)	10,450	9,463	(987)
DISBURSEMENTS						
Sheriff	20,000	8,344	11,656	19,000	7,436	11,564
Total Disbursements	20,000	8,344	11,656	19,000	7,436	11,564
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,750)	170	10,920	(8,550)	2,027	10,577
CASH, JANUARY 1	11,204	11,204	0	9,177	9,177	0
CASH, DECEMBER 31	454	11,374	10,920	627	11,204	10,577
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,470	1,391	(79)	1,800	1,512	(288)
Interest	0	176	176	100	155	55
Transfers in	0	0	0	0	934	934
Total Receipts	1,470	1,567	97	1,900	2,601	701
DISBURSEMENTS						
Prosecuting Attorney	4,000	3,091	909	4,338	365	3,973
Total Disbursements	4,000	3,091	909	4,338	365	3,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,530)	(1,524)	1,006	(2,438)	2,236	4,674
CASH, JANUARY 1	4,674	4,674	0	2,438	2,438	0
CASH, DECEMBER 31	2,144	3,150	1,006	0	4,674	4,674
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	316,000	338,982	22,982	300,000	313,740	13,740
Intergovernmental	489,802	527,733	37,931	502,600	518,103	15,503
Interest	45,000	36,838	(8,162)	50,000	44,538	(5,462)
Other	96,750	56,275	(40,475)	91,600	52,812	(38,788)
Total Receipts	947,552	959,828	12,276	944,200	929,193	(15,007)
DISBURSEMENTS						
Salaries	491,071	528,696	(37,625)	528,176	514,060	14,116
Employee fringe benefits	206,412	217,449	(11,037)	205,885	197,233	8,652
Land purchase	0	83,272	(83,272)	0	0	0
Travel expenses	33,264	18,615	14,649	37,051	28,271	8,780
Operating expenses	57,250	88,743	(31,493)	68,711	64,961	3,750
Office expenditures	82,479	80,165	2,314	80,015	80,931	(916)
Equipment purchases	10,050	4,681	5,369	8,200	15,196	(6,996)
Contract services	10,896	12,241	(1,345)	11,000	10,747	253
Other	4,175	2,625	1,550	5,060	17,692	(12,632)
Total Disbursements	895,597	1,036,487	(140,890)	944,098	929,091	15,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	51,955	(76,659)	(128,614)	102	102	0
CASH, JANUARY 1	842,747	842,747	0	842,645	842,645	0
CASH, DECEMBER 31	894,702	766,088	(128,614)	842,747	842,747	0

## Exhibit B

SCOTT COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 RURAL ADDRESS</u></b>						
RECEIPTS						
Telephone tax	189,565	187,128	(2,437)	160,000	182,884	22,884
Chages for services	17,500	17,500	0	17,000	17,500	500
Interest	16,565	13,988	(2,577)	13,000	16,218	3,218
Other	0	414	414	300	201	(99)
Total Receipts	223,630	219,030	(4,600)	190,300	216,803	26,503
DISBURSEMENTS						
Salaries	93,600	95,583	(1,983)	88,644	88,643	1
Employee fringe benefits	35,125	28,739	6,386	26,000	27,176	(1,176)
Capital improvements	39,856	32,166	7,690	32,500	38,312	(5,812)
Mileage and training	7,400	6,774	626	7,500	7,056	444
Repair and maintenance	6,500	1,111	5,389	4,900	5,789	(889)
Supplies	3,500	3,821	(321)	3,500	3,379	121
Equipment and leases	8,945	9,326	(381)	6,000	900	5,100
Utilities	14,430	11,371	3,059	12,200	12,697	(497)
Other	0	0	0	8,000	4,000	4,000
Transfers out	23,000	23,000	0	20,500	20,496	4
Total Disbursements	232,356	211,891	20,465	209,744	208,448	1,296
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,726)	7,139	15,865	(19,444)	8,355	27,799
CASH, JANUARY 1	351,505	351,505	0	343,150	343,150	0
CASH, DECEMBER 31	342,779	358,644	15,865	323,706	351,505	27,799
<b><u>LANDFILL CAPITAL IMPROVEMENTS FUND</u></b>						
RECEIPTS						
Sales tax	0	6	6	0	2	2
Interest	7,500	6,246	(1,254)	9,000	8,275	(725)
Total Receipts	7,500	6,252	(1,248)	9,000	8,277	(723)
DISBURSEMENTS						
Fuel and repairs	5,000	0	5,000	5,000	0	5,000
Landfill project and engineering fees	45,050	0	45,050	45,000	0	45,000
Other	0	13	(13)	0	12	(12)
Transfers out	30,000	30,000	0	22,000	22,033	(33)
Total Disbursements	80,050	30,013	50,037	72,000	22,045	49,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(72,550)	(23,761)	48,789	(63,000)	(13,768)	49,232
CASH, JANUARY 1	158,451	158,451	0	172,219	172,219	0
CASH, DECEMBER 31	85,901	134,690	48,789	109,219	158,451	49,232
<b><u>JOHNSON GRASS FUND</u></b>						
RECEIPTS						
Property taxes	32,000	33,365	1,365	32,000	30,670	(1,330)
Intergovernmental	0	61	61	50	13	(37)
Interest	2,300	1,938	(362)	2,000	2,594	594
Total Receipts	34,300	35,364	1,064	34,050	33,277	(773)
DISBURSEMENTS						
Supplies	15,050	3,414	11,636	5,050	13,715	(8,665)
Transfers out	40,000	40,000	0	30,000	30,004	(4)
Total Disbursements	55,050	43,414	11,636	35,050	43,719	(8,669)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,750)	(8,050)	12,700	(1,000)	(10,442)	(9,442)
CASH, JANUARY 1	25,570	25,570	0	36,012	36,012	0
CASH, DECEMBER 31	4,820	17,520	12,700	35,012	25,570	(9,442)



## Exhibit B

SCOTT COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DRAINAGE DISTRICTS FUND</u></b>						
RECEIPTS						
Property taxes	7,000	6,609	(391)	8,000	7,554	(446)
Interest	300	207	(93)	250	321	71
Total Receipts	7,300	6,816	(484)	8,250	7,875	(375)
DISBURSEMENTS						
Soil and Water Conservation Service	4,000	4,000	0	4,000	4,000	0
Other	1,200	76	1,124	1,700	66	1,634
Transfers out	3,000	3,000	0	5,000	4,951	49
Total Disbursements	8,200	7,076	1,124	10,700	9,017	1,683
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	(260)	640	(2,450)	(1,142)	1,308
CASH, JANUARY 1	1,642	1,642	0	2,784	2,784	0
CASH, DECEMBER 31	742	1,382	640	334	1,642	1,308
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	16,000	18,641	2,641	17,500	15,856	(1,644)
Interest	600	4,488	3,888	300	710	410
Total Receipts	16,600	23,129	6,529	17,800	16,566	(1,234)
DISBURSEMENTS						
Office expenditures	13,000	1,179	11,821	14,500	944	13,556
Equipment	6,000	0	6,000	7,000	0	7,000
Contract services	9,700	8,060	1,640	7,120	6,322	798
Total Disbursements	28,700	9,239	19,461	28,620	7,266	21,354
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,100)	13,890	25,990	(10,820)	9,300	20,120
CASH, JANUARY 1	21,185	21,185	0	11,885	11,885	0
CASH, DECEMBER 31	9,085	35,075	25,990	1,065	21,185	20,120
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	1,000	6,025	5,025	1,500	3,981	2,481
Interest	40	140	100	150	80	(70)
Total Receipts	1,040	6,165	5,125	1,650	4,061	2,411
DISBURSEMENTS						
Office expenditures	3,500	2,362	1,138	1,650	1,822	(172)
Total Disbursements	3,500	2,362	1,138	1,650	1,822	(172)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,460)	3,803	6,263	0	2,239	2,239
CASH, JANUARY 1	2,476	2,476	0	0	237	237
CASH, DECEMBER 31	16	6,279	6,263	0	2,476	2,476

## Exhibit B

SCOTT COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	5,250	4,750	(500)	6,000	4,204	(1,796)
Interest	100	54	(46)	200	131	(69)
Total Receipts	5,350	4,804	(546)	6,200	4,335	(1,865)
DISBURSEMENTS						
Domestic violence shelter	2,500	2,500	0	5,000	5,000	0
Wife Abuse Shelter	3,500	3,228	272	5,000	5,000	0
Office expenditures	25	13	12	25	14	11
Total Disbursements	6,025	5,741	284	10,025	10,014	11
RECEIPTS OVER (UNDER) DISBURSEMENTS	(675)	(937)	(262)	(3,825)	(5,679)	(1,854)
CASH, JANUARY 1	939	939	0	6,618	6,618	0
CASH, DECEMBER 31	264	2	(262)	2,793	939	(1,854)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	1,500,000	1,466,578	(33,422)			
Charges for services	40,000	50,350	10,350			
Interest	25,000	3,281	(21,719)			
Transfers in	800,000	1,122,500	322,500			
Total Receipts	2,365,000	2,642,709	277,709			
DISBURSEMENTS						
Sheriff	571,300	554,966	16,334			
Jail	770,700	1,082,923	(312,223)			
Law enforcement vehicles	188,000	168,729	19,271			
Rent	40,130	40,130	0			
Debt service	570,000	570,889	(889)			
Office expenses	40,000	53,476	(13,476)			
Fringes	266,500	260,401	6,099			
Total Disbursements	2,446,630	2,731,514	(284,884)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(81,630)	(88,805)	(7,175)			
CASH, JANUARY 1	89,145	89,145	0			
CASH, DECEMBER 31	7,515	340	(7,175)			
<b><u>SHERIFF'S SPECIAL FUND</u></b>						
RECEIPTS						
Charges for services	49,500	49,634	134	49,600	49,496	(104)
Interest	500	366	(134)	400	504	104
Total Receipts	50,000	50,000	0	50,000	50,000	0
DISBURSEMENTS						
Mileage	59,700	57,488	2,212	56,560	46,812	9,748
Total Disbursements	59,700	57,488	2,212	56,560	46,812	9,748
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,700)	(7,488)	2,212	(6,560)	3,188	9,748
CASH, JANUARY 1	9,748	9,748	0	6,560	6,560	0
CASH, DECEMBER 31	48	2,260	2,212	0	9,748	9,748

## Exhibit B

## SCOTT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	21,500	25,107	3,607	20,700	21,081	381
Interest	225	261	36	300	247	(53)
Other	0	1,083	1,083	0	0	0
Total Receipts	21,725	26,451	4,726	21,000	21,328	328
DISBURSEMENTS						
Salaries	0	0	0	0	0	0
Equipment	0	0	0	4,643	179	4,464
Mileage and training	13,500	12,188	1,312	13,500	13,658	(158)
Other	10,600	8,625	1,975	9,089	9,923	(834)
Transfer out					934	(934)
Total Disbursements	24,100	20,813	3,287	27,232	24,694	2,538
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,375)	5,638	8,013	(6,232)	(3,366)	2,866
CASH, JANUARY 1	2,866	2,866	0	6,232	6,232	0
CASH, DECEMBER 31	491	8,504	8,013	0	2,866	2,866
<b><u>LAW LIBRARY</u></b>						
RECEIPTS						
Charges for services	36,000	27,224	(8,776)	27,800	36,769	8,969
Interest	0	376	376	200	267	67
Total Receipts	36,000	27,600	(8,400)	28,000	37,036	9,036
DISBURSEMENTS						
Equipment	0	0	0	5,000	0	5,000
Office expenditures	12,000	10,618	1,382	9,000	11,043	(2,043)
Mileage and training	0	0	0	0	0	0
Other	900	0	900	240	0	240
Total Disbursements	12,900	10,618	2,282	14,240	11,043	3,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,100	16,982	(6,118)	13,760	25,993	12,233
CASH, JANUARY 1	66,851	68,456	1,605	42,463	42,463	0
CASH, DECEMBER 31	89,951	85,438	(4,513)	56,223	68,456	12,233
<b><u>ASSOCIATE CIRCUIT INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,000	955	(45)	1,000	836	(164)
Total Receipts	1,000	955	(45)	1,000	836	(164)
DISBURSEMENTS						
Equipment	3,000	0	3,000	2,500	0	2,500
Total Disbursements	3,000	0	3,000	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	955	2,955	(1,500)	836	2,336
CASH, JANUARY 1	2,967	2,967	0	2,131	2,131	0
CASH, DECEMBER 31	967	3,922	2,955	631	2,967	2,336

## Exhibit B

SCOTT COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	2,500	4,298	1,798	4,000	6,358	2,358
Other	0	650	650	0	340	340
Total Receipts	2,500	4,948	2,448	4,000	6,698	2,698
DISBURSEMENTS						
Equipment	1,500	0	1,500	8,000	6,094	1,906
Office expenses	1,000	1,749	(749)	1,000	6,414	(5,414)
Other	500	967	(467)	1,000	579	421
Total Disbursements	3,000	2,716	284	10,000	13,087	(3,087)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	2,232	2,732	(6,000)	(6,389)	(389)
CASH, JANUARY 1	1,936	1,936	0	8,325	8,325	0
CASH, DECEMBER 31	1,436	4,168	2,732	2,325	1,936	(389)
<b><u>FAMILY ACCESS FUND</u></b>						
RECEIPTS						
Interest				9	2	(7)
Total Receipts				9	2	(7)
DISBURSEMENTS						
Transfer out				60	53	7
Total Disbursements				60	53	7
RECEIPTS OVER (UNDER) DISBURSEMENTS				(51)	(51)	0
CASH, JANUARY 1				51	51	0
CASH, DECEMBER 31				0	0	0
<b><u>LOCAL USE TAX FUND</u></b>						
RECEIPTS						
Interest				1,048	1,048	0
Total Receipts				1,048	1,048	0
DISBURSEMENTS						
Transfers out				170,023	170,023	0
Total Disbursements				170,023	170,023	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(168,975)	(168,975)	0
CASH, JANUARY 1				168,975	168,975	0
CASH, DECEMBER 31				0	0	0

## Exhibit B

## SCOTT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	123,000	133,406	10,406	124,630	122,630	(2,000)
Intergovernmental	5,400	5,715	315	5,650	5,208	(442)
Interest	21,000	18,544	(2,456)	20,000	23,797	3,797
Other	550	457	(93)	720	626	(94)
Total Receipts	149,950	158,122	8,172	151,000	152,261	1,261
DISBURSEMENTS						
Contract services	91,000	64,123	26,877	132,000	91,798	40,202
Office expenditures	15,000	1,291	13,709	8,000	1,358	6,642
Mileage and training	1,000	301	699	600	293	307
Building improvements	100,500	110,743	(10,243)	101,000	24,391	76,609
Potential new projects	50,000	78,990	(28,990)	50,000	50,932	(932)
Total Disbursements	257,500	255,448	2,052	291,600	168,772	122,828
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,550)	(97,326)	10,224	(140,600)	(16,511)	124,089
CASH, JANUARY 1	486,374	486,374	0	502,885	502,885	0
CASH, DECEMBER 31	378,824	389,048	10,224	362,285	486,374	124,089

## Notes to the Financial Statements

SCOTT COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Scott County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Law Enforcement Sales Tax Fund	2000
House of Refuge Fund	2001
Sheriff's DARE and Crime Prevention Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Health Center Fund	2001
Johnson Grass Fund	2000
Election Services Fund	2000
Law Enforcement Sales Tax Fund	2001
Circuit Clerk Interest Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.



The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2000, \$537,286 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, \$8,496,367 was covered by collateral held by the pledging (or depositary) bank's trust department or agent in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Election Services and Sheriff's DARE and Crime Prevention Fund's cash balance of \$237 and \$11,032 respectively at January 1, 2000, were not previously reported, but have been added so the county's financial statements will include these funds.

The Sheriff's Interest and the Prosecuting Attorney's Interest Fund's cash balance at January 1, 2000, as previously stated has been decreased by \$4,444 and \$1,698, respectively, to reflect monies paid to the General Revenue Fund.

## Supplementary Schedule

## Schedule

SCOTT COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2201	\$ 49,167	0
		E4S0451201W	117,558	43,890
		ER0045-201	0	149,867
	Program total		166,725	193,757
10.559	Summer Food Service Program for Children	ERS146-1201-2	300	0
		ERS146-1201-1	0	285
	Program total		300	285
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2001 PF-08	4,025	0
		97-ED-05	0	85,634
	Program total		4,025	85,634
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ER0164	26,570	24,375
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety -				
16.575	Crime Victim Assistance	N/A	815	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	5,062	1,500
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	647	308

## Schedule

SCOTT COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	SLA50/50200	7,803	11,999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1201L ER0146-0201CLPP	1,004 0	0 193
	Program total		1,004	193
93.268	Immunization Grants	N/A	56,956	56,752
Department of Social Services -				
93.563	Child Support Enforcement	N/A	72,133	46,900
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-1201C PGA067-0201C	3,885 0	0 320
	Program total		3,885	320
Department of Social Services -				
93.667	Social Services Block Grant	026SSBG	88	0
Department of Health -				
93.991	Preventive Health and Health Services Block Grant	C000157001 C10068001 C100014003 N/A	0 5,000 3,300 0	9,601 0 0 567
	Project total		8,300	10,168
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1201M A0C01380010 C100015066 A0C00380038 ERS175-2064F ERS175-1201F ERS175-0201F N/A	32,613 14,500 0 0 7,593 25,723 0 5,141	36,294 0 398 7,369 0 6,489 22,846 2,836
	Program total		85,570	76,232
	Total Expenditures of Federal Awards		\$ 439,883	508,423

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

SCOTT COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scott County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals....

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the donation of Federal Surplus Personal Property Program (CFDA Number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$26,570 and \$24,375 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2001 and 2000, respectively.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Scott County, Missouri

Compliance

We have audited the compliance of Scott County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Scott County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

### Internal Control Over Compliance

The management of Scott County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Scott County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

July 11, 2002 (fieldwork completion date)

Schedule

SCOTT COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1.                                      Schedule of Expenditures of Federal Awards</b>
----------------------------------------------------------------------------------------------

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-2201
	E4S0451201W
	ER0045-201
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	ERS146-1201M      A0C01380010
	C100015066      A0C00380038
	ERS175-2064F      ERS175-1201F
	ERS175-0201F
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county and the Health Center do not have adequate procedures in place to track federal awards for preparation of the SEFA. The County Clerk and the Health Center prepared a SEFA for the years ended December 31, 2001 and 2000. However, information presented did not agree with expenditure records for some programs. In addition, some programs were not included on the SEFA schedules while other programs were understated or overstated. As a result, the county and Health Center over reported expenditures on their SEFA schedule by approximately \$47,700 and \$67,500, for 2001 and 2000, respectively.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk and Health Center prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk and the Health Center Administrator indicated this recommendation will be implemented when the 2003 budget is prepared.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



SCOTT COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior report for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

SCOTT COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior report for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

SCOTT COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Scott County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002. We also have audited the compliance of Scott County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Scott County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.****Vehicle Procedures**

- A. The county owns vehicles used for road and bridge and law enforcement purposes. Logs, which document vehicle usage, are not maintained. Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, employee utilizing the vehicle, and the number of gallons and amount of any gasoline purchased.
- B. The Sheriff provides a fleet of vehicles for use by his office, which includes six cars and one motorcycle. Monthly reimbursement reports are submitted by the Sheriff documenting the number of miles claimed on his personal vehicles for investigative, criminal, and unpaid civil mileage and he receives mileage reimbursement at a rate of .345 cents per mile. Approximately 65 and 53 miles per day per car were claimed on the Sheriff's fleet for the years ended December 2001 and 2000, respectively.

The county provides the Sheriff's department with a fleet of thirteen vehicles. Seven of the thirteen county vehicles are assigned to road deputies, four to support staff, and two are not assigned to anyone. The vehicles assigned to road deputies logged a total of 69,726 miles from April to June 2002, or approximately 110 miles per day per vehicle. The unassigned vehicles and those assigned to the administrative staff logged a total of 32,534 miles for the three months or 60 miles per day per car. It appears some of the county vehicles are not being fully utilized.

None of the various mileage reimbursement documents indicate which vehicle was used and usage logs are not maintained for any vehicles within the department (see part A above).

In the past, the County Commission refused to pay the Sheriff mileage for his fleet from county funds because they believed the county fleet should be adequate. The Sheriff began paying the mileage from the Sheriff's Special Fund established in the county treasury by Section 57.280, RSMo 2000, which gives the sheriff discretion over monies not to exceed \$50,000 a year. For the years ended December 31, 2001 and 2000, the Sheriff received \$57,488 and \$46,812, respectively, in mileage claims paid from the Sheriff's Special Fund.

Without adequate documentation to ensure the Sheriff's fleet is used only when county vehicles are not available, the County Commission has no assurance county vehicles are being fully utilized or that only actual miles traveled are being reimbursed.

Similar conditions were noted in our prior report.

**WE AGAIN RECOMMEND:**

The County Commission:

- A. Require usage logs to be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- B. Develop policies and procedures to ensure the vehicles provided by the county are utilized to their fullest potential and to ensure only actual miles traveled are being reimbursed.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *The vehicle use procedure has been an ongoing problem for the County for sometime.*

*The State Statute 49.276 gives each Sheriff the authority to prescribe the rules and regulations for the use of the motor vehicles.*

*We think it would serve the county better if we had adequate documentation to ensure that the county's cars were being utilized fully.*

*We will again meet with the Sheriff to discuss the Auditor's report to try and make the best and most efficient use of the county owned vehicles.*

- B. *We strongly believe that the 13 cars supplied by the county are more than adequate to serve the Sheriff and staff in all aspects of the department.*

*We think the \$50,000 could be better spent buying jail equipment and other supplies, instead of paying the sheriff mileage on his personally owned cars and motorcycle, especially when the State Audit shows county cars are not being used to the fullest.*

*We will work where possible with the Sheriff to develop policies and procedures by February 2003, ensuring county owned vehicles are being utilized to the fullest.*

**2.**

**Salaries and Personnel Procedures**

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate



county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Scott County's Associate County Commissioners' salaries were each increased approximately \$6,700 yearly, according to the information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$13,400 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The 911 Director and Highway Supervisor do not prepare timesheets. Scott County's personnel policy manual requires timesheets to be completed by employees, specifies vacation earned increases with the number of years worked, and states that sick leave is earned by salaried employees based on a minimal number of days worked per month. The County Commission indicated these are salaried positions, which earn two-weeks vacation a year, but do not accumulate sick leave. Without a written policy and the submission of timesheets, the County Commission cannot adequately monitor the number of hours worked or the amount of leave used. It appears the County Commission considers these positions to be exceptions to the county policy; however, this is not formally documented.

Timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and allocate payroll expenditures to the various funds. In addition, timesheets provide the County Commission with a method to monitor hours worked and number of vacation and sick days used. To support payroll expenditures, the county should require all employees to prepare detailed timesheets.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Establish a policy or job description for the 911 Director and Road and Bridge supervisor and require all county employees to prepare detailed time sheets.

## **AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *We have done everything according to the law at the time. Associate Commissioner Bizzell ceased claiming mileage reimbursement when he received this raise. He has unclaimed mileage totaling approximately \$11,500 as of September 12, 2002. He plans to continue to not claim his mileage until the end of his current term, which will more than repay this salary amount. We will discuss this overpayment with the other former commissioner.*
- B. *We will require all employees to submit timesheets in the future.*

<b>3. Budgetary Practices</b>
-------------------------------

Expenditures exceeded the original budgeted amounts in the various funds as follows:

<u>Fund</u>	Years Ended December 31,	
	<u>2001</u>	<u>2000</u>
Johnson Grass Fund	\$ N/A	8,669
Elections Service Fund	N/A	172
Law Enforcement Sales Tax Fund	284,884	N/A
Circuit Clerks Interest Fund	N/A	3,087

Budgets are periodically reviewed by the County Commission; however, it is the county's practice not to amend the budget as long as funds are available.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122 273 S. W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

**WE RECOMMEND** the County Commission ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.

#### **AUDITEE'S RESPONSE**

*The County Commission indicated they will implement this recommendation immediately.*

<b>4. Collateral Security</b>
-------------------------------

Collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and the County Collector were insufficient by approximately \$3,857,000 and \$10,437,000 on January 31, 2001 and 2000, respectively.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

The county apparently has not adequately monitored the level of bank activity. To ensure sufficient collateral securities are pledged, the county should monitor the level of bank activity and notify the depository bank when additional securities need to be pledged.

A similar condition was noted in the prior audit.

**WE AGAIN RECOMMEND** the County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

#### **AUDITEE'S RESPONSE**

*The County Commission indicated this recommendation will be implemented immediately. The County Treasurer indicated she will begin monitoring the collateral security on a more regular basis.*

<b>5. Sheriff's Accounting Controls and Procedures</b>
--------------------------------------------------------

- A. The Sheriff receives DARE donations and holds annual golf tournaments to raise funds. The money from sponsors and donations are deposited into the "William Ferrell Dare and Crime Prevention Fund", which is an account maintained by the Sheriff. For the two years ended December 31, 2001, the Sheriff received approximately \$31,500, which was used to purchase equipment for the Sheriff's Department. These funds are not, budgeted, or published in the county's annual financial statements.

The Sheriff is authorized by statute to receive and distribute various fees and monies. However, Attorney General's Opinion No. 45-92 to Henderson states sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

- B. Section 57.290, RSMo 2000, establishes various fees to be paid to the county for taking convicted offenders to a designated correctional facility. In addition to \$8 and \$6 per diems, the transporter and each guard receive fees of .345 cents per mile for going to and returning from the center, and the transporter receives a fee of .345 cents per mile for taking the convicted offender to the designated center. These fees are paid by the state and deposited into the Sheriff's fee account. The Department Of Corrections currently pays the Sheriff's Department approximately \$480 per prisoner per trip. These are accountable fees of the Sheriff's office. Any costs incurred in transporting convicted offenders should be billed to and paid by the county.

Sheriff's Department personnel who serve as transporters are paid .345 cents per mile (approximately \$186 per trip), and the Sheriff is paid .345 cents per mile if one of his personal vehicles was utilized. The remaining funds are turned over to the county treasury. The Sheriff considers the employees to be off-duty when transporting prisoners and these fees are not subjected to payroll withholdings or reported on the respective W-2 forms. In addition, the hours spent in transporting prisoners are not included on timesheets.

Any full-time county employee serving as a transporter or guard should be compensated under normal county payroll procedures, calculating hours worked and any overtime incurred. In addition, all compensation should be reported on the employees' W-2 forms. By paying deputies directly and withholding mileage expenses for personally owned vehicles used, proper taxes and benefits are going unreported. In addition, these procedures circumvent the county budgeting process by not adequately reporting all receipts and disbursements.

**WE RECOMMEND** the Sheriff:

- A. Turn all monies over to the County Treasurer or work with the County Commission to budget and report all county funds.
- B. And County Commission review this situation. Sheriff's Department personnel who serve as transporters or guards should be paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

**AUDITEE'S RESPONSE**

- A. *The Sheriff indicated he will begin budgeting this fund next year.*

- B. *The Sheriff indicated he will review this information and determine the best way to handle this. He indicated he will continue to deposit these funds into his office account.*

*The County Commission indicated they will discuss this with the Sheriff.*

<b>6. Prosecuting Attorney's Accounting Controls and Procedures</b>
---------------------------------------------------------------------

The Prosecuting Attorney's office receives monies for bad check restitution and for court ordered restitution payments. The Prosecuting Attorney's office policy requires bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to the Prosecuting Attorney for the bad check fee. A bank account is maintained for depositing court ordered restitution monies. For the two years ended December 31, 2001, the Prosecuting Attorney received approximately \$262,745 in restitution monies. Our review noted the following concerns:

- A. Checks and money orders received are not adequately safeguarded against theft or destruction, deposited timely, or restrictively endorsed. Checks and money orders that have not been processed are sometimes left on a desk or put in an unlocked desk drawer instead of being placed in a secure area. During the four-month period between September and December 2001, the Prosecuting Attorney's office made only 12 deposits averaging \$2,147. A cash count on June 19, 2002, revealed 23 checks and money orders, which had been received after the last deposit on June 6, 2002, which had not been restrictively endorsed for deposit only.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, receipts should be restrictively endorsed and deposits should be made daily or when accumulated receipts exceed \$100.

- B. Listings of open items are not prepared and reconciled with cash balances on a monthly basis. The cash balance as of January 31, 2002, was approximately \$15,000 more than the open items list. From April 30, 1998 this unidentified difference had increased approximately \$10,000.

The monthly reconciliation of open items would detect errors on a more timely basis. For example, a \$151 check issued to the Prosecuting Attorney's office for restitution payment was returned due to insufficient funds in December 1997 and a \$156 money order made payable to Prosecuting Attorney's office was returned in January 2001, because a stop payment had been issued. Bad check procedures had not been followed to investigate or prosecute these cases and the Prosecuting Attorney's office continues to carry these liabilities on their books. In addition, there is approximately \$5,000 on the open items listing that has been held since at least December 31, 1997. The open items reconciliation would have brought these to the attention of the Prosecuting Attorney each month.

Monthly listings of open items should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities. Preparation of monthly reconciliations would allow changes in the unidentified difference to be investigated and any errors corrected on a timely basis. Procedures should be adopted to routinely follow up on old open items. Various statutory provisions provide for the disposition of unclaimed monies.

- C. The duties of receiving, recording, and depositing are not adequately segregated. Currently, the Prosecuting Attorney's part-time secretary is responsible for receiving the monies, recording the receipts, preparing the deposits, and writing the checks to be signed by the Prosecuting Attorney.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- D. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks has not been established. Currently, Scott County merchants complete unnumbered affidavits at the time the bad check is turned over to the Prosecuting Attorney for collection. The Prosecuting Attorney's office enters the information from the affidavit into a computer file. The bad check data file is not maintained in a manner affidavit forms can be accounted for properly. In addition, procedures have not been established to ensure all bad check affidavit forms are accounted for properly and that all bad check affidavit forms are entered into the computer.

A cash count on June 19, 2002, revealed \$278 in bad check restitution and fees had been sitting in a drawer since July 2000, because the affidavit filed had been misplaced and the Prosecuting Attorney cannot determine the disposition of the money. Another receipt of a \$10 fee from August 2001, has not been turned over to the County Treasurer, again the office is unsure as to whether the defendant mailed the merchant their payment and fees.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check affidavit form received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned affidavit number, the merchant, the issuer of the check, the amount of the check, the amount of

the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

- E. Outstanding checks are not properly investigated and turned over to the County Treasurer. Our review indicated that as of December 31, 2001, the Prosecuting Attorney's office had approximately \$3,900 in outstanding checks that were over a year old. These checks should be canceled and reissued if the payee can be located. For those payees who cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

Conditions similar to A - C were noted in our prior report.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Properly safeguard receipts by restrictively endorsing checks immediately upon receipt, making deposits daily or when receipts exceed \$100, and ensuring any undeposited monies are maintained in a secure location.
- B. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, the Prosecuting Attorney should attempt to identify all cases with open items, any excess monies should be disposed of in accordance with state law.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check affidavit form and a log to account for the numerical sequence and ultimate disposition of each bad check. In addition, the Prosecuting Attorney should attempt to determine the proper disposition of the unidentified monies.
- E. Attempt to contact the payees of the old outstanding checks and reissue checks if possible. If the payee cannot be contacted, these monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *I will require my staff to immediately begin placing undeposited monies into a locked file cabinet. Deposits will be made more timely, and checks will be endorsed at least every two days (since my staff only works part-time).*

- B. *I do not have adequate staff to implement this recommendation. I will require my staff to do this reconciliation on a more timely basis if the County Commission approves additional staff for my office.*
- C. *I will have one of my assistants begin reviewing the bank reconciliations next month.*
- D. *We are in the process of installing a new computer software package which will number the bad check affidavits and log all bad check information. In the future, all unidentified money orders received in the mail, will be deposited into my office account, held for one year (in case someone is arrested and indicate they have paid with this money order), and then turned over to Unclaimed Property if it remains unclaimed.*
- E. *We will implement this recommendation. We will take care of the current checks by the end of this year, and will review the account twice a year in the future.*

<b>7.</b>	<b>Health Center</b>
-----------	----------------------

- A. The Health Center Board of Trustees approved expenditures in excess of budgeted expenditures by \$140,790 during the year ended December 31, 2001. There was no budget amendment filed to authorize the additional expenditures. The main reason for the excess spending was due to the fact the Health Center Board of Trustees failed to take into consideration their new salary structure when setting the budget and then decided to make a land purchase that had not been planned.

It was ruled in *State ex rel Strong v. Cribb* 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted.

A similar condition was noted in the prior report.

- B. In July 2001, the Health Center Board of Trustees purchased three acres of land at the seller's asking price of \$83,272 (\$27,757 an acre) for the purpose of constructing a new health center for the Sikeston location. The transaction was finalized without obtaining an appraisal of the land. As a result, the board has less assurance the price paid for the property was reasonable or represented the fair value of the property.



**WE RECOMMEND** the Health Center Board of Trustees:

- A. Not authorize warrants in excess of the budgeted amounts. If amendments are necessary, the board should pay strict attention to the state law governing budget amendments and ensure amendments are made prior to incurring the expense.
- B. Obtain an independent appraisal for any property being considered for purchase.

**AUDITEE'S RESPONSE**

*The Health Center Administrator indicated these recommendations will be implemented immediately.*

<b>8. Senate Bill 40 Board Policies and Procedures</b>
--------------------------------------------------------

- A. The Senate Bill 40 Board had a cash balance of \$389,048 and \$486,374 at December 31, 2001 and 2000, respectively. The Senate Bill 40 Board has accumulated a significant cash reserve. In addition, the Board budgets \$50,000 for "potential new projects" each year. The Treasurer of the Board indicated this money is budgeted for requests for funding that are received after the budget is approved. To ensure the adequacy of the budget as a planning tool, the Board should firmly establish all funding projects prior to approving the budget. In addition, the Senate Bill 40 Board should determine its future needs, and consider such information when setting future tax levies.

A similar condition was noted in the prior audit.

- B. The Senate Bill 40 Board expended approximately \$595 for dinner meetings for the board and \$83 in gifts and flowers to board members and county officials during the two years ended December 31, 2001. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner.
- C. Proper notice was not given to the public when the Senate Bill 40 Board's normal meeting time and location were changed. On several occasions, the Senate Bill 40 Board approved dinner meetings, but did not post notification of the change in meeting time or location as required by state statute.

Section 610.020 RSMo 2000, requires meeting time, date, location, and agenda be posted to properly advise the public. At least twenty-four hours notice is required and the meeting must be held at a place accessible to the public and be of adequate size to accommodate the anticipated attendance.

- D. Bids were not obtained or bid documentation was not retained for various equipment purchases made by the Senate Bill 40 Board during the two years ended December 31, 2001. The Senate Bill 40 Board's Treasurer indicated the Board does not solicit bids; the Director of the Sheltered Workshop or organization requesting payment is supposed to solicit the bids. Several items purchased by the Senate Bill 40 Board did not have supporting bid documentation. Examples of items purchased without proper bid documentation include \$9,625 for door repair to the Sheltered Workshop, \$75,300 for a new roof on the Sheltered Workshop, and \$41,550 for the purchase of a special school bus for a local school district.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business.

Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper, publication notices, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors. The Senate Bill 40 Board should require adequate bid documentation be submitted by the workshop or organization prior to payment by the Board.

- E. The Senate Bill 40 Board entered into a verbal agreement with the Bootheel Counseling Center for \$20,000 to provide services to applicable recipients and a local school district for \$41,550 to purchase a specially equipped bus. In both cases, no contract or agreement was signed between the parties indicating what supporting documentation was to be submitted to the Senate Bill 40 Board to indicate how the funds are being spent.

Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties. In addition, without a contract or proper documentation the Senate Bill 40 Board lacks adequate assurance that funds are being spent on their specific purpose of providing services to residents of Scott County.

- F. The Senate Bill 40 Treasurer is not bonded. For the two years ended December 31, 2001, the Treasurer received approximately \$310,000. With the extremely high amount of revenues the opportunity of theft and misuse are significantly high.

To properly safeguard assets, all individuals with the authority to sign checks or who have access to cash should be adequately bonded.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document. In addition, the Board should establish all funding projects prior to approving the budget.
- B. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- C. Post all changes to meeting locations, dates, and times to accordance with state law.
- D. Require all entities to submit proper bid documentation with all requests for purchases by the SB40 Board over \$4,500. In addition, the bid documentation should be retained by SB40 Board to show compliance with state law.
- E. Enter into a written contract with all service providers detailing the responsibilities of each party involved.
- F. Ensure all employees handling funds are adequately bonded.

**AUDITEE'S RESPONSE**

*The Treasurer of the Senate Bill 40 Board indicated:*

- A. *The Board will consider lowering its tax levy when it is set in 2003. Originally we were planning to build a new building for the Sheltered Workshop, but have determined that it is not needed. The Board budgets these monies for requests that come in during the year. We believe this is the best way to handle this.*
- B. *We will implement this recommendation immediately.*
- C. *We will implement this recommendation immediately.*
- D. *We did require bids for the bus; however, we did not request copies of the bid documentation. We will require the bid documentation to be submitted in the future.*
- E. *Information showing the service provided has been submitted; however, locating it has been a problem. We will maintain this documentation in the future.*
- F. *We will implement this recommendation immediately. In addition, we will add this*

*requirement to our bylaws.*

This report is intended for the information of the management of Scott County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## SCOTT COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Scott County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Personnel and Payroll Policies and Procedures

The county had no written policy on the use of county vehicles for personal use. Road and Bridge employees used county vehicles to commute to and from work and mileage was not reported to the IRS as a fringe benefit.

#### Recommendation:

The County Commission comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes.

#### Status:

Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

### 2. County Expenditures and County Vehicles

- A. The county did not issue Forms 1099 MISC for some applicable individuals or unincorporated businesses.
- B. Drug Awareness Resistance Education (DARE) mileage was paid from the Law Enforcement Training Fund.
- C. Usage logs were not maintained for county vehicles.
- D. The county did not have any policies or procedures regarding the use of county vehicles including when personal vehicles could be used for county business or prohibiting the personal use of county vehicles. Although the county had purchased 10 vehicles for the Sheriff's Department, personal vehicles were also being used.

- E.1. The County Clerk employed various relatives as election staff who were paid a total of \$325.
- 2. The Sheriff leased office space from his spouse without documentation demonstrating that the contract was awarded after public notice to solicit competing proposals.
- F. The county paid the Prosecuting Attorney \$3,683 and \$3,291, respectively, for copies during the year ended December 31, 1997 and 1996. It appeared it would be much cheaper for the county to purchase a copy machine rather than to pay the Prosecuting Attorney 15 cents per page.

Recommendation:

- A. The County Commission establish procedures to ensure IRS Forms 1099-MISC are issued as required by the Internal Revenue Code.
- B. The County Commission expend Law Enforcement Training Fund monies only for statutorily allowed expenditures.
- C. The County Commission ensure vehicle usage logs are maintained for all county vehicles.
- D. The County Commission establish policies and procedures regarding the use of county vehicles and establish controls to ensure policies and procedures are complied with.
- E.1. The County Clerk discontinue hiring relatives.
- 2. The Sheriff not lease office space from his spouse unless he documents compliance with Section 105.454.

We also recommend the Prosecuting Attorney review these situations.

- F. The County Commission consider buying a copier instead of paying the Prosecuting Attorney for copies.

Status:

A&B. Implemented.

C&D. Not implemented. See MAR finding number 1.

E.1. Implemented. The County Clerk no longer hires relatives as election staff.

- 2. Implemented. The Sheriff no longer leases office space from his spouse.
- F. Implemented. The County Commission purchased a copy machine for the Prosecuting Attorney's office.
- 3. Federal Financial Assistance
  - A. Sikeston Housing Authority received grant money directly from the Department of Housing and Urban Development. Scott County was designated the recipient and did not maintain documentation of the briefings on grant activity, nor did they obtain copies and review their annual audit.
  - B. The county paid the Prosecuting Attorney \$35 per hour to perform various duties related to the child support enforcement program. However, there appears to be no statutory authority for the compensation paid to the Prosecuting Attorney to exceed the amount authorized by law under Section 56.265 and approved by the County Salary Commission under Section 50.333.
  - C. There was no supporting documentation for a check written on the planning grant for the establishment of a Juvenile Drug Court in Scott County for \$1,260, which was made payable to cash.

Recommendation:

- A. The County Commission properly monitor federal grant subrecipient expenditures to ensure compliance with federal regulations.
- B. The County Commission discontinue paying the additional compensation to the Prosecuting Attorney.
- C. The Circuit Judge resolve the questioned costs with the grantor agency.

Status:

- A. Partially implemented. The county has taken steps to monitor expenditures of subrecipients; however, the county failed to obtain claim forms for two months during 2001. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. The Prosecuting Attorney position will become a full time position in January 2003, thus this situation will be corrected. The current Prosecuting Attorney continues to receive this additional compensation. Although not repeated in the current MAR, our recommendation remains as stated above.



C. Implemented. The Circuit Judge indicated this was turned over to the proper authorities; however, they chose not to pursue prosecution. In addition, the Circuit Judge received a letter from the grantor agency officially closing this grant.

4. Collateral Security

Collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and the County Collector were insufficient by approximately \$1.4 million at January 1998.

Recommendation:

The County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

Status:

Not implemented. See MAR finding number 4.

5. General Fixed Assets

Fixed asset purchases made by elected officials from special revenue funds in the elected officials' control were not recorded in the fixed asset listing.

Recommendation:

The County Clerk work with the elected officials to ensure all fixed asset purchases with an original cost of \$250 or more are properly added to the fixed asset listing and perform thorough physical inventories.

Status:

Implemented.

6. Circuit Clerk's Accounting Controls and Procedures

A. Checks totaling \$762 from the fee account and \$2,227 from the child support account had been outstanding for more than a year.

B. The monthly listings of open items was \$6,977 less than the cash balance.

Recommendation:

The Circuit Clerk:

- A. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- B. Reconcile the monthly listing of open items to the cash balance. In addition, the Circuit Clerk should continue efforts to identify all cases with open items. If not identified, any excess monies should be disposed of in accordance with state law.

Status

- A. Partially implemented. The Circuit Clerk is currently attempting to determine the proper disposition of these monies. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

7. County Collector's Accounting Controls and Procedures

- A. Monies received were not deposited intact. Personal checks were cashed for county employees from daily receipts.
- B. The composition of receipts indicated on the daily cash control sheets was not reconciled to the composition of the bank deposit.
- C. The change fund was not maintained at a constant amount.
- D. The County Collector's bank accounts had a \$12,229 surplus of unidentified monies and \$647 in outstanding checks that were more than a year old.

Recommendation:

The County Collector:

- A. Deposit all receipts intact and discontinue the practice of cashing personal checks.
- B. Reconcile the composition of receipts to the composition of bank deposits.
- C. Maintain the change fund at a constant amount.

- D. Attempt to identify and distribute the unidentified account surplus. Also, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed or unidentified amounts should be disbursed in accordance with state law.

Status:

A&D. Not implemented. Improvements have been made in these areas and although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

8. Associate Circuit Division's Accounting Controls and Procedures

- A. Monies received were not deposited intact. Personal checks were cashed for county employees from daily receipts.
- B. The method of payment received was not always accurately recorded on the one-write ledger for criminal monies. In addition, the composition of receipts was not reconciled to the composition of bank deposits.
- C. The monthly listings of open items of the civil account was \$864 less than the cash balance and a restitution receivable balance due.

Recommendation:

The Associate Circuit Division:

- A. Deposit all receipts intact and discontinue the practice of cashing personal checks from court receipts.
- B. Ensure the method of payment on the criminal one-write ledger is recorded accurately and reconcile the composition of receipts to the composition of bank deposits.
- C. Reconcile the monthly listings of open items to the cash balances for both the civil and criminal accounts. In addition, attempt to identify all cases with open items. If not identified, any excess monies should be disposed of in accordance with state law.

Status:

A,B,  
&C. Implemented.

9. Prosecuting Attorney's Accounting Controls and Procedures

- A.1. The disposition noted on the bad check computer log was not always accurate.
- 2. Some payments made on bad checks could not be traced to the computer records.
- 3. The bad check fee was not collected on some cases.
- B. No sequential summary record (cash control) of restitution receipts and disbursements was maintained.
- C. Restitution and other monies received were not always deposited on a timely basis.
- D. Monthly listings of open items were not always prepared and reconciled with cash balances. At April 30, 1998, the open items list had a cash balance of \$4,978 more than the open items list. In addition, twenty-nine items totaling \$1,623 on the open items listing had been held since December 31, 1995.
- E. The Prosecuting Attorney authorized a total of \$6,370 in supplemental wages from the Prosecuting Attorney Bad Check Fund to several employees. These payments were not reported to the Internal Revenue Service on the employee's W-2.
- F. The interest earned on the Prosecuting Attorney's official bank account was retained by her office and \$105 was spent on an office Christmas party.

Recommendation:

The Prosecuting Attorney:

- A1.
- &2. Establish procedures to ensure all bad check affidavits are properly accounted for with the appropriate disposition noted on the bad check log. In addition, all receipts should be entered into the computer system.
- 3. Document her authorization to waive collection of the bad check fee.
- B. Establish a cash control record for restitution transactions and reconcile periodically to the individual ledger cards.
- C. Deposit monies daily or when accumulated receipts exceed \$100.
- D. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, attempt to identify all cases with open items. If unable to identify, any excess monies should be disposed of in accordance with state law.

- E. Ensure that all compensation is paid through the county's normal payroll process so that the employee's W-2 form properly reflects all compensation and withholdings.
- F. Transfer the remaining interest monies and future interest earned to the County Treasurer for deposit into the General Revenue Fund and discontinue expenditures for social functions for Prosecuting Attorney employees.

Status:

A,B,  
E&F. Implemented.

C&D. Not implemented. See MAR finding number 6.

10. Sheriff's Records and Procedures

The Sheriff did not remit accountable fees totaling \$61,270 and \$69,705 to the county for the years ended December 31, 1997 and 1996, respectively.

Recommendation:

The Sheriff remit all fees to the county monthly as required by state law.

Status:

Implemented.

11. Health Center's Accounting Controls and Procedures

- A. The method of payment received was not always indicated on the receipt slips. In addition, the composition of receipt slips issued was not reconciled to the composition of bank deposits.
- B. The petty cash fund was not maintained on an imprest basis.
- C. Purchases of some computer components were not recorded on the fixed assets listing.
- D. The Health Center approved disbursements in excess of budgeted amounts.

Recommendations:

The Health Center Board of Trustees:

- A. Indicate the method of payment on all receipts slips and reconcile the composition of receipts to the composition of bank deposits.
- B. Maintain the petty cash fund on an imprest basis.
- C. Ensure computer components are added to the fixed asset listing.
- D. Not authorize warrants in excess of budgeted disbursements.

Status:

A,B,  
&C. Implemented.

D. Not implemented. See MAR finding number 7.

12. Senate Bill 40 Board

The Senate Bill 40 Board had accumulated a significant cash reserve.

Recommendation:

The Senate Bill 40 Board review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.

Status:

Not implemented. See MAR finding number 9.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



SCOTT COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1821, the county of Scott was named after John Scott, the first congressman from Missouri. Scott County is a county-organized, third-class county and is part of the Thirty-Third Judicial Circuit. The county seat is Benton.

Scott County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Scott County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 755,753	17	658,754	17
Sales taxes	1,494,755	33	1,133,070	29
Federal and state aid	910,139	20	750,758	20
Fees, interest, and other	1,314,259	30	1,316,421	34
Total	\$ 4,474,906	100	3,859,003	100

The following chart shows how Scott County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 2,332,934	64	1,648,230	38
Public safety	348,535	10	1,712,141	40
Highways and roads	962,493	26	979,583	22
Total	\$ 3,643,962	100	4,339,954	100

The county received \$1,520,209 and \$89,145 for the Law Enforcement Sales Tax for the years ended December 2001 and 2000, respectively, to be used for building a new jail.

The county maintains approximately 99 county bridges and 384 miles of county roads.

The county's population was 33,250 in 1970 and 40,422 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	209.4	194.7	148.7	61.5	41.9
Personal property		95.2	91.8	28.7	16.1	7.6
Railroad and utilities		41.1	39.1	37.5	19.5	12.8
Total	\$	345.7	325.6	214.9	97.1	62.3

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Scott County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.09	.09
Special Road and Bridge Fund*		.29	.29
Johnson Grass		.01	.01
Health Center Fund		.10	.10
Senate Bill 40 Board Fund		.04	.04

\* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 102,971	98,885
General Revenue Fund	319,405	306,859
Road Funds	729,853	692,148
Assessment Fund	143,531	135,274
Health Center Fund	339,548	326,064
Senate Bill 40 Board Fund	135,819	130,426
Johnson Grass Fund	33,969	32,623
Drainage Districts Fund	10,320	11,078
School districts	11,144,220	10,466,482
Library district	203,479	202,337
Fire protection district	264,069	252,085
Ambulance district	915,598	872,785
Special Drainage Districts	175,869	172,094
Water	12,287	15,509
Tax Sale Surplus	0	449
Cities	93,846	86,366
Surtax	299,667	299,333
County Clerk	613	601
County Employees' Retirement	95,779	92,333
Interest	9,680	29,607
TIF	8,656	0
Commissions and fees:		
County Collector	3,808	3,742
General Revenue Fund	242,515	227,074
Total	\$ <u>15,285,502</u>	<u>14,454,154</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	92.2 %	92.8 %
Personal property	87.8	88.5
Railroad and utilities	100.0	100.0

Scott County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Law Enforcement	.0050	2008	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Martin Priggel, Presiding Commissioner	\$	31,700	31,700
Walter Bizzell, Associate Commissioner		29,700	29,700
Jamie Burger, Associate Commissioner		29,700	0
Dewaine Shaffer, Associate Commissioner		0	29,700
Tom Dirnberger, Recorder of Deeds		45,000	45,000
Rita Milam, County Clerk		45,000	45,000
Cristy Baker-Neel, Prosecuting Attorney (1)		87,337	87,792
William F. (Bill) Ferrell, Sheriff (2)		109,868	107,417
Glenda Enderle, County Treasurer		33,300	33,300
Scott C. Amick, County Coroner		16,000	9,200
Henry J. (Cotton) Holyfield, Public Administrator		45,000	0
Delmar Alcorn, Public Administrator (3)		0	15,395
Mark Hensley, County Collector (4), year ended February 28,	48,808	48,742	
Teresa Houchin, County Assessor (5), year ended August 31,		45,000	45,000

- (1) Includes salary as part-time prosecuting attorney of \$55,000 for each year and contracted fees for child support work of \$32,337 and \$32,792 for the year 2001 and 2000 respectively.
- (2) For 2001, compensation includes \$50,000 in salary and \$59,868 in prisoner meals. For 2000, compensation includes \$47,150 in salary and \$60,267 in prisoner meals. In addition, the Sheriff also received mileage reimbursements of \$57,488 and 46,812 for the years ending December 31, 2001 and 2000, respectively.
- (3) Includes fees received from probate cases
- (4) Includes \$3,808 in 2001 and \$3,742 in 2000, from drainage district taxes.
- (5) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Pam Glastetter, Circuit Clerk	47,300	46,127
David C. Mann, Associate Circuit Judge	96,000	97,383
William H. Winchester, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk	0	6
Recorder of Deeds	3	0
County Clerk	3	0
Prosecuting Attorney	8	0
Sheriff	29	0
County Treasurer	2	0
County Coroner	1	0
County Collector	5	0
County Assessor	9	0
Associate Division	0	4
Probate Division	0	2
Road and Bridge	13	0
Health Center	22	0
Buildings and Grounds	2	0
Civil Defense	1	0
Juvenile Office	1	6
911	7	0
Total	<u>106</u>	<u>18</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Scott County's share of the Thirty-Third Judicial Circuit's expenses is 75.07 percent.

On behalf of the Scott County Criminal Justice Center Project, the Scott County Missouri Facilities Authority entered into a lease purchase agreement with Commerce Bank N.A. The terms of the agreement call for the county to lease the building for the jail from the Scott County Missouri Facilities Authority with payments equal to the amount due to retire the indebtedness. The lease for the jail project is scheduled to be paid off in 2008. The remaining principal due on the lease at December 31, 2001, was \$4,650,000.



**CLINTON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-102  
September 30, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Clinton, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Clinton County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have procedures in place to track federal financial assistance for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The county's SEFA contained numerous errors and omissions.
- Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. In addition, the county did not enter into formal written agreements for mapping services or domestic violence funding.
- Minutes were not always prepared to document the matters discussed in closed meetings and open meeting minutes did not always document the information required by state law regarding closed meetings.
- Clinton County received advances from the Multi-County (ACCD) 911 Board which exceeded applicable mapping expenditures by \$32,335. This excess should be reviewed and possibly refunded.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Clinton County's Associate County Commissioners salaries were each increased approximately \$7,400 yearly, according to information from the County Clerk.

(over)

YELLOW SHEET

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800 for the two years ended December 31, 2000, should be repaid.

- The county does not maintain detailed timesheets to ensure amounts paid to the 911 Coordinator are appropriately allocated among the 911 Fund, Special Road and Bridge Fund, and General Revenue Fund.

Also included in the audit are recommendations to the Health Center relating to depository agreements, collateral securities, and receipting monies, and to the Senate Bill 40 Board relating to contracts, approval of requests for funds, and supporting documentation for expenditures. In addition, recommendations were made to improve accounting controls and procedures of the Associate Circuit Division, Sheriff, and County Clerk.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



CLINTON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-18
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-18
Notes to the Financial Statements .....	19-23
Supplementary Schedule:.....	24-26
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	25-26
Notes to the Supplementary Schedule .....	27-29
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	31-33
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	32-33

CLINTON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>		
Schedule:.....	34-37	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	35-37	
Section I - Summary of Auditor's Results .....	35-36	
Section II - Financial Statement Findings .....	36	
Section III - Federal Award Findings and Questioned Costs .....	36-37	
<u>Number</u>	<u>Description</u>	
01-1.	Schedule of Expenditures of Federal Awards.....36	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	38-39	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	40-41	
<u>MANAGEMENT ADVISORY REPORT SECTION</u>		
Management Advisory Report - State Auditor's Findings .....	43-55	
<u>Number</u>		
1.	Bidding and Contracts.....45	
2.	Closed Meeting Minutes .....	46
3.	Multi-County (ACCD 911) System .....	47
4.	Officials' Salaries .....	47
5.	Payroll .....	48
6.	County Clerk .....	49
7.	Associate Division Accounting Controls .....	49
8.	Sheriff Accounting Controls .....	51
9.	Health Center .....	52
10.	Senate Bill 40 Board .....	53

CLINTON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Follow-Up on Prior Audit Findings .....	56-58
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	60-65

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Clinton County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Clinton County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Clinton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Clinton County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Clinton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 8, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Clinton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

August 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Christina Brown
Audit Staff:	Julie Vollmer
	Gek Mui (Melinda) Tan
	Naima Ramlatchman



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Clinton County, Missouri

We have audited the special-purpose financial statements of various funds of Clinton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Clinton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Clinton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over



financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Clinton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

August 8, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

CLINTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 51,515	1,759,331	1,720,064	90,782
Special Road and Bridge	87,522	1,392,749	1,463,619	16,652
Assessment	1	197,102	197,102	1
Law Enforcement Training	9,516	8,386	7,146	10,756
Prosecuting Attorney Training	1,051	2,563	2,596	1,018
Capital Improvement	284,722	718,113	617,758	385,077
Prosecuting Attorney Child Support	14,219	82,259	78,819	17,659
Mapping Improvement	49,135	3,275	12,293	40,117
Prosecuting Attorney Bad Check	8,765	15,510	14,054	10,221
Drug Abuse Resistance Education	581	23	0	604
Recorder's User Fees	2,261	24,710	22,744	4,227
Emergency	68,590	3,406	0	71,996
Local Emergency Planning	3,501	4,513	3,023	4,991
Peace Officers Standard Training	12,265	4,817	3,682	13,400
Sheriff Civil Fees	11,614	20,283	18,096	13,801
A.C.C.D. 911 Mapping Improvement	33,006	61,594	94,600	0
Sheriff's Canine Training	638	1,038	995	681
Investigative Squad	11,582	68,657	66,565	13,674
Tips Hotline	409	256	665	0
Election Services	2,954	3,256	0	6,210
School COPS	5,960	86,617	83,573	9,004
Associate Division Interest	1,301	425	40	1,686
Circuit Clerk Interest	616	655	901	370
Law Library	6,456	5,870	8,770	3,556
Health Center	75,362	590,973	533,455	132,880
Senate Bill 40 Board	342,593	167,757	212,708	297,642
Alexander Trust	15,000	843	1,000	14,843
Local Law Enforcement Block Grant	0	7,041	7,041	0
Prosecuting Attorney Victims of Crime Advocate	0	10,749	8,198	2,551
Subdivision	0	57,210	0	57,210
Victims of Domestic Violence	0	1,304	1,304	0
Family Guidance	0	10,134	10,134	0
Total	\$ 1,101,135	5,311,419	5,190,945	1,221,609

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CLINTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 74,946	1,606,196	1,629,627	51,515
Special Road and Bridge	111,434	1,338,634	1,362,546	87,522
Assessment	1	183,944	183,944	1
Law Enforcement Training	7,035	9,328	6,847	9,516
Prosecuting Attorney Training	1,297	2,462	2,708	1,051
Capital Improvement	139,541	525,739	380,558	284,722
Prosecuting Attorney Child Support	13,312	69,456	68,549	14,219
Mapping Improvement	50,072	2,713	3,650	49,135
Prosecuting Attorney Bad Check	5,651	10,672	7,558	8,765
Drug Abuse Resistance Education	551	30	0	581
Recorder's User Fees	394	22,600	20,733	2,261
Emergency	63,945	4,645	0	68,590
Local Emergency Planning	2,115	5,581	4,195	3,501
Peace Officers Standard Training	10,354	4,817	2,906	12,265
Sheriff Civil Fees	12,406	18,955	19,747	11,614
A.C.C.D. 911 Mapping Improvement	87,217	40,434	94,645	33,006
Sheriff's Canine Training	93	1,029	484	638
Investigative Squad	1,891	70,895	61,204	11,582
Tips Hotline	1,642	56	1,289	409
Election Services	0	2,954	0	2,954
School COPS	0	21,600	15,640	5,960
Associate Division Interest	909	442	50	1,301
Circuit Clerk Interest	903	980	1,267	616
Law Library	5,641	5,905	5,090	6,456
Health Center	62,976	630,440	618,054	75,362
Senate Bill 40 Board	299,173	163,263	119,843	342,593
Alexander Trust	14,466	534	0	15,000
Local Law Enforcement Block Grant	0	12,026	12,026	0
Victims of Domestic Violence	0	1,565	1,565	0
Family Guidance	0	26,103	26,103	0
Total	\$ 967,965	4,783,998	4,650,828	1,101,135

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## CLINTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 5,257,191	5,299,981	42,790	4,941,391	4,743,770	(197,621)
DISBURSEMENTS	6,055,488	5,179,507	875,981	5,962,474	4,611,134	1,351,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	(798,297)	120,474	(833,191)	(1,021,083)	132,636	(1,548,961)
CASH, JANUARY 1	1,101,135	1,101,135	0	953,499	953,499	0
CASH, DECEMBER 31	302,838	1,221,609	918,771	(67,584)	1,086,135	1,153,719
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	365,310	375,817	10,507	341,540	316,736	(24,804)
Sales and Use taxes	557,000	618,013	61,013	519,200	547,304	28,104
Intergovernmental	201,961	235,539	33,578	216,758	216,108	(650)
Charges for services	414,911	435,653	20,742	391,909	418,945	27,036
Interest	15,000	13,684	(1,316)	12,000	17,624	5,624
Other	33,237	39,825	6,588	25,751	45,579	19,828
Transfers in	40,800	40,800	0	43,900	43,900	0
Total Receipts	1,628,219	1,759,331	131,112	1,551,058	1,606,196	55,138
DISBURSEMENTS						
County Commission	90,180	88,381	1,799	88,980	88,484	496
County Clerk	68,979	68,527	452	70,555	70,636	(81)
Elections	52,455	42,916	9,539	63,600	69,356	(5,756)
Buildings and grounds	178,800	140,958	37,842	185,978	145,403	40,575
Employee fringe benefits	288,900	240,246	48,654	256,500	205,737	50,763
County Treasurer	42,590	39,783	2,807	43,590	41,214	2,376
County Collector	81,397	74,719	6,678	77,047	73,798	3,249
Ex Officio Recorder of Deeds	32,871	44,703	(11,832)	30,553	17,379	13,174
Circuit Clerk	29,815	4,762	25,053	31,315	24,871	6,444
Associate Circuit Court	11,300	6,288	5,012	11,200	10,360	840
Associate Circuit (Probate)	500	0	500	500	0	500
Court administration	13,000	4,888	8,112	12,500	7,924	4,576
Public Administrator	21,275	21,710	(435)	5,030	5,097	(67)
Sheriff	471,000	446,692	24,308	430,100	407,848	22,252
Jail	128,250	101,529	26,721	150,800	94,540	56,260
Prosecuting Attorney	123,374	119,181	4,193	129,133	132,670	(3,537)
Juvenile Officer	22,024	13,506	8,518	22,248	12,499	9,749
County Coroner	21,280	19,284	1,996	16,080	13,048	3,032
Insurance and bonds	28,000	26,359	1,641	26,800	23,434	3,366
University extension	31,700	31,700	0	30,000	30,012	(12)
Emergency management	8,585	9,960	(1,375)	8,000	7,001	999
Zoning Commission	54,439	46,709	7,730	52,665	40,499	12,166
Miscellaneous	174,800	102,220	72,580	98,280	79,151	19,129
911 Coordinator	5,700	2,343	3,357	7,800	364	7,436
Health and Welfare	400	400	0	400	400	0
Transfers out	11,300	22,300	(11,000)	4,700	27,902	(23,202)
Emergency Fund	48,800	0	48,800	46,532	0	46,532
Total Disbursements	2,041,714	1,720,064	321,650	1,900,886	1,629,627	271,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	(413,495)	39,267	(452,762)	(349,828)	(23,431)	326,397
CASH, JANUARY 1	51,515	51,515	0	74,946	74,946	0
CASH, DECEMBER 31	(361,980)	90,782	(452,762)	(274,882)	51,515	326,397

## Exhibit B

## CLINTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	660,000	684,848	24,848	619,000	650,466	31,466
Intergovernmental	658,200	641,298	(16,902)	591,520	630,539	39,019
Interest	27,000	15,445	(11,555)	35,000	31,766	(3,234)
Other	30,500	46,858	16,358	63,000	21,163	(41,837)
Transfers in	14,300	4,300	(10,000)	4,700	4,700	0
Total Receipts	1,390,000	1,392,749	2,749	1,313,220	1,338,634	25,414
<b>DISBURSEMENTS</b>						
Salaries	463,600	406,512	57,088	445,000	398,309	46,691
Employee fringe benefits	182,100	130,341	51,759	148,745	110,157	38,588
Supplies	112,000	114,748	(2,748)	107,500	91,381	16,119
Insurance	23,000	18,273	4,727	23,000	15,979	7,021
Road and bridge materials	520,000	449,869	70,131	570,000	437,445	132,555
Equipment repairs	63,000	77,247	(14,247)	60,000	62,300	(2,300)
Rentals	1,000	0	1,000	1,000	91	909
Equipment purchases	222,000	168,282	53,718	268,000	154,966	113,034
Facility improvements	30,000	598	29,402	30,000	4,227	25,773
Construction, repair, and maintenance	8,000	4,506	3,494	20,000	349	19,651
Other	168,000	52,443	115,557	163,000	43,442	119,558
Transfers out	40,800	40,800	0	43,900	43,900	0
Total Disbursements	1,833,500	1,463,619	369,881	1,880,145	1,362,546	517,599
RECEIPTS OVER (UNDER) DISBURSEMENTS	(443,500)	(70,870)	372,630	(566,925)	(23,912)	543,013
CASH, JANUARY 1	87,522	87,522	0	111,434	111,434	0
CASH, DECEMBER 31	(355,978)	16,652	372,630	(455,491)	87,522	543,013
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	191,853	192,190	337	187,650	166,884	(20,766)
Interest	2,150	2,043	(107)	2,150	2,085	(65)
Other	3,650	2,869	(781)	3,650	2,123	(1,527)
Transfers in	0	0	0	0	12,852	12,852
Total Receipts	197,653	197,102	(551)	193,450	183,944	(9,506)
<b>DISBURSEMENTS</b>						
Assessor	205,569	195,698	9,871	201,743	183,944	17,799
Transfers out	0	1,404	(1,404)	0	0	0
Total Disbursements	205,569	197,102	8,467	201,743	183,944	17,799
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,916)	0	7,916	(8,293)	0	8,293
CASH, JANUARY 1	1	1	0	1	1	0
CASH, DECEMBER 31	(7,915)	1	7,916	(8,292)	1	8,293
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	8,000	8,386	386	7,600	9,328	1,728
Total Receipts	8,000	8,386	386	7,600	9,328	1,728
<b>DISBURSEMENTS</b>						
Sheriff	9,000	7,146	1,854	7,500	6,847	653
Total Disbursements	9,000	7,146	1,854	7,500	6,847	653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,240	2,240	100	2,481	2,381
CASH, JANUARY 1	9,516	9,516	0	7,035	7,035	0
CASH, DECEMBER 31	8,516	10,756	2,240	7,135	9,516	2,381

## Exhibit B

## CLINTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,500	2,563	63	2,300	2,462	162
Total Receipts	2,500	2,563	63	2,300	2,462	162
DISBURSEMENTS						
Prosecuting Attorney	2,500	2,596	(96)	2,800	2,708	92
Total Disbursements	2,500	2,596	(96)	2,800	2,708	92
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(33)	(33)	(500)	(246)	254
CASH, JANUARY 1	1,051	1,051	0	1,297	1,297	0
CASH, DECEMBER 31	1,051	1,018	(33)	797	1,051	254
<b><u>CAPITAL IMPROVEMENT FUND</u></b>						
RECEIPTS						
Sales taxes	500,000	512,640	12,640	454,200	484,951	30,751
Intergovernmental	100,000	186,769	86,769	160,000	12,283	(147,717)
Interest	13,000	15,493	2,493	7,000	13,171	6,171
Other	2,000	3,211	1,211	0	15,334	15,334
Total Receipts	615,000	718,113	103,113	621,200	525,739	(95,461)
DISBURSEMENTS						
Road and bridge materials	225,000	192,710	32,290	225,000	54,887	170,113
Special Road Districts	200,000	207,480	(7,480)	181,680	193,981	(12,301)
Equipment repairs	5,000	0	5,000	5,000	0	5,000
Mileage	500	0	500	500	0	500
Equipment purchases	35,000	0	35,000	35,000	0	35,000
Construction, repair, and maintenance	225,000	217,558	7,442	225,000	131,679	93,321
Other	5,000	10	4,990	5,000	11	4,989
Total Disbursements	695,500	617,758	77,742	677,180	380,558	296,622
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,500)	100,355	180,855	(55,980)	145,181	201,161
CASH, JANUARY 1	284,722	284,722	0	139,541	139,541	0
CASH, DECEMBER 31	204,222	385,077	180,855	83,561	284,722	201,161
<b><u>PROSECUTING ATTORNEY CHILD SUPPORT FUND</u></b>						
RECEIPTS						
Intergovernmental	74,345	81,457	7,112	64,620	68,256	3,636
Interest	1,000	802	(198)	500	1,200	700
Total Receipts	75,345	82,259	6,914	65,120	69,456	4,336
DISBURSEMENTS						
Office expenditures	11,500	14,761	(3,261)	8,000	11,128	(3,128)
Salaries	48,000	50,250	(2,250)	48,000	48,000	0
Employee fringe benefits	11,516	13,659	(2,143)	12,126	8,957	3,169
Seminars and training	1,000	149	851	1,000	464	536
Equipment purchases	500	0	500	1,000	0	1,000
Miscellaneous	2,830	0	2,830	0	0	0
Total Disbursements	75,346	78,819	(3,473)	70,126	68,549	1,577
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1)	3,440	3,441	(5,006)	907	5,913
CASH, JANUARY 1	14,219	14,219	0	13,312	13,312	0
CASH, DECEMBER 31	14,218	17,659	3,441	8,306	14,219	5,913

## Exhibit B

CLINTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MAPPING IMPROVEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Interest	2,000	1,871	(129)	1,900	2,713	813
Transfers in	0	1,404	1,404	0	0	0
Total Receipts	2,000	3,275	1,275	1,900	2,713	813
<b>DISBURSEMENTS</b>						
Maps	50,000	12,293	37,707	50,000	0	50,000
Transfers out	0	0	0	0	3,650	(3,650)
Total Disbursements	50,000	12,293	37,707	50,000	3,650	46,350
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,000)	(9,018)	38,982	(48,100)	(937)	47,163
CASH, JANUARY 1	49,135	49,135	0	50,072	50,072	0
CASH, DECEMBER 31	1,135	40,117	38,982	1,972	49,135	47,163
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	10,000	15,203	5,203	7,500	10,467	2,967
Interest	0	307	307	76	205	129
Total Receipts	10,000	15,510	5,510	7,576	10,672	3,096
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	10,000	9,054	946	7,500	7,558	(58)
Transfers out	0	5,000	(5,000)	0	0	0
Total Disbursements	10,000	14,054	(4,054)	7,500	7,558	(58)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,456	1,456	76	3,114	3,038
CASH, JANUARY 1	8,765	8,765	0	5,651	5,651	0
CASH, DECEMBER 31	8,765	10,221	1,456	5,727	8,765	3,038
<b><u>DRUG ABUSE RESISTANCE EDUCATION FUND</u></b>						
<b>RECEIPTS</b>						
Interest	15	23	8	20	30	10
Other	500	0	(500)	800	0	(800)
Total Receipts	515	23	(492)	820	30	(790)
<b>DISBURSEMENTS</b>						
Sheriff	500	0	500	800	0	800
Total Disbursements	500	0	500	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	23	8	20	30	10
CASH, JANUARY 1	581	581	0	551	551	0
CASH, DECEMBER 31	596	604	8	571	581	10
<b><u>RECORDER'S USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	10,000	14,565	4,565	12,000	10,447	(1,553)
Interest	0	145	145	0	153	153
Transfers in	10,000	10,000	0	12,000	12,000	0
Total Receipts	20,000	24,710	4,710	24,000	22,600	(1,400)
<b>DISBURSEMENTS</b>						
Recorder of Deeds	22,261	22,744	(483)	24,000	20,733	3,267
Total Disbursements	22,261	22,744	(483)	24,000	20,733	3,267
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,261)	1,966	4,227	0	1,867	1,867
CASH, JANUARY 1	2,261	2,261	0	394	394	0
CASH, DECEMBER 31	0	4,227	4,227	394	2,261	1,867



## Exhibit B

## CLINTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY FUND</u></b>						
RECEIPTS						
Property taxes	0	42	42	0	0	0
Interest	3,000	2,364	(636)	2,500	3,145	645
Transfers in	0	1,000	1,000	0	1,500	1,500
Total Receipts	3,000	3,406	406	2,500	4,645	2,145
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	3,406	406	2,500	4,645	2,145
CASH, JANUARY 1	68,590	68,590	0	63,945	63,945	0
CASH, DECEMBER 31	71,590	71,996	406	66,445	68,590	2,145
<b><u>LOCAL EMERGENCY PLANNING FUND</u></b>						
RECEIPTS						
Intergovernmental	1,469	4,399	2,930	1,738	4,965	3,227
Interest	75	114	39	100	116	16
Transfers in	0	0	0	500	500	0
Total Receipts	1,544	4,513	2,969	2,338	5,581	3,243
DISBURSEMENTS						
Salaries	1,375	1,500	(125)	1,500	1,532	(32)
Seminars and training	700	523	177	950	863	87
Equipment purchases	1,000	1,000	0	0	0	0
Other	0	0	0	1,938	1,800	138
Total Disbursements	3,075	3,023	52	4,388	4,195	193
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,531)	1,490	3,021	(2,050)	1,386	3,436
CASH, JANUARY 1	3,501	3,501	0	2,115	2,115	0
CASH, DECEMBER 31	1,970	4,991	3,021	65	3,501	3,436
<b><u>PEACE OFFICER'S STANDARD TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	6,000	4,355	(1,645)	5,000	4,224	(776)
Interest	300	462	162	200	593	393
Total Receipts	6,300	4,817	(1,483)	5,200	4,817	(383)
DISBURSEMENTS						
Sheriff	7,000	3,682	3,318	5,000	2,906	2,094
Total Disbursements	7,000	3,682	3,318	5,000	2,906	2,094
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	1,135	1,835	200	1,911	1,711
CASH, JANUARY 1	12,265	12,265	0	10,354	10,354	0
CASH, DECEMBER 31	11,565	13,400	1,835	10,554	12,265	1,711
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	25,000	19,868	(5,132)	25,000	18,394	(6,606)
Interest	450	415	(35)	500	561	61
Total Receipts	25,450	20,283	(5,167)	25,500	18,955	(6,545)
DISBURSEMENTS						
Sheriff	25,000	18,096	6,904	20,500	19,747	753
Total Disbursements	25,000	18,096	6,904	20,500	19,747	753
RECEIPTS OVER (UNDER) DISBURSEMENTS	450	2,187	1,737	5,000	(792)	(5,792)
CASH, JANUARY 1	11,614	11,614	0	12,406	12,406	0
CASH, DECEMBER 31	12,064	13,801	1,737	17,406	11,614	(5,792)

## Exhibit B

CLINTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>A.C.C.D. 911 MAPPING IMPROVEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	60,000	60,000	0	60,000	35,000	(25,000)
Interest	3,000	1,594	(1,406)	1,500	5,434	3,934
Total Receipts	63,000	61,594	(1,406)	61,500	40,434	(21,066)
DISBURSEMENTS						
Mapping	94,601	94,600	1	146,000	94,645	51,355
Total Disbursements	94,601	94,600	1	146,000	94,645	51,355
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,601)	(33,006)	(1,405)	(84,500)	(54,211)	30,289
CASH, JANUARY 1	33,006	33,006	0	87,217	87,217	0
CASH, DECEMBER 31	1,405	0	(1,405)	2,717	33,006	30,289
<b><u>SHERIFF'S CANINE TRAINING FUND</u></b>						
RECEIPTS						
Interest	20	33	13	0	29	29
Other	1,000	1,005	5	1,000	1,000	0
Total Receipts	1,020	1,038	18	1,000	1,029	29
DISBURSEMENTS						
Sheriff	1,000	995	5	600	484	116
Total Disbursements	1,000	995	5	600	484	116
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	43	23	400	545	145
CASH, JANUARY 1	638	638	0	93	93	0
CASH, DECEMBER 31	658	681	23	493	638	145
<b><u>INVESTIGATIVE SQUAD FUND</u></b>						
RECEIPTS						
Intergovernmental	45,270	35,361	(9,909)	45,270	40,913	(4,357)
Interest	500	569	69	500	677	177
Other	30,387	25,727	(4,660)	27,824	29,305	1,481
Transfers in	0	7,000	7,000	0	0	0
Total Receipts	76,157	68,657	(7,500)	73,594	70,895	(2,699)
DISBURSEMENTS						
Sheriff	81,560	66,565	14,995	70,646	61,204	9,442
Total Disbursements	81,560	66,565	14,995	70,646	61,204	9,442
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,403)	2,092	7,495	2,948	9,691	6,743
CASH, JANUARY 1	11,582	11,582	0	1,891	1,891	0
CASH, DECEMBER 31	6,179	13,674	7,495	4,839	11,582	6,743
<b><u>TIPS HOTLINE FUND</u></b>						
RECEIPTS						
Interest	10	6	(4)	10	56	46
Other	3,000	250	(2,750)	0	0	0
Total Receipts	3,010	256	(2,754)	10	56	46
DISBURSEMENTS						
Phone	1,500	665	835	1,550	1,289	261
Total Disbursements	1,500	665	835	1,550	1,289	261
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,510	(409)	(1,919)	(1,540)	(1,233)	307
CASH, JANUARY 1	409	409	0	1,642	1,642	0
CASH, DECEMBER 31	1,919	0	(1,919)	102	409	307

## Exhibit B

CLINTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	500	3,109	2,609	500	2,899	2,399
Interest	25	147	122	10	55	45
Total Receipts	525	3,256	2,731	510	2,954	2,444
<b>DISBURSEMENTS</b>						
Elections	1,000	0	1,000	0	0	0
Total Disbursements	1,000	0	1,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(475)	3,256	3,731	510	2,954	2,444
CASH, JANUARY 1	2,954	2,954	0	0	0	0
CASH, DECEMBER 31	2,479	6,210	3,731	510	2,954	2,444
<b><u>SCHOOL COPS FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	94,815	80,080	(14,735)	18,000	15,584	(2,416)
Interest	0	537	537	0	16	16
Other	6,000	6,000	0	6,000	6,000	0
Total Receipts	100,815	86,617	(14,198)	24,000	21,600	(2,400)
<b>DISBURSEMENTS</b>						
Sheriff	94,815	83,573	11,242	17,950	15,640	2,310
Total Disbursements	94,815	83,573	11,242	17,950	15,640	2,310
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,000	3,044	(2,956)	6,050	5,960	(90)
CASH, JANUARY 1	5,960	5,960	0	0	0	0
CASH, DECEMBER 31	11,960	9,004	(2,956)	6,050	5,960	(90)
<b><u>ASSOCIATE DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	550	425	(125)	800	442	(358)
Total Receipts	550	425	(125)	800	442	(358)
<b>DISBURSEMENTS</b>						
Associate Circuit Court	1,400	40	1,360	1,200	50	1,150
Total Disbursements	1,400	40	1,360	1,200	50	1,150
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	385	1,235	(400)	392	792
CASH, JANUARY 1	1,301	1,301	0	909	909	0
CASH, DECEMBER 31	451	1,686	1,235	509	1,301	792
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	1,000	655	(345)	2,600	980	(1,620)
Total Receipts	1,000	655	(345)	2,600	980	(1,620)
<b>DISBURSEMENTS</b>						
Circuit Clerk	1,664	901	763	3,500	1,267	2,233
Total Disbursements	1,664	901	763	3,500	1,267	2,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(664)	(246)	418	(900)	(287)	613
CASH, JANUARY 1	616	616	0	903	903	0
CASH, DECEMBER 31	(48)	370	418	3	616	613

## Exhibit B

## CLINTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	5,900	5,870	(30)	5,500	5,905	405
Total Receipts	5,900	5,870	(30)	5,500	5,905	405
DISBURSEMENTS						
Law Library	8,500	8,770	(270)	5,000	5,090	(90)
Total Disbursements	8,500	8,770	(270)	5,000	5,090	(90)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,600)	(2,900)	(300)	500	815	315
CASH, JANUARY 1	6,456	6,456	0	5,641	5,641	0
CASH, DECEMBER 31	3,856	3,556	(300)	6,141	6,456	315
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	150,500	157,185	6,685	300,000	149,387	(150,613)
Intergovernmental	323,700	320,672	(3,028)	377,000	347,202	(29,798)
Charges for services	45,000	52,007	7,007	45,000	58,470	13,470
Interest	7,000	8,541	1,541	7,000	6,789	(211)
Other	38,500	52,568	14,068	65,800	68,592	2,792
Total Receipts	564,700	590,973	26,273	794,800	630,440	(164,360)
DISBURSEMENTS						
Salaries	412,625	421,545	(8,920)	517,060	467,726	49,334
Office expenditures	13,300	10,209	3,091	13,400	11,283	2,117
Equipment	6,500	2,858	3,642	7,500	10,482	(2,982)
Mileage and training	22,000	23,835	(1,835)	24,000	23,204	796
Other	95,450	75,008	20,442	109,250	105,359	3,891
Total Disbursements	549,875	533,455	16,420	671,210	618,054	53,156
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,825	57,518	42,693	123,590	12,386	(111,204)
CASH, JANUARY 1	75,362	75,362	0	62,976	62,976	0
CASH, DECEMBER 31	90,187	132,880	42,693	186,566	75,362	(111,204)
<b><u>SENATE BILL 40 FUND</u></b>						
RECEIPTS						
Property taxes	365,310	155,985	(209,325)	142,295	148,169	5,874
Intergovernmental	0	0	0	0	0	0
Interest	15,000	11,767	(3,233)	11,000	12,234	1,234
Other	0	5	5	0	2,860	2,860
Total Receipts	380,310	167,757	(212,553)	153,295	163,263	9,968
DISBURSEMENTS						
Administrative expenses	5,500	5,201	299	5,000	3,676	1,324
Programs	209,500	207,507	1,993	187,250	116,167	71,083
Total Disbursements	215,000	212,708	2,292	192,250	119,843	72,407
RECEIPTS OVER (UNDER) DISBURSEMENTS	165,310	(44,951)	(210,261)	(38,955)	43,420	82,375
CASH, JANUARY 1	342,593	342,593	0	299,173	299,173	0
CASH, DECEMBER 31	507,903	297,642	(210,261)	260,218	342,593	82,375

## Exhibit B

CLINTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ALEXANDER TRUST FUND</u></b>						
RECEIPTS						
Interest	550	843	293			
Total Receipts	550	843	293			
DISBURSEMENTS						
Senate Bill 40 Board	0	1,000	(1,000)			
Total Disbursements	0	1,000	(1,000)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	550	(157)	(707)			
CASH, JANUARY 1	15,000	15,000	0			
CASH, DECEMBER 31	15,550	14,843	(707)			
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	6,968	6,968	0			
Interest	0	73	73			
Total Receipts	6,968	7,041	73			
DISBURSEMENTS						
Sheriff	6,968	7,041	(73)			
Total Disbursements	6,968	7,041	(73)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<b><u>PROSECUTING ATTORNEY VICTIMS OF CRIME ADVOCATE FUND</u></b>						
RECEIPTS						
Intergovernmental	6,640	5,736	(904)			
Interest	0	13	13			
Transfers in	5,000	5,000	0			
Total Receipts	11,640	10,749	(891)			
DISBURSEMENTS						
Salaries	6,126	5,480	646			
Fringe Benefits	514	435	79			
Office Expenditures	5,000	2,283	2,717			
Total Disbursements	11,640	8,198	3,442			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,551	2,551			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	2,551	2,551			
<b><u>SUBDIVISION FUND</u></b>						
RECEIPTS						
Interest	20	1,710	1,690			
Other	55,500	55,500	0			
Total Receipts	55,520	57,210	1,690			
DISBURSEMENTS						
Road Improvements	5,000	0	5,000			
Total Disbursements	5,000	0	5,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	50,520	57,210	6,690			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	50,520	57,210	6,690			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CLINTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Clinton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, Senate Bill 40 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Alexander Trust Fund	2000
Local Law Enforcement Block Grant	2000
Victims of Domestic Violence Fund	2001 and 2000
Family Guidance Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Prosecuting Attorney Child Support Fund	2001
Prosecuting Attorney Bad Check Fund	2001 and 2000
Recorder's User Fees Fund	2001
Law Library Fund	2001 and 2000
Alexander Trust Fund	2001
Local Law Enforcement Block Grant Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2001 and 2000
Special Road & Bridge Fund	2001 and 2000
Assessment Fund	2001 and 2000

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Circuit Clerk Interest Fund for the year ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.



However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000
Recorder's User Fees Fund	2000
Associate Division Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Drug Abuse Resistance Education Fund	2000
Emergency Fund	2000
Law Library Fund	2001 and 2000
Alexander Trust Fund	2001

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for the various local governments. However, for the purposes of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2001, \$4,050,220 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name and \$296,898 was uninsured and uncollateralized.

Of the Health Center Board's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance and \$14,516 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the county and Health Center Board were substantially higher at those times than such amounts at year-end.

To protect the safety of the county's and Health Center Board's deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The county's deposits at December 31, 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2000, were entirely covered by federal depositary insurance.

The Senate Bill 40 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name.

## Supplementary Schedule

CLINTON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-0124 ERS0045-1124 ERS0045-2124	\$ 69,792	67,559
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	1999UMWX3218 2000SHWX0474 1999UMWX3218 2000SHWX0474	0 0 38,316 80,080	37,944 15,584 0 0
	Program Total		118,396	53,528
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	880
	Passed through:			
	State Department of Public Safety -			
16.554	National Criminal History Improvement Program	95-RU-RX-K011	0	10,806
16.575	Crime Victim Assistance	2000-VOCA-0025	8,633	0
16.592	Local Law Enforcement Block Grants Program	99-LBG-020 2001-LB-BX-0453	0 6,968	8,950 0
	Program Total		6,968	8,950
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,430	2,106
16.727	Missouri Office of Prosecution Services (MOPS)- Missouri State Highway Patrol	N/A	1,265	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-025(14) BRO-025(16)	183,414 645	0 14,991
	Program Total		184,059	14,991
20.600	State and Community Highway Safety	01-PT-02-38	6,191	0
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,469	1,738

## Schedule

CLINTON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	1,962	1,584
83.544	Public Assistance Grants	N/A	2,512	2,579
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1124L ER0146-0124CLPP	750	361
93.268	Immunization Grants	N/A	35,569	35,180
	Program Total	PGA064-2124A	1,260	0
			36,829	35,180
Department of Social Services -				
93.563	Child Support Enforcement	N/A	80,054	54,241
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0124C PGA067-1124C PGA067-2124C PGA067-0124S PGA067-1124S PGA067-2124S	2,079	3,190
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00077 ERS161-10084 ERS161-20054	4,518	4,576
93.991	Preventive Health and Health Services Block Grant	N/A	0	375
93.994	Maternal and Child Health Services Block Grant to the States	N/A	3,165	1,875
		ERS146-0124M ERS146-1124M ERS175-2017F ERS175-0124F ERS175-1124F C700015014	23,781	27,774
	Program Total		26,946	29,649
	Total Expenditures of Federal Awards		\$ 553,853	292,293

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

CLINTON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Clinton County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state

Department of Health during the year ended December 31, 2000. Amounts for the Immunization Grants (CFDA number 93.268) during the year ended December 31, 2001 and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Clinton County, Missouri

Compliance

We have audited the compliance of Clinton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Clinton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Clinton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Clinton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

August 8, 2002 (fieldwork completion date)

Schedule

CLINTON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.710	Public Safety Partnership and Community Policing Grants (COPS)
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1.                      Schedule of Expenditures of Federal Awards</b>
------------------------------------------------------------------------------

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ER0045-0124
Award Years:	2001 and 2000
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants (COPS)
Pass-Through Entity Identifying Number:	2000-SH-WX-0470
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement
Pass-Through Entity	
Identifying Number:	N/A
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to track federal financial assistance for the preparation of the SEFA. The county's SEFA contained numerous errors and omissions. The 2001 and 2000 expenditures from the Public Safety Partnership and Community Policing Grants (CFDA number 16.710) were overstated by \$10,045 and \$7,342, respectively, and were shown as a local law enforcement block grant in 2001 and as a maternal and child health services grant in 2000. Expenditures for several other grants were not accurate. The Health Center only reports revenues from grants they administer and there is no evidence that the county requested expenditure amounts for the schedule. Two federally funded programs, with expenditures totaling approximately \$89,000, were not included on the SEFA, and several programs which were not federally funded were included. In addition, the SEFA did not include the required pass-through entities' identifying numbers or contract numbers for some programs.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare complete and accurate schedules of expenditures of federal awards.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We agree and will ensure that the 2002 SEFA schedule is accurate and complete.*



Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CLINTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

CLINTON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

CLINTON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Clinton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 8, 2002. We also have audited the compliance of Clinton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 8, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes the findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Clinton County but do

not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Bidding and Contracts</b>
---------------------------------

- A. Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. Examples of items purchased for which bids were not solicited or adequate documentation could not be located were as follows: gas for approximately \$25,000 annually, chip and sealing of county roads for approximately \$16,000, and culverts for approximately \$9,300. In addition, the County Commission paid \$104,000 for a grader, which was \$13,000 more than the lowest bidder's price. The county commission minutes did not indicate the reason for accepting the higher bid.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices when available, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- B. The county did not enter into formal written agreements for ACCD 911 system mapping services and for funding provided to the Clinton County domestic violence shelter. During the two years ended December 31, 2001, the county paid approximately \$207,000 for ACCD 911 mapping services and approximately \$2,850 to the domestic violence shelter.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Board minutes should document approval of all agreements.



**WE RECOMMEND** the County Commission:

- A. Solicit bids for all items in accordance with Section 50.660, RSMo 2000. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk.
- B. Ensure that contracts are obtained and entered into for services received.

**AUDITEE'S RESPONSE**

- A. *We agree and will ensure that we maintain better documentation in the future.*
- B. *We agree and will do this in the future.*

<b>2. Closed Meeting Minutes</b>
----------------------------------

Minutes were not always prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the related vote to close the meeting, reasons for closing the meeting, or the final disposition of matters discussed in closed meetings.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and personnel issues. Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

**WE RECOMMEND** the County Commission ensure minutes are prepared, approved, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.

**AUDITEE'S RESPONSE**

*We will ensure this is done in the future.*

**3.****Multi-County (ACCD) 911 System**

The ACCD 911 system was formed in 1992 by Andrew, Caldwell, Clinton, and DeKalb counties and the City of Cameron. Financial records are maintained by DeKalb County officials. Each county is responsible for providing dispatching and coordination services, and each county has performed separate 911 mapping. Operations are funded by an emergency telephone tax which is authorized by Section 190.305, RSMo 2000.

Clinton County requests monies from DeKalb County to cover all mapping expenditures. The county received \$236,010 for 911 mapping expenditures, but provided documentation for only \$203,675. The county should review mapping expenditures and advances not used for allowable mapping expenses should be refunded to the 911 board.

**WE RECOMMEND** the County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

**AUDITEE'S RESPONSE**

*We agree and will discuss this issue with the Multi-County (ACCD) 911 Board and will plan to disburse these funds by January 2003.*

**4.****Officials' Salaries**

During our audit we noted the following conditions related to various elected officials' salaries:

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Clinton County's Associate County Commissioners salaries were each increased approximately \$7,400 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800 for the two years ended December 31, 2000, should be repaid.

- B. All county officials received raises, effective January 1, 2000, due to a change in assessed valuation of the county. However, Section 50.333.8, RSMo, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received these raises prior to their dates of incumbency which are March 1 and September 1, respectively. In addition, the Salary Commission used the current year's assessed valuation rather than the preceding year's assessed valuation to determine the maximum allowable salaries for all officials in 2000.

**WE RECOMMEND** the County Commission and the salary commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and proceed accordingly.

**AUDITEE'S RESPONSE**

- A. *The Salary Commission, at that time, passed these raises based on existing state law, and the current County Commission does not plan to request repayment at this time.*
- B. *We will request a written legal opinion from the Prosecuting Attorney regarding the legality of these raises, and in the future we will request written legal opinions on various issues.*

**5.**

**Payroll**

The 911 Coordinator is paid approximately \$17,000 annually from the Special Road and Bridge Fund. During the years ended December 31, 2001 and 2000, approximately 24 percent and 29 percent, respectively, of the salary was reimbursed by the 911 Fund. The county does not maintain documentation to support the amount of salary reimbursed by the 911 Fund, nor do they maintain detailed timesheets for the employee.

Since the 911 Coordinator performs various tasks related to general county government, 911 coordination, and road and bridge, the County Commission should ensure the 911 Coordinator's pay is properly allocated between the three areas, based on a detailed timesheet.

**WE RECOMMEND** the County Commission require detailed timesheets from the 911 Coordinator to ensure appropriate amounts are paid from the 911 Fund, Special Road and Bridge Fund and General Revenue Fund.

**AUDITEE'S RESPONSE**

*We agree and will ensure detailed timesheets are maintained in the future.*

<b>6. County Clerk</b>
------------------------

The County Clerk does not maintain a complete account book with the County Collector. The County Clerk maintains only delinquent tax information in her account book. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

**WE RECOMMEND** the County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.

**AUDITEE'S RESPONSE**

*I agree and will begin to maintain a complete account book effective with the preparation of the 2002 tax books.*

<b>7. Associate Division Accounting Controls</b>
--------------------------------------------------

- A. Formal bank reconciliations for the bond account were not prepared. Timely preparation of bank reconciliations is necessary to ensure accounting records and bank records are in agreement and allows for timely detection and correction of errors.
- B. Monthly listings of open items for the bond account are prepared, but the listings are not reconciled to the cash balances. The open items listing at December 31, 2001 exceeded the cash balance by approximately \$370. Our review of the bond account report revealed instances where items were not properly recorded on the report,

which serves as the open items listing. For instance, a receipt for \$175 in January 2000 and two disbursements for \$300 and \$500 in May and June 2001, respectively, had not been posted to the open items listing. Differences identified through the reconciliation process indicate errors within the accounting records that should be investigated and resolved.

A periodic reconciliation of open items to the cash balance provides assurance that the records are in balance, that receipts and disbursements have been accurately handled and recorded, and that sufficient cash is available for payment of all liabilities.

- C. Checks which have been outstanding for a considerable length of time should be periodically reviewed. We noted eight checks, totaling approximately \$420, which were outstanding over one year. If the payees of old outstanding checks can be identified and located, these checks should be reissued. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

**WE RECOMMEND** that the Associate Division:

- A. Prepare and document bank reconciliations for the bond account on a monthly basis and reconcile to the accounting records. Ensure documented periodic reviews of receipts to deposits and bank reconciliations are performed.
- B. Ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
- C. Reissue old outstanding checks where the payee can be located. Any unclaimed amounts should be turned over to the state's Unclaimed Property Section in accordance with state law.

**AUDITEE'S RESPONSE**

*The Associate Clerk responded:*

- A. *We have always reviewed the bond account bank statement, but in the future we will ensure it is clearly documented that the book and bank records are in agreement. We have already begun providing copies of the bank reconciliations to the judge for review.*
- B. *The open items listing now reconciles to the cash balance and we will ensure the listing is reconciled to the cash balance in the future.*
- C. *We agree and plan to do this immediately.*

- A. The duties of cash custody and record-keeping have not been adequately segregated. The Sheriff's bookkeeper is primarily responsible for collecting, recording, depositing, and disbursing all monies received in the Sheriff's office. There are no documented reviews of the accounting records performed by the Sheriff.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. We noted the following concerns regarding receipts:

1. Receipts are not deposited on a timely basis. Deposits were generally made weekly, but during a cash count we noted some monies on hand had been held for over three weeks. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
2. Receipts are not posted to the cash control ledger when written and the method of payment is not always indicated on receipt slips. Receipts are posted to the cash control ledger at month end. To ensure accounting records are complete, to assist in the reconciliation process, and to allow for consistent deposit procedures to be developed, receipts should be posted to the cash control ledger when written. In addition, the method of payment should be indicated on each receipt slip and the composition should be reconciled to the composition of bank deposits.

- C. Bank reconciliations are not performed for the commissary account. During 2001 and 2000, 13 of 24 bank statements had not even been opened by the clerk. In addition, an open items listing is not prepared monthly and reconciled with the account balance. Individual inmate account balances are maintained on the computer system, but the clerk indicated she did not know how to print out an open items listing, which would summarize the balance of all the accounts. We prepared an open items listing as of July 31, 2002, by manually totaling the individual accounts, and reconciled the July 2002 bank statement. The commissary account reconciled bank balance exceeded open items by \$197. While the Sheriff indicated this excess was the profit from handling the account, there was no documentation to support that.

The preparation of monthly bank reconciliations is necessary to ensure that all monies are properly deposited, bank accounts are in agreement with the accounting

records, and errors or discrepancies are detected on a timely basis. In addition, the preparation of an accurate open items listing and comparison to the reconciled cash balance ensures sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Profits earned from handling this account should be periodically remitted to the county treasury.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B.1. Deposit daily or when accumulated receipts exceed \$100.
  - 2. Post all receipts to the cash control ledger on a timely basis. In addition, ensure method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- C. Prepare bank reconciliations for the commissary account and reconcile the cash balance to the open items listing on a monthly basis. In addition, the excess cash balance which represents profit should be remitted periodically to the county treasury.

**AUDITEE'S RESPONSE**

- A. *I agree and will begin performing periodic reviews of accounting records immediately.*
- B.1. *I agree and will ensure deposits are made twice weekly or once we receive \$100.*
  - 2. *I agree and will ensure this is done.*
- C. *I agree. Bank reconciliations will be performed monthly and we will reconcile the cash balance to open items listing. Any excess cash greater than \$100 will be turned over to county treasury at least twice a year.*

<b>9.</b>	<b>Health Center</b>
-----------	----------------------

- A. The Health Center does not have a depository agreement with the bank and collateral securities were not pledged by the Health Center Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 2001, the board's bank balance exceeded FDIC coverage by \$14,516 and at other times throughout the year the boards' deposits were not adequately collateralized.

Section 110.020, RSMo 2000, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount

insured by the FDIC. Inadequate collateral securities leave board funds unsecured and subject to loss in the event of bank failure.

- B. Receipt slips are not issued for some monies received. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slip should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits.

**WE RECOMMEND** the Health Center Board:

- A. Obtain a bank depository agreement and ensure adequate collateral securities are pledged for all deposits in excess of FDIC coverage.
- B. Require that prenumbered receipt slips be issued for all monies received. In addition, the method of payment should be indicated on all receipts and the composition of receipts should be reconciled to deposits.

**AUDITEE'S RESPONSE**

- A. *We agree and will have this implemented by November 1, 2002.*
- B. *We agree and have implemented this recommendation.*

<b>10. Senate Bill 40 Board</b>
---------------------------------

- A.1. The board did not enter into a formal written agreement with the Cameron Children's Development Center (CCDC) and paid them approximately \$44,000 during the two years ended December 31, 2001.
- 2. The contract with Clinco (sheltered workshop provider) was not up to date. The most recent signed contract with Clinco was from 1993. That contract allows for salaries of a production worker to be \$12,000, however, a current production worker was noted as receiving approximately \$17,800. Total contract payments to Clinco for 2001 and 2000 were approximately \$80,900 and \$36,200, respectively.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Board minutes should document approval of all agreements.



- B. The board has not established a written policy for the review and approval of requests for funds by citizens. Requests for funds are submitted to the board and are typically reviewed at board meetings. The approval or denial of a request is typically documented in the minutes, but there is little detail provided in situations where a request is denied. During our audit period, we noted an instance where a request for funds by a citizen was denied and the reason stated was that more information needed to be provided to determine if the request would be beneficial. We also noted instances where requests for funds for a similar purpose were made by board members and were approved without further review or a determination of the benefit of the purchase.

The board should consider establishing a written policy, which defines the requirements for approving requests for funds to ensure fair and equitable treatment is extended to all citizens.

- C. The board made payments to vendors without requiring or retaining adequate supporting documentation. For example, invoices for \$1,622 and \$1,522 were paid to purchase computers for handicap children in the county, and \$14,860 was paid to Albany Regional One Council for services provided to group home residents of Clinton County; however, these invoices were not retained by the board. In addition, approval of expenditures is not adequately documented. Generally, the approval is not documented in the meeting minutes, but is given verbally from the Board Treasurer to the accounting clerk.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of Senate Bill 40 funds. In addition, expenditures made from board funds should be reviewed and approved by the board before payment is made to ensure all disbursements represent valid costs of the board.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Enter into written agreements for all services and up date all contracts. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement.
- B. Establish a written policy detailing the requirements for requesting funds.
- C. Ensure adequate documentation is received and maintained to support all expenditures. In addition, review and approve all expenditures of Senate Bill 40 funds.

### **AUDITEE'S RESPONSE**

- A. *We agree and plan to enter into contracts with these entities by January 2003.*
- B. *We agree and plan to develop a written policy for the public to use when requesting funds from the Senate Bill 40 Board by January 2003. Future minutes will include more detail regarding these types of situations.*
- C. *Adequate documentation will be maintained for the future, and meeting minutes will include a listing of all approved expenditures.*

This report is intended for the information of the management of Clinton County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

CLINTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Clinton County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Financial Statements

- A. Formal budgets were not prepared for various county funds for the year ended December 31, 1997, 1996 and 1995.
- B. Disbursements for several funds exceeded the approved budget.
- C. The financial activity of some county funds was not included in the annual published financial statements.

Recommendations:

- A. The County Commission ensure financial information for all county funds is included in the annual budgets.
- B. The County Commission and the Health Center Board of Trustees refrain from incurring disbursements in excess of budgeted amounts. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.
- C. The County Commission ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

A,B,

- &C. Not implemented. Although not repeated in the current MAR, these recommendations remain as stated above.

2. Property Tax Reduction Due to Sales Tax

Voters authorized a ½ cent county sales tax with a ballot restriction that provided the county would annually reduce its property tax levy by 50 percent of the total amount of sales tax collected. Although the county had adequate procedures to calculate the roll back and to set the property tax levy, the county had not adjusted for excess property taxes collected in prior

years. As a result, the county did not make adequate adjustment to correct for excess property taxes collected in prior years.

Recommendation:

The County Commission ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

CLINTON COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1833, the county of Clinton was named after DeWitt Clinton, an American Statesman. Clinton County is a county-organized, third-class county and is part of the 43rd Judicial Circuit. The county seat is Plattsburg.

Clinton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Clinton County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,060,665	34	967,202	33
Sales taxes	618,013	19	547,304	18
Federal and state aid	876,837	28	846,647	29
Fees, interest, and other	596,565	19	583,677	20
Total	\$ 3,152,080	100	2,944,830	100

The following chart shows how Clinton County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county	\$ 1,012,874	32	969,023	32
Public safety	707,190	22	660,604	22
Highways and roads	1,463,619	46	1,362,546	46
Total	\$ 3,183,683	100	2,992,173	100



During 2001 and 2000, Clinton County received \$718,113 and \$525,739, respectively, in the Capital Improvements Fund and expended \$617,758 and \$380,558, respectively, for the purpose of bridge construction and maintenance.

The county and two Special Road Districts maintain approximately 102 county bridges and 517 miles of county roads.

The county's population was 12,462 in 1970 and 18,979 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	125.3	119.9	57.9	39.1	24.4
Personal property		43.0	40.1	12.8	9.2	6.1
Railroad and utilities		10.0	11.4	12.8	9.2	6.8
Total	\$	178.3	171.4	83.5	57.5	37.3

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Clinton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.2076	.2200
Special Road and Bridge Fund*		.3500	.3500
Health Center Fund		.0909	.0909
Senate Bill 40 Board Fund		.0909	.0909

\* The county retains all tax proceeds from areas not within road districts. The county has 2 road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	53,681	51,262
General Revenue Fund		378,989	373,755
Road Funds		1,101,215	1,048,600
Assessment Fund		107,599	98,115
Health Center Fund		161,127	152,824
Senate Bill 40 Board Fund		159,885	151,615
School districts		7,079,237	6,369,322
Ambulance district		297,650	308,640
Fire protection district		438,776	419,429
Watershed		1,752	1,519
Refunds and miscellaneous		3,121	2,720
Cities		473,125	223,802
County Clerk		1,144	1,152
County Employees' Retirement		64,882	59,303
Commissions and fees:			
General Revenue Fund		173,329	159,702
Collector		15,831	5,920
County Clerk		4,296	0
Total	\$	<u>10,515,639</u>	<u>9,427,680</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate	92 %		92 %
Personal property	87		89
Railroad and utilities	98		100

Clinton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Capital improvements	.0050	2007	0

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Mark Hoover, Presiding Commissioner	\$	29,060	29,060
James Crenshaw, Associate Commissioner		27,060	27,060
E.W. Dixon, Associate Commissioner		27,060	27,060
Mary Blanton, County Clerk (1)		41,440	41,000
Mitch Elliott, Prosecuting Attorney		49,000	49,000
Dan Jones, Sheriff		45,000	38,032
Grace Daniels, County Treasurer		30,340	30,340
Robert Angle, County Coroner		13,000	7,500
John Denis O'Connor, Public Administrator (2)		20,000	13,839
Sharon Cockrum, County Collector (3), year ended February 28 (29),	55,993	46,686	
Jerry Howard, County Assessor (4), year ended August 31,		41,900	41,900

- (1) County Clerk earned \$440 in 2001 for collecting city property taxes.
- (2) Includes fees received from probate cases for the year 2000.
- (3) Includes \$14,758 and \$5,686 respectively, of commissions earned for collecting city property taxes for the collector.  
A portion of the commissions earned each year were paid in March of the following year.
- (4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Betty Mallen, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Paul T. Luckenbill, Jr., Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	3	
Circuit Clerk and Ex Officio Recorder of Deeds	2	3
County Clerk	2	
Prosecuting Attorney	6	
Sheriff	26	
County Treasurer	1	
County Coroner	1	
County Collector	3	
County Assessor	6	
Associate Division		3
Probate Division	1	
Road and Bridge	19	
Health Center	16	
Juvenile Officer	1	
Total	<u>87</u>	<u>6</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Clinton County's share of the 43<sup>rd</sup> Judicial Circuit's expenses is 30.55 percent.



**IRON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-101  
September 27, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Iron County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Iron County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. The Iron County salary commission did not address this issue in 1997. Two legal opinions provided to the county from the prosecuting attorney's office advised against approving the raises since a court would likely view them as unconstitutional and repayments might be required. Regardless of these factors, in March 1999, the county commission approved mid-term raises for the associate county commissioners retroactively effective to January 1, 1999.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$15,400, for the two years ended December 31, 2000, should be repaid.

- The county does not have a written policy on the use of county vehicles and vehicle usage logs prepared do not provide adequate details or distinguish between business and commuting usage.
- The county has not adopted a written county-wide overtime and compensatory time policy.

(over)

SHEET  
MOT  
YELLOW

- The Sheriff maintains a bank account outside the county treasury. A budget was not prepared for the fund and the fund was not listed on the county's published financial statement. Some expenditures from the fund did not appear necessary for the operation of the sheriff's department.

Also included in the audit are recommendations to improve the accounting controls and procedures of the Associate Circuit and Probate Divisions, Circuit Clerk, and Prosecuting Attorney. The audit also includes some matters related to budgets and county expenditures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

IRON COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

**FINANCIAL SECTION**

---

State Auditor's Reports: ..... 2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 5-6

Financial Statements: ..... 7-14

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....	10-14

Notes to the Financial Statements ..... 15-18

Supplementary Schedule: ..... 19-21

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 ..... 20-21

Notes to the Supplementary Schedule ..... 22-24

---

**FEDERAL AWARDS - SINGLE AUDIT SECTION**

---

State Auditor's Report: ..... 26-28

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133 ..... 27-28



# IRON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	29-31
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	30-31
Section I - Summary of Auditor's Results .....	30-31
Section II - Financial Statement Findings .....	31
Section III - Federal Award Findings and Questioned Costs .....	31
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	32-33
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	34-35
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	37-46
<u>Number</u>	
1. Associate Commissioner Salaries .....	39
2. County Vehicles .....	40
3. Personnel Policies .....	41
4. Budgetary Practices and Expenditures .....	41
5. Sheriff's Commissions Fund .....	42
6. Associate Circuit and Probate Divisions' Controls and Procedures .....	44
7. Circuit Clerk's Controls and Procedures .....	44
8. Prosecuting Attorney's Trustee Account .....	45
Follow-Up on Prior Audit Findings .....	47-54
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	56-60

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Iron County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Iron County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Iron County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Iron County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Iron County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 1, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Iron County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

August 1, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Liang Xu
	Zeb Tharp
	Adrian Kennedy



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Iron County, Missouri

We have audited the special-purpose financial statements of various funds of Iron County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Iron County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Iron County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Iron County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 1, 2002 (fieldwork completion date)

## Financial Statements



Exhibit A-1

IRON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 375,649	1,350,757	1,265,496	460,910
Special Road and Bridge	421,288	907,957	1,025,451	303,794
Assessment	33	144,000	144,012	21
Law Enforcement Training	679	1,238	1,557	360
Prosecuting Attorney Training	2,244	607	80	2,771
Special Law Enforcement	3,971	195	4,033	133
Sheriff's Civil Fund	5,801	10,904	16,373	332
Record Preservation Fund	19,087	5,617	12,185	12,519
Iron Co. Industrial Development Association	902	40,387	39,539	1,750
Marriage Fund	1,082	888	0	1,970
Health Center	122,876	329,236	304,836	147,276
Board for the Developmentally Disabled	76,300	162,414	156,300	82,414
Prosecuting Attorney Delinquent Tax	513	28	0	541
Prosecuting Attorney Bad Checks	12,191	9,146	9,162	12,175
Circuit Clerk Interest	10,297	2,134	0	12,431
Associate Circuit Division Interest	2,358	766	0	3,124
Law Library	613	4,838	1,603	3,848
Sheriff's Commissions	2,762	9,975	10,870	1,867
Sound Recording	94	264	0	358
Recorder Technical	0	1,195	0	1,195
Total	\$ 1,058,740	2,982,546	2,991,497	1,049,789

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

IRON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 363,981	1,216,016	1,204,348	375,649
Special Road and Bridge	401,040	1,158,842	1,138,594	421,288
Assessment	79	141,781	141,827	33
Law Enforcement Training	445	758	524	679
Prosecuting Attorney Training	1,800	444	0	2,244
Special Law Enforcement	3,508	463	0	3,971
Sheriff's Civil Fund	13,487	10,434	18,120	5,801
Record Preservation Fund	20,494	10,391	11,798	19,087
Iron Co. Industrial Development Association	689	41,679	41,466	902
Marriage Fund	1,076	506	500	1,082
Health Center	361,295	330,471	568,890	122,876
Board for the Developmentally Disabled	89,735	153,404	166,839	76,300
Prosecuting Attorney Delinquent Tax	485	28	0	513
Prosecuting Attorney Bad Checks	11,514	10,250	9,573	12,191
Circuit Clerk Interest	8,489	1,808	0	10,297
Associate Circuit Division Interest	1,966	392	0	2,358
Law Library	459	4,230	4,076	613
Sheriff's Commissions	2,741	3,849	3,828	2,762
Sound Recording	0	94	0	94
Total	\$ 1,283,283	3,085,840	3,310,383	1,058,740

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## IRON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,883,098	2,954,200	71,102	3,042,534	3,065,189	22,655
DISBURSEMENTS	3,263,956	2,969,862	294,094	3,576,831	3,292,906	283,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	(380,858)	(15,662)	365,196	(534,297)	(227,717)	306,580
CASH, JANUARY 1	1,020,446	1,029,912	9,466	1,257,857	1,257,629	(228)
CASH, DECEMBER 31	639,588	1,014,250	374,662	723,560	1,029,912	306,352
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	425,000	476,190	51,190	407,000	401,980	(5,020)
Sales taxes	310,000	309,060	(940)	310,000	309,446	(554)
Intergovernmental	221,274	232,036	10,762	196,424	247,877	51,453
Charges for services	197,580	211,387	13,807	194,500	188,129	(6,371)
Interest	30,000	31,219	1,219	26,000	29,243	3,243
Other	60,285	47,491	(12,794)	40,050	1,221	(38,829)
Transfers in	42,000	43,374	1,374	38,250	38,120	(130)
Total Receipts	1,286,139	1,350,757	64,618	1,212,224	1,216,016	3,792
DISBURSEMENTS						
County Commission	78,025	75,975	2,050	76,744	76,519	225
County Clerk	74,357	73,789	568	72,676	70,868	1,808
Elections	700	343	357	21,800	27,141	(5,341)
Buildings and grounds	80,500	68,591	11,909	65,500	69,417	(3,917)
Employee fringe benefits	174,150	159,760	14,390	141,600	153,051	(11,451)
County Treasurer	32,897	30,061	2,836	31,455	30,130	1,325
County Collector	69,062	66,591	2,471	68,869	67,041	1,828
Circuit Clerk	28,200	27,277	923	25,972	23,721	2,251
Associate Circuit Court	17,725	17,972	(247)	20,450	19,759	691
Court administration	12,164	5,830	6,334	10,764	14,074	(3,310)
Public Administrator	37,460	36,752	708	11,607	12,284	(677)
Sheriff	395,049	379,529	15,520	377,129	374,207	2,922
Jail	55,360	55,155	205	52,750	48,633	4,117
Prosecuting Attorney	89,972	88,146	1,826	85,389	83,312	2,077
Juvenile Officer	20,000	20,000	0	20,000	20,000	0
County Coroner	12,312	11,310	1,002	8,142	7,421	721
Other	156,403	137,015	19,388	129,908	93,870	36,038
Transfers out	27,000	11,400	15,600	20,000	12,900	7,100
Emergency Fund	30,000	0	30,000	30,000	0	30,000
Total Disbursements	1,391,336	1,265,496	125,840	1,270,755	1,204,348	66,407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,197)	85,261	190,458	(58,531)	11,668	70,199
CASH, JANUARY 1	375,649	375,649	0	363,981	363,981	0
CASH, DECEMBER 31	270,452	460,910	190,458	305,450	375,649	70,199

## Exhibit B

## IRON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	403,000	427,758	24,758	412,000	405,923	(6,077)
Intergovernmental	474,000	446,876	(27,124)	703,500	670,571	(32,929)
Interest	33,000	30,428	(2,572)	28,000	32,948	4,948
Other	4,000	2,895	(1,105)	4,500	49,400	44,900
Total Receipts	914,000	907,957	(6,043)	1,148,000	1,158,842	10,842
<b>DISBURSEMENTS</b>						
Salaries	328,000	307,340	20,660	328,000	310,696	17,304
Employee fringe benefits	104,300	100,816	3,484	88,000	93,079	(5,079)
Supplies	85,500	81,563	3,937	81,300	89,504	(8,204)
Insurance	20,000	24,157	(4,157)	18,000	18,867	(867)
Road and bridge materials	177,000	177,353	(353)	177,000	158,460	18,540
Equipment repairs	40,400	47,756	(7,356)	40,400	33,135	7,265
Rentals	500	195	305	500	24	476
Equipment purchases	204,000	205,692	(1,692)	182,000	169,687	12,313
Construction, repair, and maintenance	22,000	21,827	173	237,000	210,354	26,646
Debt service	14,800	15,752	(952)	0	13,788	(13,788)
Other	0	0	0	14,800	0	14,800
Transfers out	43,000	43,000	0	41,000	41,000	0
Total Disbursements	1,039,500	1,025,451	14,049	1,208,000	1,138,594	69,406
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125,500)	(117,494)	8,006	(60,000)	20,248	80,248
CASH, JANUARY 1	421,288	421,288	0	401,040	401,040	0
CASH, DECEMBER 31	295,788	303,794	8,006	341,040	421,288	80,248
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	138,642	140,388	1,746	140,000	137,755	(2,245)
Interest	1,000	963	(37)	1,000	1,076	76
Other	4,000	1,249	(2,751)	3,000	50	(2,950)
Transfers in	17,000	1,400	(15,600)	10,000	2,900	(7,100)
Total Receipts	160,642	144,000	(16,642)	154,000	141,781	(12,219)
<b>DISBURSEMENTS</b>						
Assessor	160,642	144,012	16,630	154,013	141,827	12,186
Total Disbursements	160,642	144,012	16,630	154,013	141,827	12,186
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(12)	(12)	(13)	(46)	(33)
CASH, JANUARY 1	33	33	0	79	79	0
CASH, DECEMBER 31	33	21	(12)	66	33	(33)

## Exhibit B

## IRON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,275	1,214	(61)	900	742	(158)
Interest	50	24	(26)	50	16	(34)
Total Receipts	1,325	1,238	(87)	950	758	(192)
<b>DISBURSEMENTS</b>						
Sheriff	1,325	1,557	(232)	1,325	524	801
Total Disbursements	1,325	1,557	(232)	1,325	524	801
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(319)	(319)	(375)	234	609
CASH, JANUARY 1	679	679	0	445	445	0
CASH, DECEMBER 31	679	360	(319)	70	679	609
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	300	473	173	400	333	(67)
Interest	50	134	84	50	111	61
Total Receipts	350	607	257	450	444	(6)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	350	80	270	450	0	450
Total Disbursements	350	80	270	450	0	450
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	527	527	0	444	444
CASH, JANUARY 1	2,244	2,244	0	1,800	1,800	0
CASH, DECEMBER 31	2,244	2,771	527	1,800	2,244	444
<b><u>SPECIAL LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	200	0	(200)	300	250	(50)
Interest	200	195	(5)	0	213	213
Total Receipts	400	195	(205)	300	463	163
<b>DISBURSEMENTS</b>						
Equipment	3,556	4,033	(477)	500	0	500
Mileage and training	0	0	0	1,500	0	1,500
Other	0	0	0	1,500	0	1,500
Total Disbursements	3,556	4,033	(477)	3,500	0	3,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,156)	(3,838)	(682)	(3,200)	463	3,663
CASH, JANUARY 1	4,027	3,971	(56)	3,508	3,508	0
CASH, DECEMBER 31	871	133	(738)	308	3,971	3,663

## Exhibit B

## IRON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF'S CIVIL FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	10,000	10,347	347	10,000	9,576	(424)
Interest	1,000	557	(443)	500	858	358
Total Receipts	11,000	10,904	(96)	10,500	10,434	(66)
<b>DISBURSEMENTS</b>						
Equipment	0	0	0	10,000	7,000	3,000
Transfer out	15,000	16,373	(1,373)	11,250	11,120	130
Total Disbursements	15,000	16,373	(1,373)	21,250	18,120	3,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	(5,469)	(1,469)	(10,750)	(7,686)	3,064
CASH, JANUARY 1	5,801	5,801	0	13,487	13,487	0
CASH, DECEMBER 31	1,801	332	(1,469)	2,737	5,801	3,064
<b><u>RECORD PRESERVATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	4,200	4,678	478	10,000	4,288	(5,712)
Interest	900	939	39	800	923	123
Other	0	0	0	0	5,180	5,180
Total Receipts	5,100	5,617	517	10,800	10,391	(409)
<b>DISBURSEMENTS</b>						
Microfilm and storage	2,500	2,742	(242)	8,000	528	7,472
Equipment	8,000	9,443	(1,443)	5,000	11,270	(6,270)
Total Disbursements	10,500	12,185	(1,685)	13,000	11,798	1,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,400)	(6,568)	(1,168)	(2,200)	(1,407)	793
CASH, JANUARY 1	19,087	19,087	0	20,494	20,494	0
CASH, DECEMBER 31	13,687	12,519	(1,168)	18,294	19,087	793
<b><u>IRON COUNTY INDUSTRIAL DEVELOPMENT ASSOCIATION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	14,900	14,004	(896)	21,000	17,256	(3,744)
Interest	500	383	(117)	500	423	(77)
Transfers in	25,000	26,000	1,000	24,000	24,000	0
Total Receipts	40,400	40,387	(13)	45,500	41,679	(3,821)
<b>DISBURSEMENTS</b>						
Salaries	30,765	29,396	1,369	30,150	29,051	1,099
Office expenditures	1,400	1,892	(492)	2,400	1,383	1,017
Equipment	1,500	504	996	500	0	500
Mileage	2,000	1,866	134	3,000	2,455	545
Other	4,300	5,881	(1,581)	9,450	8,577	873
Total Disbursements	39,965	39,539	426	45,500	41,466	4,034
RECEIPTS OVER (UNDER) DISBURSEMENTS	435	848	413	0	213	213
CASH, JANUARY 1	902	902	0	689	689	0
CASH, DECEMBER 31	1,337	1,750	413	689	902	213

Exhibit B

IRON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MARRIAGE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	500	810	310	500	440	(60)
Interest	30	78	48	30	66	36
Total Receipts	530	888	358	530	506	(24)
<b>DISBURSEMENTS</b>						
Contract services	500	0	500	500	500	0
Total Disbursements	500	0	500	500	500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	888	858	30	6	(24)
CASH, JANUARY 1	1,082	1,082	0	1,076	1,076	0
CASH, DECEMBER 31	1,112	1,970	858	1,106	1,082	(24)
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	151,126	157,441	6,315	148,000	150,105	2,105
Intergovernmental	107,586	112,126	4,540	108,580	112,575	3,995
Charges for services	35,000	41,009	6,009	36,000	41,312	5,312
Interest	6,000	8,274	2,274	10,000	12,715	2,715
Other	10,600	10,386	(214)	2,100	13,764	11,664
Total Receipts	310,312	329,236	18,924	304,680	330,471	25,791
<b>DISBURSEMENTS</b>						
Salaries	238,700	228,953	9,747	221,000	219,496	1,504
Office expenditures	20,500	17,607	2,893	20,000	15,654	4,346
Equipment	25,000	7,896	17,104	25,000	13,161	11,839
Travel	6,800	5,720	1,080	6,800	5,352	1,448
Building and property	10,000	0	10,000	262,000	256,947	5,053
Contingency fund	45,788	0	45,788	46,075	0	46,075
Other	86,400	44,660	41,740	85,100	58,280	26,820
Total Disbursements	433,188	304,836	128,352	665,975	568,890	97,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(122,876)	24,400	147,276	(361,295)	(238,419)	122,876
CASH, JANUARY 1	122,876	122,876	0	361,295	361,295	0
CASH, DECEMBER 31	0	147,276	147,276	0	122,876	122,876
<b><u>BOARD FOR THE DEVELOPMENTALLY DISABLED FUND</u></b>						
<b>RECEIPTS</b>						
Property Taxes	145,000	153,214	8,214	147,000	144,923	(2,077)
Interest	3,700	5,000	1,300	3,400	4,281	881
Other	4,200	4,200	0	4,200	4,200	0
Total Receipts	152,900	162,414	9,514	154,600	153,404	(1,196)
<b>DISBURSEMENTS</b>						
Health and welfare	168,094	156,300	11,794	192,563	166,839	25,724
Total Disbursements	168,094	156,300	11,794	192,563	166,839	25,724
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,194)	6,114	21,308	(37,963)	(13,435)	24,528
CASH, JANUARY 1	66,778	76,300	9,522	89,963	89,735	(228)
CASH, DECEMBER 31	\$ 51,584	82,414	30,830	52,000	76,300	24,300

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements



IRON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Iron County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, Health Center Board or the Board for the Developmentally Disabled. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Checks Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Sheriff's Commissions Fund	2001 and 2000
Sound Recording Fund	2001 and 2000
Recorder Technical Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2001
Special Law Enforcement Fund	2001
Sheriff's Civil Fund	2001
Record Preservation Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Sheriff's Commissions Fund	2001 and 2000
Sound Recording Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S.

Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and health center's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's and health center's custodial bank in the county's or health center's names.

The Board for the Developmentally Disabled's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances in the Health Center Fund at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

## Schedule

IRON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct Program				
10.670	National Forest - Economic Recovery			
	Iron County Signage	N/A	\$ 4,505	35
	Annapolis Gazebo	N/A	4,797	250
	Viburnum Strategic Plan	N/A	5,000	35
	Leadership Project IV	N/A	0	2,500
	Leadership Project V	N/A	1,159	0
	Pocket Park	N/A	18,709	945
	Iron County Festival	N/A	4,864	0
	Program total		<u>39,034</u>	<u>3,765</u>
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER50451146W ER0045-0146	40,582 0	0 41,243
	Program total		<u>40,582</u>	<u>41,243</u>
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	29,742	135,139
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1999UMX3035	37,736	47,308
Passed through Missouri Sheriff's Association				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	0	1,083
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-047(5)	8,854	204,849
State Emergency Management Agency -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,679	1,308

## Schedule

IRON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PGA064-2146A	2,995	0
		N/A	37,752	34,163
	Program total		<u>40,747</u>	<u>34,163</u>
Department of Health -				
93.575	Child Care and Development Block Grant	PGA0671146C	1,000	0
		PGA0670146C	0	1,000
	Program total		<u>1,000</u>	<u>1,000</u>
93.991	Preventive Health and Health Services Block Grant	N/A	0	297
93.994	Maternal and Child Health Services	ERS1461146M	17,885	0
	Block Grant to the States	ERS1460146M	0	17,359
		N/A	3,675	1,486
	Program total		<u>21,560</u>	<u>18,845</u>
	Total Expenditures of Federal Awards		<u>\$ 220,934</u>	<u>489,000</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

IRON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Iron County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Maternal and Child



Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines. Amounts for the Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines during the year ended December 31, 2001, and only the original acquisition cost of vaccines during the year ended December 31, 2000.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$1,679 and \$1,308 to a subrecipient under the Interagency Hazardous Materials Public Sector Training and Planning Grants (CFDA number 20.703) during the years ended December 31, 2001 and 2000, respectively.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Iron County, Missouri

Compliance

We have audited the compliance of Iron County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Iron County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

### Internal Control Over Compliance

The management of Iron County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Iron County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 1, 2002 (fieldwork completion date)

Schedule

IRON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133? \_\_\_\_\_ yes      x   no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads - Grants to States
16.710	Public Safety Partnership and Community Policing Grants
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

           yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

IRON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

IRON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

IRON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Iron County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 1, 2002. We also have audited the compliance of Iron County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 1, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Iron County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.****Associate Commissioner Salaries**

Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

The Iron County Salary Commission had not addressed the issue of mid-term raises for the associate county commissioners in 1997. However, in March 1999, the County Commission approved mid-term raises for the associate county commissioners retroactively effective to January 1, 1999. The March 1999 commission minutes indicated the raises were based on the October 1997 salary commission decisions; however, those salary commission meeting minutes indicated the salaries being considered were for officials to be elected in 1998. As a result, in 1999 Iron County's Associate County Commissioners salaries were each increased approximately \$7,700 yearly, according to information from the County Clerk.

Previously, in December 1998, the County Clerk received a written legal opinion from the Prosecuting Attorney's office regarding effective dates of salary adjustments for presiding and associate commissioners. The opinion indicated the Associate Commissioner's salaries should not be increased pursuant to Section 50.333.13, RSMo because a mid-term salary increase would be unconstitutional and therefore prohibited. In March 1999, just prior to authorizing the salary increases, the County Commissioners received another written legal opinion from the Prosecuting Attorney's office. This opinion was consistent with the previous opinion and indicated that if the County Commission decided to approve the mid-term raises, the associate commissioners should be prepared to pay the money back if a court ruled such raises unconstitutional. The County Commission acted contrary to legal advice when it granted the retroactive mid-term raises to the associate commissioners.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$15,400 for the two years ended December 31, 2000, should be repaid. Although the County Commissioners are aware of the Supreme Court opinion and past Prosecuting Attorney legal opinions, no decision has been made regarding repayment or adjustment to the salaries of the Associate County Commissioners.



**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.

**AUDITEE'S RESPONSE**

*We will review the court case and take this matter under advisement.*

<b>2. County Vehicles</b>
---------------------------

The county owns twenty-five vehicles assigned to the Sheriff, deputy Sheriffs, County Commissioners, and employees of the Road and Bridge Department. These vehicles are housed at the official's or employee's home rather than a county facility such as the courthouse or road and bridge shed. Other vehicles owned by the county are considered pool vehicles and are used by county personnel or officials when needed.

The two associate commissioners and several road and bridge employees regularly use fourteen county vehicles to commute to and from work. The County Commission indicated several reasons for assigning vehicles in this manner, including: 1) less response time is needed if emergencies arise, 2) less mileage is incurred due to location of homes as compared to work sites, and 3) decreased vandalism to the vehicles. We noted the following concerns related to county owned vehicle procedures:

- A. As noted in our prior report, the county does not have a written policy on the use of county vehicles. To ensure county vehicles are only used for official county purposes, the county should develop a written policy regarding the use of such vehicles. A formal written county vehicle policy is needed to inform county officials and employees of the proper use of county vehicles, outline vehicle usage log documentation requirements, address and define personal use of vehicles, and ensure compliance with related IRS guidelines and reporting requirements.
- B. While vehicle maintenance logs are prepared, these logs do not adequately document destinations, beginning and ending odometer readings, and purpose of use. As a result, the logs do not clearly distinguish between business and commuting use. Adequate vehicle log information is needed to clearly differentiate between county and commuting use, and document compliance with county policy.

**WE RECOMMEND** the County Commission establish a written policy regarding the appropriate use of county vehicles. The policy should include necessary definitions, address allowable and unallowable use of vehicles and the records required to account for such use, justification for assigning vehicles to individuals, and justification for commuting. In addition, the county should comply with IRS guidelines related to commuting use, as appropriate.

### **AUDITEE'S RESPONSE**

*We will develop a comprehensive county-owned vehicle policy.*

<b>3. Personnel Policies</b>
------------------------------

The county has not adopted a written county-wide overtime and compensatory time policy. The county pays overtime to employees in the Sheriff's Office and grants employees in the Road and Bridge Department compensatory time off. The county's written policies should be expanded to address situations in which overtime may be necessary, document how overtime or compensatory time will be awarded, and ensure compliance with the Fair Labor Standards Act. Complete and detailed written policies are necessary to provide guidance to county employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.

**WE RECOMMEND** the County Commission establish written policies about employee overtime and compensatory time.

### **AUDITEE'S RESPONSE**

*We will develop a personnel policy that addresses overtime and compensatory time issues.*

<b>4. Budgetary Practices and Expenditures</b>
------------------------------------------------

- A. Formal budgets were not prepared for some county funds and budgets were not obtained from other county officials for some county funds held outside the county treasury for the two years ended December 31, 2001. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.
- B. The Iron County Industrial Development Association (ICIDA), whose purpose is to promote economic development and community betterment in the county, is governed by a board appointed by the County Commission. In addition to tasks performed for the association, the ICIDA Administrator performs various tasks for the county road and bridge department (such as compiling road maintenance reports, responding to citizen inquiries, reporting concerns to the County Commission, and attending road-related meetings) and records the time spent on these activities on timesheets submitted to the County Commission. The county transferred \$16,000 and \$14,000 in 2001 and 2000, respectively, from the Special Road and Bridge Fund

to the Iron County Industrial Development Association (ICIDA) Fund as reimbursement for approximately 50 percent of salaries and benefits of the ICIDA Administrator. In addition, the county transfers \$10,000 each year from the General Revenue Fund to the ICIDA Fund.

A review of the administrator's timesheets noted the amount of hours claimed for road and bridge work fluctuated greatly from month to month (ranging from 40 to 141). However, it appears the administrator spent approximately 59 percent and 51 percent of her time on road and bridge tasks during 2001 and 2000, respectively. A review of the county's 2002 budget document and the administrator's January through August 2002 timesheets show that the county is planning to transfer only \$6,000 from the Special Road and Bridge Fund to the ICIDA Fund (approximately 20 percent of the administrator's salary), while the number of road and bridge hours reported by the administrator through August represent approximately 50 percent of the administrator's time. There is not a clear relationship between hours worked on various road and bridge tasks and the transfer amounts from the county Road and Bridge Fund. Other than an overall effort to decrease road and bridge spending, the County Commission did not have any particular reasons or documentation to support this funding change in 2002.

The county should re-evaluate the road and bridge duties to be performed by the ICIDA Administrator and the number of hours worked. Salary payments from the Special Road and Bridge Fund and the ICIDA Fund should be related to the actual hours worked on those activities.

Similar conditions were noted in our prior reports.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Re-evaluate what is expected for compensation paid to the ICIDA Administrator and ensure that funding provided from the Special Road and Bridge and ICIDA Funds is reasonable as compared to tasks performed and hours worked.

**AUDITEE'S RESPONSE**

*A & B. We will implement these recommendations.*

<b>5. Sheriff's Commissions Fund</b>
--------------------------------------

The Sheriff's office maintains a bank account for the deposit of telephone and vending machine commissions. Other monies deposited into this account included insurance claim

reimbursements, reimbursements from law enforcement officers for rifles and uniforms, and some unidentified amounts. Bank deposits and checks written are recorded in a checkbook register, but the deposit entries and bank deposit tickets did not always identify the individual receipts comprising the deposit. The bank account is used to pay for various office and equipment expenses. Receipts into the account totaled approximately \$13,800 for the two years ended December 31, 2001. Of this total, approximately \$7,900 related to telephone and vending machine commissions. Disbursements from the account totaled about \$14,200 for the two years ended December 31, 2001. Many of these disbursements were for guns and uniforms for law enforcement personnel, vehicle repairs, and jail supplies.

We reviewed the account activity from January 2000 through May 2002 and noted some questionable disbursements from the account totaling about \$1,700. Under the former Sheriff, flowers for employees and a retirement gift for the former Sheriff were acquired. Under the current Sheriff, questionable disbursements include donations to a little league baseball team, flowers for employees, and a Christmas party for employees. These disbursements do not appear necessary for the operation of the Sheriff's department, and do not appear to be a prudent use of public monies.

The County Commission and public was not made aware of the activity of this fund. A budget was not prepared for the fund and the fund was not listed in the county's published financial statements. Additionally, the county could not provide a current signed contract for the telephone and vending machine commissions.

There is no statutory authority for the Sheriff to maintain such accounts outside the county treasury. Attorney General's Opinion No. 45, 1992 to Henderson, states "...sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury." The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted to the County Treasurer.

This condition was noted in our prior report.

**WE RECOMMEND** the Sheriff turn over custody of the Sheriff's Commissions Fund to the County Treasurer and turn over all future revenues to the County Treasurer. In addition, the Sheriff and County Commission should enter into a formal written contract with the entities providing telephone and vending services.

### **AUDITEE'S RESPONSE**

*The Sheriff provided the following response:*

*I have implemented a system of reporting the account activity to the county commissioners, and will continue to do so quarterly. I will change the disbursements procedures. I will look into the telephone vending machine contract.*

*The County Commission provided the following response:*

*We will work with the Sheriff and enter into a contract for these services.*

<b>6. Associate Circuit and Probate Divisions' Controls and Procedures</b>
----------------------------------------------------------------------------

- A. Bank reconciliations have not been prepared for the Banner Courts Case Management System (Banner) account since the system was installed in April 2001. The division employees initially were unsuccessful in their efforts to reconcile the Banner account and subsequently referred the issue to the Office of State Courts Administrator (OSCA), and curtailed their reconciliation efforts. Based on correspondence with OSCA provided to us by the Associate Circuit Judge, OSCA personnel last contacted the county regarding the reconciliations in late 2001. The bank account has yet to be reconciled as of July 2002. Timely preparation of bank reconciliations is necessary to ensure accounting records and bank records are in agreement, allow for the timely correction of errors, and provide the basis for a monthly comparison of reconciled cash balances to open items listings.
- B. The Associate Circuit Division maintains a bank account containing amounts held on old criminal cases totaling about \$16,000 on June 30, 2002. The Division has not identified any of the items comprising this balance. The Division should attempt to determine the reasons for the unidentified balance and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Associate Circuit Judge:

- A. Ensure bank reconciliations are prepared on a monthly basis. Any differences should be investigated and resolved in a timely manner.
- B. Require the Division employees attempt to identify the unidentified balance. Any monies remaining unidentified should be disposed of in accordance with state law.

**AUDITEE'S REPOSE**

- A. *This recommendation has been implemented.*
- B. *We are working on this recommendation and will continue to do so over time.*

<b>7. Circuit Clerk's Controls and Procedures</b>
---------------------------------------------------

- A. Deposits are generally made daily. However, we noted five checks and money orders totaling \$795 on hand on June 13, 2002 that had not been recorded on any accounting record or deposited. These monies had been held for periods ranging from one day to one month. The deputy Circuit Clerk indicated she could not record and deposit the receipts because of insufficient case information. These monies were not considered in the daily closeout procedure. As a result, these monies are not accounted for properly and are susceptible to theft or loss. All monies received should be properly recorded, processed, and deposited daily.
- B. The Circuit Clerk maintains three bank accounts containing balances on old unidentified cases totaling about \$30,000. The Circuit Clerk indicated she has been working to identify and disburse the remaining old balances. Additionally, the Circuit Clerk maintains a bank account for the unclaimed balance on one case totaling about \$12,000. The Circuit Clerk indicated her efforts to contact the claimant to disburse the money due on this case have been unsuccessful.

The Circuit Clerk should attempt to determine the reasons for the unidentified balances and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. Additionally, any unclaimed monies should be disposed of in accordance with Chapter 447, RSMo.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Circuit Clerk:

- A. Ensure receipts are recorded properly and deposited promptly.
- B. Attempt to identify the unidentified balances. Any monies remaining unidentified and unclaimed monies should be disposed of in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *During the period of time when deposits were not made on a timely basis, one of my deputy clerks was out for surgery and we had received a number of cases to file, more than usual for that time period. Court was scheduled most every day and that left one clerk to handle all the work. Usually when a case cannot be processed for lack of information, it is returned immediately to the attorney. That was not done and will not happen again.*
- B. *No further attempts will be made to identify unclaimed monies. All unclaimed monies will be turned over to the county treasurer.*

<b>8.</b>	<b>Prosecuting Attorney's Trustee Account</b>
-----------	-----------------------------------------------

The Prosecuting Attorney's office maintains a trustee account for the deposit and disbursement of court ordered restitutions. Monthly listings of open items are not prepared and, consequently, open items are not reconciled with cash balances. An open items listing, prepared as of June 20, 2002 at our request, indicated the trustee account balance exceeded identified open items by about \$2,500.

Monthly listings of liabilities should be prepared and reconciled to the cash balance to ensure accounting records are in balance and sufficient cash is available for the payment of liabilities. The Prosecuting Attorney's office should attempt to determine the reasons for the unidentified balance and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

This condition was noted in our prior reports.

**WE AGAIN RECOMMEND** the Prosecuting Attorney prepare monthly listings of open items and reconcile the listings to the cash balance and attempt to identify the unidentified balances. Any remaining unidentified monies should be disposed of in accordance with unclaimed property statutes.

#### **AUDITEE'S REPOSE**

*A monthly listing of open items will be prepared. Once clarification is obtained regarding proper disposition, the unidentified monies will be disposed of.*

This report is intended for the information of the management of Iron County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings



## IRON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Iron County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Sheriff's Department Vehicles

The county had not developed a written policy regarding the proper use of the county owned vehicles.

#### Recommendation:

The County Commission develop a written policy related to the personal use of county owned vehicles. In addition, the county should continue to monitor the monthly mileage incurred on the vehicles.

#### Status:

Not implemented. See MAR finding number 2.

### 2. Budgetary Practices and Expenditures

- A. Formal budgets were not prepared and filed with the State Auditor's office for various funds.
- B. Warrants were issued in excess of approved budgeted expenditures.
- C. The Chief Deputy in the Sheriff's office had a verbal agreement with the Prosecuting Attorney to perform special investigative services. The deputy's monthly reports of services performed did not include detailed information and the monthly reports were not reviewed for reasonableness by the County Commission.
- D. Transfers from the Special Road and Bridge Fund to the Iron County Industrial Development Association (ICIDA) Fund to reimburse for road and bridge related duties performed by the ICIDA Administrator were not always reasonable as compared to hours worked.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. And Board for the Developmentally Disabled keep expenditures within budgetary limits.
- C. And Prosecuting Attorney obtain a written contract with the special investigator and require him to submit detailed time sheets which itemize the time of day investigative services are performed. The County Commission should also evaluate the reasonableness of the total number of hours worked.
- D. Ensure Special Road and Bridge funds are only used for their intended purpose.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Not implemented. Warrants were issued in excess of approved budgeted expenditures for four funds in 2001. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. The Prosecuting Attorney no longer utilizes these special investigative services.
- D. Partially implemented. While it appears Special Road and Bridge funds were used for their intended purpose during 2000 and 2001, some concerns were still noted with regard to this funding arrangement. See MAR finding number 4.

3. City Municipal Assessments

The county overcharged cities for the handling of municipal court cases.

Recommendation:

The County Commission refund monies charged for handling municipal cases back to the cities involved, and discontinue charging the cities a fee for hearing and processing municipal cases.

Status:

Partially implemented. The county no longer charges the cities for these services although one city has continued to remit payment. The county did not refund any of the charges paid by the cities. Although not repeated in the current MAR, the county should refund the monies charged for these services.

4. Sheriff's Controls and Procedures

- A. The cash control ledger did not include disbursements, gun permit receipts, or totals.
- B. Receipts were not deposited timely.
- C. Bank reconciliations were not documented.
- D. The numerical sequence of traffic tickets issued was not accounted for.
- E. Controls over seized property were not sufficient.
- F. Billings for boarding prisoners required payment to be made payable to the Iron County Treasurer but required the payment to be sent to the Sheriff's office.
- G. Telephone commissions were deposited into an account under control of the Sheriff's office.

Recommendation:

The Sheriff:

- A. Ensure all receipts and disbursements are posted to the cash control ledger, totaled, and reconciled monthly to bank statements.
- B. Ensure all cash receipts are deposited daily or when amounts exceed \$100.
- C. Require monthly bank reconciliations be documented.
- D. Ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets issued.
- E. Establish and maintain a log of seized property and perform periodic inventory counts and compare to the control log.
- F. Ensure the billing statements for boarding of prisoners stipulate that payments be sent directly to the County Treasurer.

- G. Turn over custody of the Sheriff's Commission Fund to the County Treasurer and turn over all future revenues to the County Treasurer.

Status:

- A-E. Implemented.
- F. Implemented in July 2002.
- G. Not implemented. See MAR finding number 5.

5. Circuit Clerk's Controls and Procedures

- A. An open items listing had not been prepared. Also, monies were not disbursed on some old closed cases and unidentified excess monies were held in some bank accounts.
- B. A book balance was not maintained in the cash control ledger.
- C. Accounting duties related to child support duties were not adequately segregated.

Recommendation:

The Circuit Clerk:

- A. Prepare a current listing of liabilities and reconcile the listing to the cash balance on a monthly basis. Any unidentified excess should be disposed of in accordance with Chapter 447, RSMo 1994.
- B. Maintain a monthly balance for the cash control ledger. This balance should then be reconciled monthly to the balance per the bank statements.
- C. Ensure receipting and accounting duties are adequately segregated. If adequate segregation is not possible, at a minimum, independent reviews should be performed and documented as necessary.

Status:

- A. Partially implemented. The Circuit Clerk's office currently prepares open items listings and reconciles these listings to the cash balance. However, significant old unidentified balances still exist. See MAR finding number 7.
- B. Implemented.

C. The Circuit Clerk no longer collects child support monies.

6. Prosecuting Attorney's Controls and Procedures

A. Monthly listings of open items were not prepared for the trustee account.

B. Year end bonuses were paid to the secretaries from the Prosecuting Attorney Bad Check Fund.

Recommendation:

The Prosecuting Attorney:

A. Prepare monthly listings of open items and reconcile the listings to the cash balance.

B. Ensure expenditures of the Prosecuting Attorney Bad Check Fund are not granted to employees in the form of bonuses after services have been rendered.

Status:

A. Not implemented. See MAR finding number 8.

B. Implemented.

7. Associate Circuit and Probate Divisions' Controls and Procedures

A. Receipts were not deposited timely.

B. The open items list was not reconciled to the book and reconciled bank balance of the Associate Civil bank account. Also, old unidentified monies were maintained in a savings account.

Recommendation:

The Associate Circuit Judge:

A. Require the clerk to deposit receipts daily or when accumulated receipts exceed \$100.

B. Require the clerk to reconcile the open items balance to the cash balance monthly. In addition, the differences between the open items balance and the cash balance should be identified and resolved. If the difference cannot be identified, the Judge should authorize the clerk to dispose of the unidentified monies as provided by state law.

Status:

- A. Implemented.
- B. Partially implemented. The Associate Circuit Division currently reconciles the book balance and open items balance; however, the division does not perform bank reconciliations. Additionally, a significant unidentified balance is being maintained for old criminal cases. See MAR finding number 6.

8. County Clerk's Procedures

The account book with the County Collector was not used to verify records and reports of the County Collector.

Recommendation:

The County Clerk use his account book with the County Collector to verify the accuracy of the County Collector's annual settlement.

Status:

Partially implemented. The County Clerk uses the account book to verify collections reported on the County Collector's annual settlement but does not verify charges or other credits on the annual settlement. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Health Center's Controls and Procedures

- A. The approved budget documents did not adequately reflect the anticipated financial condition. Disbursements were significantly overestimated primarily because large amounts were estimated for capital improvements but no disbursements for capital improvements were made.
- B. Tax forms (1099) were not issued when required.

Recommendation:

The Health Center Board:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the health center's financial position is presented.
- B. Establish procedures to ensure all future payments totaling greater than \$600 annually for services to nonemployees are reported to the IRS.

Status:

- A. Partially implemented. Although some disbursements categories continue to be overestimated on the budget documents, significant planned capital improvements which had been included in the last few years' budgets occurred in 2000. As a result, the overall budget documents for the two years ended December 31, 2001, better reflected the health center's anticipated financial condition. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

## STATISTICAL SECTION



History, Organization, and  
Statistical Information

IRON COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1857, the county of Iron was named for the abundance of iron ore. Iron County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Ironton.

Iron County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Iron County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 903,948	40	807,903	34
Sales taxes	309,060	14	309,446	13
Federal and state aid	678,912	30	918,448	39
Fees, interest, and other	366,794	16	339,061	14
Total	\$ 2,258,714	100	2,374,858	100

The following chart shows how Iron County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 711,356	31	670,775	29
Public safety	554,140	24	533,573	23
Highways and roads	1,025,451	45	1,138,594	48
Total	\$ 2,290,947	100	2,342,942	100

The county maintains approximately 37 county bridges and 300 miles of county roads.

The county's population was 9,529 in 1970 and 10,697 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	97.5	96.7	114.1	46.7	35.4
Personal property		24.2	31.0	16.1	16.3	4.9
Railroad and utilities		23.2	24.0	5.8	4.3	3.2
Total	\$	144.9	151.7	136.0	67.3	43.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Iron County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.2753	.2950
Special Road and Bridge Fund		.2836	.2710
Health Center Fund		.1000	.1000
Board for Developmentally Disabled Fund		.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		2002	2001
State of Missouri	\$	44,954	46,040
General Revenue Fund		427,494	463,829
Special Road and Bridge Fund		422,471	414,611
Assessment Fund		64,535	65,611
Health Center Fund		148,352	152,182
Board for the Developmentally Disabled Fund		143,869	147,802
School districts		4,391,179	4,519,530
Library district		148,352	152,181
Ambulance districts		222,536	228,304
Fire protection districts		180,382	110,423
Hospital district		81,542	95,524
Cities		35,806	35,192
County Clerk		283	268
County Employees' Retirement		18,220	15,822
Commissions and fees:			
General Revenue Fund		114,880	117,779
Total	\$	6,444,855	6,565,098

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	96 %	95 %
Personal property	90	91
Railroad and utilities	100	100

Iron County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Ronald Murphy, Presiding Commissioner	\$	25,760	25,379
Guy Stevenson, Associate Commissioner		23,683	23,333
Reggie Burns, Associate Commissioner		23,683	23,333
James Goggin, County Clerk		36,027	35,533
R. Scott Killen, Prosecuting Attorney		42,264	41,639
Allen Mathes, Sheriff		40,209	39,616
Jack Adams, County Treasurer		26,597	26,205
Anthony Cole, County Coroner		10,648	6,292
Sandra Trask, Public Administrator (1)		34,510	10,037
Linda Kemp, County Collector, year ended February 28,	36,260	35,618	
David Huff, County Assessor, (2) year ended August 31,		42,843	41,900
Sidney Nickelson, County Surveyor (3)			

(1) Includes fees received from probate cases in 2000. Beginning January 1, 2001, the Public Administrator elected to receive a salary in lieu of fees.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Brenda Turner, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Kelly Parker, Associate Circuit Judge	75,467	
Alan Harriss, Associate Circuit Judge		63,524

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	2	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2	0
Prosecuting Attorney	2	0
Sheriff	18 *	0
County Collector	3 **	0
County Assessor	3	0
Associate and Probate Division	0	2
Road and Bridge	16	0
Health Center	9 **	0
Total	<u>56</u>	<u>4</u>

\* Includes 3 part-time employees

\*\* Includes 2 part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Iron County's share of the Forty-Second Judicial Circuit's expenses is 15.64 percent.



**ANDREW COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-100  
September 27, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Andrew, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Andrew County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Treasurer did not follow up on large unreconciled differences for funds in the general checking account. Adequate reconciliations between the County Treasurer's records and those of the County Clerk were not performed resulting in errors in the Treasurer's semi-annual settlements and the county budget. Commissions earned on tax collections were not distributed properly. County money held by the County Treasurer and County Collector is invested in low interest-bearing checking accounts, and the Capital Improvements Sales Tax Fund is not included in the interest allocation process.
- The county does not maintain accurate and complete asset records for the Cemetery Trust Fund and proposals were not solicited when selecting a brokerage firm for investment services.
- The county's Schedule of Expenditures of Federal Awards (SEFA) contained numerous errors. Expenditures were understated by approximately \$95,000 in 2001 and overstated by approximately \$4,000 in 2000. In addition, the county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies.

Formal budgets were not prepared for several county funds and budgets for several other funds were not submitted to the State Auditor's Office as required by law. The annual published financial statements did not include the financial activity of several county funds.

(over)

YELLOW SHEET

- County Commission minutes do not adequately document the daily business performed by the County Commission and the minutes are not signed by the preparer nor approved by a Commissioner who was in attendance. Problems were noted with the handling of closed meetings. Records were not always maintained by the County Commission in accordance with state law.
- Andrew County received advances from the Multi-County (ACCD) 911 Board which exceeded applicable mapping expenditures by \$80,320. This excess should be reviewed and possibly refunded.
- The Senate Bill 40 Board's financial records were neither accurate nor complete for a portion of the audit and bank reconciliations were either not performed or not documented since late 2000. The board apparently levied property taxes at a level in excess of its financial needs. Additionally, the board could not locate various financial records and are not ensuring board minutes are signed.
- Monies received by the Health Center are not deposited timely and differences identified on bank reconciliations are not investigated. Actual expenditures were not accurately presented in the budget and supporting documentation was not retained for some expenditures. Applicable tax returns were not filed in a timely manner and compensatory time earned by employees is given at straight time instead of time and a half. In addition, minutes of closed meetings of the Health Center Board were not always prepared and minutes of open meetings did not always disclose the reason for closing a session. Board minutes did not adequately document matters discussed and actions taken by the board.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Andrew County's Associate County Commissioners salaries were each increased approximately \$7,080 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,160 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

Also included in the audit are recommendations to the County Commission related to expenditures, county officials' salaries, the John Glenn Road Neighborhood Improvement District, general fixed assets, and computer controls. In addition, recommendations were made to improve the accounting controls and procedures of the County Collector, Associate and Probate Divisions, Sheriff, and Prosecuting Attorney.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: .....

2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards .....

3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....

5-6

Financial Statements: .....

7-18

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....

8

A-2

Year Ended December 31, 2000 .....

9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000 .....

10-18

Notes to the Financial Statements .....

19-23

Supplementary Schedule: .....

24-26

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 .....

25-26

Notes to the Supplementary Schedule .....

27-29

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: .....

31-33

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133.....

32-33

ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	34-43
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	35-43
Section I - Summary of Auditor's Results.....	35-36
Section II - Financial Statement Findings.....	36-40
<u>Number</u>	<u>Description</u>
01-1.	County Financial Procedures .....36
01-2.	Cemetery Trust Fund .....39
Section III - Federal Award Findings and Questioned Costs.....	41-43
01-3.	Schedule of Expenditures of Federal Awards.....41
01-4.	Cash Management.....42
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	44-45
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	46-47
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	49-75
<u>Number</u>	
1.	Budgetary Practices and Published Financial Statements.....51
2.	County Commission Minutes and County Records.....52
3.	County Expenditures.....54
4.	Multi-County (ACCD) 911 System .....55
5.	Senate Bill 40 Board .....55
6.	Health Center Board.....57
7.	County Collector's Controls and Procedures .....61
8.	County Officials' Salaries.....63
9.	Associate and Probate Divisions' Controls and Procedures.....65
10.	Sheriff's Controls and Procedures .....67
11.	Prosecuting Attorney Controls and Procedures .....69

ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

Page

MANAGEMENT ADVISORY REPORT SECTION

<u>Number</u>	<u>Description</u>	
12.	John Glenn Road Neighborhood Improvement District .....	72
13.	General Fixed Assets .....	73
14.	Computer Controls.....	74
	Follow-Up on Prior Audit Findings .....	76-85

STATISTICAL SECTION

History, Organization, and Statistical Information .....	87-92
----------------------------------------------------------	-------

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Andrew County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Andrew County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 16, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Andrew County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	Julie Vollmer
	Tania Williams



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Andrew County, Missouri

We have audited the special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Andrew County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Andrew County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions



involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1 and 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 01-1 and 01-2, to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

ANDREW COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,312,373	1,161,186	1,153,863	1,319,696
Special Road and Bridge	428,031	2,162,020	1,845,893	744,158
Assessment	17,734	232,139	209,864	40,009
Law Enforcement Training	15,451	7,806	4,286	18,971
Prosecuting Attorney Training	1,972	1,200	835	2,337
Law Enforcement Sales Tax	415,916	497,880	498,065	415,731
Capital Improvement Sales Tax	250,487	110,440	210,799	150,128
Johnson Grass	82,851	34,552	38,565	78,838
Recorder's User Fees	23,199	11,108	6,807	27,500
Prosecuting Attorney Bad Check	4,602	7,003	9,010	2,595
Local Emergency Planning Commission	7,370	4,590	4,483	7,477
FEMA	0	943	943	0
Abuse Shelter	0	1,438	1,438	0
Associate Circuit Division Interest	6,912	1,645	602	7,955
Circuit Clerk Interest	5,208	713	542	5,379
Law Library	10,274	8,568	5,670	13,172
Reserve Deputy	10,258	3,143	2,659	10,742
Sheriff's Civil Fees	49,896	18,368	22,760	45,504
Health Center	264,279	289,853	238,417	315,715
Senate Bill 40	253,313	146,616	81,457	318,472
Cemetery Trust	558,518	842,393	43,434	1,357,477
Ford Farm	113,027	11,067	15,182	108,912
Election Services	2,012	1,472	0	3,484
911	0	66,703	14,430	52,273
John Glenn Road NID	29,203	19,248	16,920	31,531
Gore Road NID	0	140,380	138,372	2,008
Total	\$ 3,862,886	5,782,474	4,565,296	5,080,064

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ANDREW COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,264,998	1,105,456	1,058,081	1,312,373
Special Road and Bridge	625,894	1,759,810	1,957,673	428,031
Assessment	15,678	237,164	235,108	17,734
Law Enforcement Training	11,545	6,663	2,757	15,451
Prosecuting Attorney Training	2,267	1,425	1,720	1,972
Law Enforcement Sales Tax	333,000	514,023	431,107	415,916
Capital Improvement Sales Tax	225,615	102,534	77,662	250,487
Johnson Grass	80,633	38,226	36,008	82,851
Recorder's User Fees	21,108	8,244	6,153	23,199
Prosecuting Attorney Bad Check	4,934	8,570	8,902	4,602
Local Emergency Planning Commission	10,305	2,028	4,963	7,370
FEMA	7,754	109,342	117,096	0
Abuse Shelter	0	1,782	1,782	0
Associate Circuit Division Interest	4,213	2,699	0	6,912
Circuit Clerk Interest	6,427	1,991	3,210	5,208
Law Library	8,417	8,371	6,514	10,274
Reserve Deputy	7,480	3,261	483	10,258
Sheriff's Civil Fees	45,248	45,133	40,485	49,896
Health Center	230,399	280,173	246,293	264,279
Senate Bill 40	214,750	110,623	72,060	253,313
Cemetery Trust	517,022	64,958	23,462	558,518
Ford Farm	104,907	10,175	2,055	113,027
Election Services	0	2,012	0	2,012
John Glenn Road NID	27,867	17,586	16,250	29,203
Total	\$ 3,770,461	4,442,249	4,349,824	3,862,886

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 5,068,226	5,622,846	554,620	4,664,322	4,412,476	(251,846)
DISBURSEMENTS	5,890,412	4,410,004	1,480,408	5,779,610	4,331,519	1,448,091
RECEIPTS OVER (UNDER) DISBURSEMENTS	(822,186)	1,212,842	2,035,028	(1,115,288)	80,957	1,196,245
CASH, JANUARY 1	3,833,683	3,833,683	0	3,637,687	3,637,687	0
CASH, DECEMBER 31	3,011,497	5,046,525	2,035,028	2,522,399	3,718,644	1,196,245
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	212,000	319,109	107,109	269,500	212,430	(57,070)
Sales and use taxes	470,000	485,123	15,123	423,000	481,693	58,693
Intergovernmental	7,150	2,628	(4,522)	6,100	12,138	6,038
Charges for services	286,144	267,316	(18,828)	250,390	259,987	9,597
Interest	95,000	64,462	(30,538)	65,000	98,363	33,363
Other	21,750	22,179	429	64,750	40,309	(24,441)
Transfers in	0	369	369	0	536	536
Total Receipts	1,092,044	1,161,186	69,142	1,078,740	1,105,456	26,716
DISBURSEMENTS						
County Commission	100,140	91,084	9,056	95,180	84,332	10,848
County Clerk	143,230	174,716	(31,486)	127,992	112,198	15,794
Elections	50,500	12,271	38,229	63,125	50,749	12,376
Buildings and grounds	49,500	41,335	8,165	48,000	36,556	11,444
Employee fringe benefits	161,500	143,664	17,836	148,000	122,650	25,350
County Treasurer	57,500	47,101	10,399	67,600	43,639	23,961
County Collector	89,006	81,694	7,312	104,500	83,597	20,903
Ex Officio Recorder of Deeds	29,612	6,841	22,771	28,200	16,890	11,310
Circuit Clerk	52,040	21,931	30,109	58,400	11,040	47,360
Associate Circuit (Probate)	11,900	7,310	4,590	9,800	5,911	3,889
Court administration	27,600	24,304	3,296	25,496	23,487	2,009
Public Administrator	29,400	24,590	4,810	19,680	21,816	(2,136)
Prosecuting Attorney	95,772	79,458	16,314	97,554	84,161	13,393
Juvenile Officer	36,210	29,123	7,087	29,094	20,805	8,289
County Coroner	19,905	14,370	5,535	17,905	10,466	7,439
Commission II	175,000	157,203	17,797	164,700	128,049	36,651
Other	154,514	101,424	53,090	166,500	93,206	73,294
Public health and welfare services	7,500	6,444	1,056	7,500	6,529	971
Transfers out	119,316	89,000	30,316	131,000	102,000	29,000
Emergency Fund	32,961	0	32,961	31,582	0	31,582
Total Disbursements	1,443,106	1,153,863	289,243	1,441,808	1,058,081	383,727
RECEIPTS OVER (UNDER) DISBURSEMENTS	(351,062)	7,323	358,385	(363,068)	47,375	410,443
CASH, JANUARY 1	1,312,373	1,312,373	0	1,264,998	1,264,998	0
CASH, DECEMBER 31	961,311	1,319,696	358,385	901,930	1,312,373	410,443

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	563,500	780,045	216,545	762,500	568,527	(193,973)
Sales taxes	330,000	346,950	16,950	280,000	343,381	63,381
Intergovernmental	1,229,300	936,882	(292,418)	988,300	659,395	(328,905)
Interest	30,000	29,410	(590)	30,000	37,491	7,491
Other	127,500	61,761	(65,739)	25,000	33,920	8,920
Transfers in	134,000	6,972	(127,028)	30,000	117,096	87,096
Total Receipts	2,414,300	2,162,020	(252,280)	2,115,800	1,759,810	(355,990)
<b>DISBURSEMENTS</b>						
Salaries	483,000	466,930	16,070	450,000	435,541	14,459
Employee fringe benefits	208,500	181,615	26,885	172,700	145,615	27,085
Supplies	148,000	154,300	(6,300)	133,000	140,621	(7,621)
Insurance	0	5,000	(5,000)	0	0	0
Road and bridge materials	110,000	84,219	25,781	102,000	121,024	(19,024)
Equipment repairs	75,000	97,719	(22,719)	75,000	84,712	(9,712)
Rentals	10,000	5,005	4,995	15,000	6,555	8,445
Equipment purchases	70,000	66,133	3,867	170,000	200,953	(30,953)
Construction, repair, and maintenance	1,120,000	771,668	348,332	950,000	796,515	153,485
Debt service	35,000	0	35,000	35,000	0	35,000
Other	293,400	13,304	280,096	318,420	26,137	292,283
Transfers out	0	0	0	112,000	0	112,000
Total Disbursements	2,552,900	1,845,893	707,007	2,533,120	1,957,673	575,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,600)	316,127	454,727	(417,320)	(197,863)	219,457
CASH, JANUARY 1	428,031	428,031	0	625,894	625,894	0
CASH, DECEMBER 31	289,431	744,158	454,727	208,574	428,031	219,457
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	138,751	141,722	2,971	129,087	132,748	3,661
Charges for services	0	323	323	0	380	380
Interest	0	890	890	0	1,846	1,846
Other	0	204	204	0	190	190
Transfers in	114,316	89,000	(25,316)	112,159	102,000	(10,159)
Total Receipts	253,067	232,139	(20,928)	241,246	237,164	(4,082)
<b>DISBURSEMENTS</b>						
Assessor	253,067	209,864	43,203	241,245	235,108	6,137
Total Disbursements	253,067	209,864	43,203	241,245	235,108	6,137
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	22,275	22,275	1	2,056	2,055
CASH, JANUARY 1	17,734	17,734	0	15,678	15,678	0
CASH, DECEMBER 31	17,734	40,009	22,275	15,679	17,734	2,055

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	5,000	7,207	2,207	4,500	5,984	1,484
Interest	1,500	599	(901)	300	679	379
Total Receipts	6,500	7,806	1,306	4,800	6,663	1,863
DISBURSEMENTS						
Mileage and training	5,000	3,898	1,102	6,500	2,050	4,450
Equipment	2,500	310	2,190	1,500	194	1,306
Other	0	78	(78)	1,500	513	987
Total Disbursements	7,500	4,286	3,214	9,500	2,757	6,743
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	3,520	4,520	(4,700)	3,906	8,606
CASH, JANUARY 1	15,451	15,451	0	11,545	11,545	0
CASH, DECEMBER 31	14,451	18,971	4,520	6,845	15,451	8,606
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,200	1,118	(82)	2,000	1,296	(704)
Interest	100	82	(18)	200	129	(71)
Total Receipts	1,300	1,200	(100)	2,200	1,425	(775)
DISBURSEMENTS						
Prosecuting Attorney	2,200	835	1,365	2,200	1,720	480
Total Disbursements	2,200	835	1,365	2,200	1,720	480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	365	1,265	0	(295)	(295)
CASH, JANUARY 1	1,972	1,972	0	2,267	2,267	0
CASH, DECEMBER 31	1,072	2,337	1,265	2,267	1,972	(295)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	435,000	451,697	16,697	404,000	446,316	42,316
Intergovernmental	24,000	24,606	606	23,000	37,255	14,255
Interest	20,000	16,010	(3,990)	8,000	21,376	13,376
Other	15,000	5,567	(9,433)	5,000	9,076	4,076
Total Receipts	494,000	497,880	3,880	440,000	514,023	74,023
DISBURSEMENTS						
Salaries	325,000	312,964	12,036	285,000	285,714	(714)
Fringe benefits	94,350	86,518	7,832	73,300	75,035	(1,735)
Office expenditures	5,000	4,876	124	6,000	3,930	2,070
Equipment expenditures	50,300	43,596	6,704	49,500	24,763	24,737
Mileage and training	5,500	1,182	4,318	5,000	1,387	3,613
Other	78,500	48,929	29,571	76,000	40,278	35,722
Total Disbursements	558,650	498,065	60,585	494,800	431,107	63,693
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64,650)	(185)	64,465	(54,800)	82,916	137,716
CASH, JANUARY 1	415,916	415,916	0	333,000	333,000	0
CASH, DECEMBER 31	351,266	415,731	64,465	278,200	415,916	137,716

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	100,000	104,388	4,388	90,000	102,534	12,534
Other	0	6,052	6,052	0	0	0
Total Receipts	100,000	110,440	10,440	90,000	102,534	12,534
<b>DISBURSEMENTS</b>						
Salaries	0	0	0	5,000	0	5,000
Fringe benefits	0	0	0	1,870	0	1,870
Capital improvements	240,000	210,799	29,201	260,000	77,592	182,408
Other	7,457	0	7,457	10,000	70	9,930
Total Disbursements	247,457	210,799	36,658	276,870	77,662	199,208
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147,457)	(100,359)	47,098	(186,870)	24,872	211,742
CASH, JANUARY 1	250,487	250,487	0	225,615	225,615	0
CASH, DECEMBER 31	103,030	150,128	47,098	38,745	250,487	211,742
<b><u>JOHNSON GRASS FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	28,000	30,375	2,375	40,150	29,861	(10,289)
Intergovernmental	0	22	22	80	17	(63)
Interest	6,000	3,312	(2,688)	4,000	5,104	1,104
Other	0	843	843	0	3,244	3,244
Total Receipts	34,000	34,552	552	44,230	38,226	(6,004)
<b>DISBURSEMENTS</b>						
Salaries	25,200	24,736	464	27,000	23,604	3,396
Office expenditures	4,500	4,697	(197)	2,200	4,386	(2,186)
Equipment	3,700	6,198	(2,498)	5,700	5,560	140
Mileage and training	600	600	0	800	600	200
Other	2,000	2,334	(334)	2,000	1,858	142
Total Disbursements	36,000	38,565	(2,565)	37,700	36,008	1,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	(4,013)	(2,013)	6,530	2,218	(4,312)
CASH, JANUARY 1	82,851	82,851	0	80,633	80,633	0
CASH, DECEMBER 31	80,851	78,838	(2,013)	87,163	82,851	(4,312)
<b><u>RECORDER'S USER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	6,600	10,211	3,611	8,500	6,996	(1,504)
Interest	1,000	897	(103)	600	1,248	648
Total Receipts	7,600	11,108	3,508	9,100	8,244	(856)
<b>DISBURSEMENTS</b>						
Recorder of Deeds	18,790	6,807	11,983	17,150	6,153	10,997
Total Disbursements	18,790	6,807	11,983	17,150	6,153	10,997
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,190)	4,301	15,491	(8,050)	2,091	10,141
CASH, JANUARY 1	23,199	23,199	0	21,108	21,108	0
CASH, DECEMBER 31	12,009	27,500	15,491	13,058	23,199	10,141



## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	7,000	6,780	(220)	6,000	8,235	2,235
Interest	164	223	59	166	335	169
Total Receipts	7,164	7,003	(161)	6,166	8,570	2,404
DISBURSEMENTS						
Prosecuting Attorney	11,700	9,010	2,690	11,100	8,902	2,198
Total Disbursements	11,700	9,010	2,690	11,100	8,902	2,198
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,536)	(2,007)	2,529	(4,934)	(332)	4,602
CASH, JANUARY 1	4,602	4,602	0	4,934	4,934	0
CASH, DECEMBER 31	66	2,595	2,529	0	4,602	4,602
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	7,370	4,320	(3,050)	3,200	1,577	(1,623)
Interest	400	270	(130)	250	451	201
Total Receipts	7,770	4,590	(3,180)	3,450	2,028	(1,422)
DISBURSEMENTS						
Emergency planning	7,770	4,483	3,287	7,631	4,963	2,668
Total Disbursements	7,770	4,483	3,287	7,631	4,963	2,668
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	107	107	(4,181)	(2,935)	1,246
CASH, JANUARY 1	7,370	7,370	0	10,305	10,305	0
CASH, DECEMBER 31	7,370	7,477	107	6,124	7,370	1,246
<b><u>FEMA FUND</u></b>						
RECEIPTS						
Intergovernmental	100,000	943	(99,057)	112,000	109,342	(2,658)
Total Receipts	100,000	943	(99,057)	112,000	109,342	(2,658)
DISBURSEMENTS						
Transfers out	100,000	943	99,057	117,096	117,096	0
Total Disbursements	100,000	943	99,057	117,096	117,096	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(5,096)	(7,754)	(2,658)
CASH, JANUARY 1	0	0	0	7,754	7,754	0
CASH, DECEMBER 31	0	0	0	2,658	0	(2,658)
<b><u>ABUSE SHELTER FUND</u></b>						
RECEIPTS						
Charges for services	300	1,438	1,138	400	1,782	1,382
Total Receipts	300	1,438	1,138	400	1,782	1,382
DISBURSEMENTS						
Abuse shelter	300	1,438	(1,138)	400	1,782	(1,382)
Total Disbursements	300	1,438	(1,138)	400	1,782	(1,382)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,500	1,645	145	1,400	2,699	1,299
Total Receipts	1,500	1,645	145	1,400	2,699	1,299
DISBURSEMENTS						
Associate Circuit Clerk	500	602	(102)	4,000	0	4,000
Total Disbursements	500	602	(102)	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	1,043	43	(2,600)	2,699	5,299
CASH, JANUARY 1	6,912	6,912	0	4,213	4,213	0
CASH, DECEMBER 31	7,912	7,955	43	1,613	6,912	5,299
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,250	653	(597)	1,075	1,816	741
Other	0	60	60	250	175	(75)
Total Receipts	1,250	713	(537)	1,325	1,991	666
DISBURSEMENTS						
Office expenditures	3,800	542	3,258	4,900	261	4,639
Equipment expenditures	2,000	0	2,000	2,500	2,949	(449)
Total Disbursements	5,800	542	5,258	7,400	3,210	4,190
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,550)	171	4,721	(6,075)	(1,219)	4,856
CASH, JANUARY 1	5,208	5,208	0	6,427	6,427	0
CASH, DECEMBER 31	658	5,379	4,721	352	5,208	4,856
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	8,500	8,199	(301)	6,100	7,834	1,734
Interest	500	369	(131)	200	537	337
Total Receipts	9,000	8,568	(432)	6,300	8,371	2,071
DISBURSEMENTS						
Law library	0	0	0	1,000	0	1,000
Subscriptions	10,000	5,301	4,699	6,000	5,977	23
Transfers out	0	369	(369)	0	537	(537)
Total Disbursements	10,000	5,670	4,330	7,000	6,514	486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	2,898	3,898	(700)	1,857	2,557
CASH, JANUARY 1	10,274	10,274	0	8,417	8,417	0
CASH, DECEMBER 31	9,274	13,172	3,898	7,717	10,274	2,557

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RESERVE DEPUTY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,000	2,770	(230)	3,000	2,772	(228)
Interest	1,000	373	(627)	300	489	189
Total Receipts	4,000	3,143	(857)	3,300	3,261	(39)
<b>DISBURSEMENTS</b>						
Sheriff equipment	3,000	1,385	1,615	2,000	0	2,000
Mileage and training	1,000	761	239	1,000	0	1,000
Other	4,000	513	3,487	3,000	483	2,517
Total Disbursements	8,000	2,659	5,341	6,000	483	5,517
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	484	4,484	(2,700)	2,778	5,478
CASH, JANUARY 1	10,258	10,258	0	7,480	7,480	0
CASH, DECEMBER 31	6,258	10,742	4,484	4,780	10,258	5,478
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	9,284	9,284
Charges for services	20,000	16,416	(3,584)	35,000	32,859	(2,141)
Interest	2,000	1,952	(48)	1,800	2,990	1,190
Total Receipts	22,000	18,368	(3,632)	36,800	45,133	8,333
<b>DISBURSEMENTS</b>						
Sheriff equipment	20,000	19,715	285	30,000	34,026	(4,026)
Other	5,000	3,045	1,955	5,000	6,459	(1,459)
Total Disbursements	25,000	22,760	2,240	35,000	40,485	(5,485)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	(4,392)	(1,392)	1,800	4,648	2,848
CASH, JANUARY 1	49,896	49,896	0	45,248	45,248	0
CASH, DECEMBER 31	46,896	45,504	(1,392)	47,048	49,896	2,848
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	132,600	147,807	15,207	120,500	109,297	(11,203)
Intergovernmental	138,850	112,883	(25,967)	148,965	147,300	(1,665)
Charges for services	8,500	9,299	799	8,600	8,546	(54)
Interest	7,000	14,105	7,105	5,500	7,476	1,976
Other	5,500	5,759	259	13,500	7,554	(5,946)
Total Receipts	292,450	289,853	(2,597)	297,065	280,173	(16,892)
<b>DISBURSEMENTS</b>						
Salaries	180,090	172,414	7,676	208,025	172,454	35,571
Supplies and services	52,525	33,987	18,538	56,725	37,090	19,635
Equipment	3,000	274	2,726	6,500	3,850	2,650
Mileage and training	11,400	10,241	1,159	11,200	8,706	2,494
Contract services	18,400	9,282	9,118	10,400	7,952	2,448
Other	7,657	12,219	(4,562)	3,870	16,241	(12,371)
Total Disbursements	273,072	238,417	34,655	296,720	246,293	50,427
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,378	51,436	32,058	345	33,880	33,535
CASH, JANUARY 1	264,279	264,279	0	230,399	230,399	0
CASH, DECEMBER 31	283,657	315,715	32,058	230,744	264,279	33,535

## Exhibit B

## ANDREW COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 FUND</u></b>						
RECEIPTS						
Property taxes	117,256	132,429	15,173	125,000	97,901	(27,099)
Intergovernmental	0	93	93	0	71	71
Interest	0	14,094	14,094	0	12,651	12,651
Total Receipts	117,256	146,616	29,360	125,000	110,623	(14,377)
DISBURSEMENTS						
Contracted services	10,500	10,961	(461)	3,000	9,945	(6,945)
Mileage and training	500	236	264	700	83	617
Office expenditures	21,600	11,985	9,615	8,770	12,730	(3,960)
Equipment	700	0	700	900	0	900
Funding for services	208,800	58,275	150,525	185,500	49,302	136,198
Total Disbursements	242,100	81,457	160,643	198,870	72,060	126,810
RECEIPTS OVER (UNDER) DISBURSEMENTS	(124,844)	65,159	190,003	(73,870)	38,563	112,433
CASH, JANUARY 1	253,313	253,313	0	214,750	214,750	0
CASH, DECEMBER 31	128,469	318,472	190,003	140,880	253,313	112,433
<b><u>CEMETERY TRUST FUND</u></b>						
RECEIPTS						
Interest, dividends, donations, and other	31,000	213,466	182,466	45,000	64,958	19,958
Gain on sale of stock	0	628,927	628,927	0	0	0
Total Receipts	31,000	842,393	811,393	45,000	64,958	19,958
DISBURSEMENTS						
Cemetery maintenance	35,000	16,334	18,666	34,000	23,462	10,538
Commissions paid	0	27,100	(27,100)	0	0	0
Total Disbursements	35,000	43,434	(8,434)	34,000	23,462	10,538
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	798,959	802,959	11,000	41,496	30,496
CASH, JANUARY 1	558,518	558,518	0	517,022	517,022	0
CASH, DECEMBER 31	554,518	1,357,477	802,959	528,022	558,518	30,496
<b><u>FORD FARM FUND</u></b>						
RECEIPTS						
Intergovernmental	0	3,478	3,478			
Interest	225	7,589	7,364			
Total Receipts	225	11,067	10,842			
DISBURSEMENTS						
Ford Farm	6,000	15,182	(9,182)			
Total Disbursements	6,000	15,182	(9,182)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,775)	(4,115)	1,660			
CASH, JANUARY 1	113,027	113,027	0			
CASH, DECEMBER 31	107,252	108,912	1,660			

Exhibit B

ANDREW COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	1,500	1,472	(28)			
Total Receipts	1,500	1,472	(28)			
DISBURSEMENTS						
County Clerk	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	1,472	(28)			
CASH, JANUARY 1	2,012	2,012	0			
CASH, DECEMBER 31	3,512	3,484	(28)			
<b><u>911 FUND</u></b>						
RECEIPTS						
Intergovernmental	70,000	65,000	(5,000)			
Interest	0	1,703	1,703			
Total Receipts	70,000	66,703	(3,297)			
DISBURSEMENTS						
Salaries	6,500	6,554	(54)			
Fringe benefits	555	501	54			
Mileage and training	500	501	(1)			
Office expense	2,945	845	2,100			
Other	500	0	500			
Transfers out	34,500	6,029	28,471			
Total Disbursements	45,500	14,430	31,070			
RECEIPTS OVER (UNDER) DISBURSEMENTS	24,500	52,273	27,773			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	24,500	52,273	27,773			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

ANDREW COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Johnson Grass Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Ford Farm Fund	2000
Election Services Fund	2000
John Glenn Road NID Fund	2001 and 2000
Gore Road NID Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Johnson Grass Fund	2001
Abuse Shelter Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001
Sheriff's Civil Fees Fund	2000
Cemetery Trust Fund	2001
Ford Farm Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Election Services Fund	2001 and 2000
911 Fund	2001

For the Health Center Fund and the Senate Bill 40 Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is



to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the board's name.

At December 31, 2001, the reported amount of the Senate Bill 40 Board's deposits was \$318,472 and the bank balance was \$320,451. Of the bank balance, \$316,905 was covered by federal depositary insurance and \$3,546 was uninsured and uncollateralized. At December 31, 2000, the reported amount of the Senate Bill 40 Board's deposits was \$253,313 and the bank balance was \$256,163. Of the bank balance, \$256,104 was covered by federal depositary insurance and \$59 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

### Investments

The various funds' investments are composed of the following:

December 31,				
2001		2000		
Reported	Fair	Reported	Fair	
Amount	Value	Amount	Value	
U.S. Treasury Bonds	\$ 38,925	38,925	41,425	41,425
Stocks	493	1,193,122	6,048	2,023,712
Corporate Bonds	830,988	731,174	0	0
Total	\$ 870,406	1,963,221	47,473	2,065,137

U.S. Treasury bonds are stated at cost. Stocks are stated at cost or par value as of December 31, 1973.

These investments were held by the County Clerk or the county's brokerage firm in the county's name.

### 3. Prior Period Adjustment

The Senate Bill 40 Board Fund's cash balance at January 1, 2000, as previously stated has been increased by \$41,799 to reflect revenues not previously reported.

The John Glenn Road NID Fund's cash balance of \$27,867 was not previously reported, but has been added so the county's financial statements will include this fund.

## Supplementary Schedule

## Schedule J

ANDREW COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.069	Conservation Reserve Program	N/A	\$ 14,357	11,012
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0101	0	22,418
		ERS045-1101W	14,969	7,312
		ERS045-2101	8,110	0
	Program Total		<u>23,079</u>	<u>29,730</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bulletproof Vest Partnership Program	N/A	0	1,447
16.710	Public Safety Partnership and Community Policing Grants	97-VMWX-0637	16,457	35,702
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	7,838
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-002 (25)	128,972	63,516
		BRO-002 (27)	57,300	86,634
	Program Total		<u>186,272</u>	<u>150,150</u>
Passed through State Emergency Management Agency				
20.703	Hazardous Material Emergency Preparedness	N/A	1,970	1,815
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants	N/A	786	97,580

## Schedule J

ANDREW COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	26,533	26,002
Department of Social Services -				
93.563	Child Support Enforcement	N/A	0	23
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0101S	0	6,550
		PGA067-1101S	5,090	1,055
		PGA067-2101S	1,755	0
		PGA067-0101C	0	825
		PGA067-1101C	165	770
	Program Total		7,010	9,200
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	C000168002	0	432
93.991	Preventive Health and Health Services Block Grant	N/A	0	279
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0101M	0	8,307
		ERS146-1101M	9,141	2,406
		C10001500	0	130
		ERS175-0101F	0	3,646
		N/A	2,241	1,395
	Program Total		11,382	15,884
Total Expenditures of Federal Awards			\$ 287,846	387,094

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ANDREW COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Andrew County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Immunization Grants

(CFDA number 93.268) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Andrew County, Missouri

Compliance

We have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Andrew County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-3 and 01-4.

#### Internal Control Over Compliance

The management of Andrew County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-3 and 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding number 01-3 to be a material weakness.

This report is intended for the information of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

Schedule

ANDREW COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?   x   yes        no

Reportable condition identified that is  
not considered to be a material weakness?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness identified?   x   yes        no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
16.607	Bulletproof Vest Partnership Program
20.205	Highway Planning and Construction

\$300,000

          yes            x      no

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

- A. The County Treasurer did not follow up on large unreconciled differences between the reconciled bank balance and the fund balances for funds in the general checking account. This account includes activity of the General Revenue Fund, Special Road and Bridge Fund, Law Enforcement Sales Tax Fund, Capital Improvement Sales Tax Fund, Local Emergency Planning Commission Fund, and Abuse Shelter Fund. Although formal bank reconciliations are prepared monthly, they are inaccurate and differences are not identified or resolved. An unreconciled difference of approximately \$13,350 was shown on the December 2001 bank reconciliation. The amount fluctuated each month of the audit period, and was largest, approximately \$33,000, in September 2001.

During our audit work, we noted errors in the Treasurer's records including: disbursements recorded twice or not at all, deposits not posted to any fund, and an incorrect calculation of a fund balance. In addition, the bank reconciliations had numerous errors, such as the outstanding check lists including some checks that had already cleared the bank, and not including all uncleared checks. Errors such as these that remain uncorrected for long periods hinder the reconciliation process.

The County Treasurer indicated she was aware of the errors on the bank reconciliations. However, she took no action to resolve the unreconciled differences. At our request, the County Treasurer identified several reconciling items and was able to reduce the unreconciled difference to \$22 and \$883 at December 31, 2001 and 2000, respectively. The County Commission ordered adjustments to the General Revenue Fund for these amounts.

Monthly bank reconciliations are necessary to ensure that all receipts and disbursements are properly accounted for and that the fund balances are accurate. Had adequate reconciliations been performed, the differences mentioned above could have been detected in a timely manner and appropriate corrections made.

- B. The County Clerk and County Treasurer do not adequately reconcile their records.

They each keep their own set of accounting records to account for the receipts and disbursements of some, but not all, county funds. The County Clerk has not maintained cash balances for the county funds, which could be compared to the County Treasurer's balances. In addition, the County Clerk maintains an account book with the County Treasurer for receipts, but not disbursements, of the Abuse Shelter Fund, Sheriff's Civil Fees Fund, Prosecuting Attorney Bad Check Fund, John Glenn Road NID Fund, Gore Road NID Fund, and Reserve Deputy Fund.

During the audit period, the County Clerk and County Treasurer, independent of each other, periodically compared their receipts and disbursements in total for the various funds, but did not investigate, resolve, or document the reasons for the differences. As a result, the County Treasurer's semi-annual settlement and the County Clerk's actual amounts as reported on the budgets contained numerous errors. For example, Special Road and Bridge Fund disbursements in 2000 differed by \$83,000 between the County Treasurer's and the County Clerk's records. The differences between their receipts and disbursements allowed errors to remain undetected, which had significant effects on the balances of some funds. In addition, this situation was made worse by the unreconciled difference between the fund balances and bank balance (see A above).

At our request, the County Treasurer and County Clerk reconciled their records; however, this process took them four months to complete and required them to investigate items up to two years old. The County Clerk and County Treasurer were not able to provide reasons for all of the differences.

Had the County Clerk and County Treasurer made better attempts to reconcile their records, the errors noted above could have been detected and corrected in a timely manner. Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer; additionally, the County Commission issued a court order effective January 1, 2001, requiring them to reconcile and submit documentation of this to the County Commission in the following month. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Treasurer and the County Clerk should regularly reconcile their accounting records. In addition, the County Commission should ensure that the reconciliations are performed in compliance with the court order.

- C. The County Collector does not calculate how commissions will be distributed between the General Revenue Fund and the County Employee Retirement Fund (CERF). Instead, the commissions are turned over to the County Treasurer, who determines how much to allocate to each fund. Our review of the December 2000 distribution indicated commissions are not being distributed according to statute. Approximately \$47,000 of commissions collected in December 2000 were distributed to the CERF fund that should have gone to the county General Revenue Fund. At



least part of the problem was caused by the County Treasurer allocating a portion of the current commissions to the CERF fund instead of crediting all of it to the General Revenue Fund. Errors were also made in allocating the delinquent commissions between the CERF and the General Revenue Fund. The County Treasurer needs to recalculate the distributions of these commissions and make the appropriate adjustments for errors. In the future, the County Collector should determine the correct allocation of commissions between the General Revenue Fund and the CERF prior to distributing commissions to the County Treasurer.

- D. Throughout the audit period, the County Treasurer and County Collector maintained all county funds in several low interest-bearing checking accounts earning approximately 1.57% interest, as of December 2001. At December 31, 2001, the book balances of the County Treasurer and County Collector were \$2,949,498 and \$3,187,695, respectively. A portion of these monies could be placed in higher yielding investments, such as certificates of deposits and repurchase agreements.

The failure to adequately monitor the amount of funds maintained in low interest-bearing accounts results in a loss of interest revenue. To maximize interest revenue, monies not needed for immediate use should be placed in investments at the highest interest rate possible.

- E. The County Treasurer allocates interest earned to various funds she believes are required per statute to receive interest earned on balances, or has received a court order from the County Commission specifically requiring interest to be allocated to that fund. However, the Capital Improvement Sales Tax Fund is not included in this interest allocation process even though the fund balance was \$150,128 and \$250,487 at December 31, 2001 and 2000, respectively. As a result, interest is not being equitably distributed to all funds that have a significant balance.

**WE RECOMMEND** the County Treasurer:

- A. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the County Treasurer should ensure that accurate fund balances are maintained.
- B. And County Clerk reconcile receipts, disbursements, and cash balances and resolve all reconciling items, and the County Commission ensure compliance with the court order. In addition, the County Clerk should maintain an account book for all county funds.
- C. Recalculate the distribution of the County Collector's commissions and five percent add on and make the necessary adjustments for incorrect distributions. The County Commission should contact the County Employees' Retirement Fund administrators about resolving overpayments into the fund.

- D. And County Collector maximize the county's revenue by investing monies that are not needed for immediate uses.
- E. Distribute interest equitably to all funds.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

- A. *The County Treasurer indicated she agrees. This is now being done.*
- B. *The County Commission, County Clerk, and County Treasurer indicated they agree with this recommendation and have taken steps to address it. Monthly reconciliations of receipts and disbursements are now being performed. The County Clerk indicated effective January 1, 2003, an account book for all funds will be maintained and cash balances for all funds will be tracked and reconciled with the County Treasurer.*
- C. *The County Treasurer and County Collector indicated they are in the process of recalculating distributions of other months. The County Commission will contact County Employees' Retirement Funds administrators by the end of October 2002 about resolving overpayments.*
- D. *The County Treasurer indicated she agrees with the auditor's concern, however the current depository agreement extends through March 2004, and does not allow for other types of investments. When bidding our next depository agreement, we will incorporate additional investment options into our request for bids.*
- E. *The County Treasurer indicated she will do this if the Commissioners approve and issue a court order.*

*The County Commission responded:*

*In 2002, the balance of the CIST fund significantly decreased, and we do not believe that a significant amount of interest would be earned on the current balance. If the balance increases in the future, then we would be willing to request that the Treasurer allocate interest to this fund.*

**01-2.**

**Cemetery Trust Fund**

The Cemetery Trust Fund is comprised of cash and investments of twenty-eight cemeteries, for which the County Commission is the trustee. The County Commission is required to follow the terms and conditions of the gift or bequest. For each trust fund, the County Clerk maintains a separate receipt, disbursement, and asset record. The asset record lists the certificates of deposit (CD's), stocks, and other investments held by each trust fund.

- A. The county does not maintain accurate and complete asset records for some of the various trust funds , nor for the entire Cemetery Trust Fund. During our review of fund revenues, we became aware of dividends from additional stocks that the county had not included on the asset record that had a market value at December 31, 2001 of approximately \$1,141,000. In addition, the asset records do not contain the purchase date or date sold of some assets. The county has a fiduciary responsibility to ensure all Cemetery Trust Fund revenues are recorded and an accurate detailed asset record is maintained.
- B. The county did not ensure actual receipts and disbursements reported on the Cemetery Trust Fund budget were accurate and complete. Differences between the reported and actual receipts and disbursements, as noted in the chart below, resulted from not recording CD interest or stock sale proceeds unless deposited into the checking account, and from including CD purchases and redemptions as receipts and disbursements.

	<b>Reported</b>	<b>Actual</b>	<b>Difference</b>
2000 Receipts	\$ 46,043	\$ 64,958	\$ (18,915)
2000 Disbursements	33,968	23,462	10,506
2001 Receipts	142,696	842,393	(699,697)
2001 Disbursements	142,352	43,434	98,918

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

- C. The County Commission obtained investment services in 2001 from a brokerage firm. The county paid this firm over \$3,000 in commissions on stock sales and \$27,000 in points on bonds purchased. There is no evidence that the County Commission solicited proposals from various brokerage firms. The County Commission should always seek proposals for professional services and document the basis for selection to ensure the county is receiving quality service at a reasonable price.

**WE RECOMMEND** the County Commission and the County Clerk:

- A. Record all transactions and maintain accurate asset records.
- B. Ensure receipts and disbursements are accurately reported in the county budget.
- C. Solicit and document proposals for professional services.

### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

A&B. We agree and plan to, in the future, look into purchasing software to better track these transactions and assets. We will ensure future amounts reported in the budget are accurate.

C. We agree and in the future will solicit proposals for these services.

### **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-3. Schedule of Expenditures of Federal Awards</b>
---------------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) and BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.607
Program Title:	Bulletproof Vest Partnership Program
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2000
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

For the years ended December 31, 2001 and 2000, the county's SEFA contained numerous errors. Only the expenditures for the Public Safety Partnership and Community Policing (COPS) Grant (CFDA number 16.710) were reported accurately by the county. In total, expenditures were understated by approximately \$95,000 in 2001 and overstated by approximately \$4,000 in 2000. The county reported one program which was not federally funded, and did not report various other programs which were federally funded. In addition, the SEFA did not include the required pass-through entities' identifying numbers or contract

numbers. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The county, Road and Bridge Department, and Health Center do not have adequate procedures in place to track federal awards. To adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

This condition was also noted in our prior report.

**WE AGAIN RECOMMEND** the County Clerk, with the assistance of the Road and Bridge Department and the Health Center, prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The Health Center Administrator responded:*

*I am new to this position as of May 1, 2002, but we will ensure accurate information is reported to the county in the future.*

*The County Clerk responded:*

*I agree. Effective with the 2003 budget I will make a greater effort to ensure this schedule is accurate and complete.*

#### **01-4.**

#### **Cash Management**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation
Commission	
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) & BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies. Sometimes

the County Commission makes payments to contractors subsequent to receiving the reimbursement. Reimbursements of \$3,237, \$7,547, and \$2,882 were held for 328 days, 114 days, and 58 days, respectively, before the related payments were made to contractors. During audit work, we determined that \$3,237 was held for an extended period of time because the engineer had failed to send the county an invoice. While the liability was incurred prior to the request for reimbursement, payments were not made to the vendors on a timely basis. The county was unaware of cash management problems due to inadequate reviews of disbursements and reimbursements. The county should ensure that invoices from contractors have been submitted and approved, prior to submitting a request for reimbursement.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to disbursement of the funds.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We agree and will ensure this is done in the future.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

ANDREW COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

ANDREW COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**Findings - Two Years Ended December 31, 1999**

99-1. Schedule of Expenditures Of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(20), BRO-002(23), and BRO-002(27)
Award Years:	1999 and 1998
Questioned Costs:	N/A

The county did not have procedures in place to adequately track federal awards for preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepares a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 01-3.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

ANDREW COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We also have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Andrew County but do not

meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.                      Budgetary Practices and Published Financial Statements</b>
---------------------------------------------------------------------------------------

- A.      No documentation was available to indicate the County Commission obtained financial information regarding thirteen of the county's budgeted funds prior to preparing the county's consolidated budget. Formal budgets were not filed with the State Auditor's office for these funds as required by Section 50.740, RSMo 2000. In addition, the County Commission did not prepare budgets for several other county funds.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing budgets and obtaining financial information for all county funds and activities, the County Commission could more efficiently evaluate all county resources.

- B.      The annual published financial statements did not include the financial activity of several county funds and the only activity presented for the Health Center Fund and the Senate Bill 40 Fund was the property tax disbursed by the County Treasurer. In addition, the published financial statements lacked the disbursement detail required by state law for funds which the County Clerk/Commission do not write the checks.

Section 50.800, RSMo 2000, requires the County Commission to publish a detailed financial statement of the county that presents receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

**WE RECOMMEND** the County Commission and County Clerk:

- A.      Ensure budgets are obtained or prepared for all county funds and submitted to the SAO as required by state law.
- B.      Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

## **AUDITEE'S RESPONSE**

- A. *We agree and will make a greater effort to ensure financial information is accurate and budgets are prepared and submitted for all county funds.*
- B. *We agree and will prepare the financial statements in accordance with state law.*

<b>2. County Commission Minutes and County Records</b>
--------------------------------------------------------

- A. During our review of the County Commission minutes, we noted the following concerns:

- 1. The daily business of the County Commission is not adequately documented in the County Commission minutes. For example, the minutes do not refer to all bids received and all documents approved. In addition, the minutes are not signed by the preparer nor approved by a Commissioner who was in attendance. Minutes of at least twenty consecutive meetings during our audit period were approved by a commissioner who was not in attendance.

Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Approval not only ensures authenticity of official minutes, but also allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

- 2. Minutes were not always prepared to document the matters discussed in closed meetings, and the commission was unable to provide documentation for how some topics discussed in closed meetings were allowable under Section 610.021, RSMo 2000. One example is the discussion of a transfer to the Assessment Fund, ordered by the County Commission. The County Commission should restrict the discussions in closed session to the specific topics allowed by state law. In addition, open meeting minutes do not always document the related vote to close the meeting, the specific reasons for entering into closed session, nor the final disposition of matters discussed in closed meetings, if applicable.

Section 610.021 and 610.022, RSMo 2000, have various requirements related to closed meetings. The question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. Public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The County Commission may close meetings to the extent the meetings relate to certain specified subjects, including litigation, real

estate transactions, and personnel issues. Certain matters discussed in closed meetings are required to be made public upon final disposition. Without the preparation of closed minutes, there is less evidence that the provisions regarding these closed meetings have been followed.

- B. The County Commission did not retain records which they had signed or reviewed in the course of their duties. Construction contracts, engineering contracts, MoDOT reimbursement requests, bidding documentation, and the depository agreement could not be located. The county was able to obtain copies of these records from other sources, such as the engineering firm, MoDOT, and the bank.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

**WE RECOMMEND** the County Commission:

- A.1. Ensure a complete record of the meetings is prepared and approved on a timely basis.
  - 2. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meetings are documented in the board minutes. Document the vote to go into closed session, and publicly disclose the final disposition of matters discussed in closed session. In addition, ensure only allowable, specific subjects are discussed in closed session as required by state law.
- B. Retain records in a secure location in accordance with state law.

**AUDITEE'S RESPONSE**

- A.1. *We have already taken steps to resolve these issues.*
  - 2. *We are now preparing closed minutes and are ensuring the requirements of the Sunshine law are followed.*
- B. *We have already addressed this concern.*



<b>3. County Expenditures</b>
-------------------------------

- A. The approval stamps used by each of the County Commissioners to approve invoices are not kept in a secure location. In addition, anyone could approve the expenditures because the approval stamp is not accompanied by the users' initials. Failure to adequately secure the approval stamps or accompany them with the user's initials diminishes the control intended by the approval process.
- B. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved by the applicable party. In addition, invoices are not always marked paid. To reduce the possibility of duplicate payments, invoices should be marked paid when a check has been issued by the county.
- C. The county pays the contracted Emergency Management employee \$250 monthly, regardless of the number of hours worked, but does not have a written agreement detailing the responsibilities of the employee and the payment rate.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

**WE RECOMMEND** the County Commission:

- A. Ensure approval stamps are maintained in a secure location and are accompanied by the user's initials.
- B. Require acknowledgment of receipt of goods and/or services prior to payment and ensure all invoices are canceled when paid.
- C. Ensure all agreements entered into by the county are in writing.

**AUDITEE'S RESPONSE**

- A. *We are now securing these approval stamps.*
- B. *We have taken steps to address this issue.*
- C. *With the changing requirements for emergency management, we plan to reevaluate this situation by February 2003.*

<b>4. Multi-County (ACCD) 911 System</b>
------------------------------------------

The ACCD 911 system was formed in 1992 by Andrew, Caldwell, Clinton, and DeKalb counties and the City of Cameron. Operations are funded by an emergency telephone tax which is authorized by Section 190.305, RSMo 2000. Financial records are maintained by DeKalb County officials. Each county is responsible for providing dispatching, coordination services, and 911 mapping.

Andrew County requests monies from DeKalb County to cover all mapping expenditures. The county received \$185,000 for 911 mapping expenditures, but provided documentation for only \$104,680 of mapping related expenditures. The county should review mapping expenditures and advances not used for allowable mapping expenses should be refunded to the 911 board.

**WE RECOMMEND** the County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

**AUDITEE'S RESPONSE**

*We have transferred \$80,320 from General Revenue to the 911 fund, which is restricted for mapping projects in the future.*

*The Assessor indicated a new GIS Mapping project is being planned, and that the County Commission and Assessor have met with DeKalb County officials and a plan will be implemented to spend these monies in 2003.*

<b>5. Senate Bill 40 Board</b>
--------------------------------

- A. In the first half of 2000, the Senate Bill 40 Board's financial records were neither accurate nor complete and bank reconciliations were either not performed or not adequately documented since late 2000. Numerous bookkeeping errors were noted; for example, property tax receipts of \$2,185 and disbursements of \$320 were not posted to the Treasurer's reports. Revenues and expenditures were not properly categorized and book balances of accounts and certificates of deposit (CD's) were not available. In July 2000, the Senate Bill 40 Board began maintaining financial records for the checking account, but not for the money market account or CD's. Although the SB40 Treasurer stated she prepared bank reconciliations during 2001, there is no documentation of this. Since book balances were not available, had reconciliations been performed, they would not have been compared to any book balance.

The Senate Bill 40 Board failed to adequately review the financial reports to ensure they were accurate. As a result, actual receipts and disbursements reported on the 2001 and 2000 Senate Bill 40 Board budgets were inaccurate.

Accurate financial reports are critical to ensure the board is properly informed of the financial condition and to assist the board in approving invoices, planning for upcoming expenditures, and making well-informed decisions. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

- B. The Senate Bill 40 Board levied property taxes at a level in excess of its financial needs. The Senate Bill 40 Board Fund's balance increased from \$214,750 at January 1, 2000, to \$318,472 at December 31, 2001. Apparently this occurred, at least in part, due to expending less funds than anticipated and not adjusting the levy based on an increasing fund balance.

Unreasonable estimates result in the anticipated cash balance being significantly over or understated and reduce the effectiveness of the budget as a management tool. In addition, a taxing entity should base its tax levy on the amount of revenues needed to meet its annual financial requirements and provide a reasonable surplus in case of emergencies.

- C. The Senate Bill 40 Board could not locate various financial records. The Senate Bill 40 Board was unable to locate a checkbook register and a bank statement.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- D. Board minutes are not signed. The board minutes should be signed by the Administrator as preparer and by the Board President to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board timely and formal bank reconciliations are performed on a monthly basis. In addition, ensure receipts and disbursements are accurately reported in the Senate Bill 40 Board budget.
- B. Budget more reasonable disbursement estimates. In addition, determine the funding required for the Senate Bill 40 Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.
- C. Retain records in a secure location in accordance with state law.
- D. Ensure the board minutes are signed by the preparer and Board President or a designated member of the board to attest to their accuracy.

**AUDITEE'S RESPONSE**

- A. *The board agrees with the auditor's conclusion. Treasurer reports are now reviewed by the board monthly. Effective with the 2003 budget, we will ensure actual receipts and disbursements are accurate. Bank reconciliations are now prepared, documented, and reviewed by an independent party.*
- B. *We agree and are considering alternative avenues to secure services in Andrew County, and have taken steps to reduce the cash balance.*
- C. *Records are now maintained in a central location.*
- D. *We agree and are now doing this.*

<b>6. Health Center Board</b>
-------------------------------

- A. Our review of cash controls revealed the following:
  - 1. Monies received are not deposited on a timely basis. During the audit period, deposits were made approximately twice a month, averaging \$2,500 except when large reimbursements from the state were received.  
  
To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

2. Although formal bank reconciliations are prepared monthly, differences between bank and book balances are not identified or investigated. In addition, the checkbook balance maintained by the Health Center was inaccurate. A difference of approximately \$7,000 between the reconciled bank balance and the book balance existed on the December 2001 bank reconciliation. The Health Center Administrator was unaware of differences in the checking account. Once identified, these differences were investigated and corrected by the Health Center. Errors such as these that remain uncorrected for long periods hinder the reconciliation process.

Monthly bank reconciliations are necessary to ensure that all receipts and disbursements are properly accounted for and that the fund balances are accurate. Had adequate reconciliations been performed, the differences mentioned above could have been detected and investigated in a timely manner and appropriate corrections made.

3. Actual expenditures for 2001 and 2000 were not accurately presented in the budgets. The Health Center Board could not provide documentation for the original amounts reported on its budget. The financial reports provided to us by the Health Center did not agree to the amounts reported on their budget. To be of maximum assistance to the board and to inform the public adequately, the budget documents should be complete and accurate.
4. The Health Center did not retain adequate supporting documentation for some expenditures. We noted a \$258 hotel expenditure for which an itemized invoice and registration form were not retained. The invoice and registration form for the conference were later obtained at our request. It appears that room charges were included and paid for at least two days prior to the conference, according to the dates on the registration form. The former Health Center Administrator indicated those additional days were for another conference that was attended, but a registration form for that conference was not available to substantiate this claim. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors.

B. Our review of the Health Center's payroll and personnel policies revealed the following:

1. The Health Center had not filed all applicable tax returns in a timely manner in 2001 and as a result, incurred unnecessary interest and penalty charges. The Health Center failed to file quarterly federal and state payroll tax returns and were assessed and paid penalties and interest on delinquent taxes of approximately \$110.

2. The Health Center's employees earn one hour of compensatory time for each hour of overtime worked, instead of at the rate of time and a half. In addition, compensatory time is lost if not used within the month earned. This policy may not comply with the Fair Labor Standards Act (FLSA), which states that overtime will be given at the rate of time and a half. FLSA also states that covered employees may accumulate a maximum of 240 hours of compensatory time and amounts over these limits will be compensated in pay. The Health Center is required to account for and pay either overtime or allow compensatory time off for nonexempt employees. The Health Center should review its personnel policy for all employees and adopt overtime and compensatory time policies that comply with the FLSA.

C. During our review of the Health Center Board's minutes, we noted the following concerns:

1. The board regularly conducts closed sessions during its meetings. Minutes were not always prepared to document the matters discussed in closed sessions, and board minutes did not always indicate the reasons for closing the meeting.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. However, that statute requires certain matters discussed in closed meeting to be made public upon final disposition. This law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

2. The board minutes did not adequately document matters discussed and actions taken by the board. For example, the minutes did not document the hiring and resignation of the former Health Center Administrator. In addition, the Health Center was unable to locate the minutes for the September 2001 meeting.

Minutes represent the official record of board actions and decisions and it is important that they are complete and accurate. Section 610.020, RSMo 2000, requires a journal or minutes be taken and retained for all open meetings of a governmental body.

**WE RECOMMEND** the Health Center Board:

- A.1. Deposit monies intact daily or when accumulated receipts exceed \$100.
  - 2. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the board should ensure that accurate checking account balances are maintained.
  - 3. Ensure actual revenues and expenditures in the annual budgets are correct to ensure accountability of health center funding.
  - 4. Maintain adequate supporting documentation for expenditures.
- B.1. File all applicable tax returns on a timely basis and disburse the required payroll taxes timely.
  - 2. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- C.1. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meeting are documented in the board minutes as required by law.
  - 2. Ensure all significant discussions and actions taken are included in the minutes.

**AUDITEE'S RESPONSE**

*The Health Center Administrator responded:*

- A.1. *I agree and am now doing this.*
  - 2. *I agree. Bank reconciliations are now being reviewed by myself and a board member monthly.*
  - 3. *I agree and will ensure actual revenue and expenditures in the 2003 budget are reported accurately.*
  - 4. *I agree and will ensure this is done in the future.*
- B.1. *I agree. Past tax returns have been filed, and state and federal payroll taxes are now being paid timely.*
  - 2. *I agree. Compensatory time is now being tracked by the Administrator and given in accordance with FLSA.*

- C. *I agree and will discuss with the board the implementation of these recommendations.*

<b>7. County Collector's Controls and Procedures</b>
------------------------------------------------------

- A. The County Collector makes changes to the property tax records for additions and abatements occurring throughout the year. Additions and abatements are prepared monthly by the County Collector and approved only in total by the County Commission. There is no independent and subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files. In order to compare additions and abatements to changes made to the property tax system, the additions and abatements should be listed individually on the court orders for independent review.

Since the County Collector is responsible for collecting the taxes, he should not have the capability to make changes to the actual tax data. This procedure for making changes, without independent and subsequent review of actual changes made, weakens controls over the collection of taxes. Section 137.260, RSMo 2000, requires that the tax book only be changed by the clerk of the county commission under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax data files.

- B. Receipts are not always deposited intact. When current property taxes are being collected, the County Collector withholds cash from deposits to maintain a change fund that fluctuates between \$400 and \$600; this is in addition to a \$100 established change fund. This cash is deposited at the end of the tax year and the process starts over with the next year's receipts to establish the change fund again.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. Change funds should be maintained at a constant amount.

- C. The County Collector prepares monthly reconciliations of his bank account; however, at January 31, 2002 the reconciled cash balance exceeded identified liabilities by approximately \$4,400. The unidentified cash excess in the Collector's bank account has remained consistent during the two years ended February 28, 2002.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.



- D. The County Collector's bank account has four checks, totaling approximately \$361, which have been outstanding for more than two years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

**WE RECOMMEND:**

- A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to computerized property tax data, or ensure that independent, subsequent comparisons of these changes to tax book change orders are performed. In addition, the County Commission should individually approve additions and abatements, rather than in total.
- B. The County Collector deposit all monies received intact daily. If a change fund is needed, it should be established and maintained at a constant amount.
- C. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- D. The County Collector routinely attempt to locate the payees of the old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

**AUDITEE'S RESPONSE**

*The County Collector responded:*

- A. *We will take the need to change this process under advisement and make a decision whether to change this process by March 1, 2003.*
- B. *I agree with the auditor's concern, but my current procedures allow me to more efficiently serve the citizens, and I always ensure my receipts are adequately accounted for.*
- C. *The excess balance will be disbursed by November 1, 2002.*
- D. *These have been resolved.*

**8.****County Officials' Salaries**

The Andrew County Salary Commission has the statutory authority to set salaries of the county's elected officials. County officials' salaries are based upon the county's assessed valuation, population, training attendance, or a combination of these factors. During our audit, we noted the following conditions related to various elected officials' salaries:

- A. The salary commission minutes did not clearly document all decisions made. For example, minutes of the meetings in October 1999 and November 2001 did not clearly document the percentage of statutory maximum. In addition, the salary commission did not indicate the exact amount of salary to be paid to any official and no written legal opinions were obtained from the Prosecuting Attorney to support the officials' salaries and the method used to calculate them. In addition, Section 50.333.8, RSMo 2000, requires the salary commission to issue a report to indicate the amounts paid to each official. Future salary commission minutes should clearly document all decisions regarding salary issues.
- B. Raises given to elected officials during the audit period do not appear to have been calculated appropriately.
  - 1. The cost of living adjustment given to each official does not appear to be calculated appropriately. In 2000, the County Commission voted to give each official a \$480 cost of living adjustment (COLA). Section 50.333.12, RSMo 2000, allows a COLA that is the same percentage for all county officials.
  - 2. A review of the various statutes regarding officials' salaries indicates that increases due to changes in the assessed valuation factor should be based upon the assessed valuation in the year next preceding the computation. The maximum allowable salaries for officials in 2001 were increased, effective January 1, 2001, for changes in the county's assessed valuation, using the current year's assessed valuation rather than the preceding years to determine the amount of increase.

In addition, the County Collector and County Assessor received raises, effective January 1, 2001, due to this change in assessed valuation of the county. However, Section 50.333.8, RSMo 2000, states that elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received these raises prior to their dates of incumbency, which are March 1 and September 1, respectively.

- C. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Andrew County's Associate County Commissioners salaries were each increased approximately \$7,080 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$14,160 each for the two-year term ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission and the salary commission:

- A. Ensure all salary commission minutes clearly document all decisions made and that all future elected officials' salaries are supported by actions of the salary commission. In addition, obtain written legal opinions from the Prosecuting Attorney to support all decisions.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and January 1, 2001 and proceed accordingly.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

- A. *We will do a better job of documenting our decisions in the future, and will request legal opinions in the future.*
- B. *We will request a legal opinion from the Prosecuting Attorney on this issue.*
- C. *We have discussed this issue with the former associate commissioners and they do not plan to repay these funds at this time.*

<b>9. Associate and Probate Divisions' Controls and Procedures</b>
--------------------------------------------------------------------

- A. Accounting and bookkeeping duties are not adequately segregated. Two clerks are primarily responsible for handling cases; receiving, recording, depositing and disbursing monies; preparing bank reconciliations; and maintaining the accounting records. An independent review of deposits and accounting records is not performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, a periodic supervisory review of the records should be performed and documented.

- B. The Associate and Probate Divisions' Banner, old criminal, and old civil accounts have twenty-six checks totaling approximately \$434, which have been outstanding for up to six years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

- C. The Divisions do not deposit intact daily or when receipts exceed \$100, maintain receipts in a secure location, immediately issue receipt slips, endorse checks upon receipt, or remit all fees to the County Treasurer. A cash count revealed a shoe box containing copy monies, totaling \$235, which were stored in the vault, rather than being remitted to the County Treasurer as accountable fees. These monies included three checks which were dated in the mid-1990's. Court personnel stated the cash portion is used to make change, although the change funds in place appear to be for adequate amounts. We also noted during our cash count that receipts totaling \$301, including \$116 in cash, were kept overnight in case files on a clerk's desk and that receipt slips had not been issued for these monies. In addition, checks are not endorsed immediately upon receipt.

To ensure monies are accounted for properly, all monies should be kept in a secure location until they are deposited intact daily or when accumulated receipts exceed \$100. Section 50.030, RSMo 2000, requires every county official who receives fees for official services to remit such monies monthly to the county treasury. In addition, all checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The old criminal and old probate account open-items listings and the reconciled cash balances had differences throughout the audit period. At December 31, 2001, the open items listing exceeded the reconciled cash balance by \$48 in the old criminal account, and the reconciled cash balance exceeded the open items listing by \$15 in the old probate account.

An accurate open-items list helps to ensure that receipts and disbursements are properly handled and accurately posted to the case fee sheets, and to verify there is sufficient cash to satisfy all liabilities. The Associate and Probate Divisions should make an effort to identify any liabilities associated with the excess cash balance. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- E. The Probate Division charges \$3 per case for copies and postage that is not based on actual usage. Court personnel have stated this fee is not enough to cover the costs, but a comparison of allowable costs to actual costs incurred has not been performed. Sections 488.012 and 488.015, RSMo 2000, state that a charge of one dollar per copied page is allowable and the court is not to increase the amount of this charge. By not monitoring the actual amount of copies and postage, the Probate Division may not be charging the correct fees for each case, which may also result in lost revenue.

**WE RECOMMEND** the Associate Circuit Division Judge ensure:

- A. Accounting and bookkeeping duties are adequately segregated to the extent possible or that periodic supervisory reviews are performed and documented.
- B. Routine attempts are made to locate the payees of the old outstanding checks and that the checks are reissued, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Receipts are deposited intact daily or when accumulated receipts exceed \$100, monies are maintained in a secure location until deposited, receipt slips are issued for all monies received, and all checks and money orders are restrictively endorsed immediately upon receipt. Ensure all copy monies are remitted to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- D. Attempts are made to identify the excess cash balance which currently exists in the old criminal and old probate accounts, and that any amounts that cannot be identified are disposed of in accordance with state law.
- E. Court costs and fees are collected in accordance with state law.

## **AUDITEE'S RESPONSE**

- A. *I agree and will document my review of accounting records in the future.*
- B. *I agree. These accounts have now been closed, and monies were transferred to the County Treasurer. The only reason these accounts were still open was because OSCA had told us to keep these open until the audit was complete.*
- C. *I agree. This money has been turned over to the county and a change fund has been established. We will ensure monies are deposited timely and kept in a secure location until deposit. Normal procedures are to issue receipt slips upon receipt and restrictively endorse checks immediately.*
- D. *I agree. Differences existed in these accounts before I took office. These accounts have now been closed and the monies distributed to the County Treasurer.*
- E. *I feel that this charge is actually less then what we could charge if we tracked actual costs and copies made per case, but from a cost-benefit perspective we do not feel that it would be worth the extra effort to track these costs for the additional money that would be received.*

### **10.**

### **Sheriff's Controls and Procedures**

- A. Receipts are not always deposited intact on a timely basis. Receipts are deposited approximately twice per week and are not always deposited in the order received. For example, \$1,434 was received between October 26 and November 2, 2001. Most of these receipts were deposited on November 2, 2001; however, \$125 was not deposited until November 5, 2001. Approximately \$930 on hand during a cash count included monies which had been on hand for nearly two weeks.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and receipts should be stored in a secure location until deposited.

- B. Check and money orders received are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared. To adequately safeguard receipts, all check and money orders to be deposited should be restrictively endorsed immediately upon receipt.
- C. The Sheriff maintains a general bank account for sheriff fees and another account for partition sales. During our review, we noted the following concerns:
  - 1. Formal bank reconciliations for the partition sales and general bank accounts were not prepared on a timely basis. The partition sales book balance was

incorrect because bank statements were not opened to determine the interest earned. The December 31, 2001 general account bank reconciliation was prepared on February 4, 2002. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

2. The Sheriff's partition sales bank account has one check for approximately \$110,000 which has been outstanding for more than one year. According to the county, the payee has been contacted and refuses to cash this check. The amount should be paid to the state's Escheats Fund, upon order of the circuit court, in accordance with Sections 470.010 and 470.020, RSMo 2000.
  3. Monthly listings of open items (liabilities) are not prepared for any of the Sheriff's bank accounts and, consequently, are not agreed to the reconciled bank balance. This is necessary to ensure accounting records are in balance and all monies in the account are properly identified. Differences between outstanding items and cash balances should be investigated and resolved.
- D. The Sheriff earns interest on the partition sales bank account. These monies are not recorded or remitted to the County Treasurer; instead, they remain in the partition sales bank account. During the two years ended December 31, 2001, it appears approximately \$5,000 of interest has been earned on this account. The county should determine the proper payee of these interest proceeds and disburse these funds in accordance with state law.

**WE RECOMMEND** the Sheriff:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C.1. Prepare formal bank reconciliations on a monthly basis.
  2. Routinely attempt to locate the payee of the old outstanding check and reissue the check, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
  3. Prepare monthly listings of open items and reconcile to the cash balance.
- D. Ensure all interest monies are recorded and remitted to the County Treasurer at least monthly.

## **AUDITEE'S RESPONSE**

- A. *I agree. In the future I will make a diligent effort to ensure deposits are made more timely.*
- B. *I agree and will begin doing this immediately.*
- C.1. *I agree and will ensure these reconciliations are done more timely.*
  - 2. *I agree. This has now been paid over to the County Treasurer.*
  - 3. *I agree. This is now being done.*
- D. *I will seek the advice of our Prosecuting Attorney and disburse in accordance with state law.*

<b>11. Prosecuting Attorney Controls and Procedures</b>
---------------------------------------------------------

- A. Receipts are not deposited on a timely basis. Deposits are made approximately once per week and average approximately \$1,000. In addition, the method of payment received is not always accurately indicated on the receipt slip and the composition of deposits is not reconciled to receipts slips issued.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be recorded immediately upon receipt and deposited intact daily or when accumulated receipts exceed \$100. To ensure monies are properly accounted for and deposited intact, the method of payment received should be recorded on all receipt slips, and the composition of deposits should be reconciled to receipt slips issued.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Andrew County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint forms, and information regarding the handling of each case, is maintained in individual case files. The Prosecuting Attorney's office has not established procedures to ensure all bad check complaint forms are accounted for in a readily accessible manner.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date



payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition.

C. The Prosecuting Attorney's bank account has five checks, totaling approximately \$436, which have been outstanding for more than two years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

D. During our review of the Prosecuting Attorney's bank account, we noted the following problems:

1. Interest earned on the Prosecuting Attorney's bank account is not being tracked or remitted to the County Treasurer, to be put to the credit of the Prosecuting Attorney Bad Check Fund. Instead, it remains in the Prosecuting Attorney's bank account. At our request, a listing of monthly interest earned was prepared; it appears that approximately \$709 has accumulated between January 1996 and December 2001.

To ensure proper accountability over official receipts and reduce the potential for loss, theft, or misuse of funds, interest should be remitted to the County Treasurer, to the credit of the Prosecuting Attorney Bad Check Fund, on a monthly basis.

2. Monthly listings of open items (liabilities) are not prepared and, consequently, are not agreed to the reconciled bank balance. The balance in the bank account was approximately \$893 as of December 31, 2001. Of this, approximately \$709 appears to be accumulated interest. The remaining balance is unidentified, but could be interest earned prior to January 1996.

Monthly listings of open items should be prepared and agreed to the reconciled bank balance to ensure accounting records are in balance and all monies in the account are properly identified. Differences between the open items and cash balances should be investigated and resolved. Unclaimed or unidentified monies should be disposed of in accordance with applicable statutory provisions.

E. The Prosecuting Attorney's office was unable to locate a check register and two voided receipt slips. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Deposit daily or when accumulated receipts exceed \$100. Indicate the method of payment on all receipt slips and reconcile the composition of deposits to receipt slips issued.
- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Routinely attempt to locate the payees of old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- D.1. Record and remit all interest monies to the County Treasurer at least monthly for deposit into the General Revenue Fund.
  - 2. Prepare monthly listings of open items and reconcile to the cash balance. Any differences between open items and cash balances should be investigated and resolved. Any remaining unidentified amounts should be disbursed in accordance with state law.
- E. Retain records in a secure location in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *Deposits are made at least once per week and more often as time permits. Cash is deposited daily. We will endeavor to reconcile to receipt slips on a monthly basis.*
- B. *It will be helpful to this office and to the auditor's office to account for bad check complaint forms in a centrally located and uniform manner as suggested by the auditors.*
- C. *A check in the amount of \$435.72 for the five checks in question has been tendered to Andrew County. Between the dates of May and August of this year we made every attempt to locate the payees of the old outstanding checks, but were unable to do so. Although the Missouri Statutes provide that unclaimed property may be held up to five years before being turned over to the county and none of the five checks in question was five years old, we have returned the money to Andrew County as unclaimed property.*
- D.1. *We agree and will begin doing this.*
  - 2. *We agree to maintain a monthly listing of open items and reconcile them with the bank balance each month as suggested.*

- E. *We agree that one check register maintained during the tenure of a former Clerk was not found and there were two voided receipt slips not found in the years audited. Further, we also agree the retention of those record is necessary to ensure the validity of transactions as outlined in the auditor's report.*

<b>12. John Glenn Road Neighborhood Improvement District</b>
--------------------------------------------------------------

The Andrew County Commission established the John Glenn Road Neighborhood Improvement District (NID) on August 19, 1996, pursuant to a petition from the residents within the proposed district. The NID was established to redevelop John Glenn Road. A general obligation temporary note was issued in September 1996 by the County Commission to fund project construction. Construction was completed in October 1996, at a total cost of \$160,881. On May 1, 1997, the County Commission issued limited general obligation, special assessment bonds in the amount of \$195,000 to retire the temporary note and provide for other project costs.

The County Commission is ultimately responsible for the repayment of the limited general obligation bonds; however, the primary source of monies for bond repayment is the collection of special assessments on properties within the district. Two payment options were developed by the county allowing property owners to either pay the assessment in one lump sum or allocate the special assessment and related interest costs over a twenty-year payment schedule.

Our review of the John Glenn Road Neighborhood Improvement District Project revealed the following concerns:

- A. Upon receipt of the bond proceeds, \$25,000 was deposited into a fund set aside for future maintenance expenditures on John Glenn Road. Section 67.457.6, RSMo 2000, indicates that a maintenance levy may be assessed after retirement of the bond issue if the district was formed prior to August 28, 1994. Since, the John Glenn Road NID was established on August 19, 1996, there appears to be no statutory authority for the maintenance levy. In January 1999, the additional money was transferred from the maintenance fund to the Debt Service Fund; however, the monies are still being held by the county.

Section 67.473, RSMo 2000, requires that bond proceeds remaining after the completion of an improvement shall be credited proportionately against the amount of the original assessment of each property. It further states that refunds shall be issued to owners who have prepaid their assessments and that the remaining funds shall be transferred to the bond and interest fund to be used solely to pay the principal of and interest on the bonds and that the assessments shall be reduced by the amount of such credit.

- B. The attorney for the NID recalculates the assessment against each property annually based upon current assessed valuations. Under the current procedures, the assessments vary from year to year since they are being recalculated annually based upon current assessed valuations. In addition, assessments for the NID are subject to reduction through Board of Equalization hearings. Section 67.463.4, RSMo 2000, states that the assessments shall be payable in substantially equal annual installments.

These conditions were noted in a prior report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/under-billing to property owners within the NID as a result of the incorrect method used to allocate the project costs, and make adjustments where necessary.

**AUDITEE'S RESPONSE**

- A. *We plan to use these funds to retire the debt as soon as allowable per the bond agreement.*
- B. *Other NID's handled by the county have been done in accordance with state law. Based on the amount of time that has passed since the original assessment of the John Glenn NID, we don't feel it would be efficient to reallocate the project costs at this time.*

<b>13. General Fixed Assets</b>
---------------------------------

With the exception of the County Clerk and the Assessor, detailed records of county property have not been maintained, various inventories and inspections have not been performed, and detailed records of county property have not been filed with the County Clerk.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached

to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

### **AUDITEE'S RESPONSE**

*We will develop a policy by January 1, 2003.*

<b>14. Computer Controls</b>
------------------------------

A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

B. Assessor's office employees do not log off the property tax system at the end of the workday. Although the Assessor's office is locked at night, anyone with access to that office could make changes to the property tax system without having to log on to the system.

Not logging off the system at the end of the day allows the potential for unauthorized individuals to make undetected and unauthorized changes to the system. To help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A properly utilized system of passwords and other procedures can be used to restrict access.

C. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

- D. The Treasurer backs up her financial data and the County Assessor backs up the property tax system; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.
- E. The areas housing computer hardware and software are not equipped with fire detection or smoke detection systems. Fire or smoke detectors should be installed to ensure that personnel could respond appropriately in the case of a fire.

**WE RECOMMEND** the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Establish procedures to restrict access to authorized individuals.
- C. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- D. Ensure backup disks are prepared and stored in a secure, off-site location.
- E. Equip areas that house computer hardware and software with fire detectors or smoke detectors.

**AUDITEE'S RESPONSE**

- A-D. *We will discuss these issues with the applicable officials and take these recommendations under advisement.*
- E. *We have considered adding a sprinkler system to the courthouse and plan to decide this issue during 2003.*

This report is intended for the information of the management of Andrew County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## ANDREW COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Andrew County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds. Budgets for the Ford Farm Fund and Cemetery Trust Fund were not sufficiently detailed.
- B. The annual published financial statements did not include the financial activity of all county funds.

#### Recommendations:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds. In addition, the county needs to include detailed classifications of receipts and disbursements in the budgets, and report actual receipt and disbursement amounts for the two preceding years for all funds requiring budgets.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

#### Status:

A&B. Not implemented. See MAR finding number 1.

### 2. Personnel Policies and Procedures

- A. The Prosecuting Attorney employed two secretaries who performed duties for both the county and his private practice and are partially compensated from county funds. Time sheets detailing days and hours worked were not submitted to the county to support these payroll expenditures.
- B. The written policy regarding annual leave, sick leave, and compensatory time did not apply to all county employees. The Sheriff and the Prosecuting Attorney had made their own policy which was different from the county's policy.



Recommendations:

The County Commission:

- A. Require the Prosecuting Attorney to submit his employees' time records to the County Clerk for the approval and preparation of payroll.
- B. Ensure that the county personnel policy is followed for all county employees.

Status:

A&B. Implemented.

3. County Expenditures

- A. Bids were not always advertised. The County Commission indicated that some items were available only from one vendor in the area; however, documentation of sole source procurements was not maintained.
- B. The county did not always obtain written contracts for services received.
- C. In December 1996 the Prosecuting Attorney authorized payments from the Prosecuting Attorney Bad Check Fund to two employees which according to the Prosecuting Attorney were for additional wages for the seven-month period ended December 31, 1996. No supporting documentation was located to adequately support these payments. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.

Recommendations:

The County Commission:

- A. Advertise bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- B. Enter into written contracts that specifically state the services to be provided to the county. Any expenditures made should be monitored for compliance with the terms of the contract.
- C. And Prosecuting Attorney discontinue the practice of paying employee bonuses.

Status:

A&C. Implemented.

B. Not implemented. See MAR finding number 3.

4. Federal Financial Assistance

A. The county did not have a drug-free workplace policy or awareness programs sufficient to comply with the requirement of the Drug-Free Workplace Act.

B. The county received a Community Orientated Policing Services (COPS) grant beginning in 1997, to provide partial reimbursement of salaries to two Sheriff's deputies. Through an error the county requested reimbursement for approximately two extra months payroll in 1997. As a result, \$3,580 in expenditures had been questioned.

Recommendations:

The County Commission:

A. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.

B. Resolve the questioned costs with the grantor agency.

Status:

A. Not implemented. Due to changes in federal requirements, this recommendation is no longer applicable.

B. Not implemented. The Sheriff indicated the federal granting agency was contacted and the issue resolved. However, no documentation was retained of the resolution. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Allocated Distributions

A. The County Clerk did not correctly apportion the 1997 or 1996 railroad and utility taxes to the school districts, resulting in various over and under payments.

B. The 1997 and 1996 surtax collections were distributed by the County Collector using percentages calculated for distributing the 1985 collections. The County Collector did not recalculate the distribution percentages each year.

- C. When the county set its surtax levy in 1985, the initial lost revenue amounts were apparently understated based on county information reviewed. As a result, it appeared the surtax levy may have been set too low.

Recommendations:

- A. The County Clerk correct the above over and under payments to the various school districts during subsequent apportionment distributions and calculate the apportionments correctly in the future.
- B. The Collector ensure future distributions of surtax collections are done in accordance with state law.
- C. The County Commission review this situation with the Prosecuting Attorney to determine any necessary action.

Status:

- A. Partially implemented. The county clerk is in the process of correcting prior errors for over and under payments to the various school districts. We noted some differences in the allocations for some districts but the amounts were immaterial. Although not repeated in the current MAR, our recommendation remains as stated above.
- B&C. Not implemented. Although not repeated in the current MAR, our recommendations remain as stated above.

6. Property Tax Controls

Controls over property tax additions and abatements were not adequate.

Recommendation:

The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission

Status:

Not implemented. See MAR finding number 7.

7. Collateral Securities

The amount of collateral securities pledged by the county's depository banks at December 31, 1997, was insufficient by approximately \$1,179,000, to cover monies in the custody of the County Treasurer and County Collector.

Recommendation:

The County Commission ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.

Status:

Partially implemented. While the county was adequately covered by collateral securities at December 31, 2001 and 2000, there were certain times other than year end when they were not adequately covered. Although not repeated in the current MAR, our recommendation remains as stated above.

8. John Glenn Road Neighborhood Improvement District

- A. Upon receipt of the bond proceeds, \$25,000 was deposited into a fund set aside for future maintenance expenditures of John Glenn Road. There appeared to be no statutory authority for the maintenance levy.
- B.1. Ten properties were included in the calculation of the assessment against each property that were not within the district, which contributed to a deficiency when the first payment was due on the bond issue.
  - 2. The attorney for the NID recalculated the assessment against each property annually based on current assessed valuations causing the assessments to vary from year to year.

Recommendations:

The County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B.1. Ensure that assessments are accurately calculated and include only those properties within the district. In addition, a supplemental assessment should be made to recover those monies lost by assessing costs against properties not within the district.

2. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/under-billing to property owners within the NID as a result of the incorrect method used to allocate the project costs and make adjustments where necessary.

Status:

- A. Not implemented. See MAR finding number 12.
- B.1. Partially implemented. The Gore Road NID assessments have been accurately calculated and include only those properties within the district. However, the assessments for the John Glenn Road NID are still calculated improperly, and a supplemental assessment for the John Glenn Road NID has not been made to recover those monies lost by assessing cost against properties not within the district. See MAR finding number 12.
2. Partially implemented. The method used to allocate project cost to owners in the Gore Road NID complies with state law. However, the County Commission did not determine the amount of over/under-billing to property owners within the John Glenn NID as a result of the incorrect method used to allocate the project costs and make adjustments where necessary. See MAR finding number 12.

9. Johnson Grass Fund

The fund's balance increased from \$60,104 at January 1, 1995, to \$89,781 at December 31, 1997. As of June 30, 1998, the balance of the Fund was more than \$112,000. Johnson Grass Board officials did not indicate any specific plans for the accumulated surplus.

Recommendation:

The County Commission determine the funding required for the Johnson Grass Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.

Status:

Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Senate Bill 40 Board

- A. The Senate Bill 40 Board did not have a formal expenditure policy.

- B. Board minutes did not indicate whether a board member abstained from voting on the approval of payments that the board member had a financial interest in.

Recommendations:

The Senate Bill 40 Board:

- A. Establish a formal expenditure policy.
- B. Ensure any board members with a financial interest abstain from voting and that this action is disclosed in the board minutes.

Status:

A&B. Implemented.

11. Health Center

- A.1. Receipt slips were not written for checks received from the state and such checks were not always recorded in the cash control immediately when received.
  - 2. The method of payment was not always indicated on the receipt slips.
  - 3. The duties of receiving, recording, depositing monies and reconciling the bank account were not adequately segregated.
- B.1. The Health Center approved payments to vendors without requiring or retaining adequate supporting documentation.
  - 2. The Health Center did not always obtain written contracts for services received.
  - 3. Bids were not always solicited or advertised by the Health Center nor was bid documentation always retained.
- C.1. Adequate documentation of actual time worked, such as time sheets, was not available to support payroll expenditures.
  - 2. Records of vacation or sick leave earned taken and accumulated were not maintained for the Health Center employees from January through July 1997.
  - 3. A Form 1099-Miscellaneous was not prepared for \$1,649 in services performed by a WIC specialist.

Recommendations:

The Health Center Board:

- A.1. Issue prenumbered receipt slips for all monies received and require all receipts to be recorded in the cash control immediately when received.
- 2. Record the method of payment on the receipt slips or cash control and reconcile total cash, checks, and money orders to bank deposits.
- 3. Adequately segregate the duties of receiving, recording, depositing monies, and reconciling the account. At a minimum, the Health Center Administrator should perform a documented review of the work performed.
- B.1. Ensure payments to vendors are based upon actual not estimated expenditures and adequate documentation is received and maintained to support all expenditures.
- 2. Ensure written contracts are obtained for services received.
- 3. Solicit bids for purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the health center. If bids cannot be obtained or sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- C.1. Require all Health Center employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the applicable supervisor, and filed in a central location with the Health Center's payroll records.
- 2. Maintain centralized leave records for all Health Center employees.
- 3. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

Status:

A.1,2,3

B.2,3,

C.2,3. Implemented.

B.1. Not implemented. See MAR finding number 6.

- C.1. Partially implemented. The employees are required to complete time sheets which reflect actual time worked and leave taken; however, the timesheets are not signed by the administrator or any applicable supervisor. Although not repeated in the current MAR, our recommendation remains as stated above.



## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# ANDREW COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Andrew was named after Andrew Jackson Davis, a prominent citizen of St. Louis. Andrew County is a county-organized, third-class county and is part of the fifth Judicial Circuit. The county seat is Savannah.

Andrew County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Andrew County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,099,154	33	780,957	27
Sales taxes	730,718	22	717,732	25
Federal and state aid	973,295	29	707,314	25
Fees, interest, and other	520,039	16	659,263	23
Total	\$ 3,323,206	100	2,865,266	100

The following chart shows how Andrew County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,030,912	34	942,649	31
Public safety	122,951	4	115,432	4
Highways and roads	1,845,893	62	1,957,673	65
Total	\$ 2,999,756	100	3,015,754	100

During 2001 and 2000, Andrew County received \$497,880 and \$514,023, respectively, in the Law Enforcement Sales Tax Fund and expended \$498,065 and \$431,107, respectively, for the purpose of law enforcement.

During 2001 and 2000, Andrew County received \$110,440 and \$102,534, respectively, in the Capital Improvement Sales Tax Fund and expended \$210,799 and \$77,662, respectively, for the purpose of improving roads and county buildings.

The county maintains approximately 174 county bridges and 700 miles of county roads.

The county's population was 11,913 in 1970 and 16,492 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	98.4	84.2	51.8	25.8	17.1
Personal property		39.2	34.1	17.4	12.1	5.7
Railroad and utilities		13.9	15.2	11.4	11.3	8.0
Total	\$	151.5	133.5	80.6	49.2	30.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Andrew County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.2310	.2000
Special Road and Bridge Fund*		.5139	.5200
Health Center Fund		.0940	.1000
Senate Bill 40 Board Fund		.0846	.0900
Johnson Grass Fund		.0200	.0200

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

		Year Ended February 28,	
		2002	2001
State of Missouri	\$	44,811	40,181
General Revenue Fund		341,174	266,323
Special Road and Bridge Fund		759,449	688,216
Assessment Fund		86,290	79,832
Health Center Fund		139,325	132,331
Senate Bill 40 Fund		125,195	118,933
Johnson Grass Fund		29,658	27,312
Schools		5,113,551	4,777,950
Missouri Western College		133	133
Library district		454,287	397,642
Ambulance district		409,648	388,882
Fire districts		527,325	494,948
Levee districts		16,426	13,388
Lakeland Estates improvement district		3,843	3,531
John Glenn improvement district		14,832	16,087
Gore Road improvement district		7,024	0
Nursing Home		44,405	39,799
Cities		7,842	10,045
County Clerk		159	145
County Employees' Retirement		99,126	91,231
Commissions and fees:			
General Revenue Fund		85,352	76,489
Total	\$	<u>8,309,855</u>	<u>7,663,398</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28,	
		2002	2001
Real estate	95 %		95 %
Personal property	90		89
Railroad and utilities	100		100

Andrew County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .00500	None	50	%
Capital improvements	.00125	December 2006	None	
Road and bridge	.00375	December 2004	None	
Law enforcement	.00500	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Larry Atkins, Presiding Commissioner	\$	28,880	27,560
Greg Wall, Associate Commissioner		26,880	
Dick Townsend, Associate Commissioner		26,880	
Myron Harr, Associate Commissioner			25,560
Don Coulter, Associate Commissioner			25,560
Betty Williams, County Clerk		40,480	38,480
Jerry Biggs, Prosecuting Attorney		47,400	45,480
Gary Howard, Sheriff		44,480	36,480
Janet Shell, County Treasurer		30,080	28,600
Ron Crouse, County Coroner		12,480	4,268
Vickie Keller, Public Administrator		20,000	14,480
Ron Wampler, County Collector, year ended February 28,	40,480	38,813	
Ivan Hewitt, County Assessor *, year ended August 31,		24,288	39,380
Jerry Joe, County Assessor **, year ended August 31,		14,641	

\* Includes \$675 of compensation received from the state in 2001, \$900 in 2000.

\*\* Includes \$225 of compensation received from the state; appointed August 23, 2001 to replace Ivan Hewitt who passed away July 31, 2001.

State-Paid Officials:

Rose Lancey, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Michael Ordnung, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds **	1	2
County Clerk	3	0
Prosecuting Attorney *	2	0
Sheriff ****	16	0
County Treasurer *	1	0
County Coroner	0	0
Public Administrator	0	0
County Collector ***	2	0
County Assessor	4	0
County Surveyor	0	0
Associate Division	1	4
Probate Division	0	0
Road and Bridge *	24	0
Health Center *	6	0
SB40	1	0
Total	<u>61</u>	<u>6</u>

\* Includes one part-time employee

\*\* Includes two full-time employees, and one full-time employee paid partially by the state and partially by the county

\*\*\* Includes two part-time employees

\*\*\*\* Includes four part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Andrew County's share of the fifth Judicial Circuit's expenses is 16.09 percent.



**ATCHISON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-99  
September 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Atchison, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Atchison County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted several reimbursements which were held for various time periods prior to disbursement. In addition, the county did not reconcile total amounts claimed for reimbursement to the Department of Transportation to the actual invoices submitted for each project.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Atchison County's Associate County Commissioners salaries were each increased approximately \$5,870 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$11,740 for the two years ended December 31, 2000, should be repaid.

Also included in the audit are recommendations to the Health Center related to depositing receipts, expenditures, and personnel policies. In addition, recommendations were made to improve the accounting controls and procedures of the Associate Circuit Court and Sheriff.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

ATCHISON COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: ..... 2-6

Financial Statements and Supplementary Schedule of Expenditures  
    of Federal Awards ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
    an Audit of Financial Statements Performed in Accordance With  
    *Government Auditing Standards* ..... 5-6

Financial Statements: ..... 7-20

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....	10-20

Notes to the Financial Statements ..... 21-24

Supplementary Schedule: ..... 25-27

Schedule of Expenditures of Federal Awards, Years Ended  
    December 31, 2001 and 2000 ..... 26-27

Notes to the Supplementary Schedule ..... 28-30

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: ..... 32-34

Compliance With Requirements Applicable to Each Major Program and  
    Internal Control Over Compliance in Accordance With OMB Circular A-133 ..... 33-34

ATCHISON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	35-38
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	36-38
Section I - Summary of Auditor's Results .....	36-37
Section II - Financial Statement Findings .....	37
Section III - Federal Award Findings and Questioned Costs .....	37-38
01-1. Highway Planning and Construction .....	37
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	39-40
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	41-42
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	44-54
<u>Number</u>	
1. Health Center .....	46
2. Associate Division's Controls and Procedures.....	48
3. Sheriff's Controls and Procedures .....	52
4. Officials' Salaries .....	53
Follow-Up on Prior Audit Findings .....	55-56
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	58-63

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Atchison County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Atchison County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 8, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Atchison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Cynthia Freeman
George Atkinson	



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Atchison County, Missouri

We have audited the special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Atchison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Atchison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over



financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Atchison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 8, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

ATCHISON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 239,018	995,896	978,380	256,534
Special Road and Bridge	105,933	1,256,238	1,336,991	25,180
Assessment	2,139	125,150	123,875	3,414
Law Enforcement Training	4,707	6,535	3,792	7,450
Prosecuting Attorney Training	11,852	1,737	692	12,897
Crime Investigation	1,086	268	1,323	31
Landfill	69,369	3,635	1,217	71,787
CART	820,623	629,938	835,200	615,361
Donations	15,288	14,178	18,074	11,392
Emergency Preparedness	19,613	54,640	60,093	14,160
Rest Home Bond	217,449	8,264	10,000	215,713
Local Emergency Planning Commission	8,150	4,768	4,118	8,800
Domestic Violence	5,323	497	0	5,820
County Road Rock	252,024	231,752	281,913	201,863
Economic Development	0	107,643	107,643	0
Circuit Clerk Interest	320	564	682	202
Recorder's Users Fees	6,300	3,909	1,572	8,637
Associate Circuit Division Interest	459	733	1,159	33
Sheriff's Civil Fees	7,446	5,388	3,804	9,030
Prosecuting Attorney Bad Check	4,955	3,797	3,327	5,425
911	84,023	230,824	268,982	45,865
Off Highway Systems	51,254	80,454	130,398	1,310
Rest Home Improvements	159,862	5,343	55,733	109,472
NW Missouri Strike Force Grant	10,627	0	10,627	0
Senate Bill 40	16,838	76,070	74,000	18,908
Health Center	168,616	221,762	218,078	172,300
Election Services	339	731	0	1,070
Phelps City	0	23,272	2,388	20,884
Grant	5,891	392	6,102	181
Law Library	34	1,965	1,835	164
Recorder's Interest	130	39	0	169
Total	\$ 2,289,668	4,096,382	4,541,998	1,844,052

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ATCHISON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 331,021	987,586	1,079,589	239,018
Special Road and Bridge	(409)	1,021,636	915,294	105,933
Assessment	3,250	122,071	123,182	2,139
Law Enforcement Training	2,956	4,829	3,078	4,707
Prosecuting Attorney Training	11,785	1,706	1,639	11,852
Crime Investigation	1,195	426	535	1,086
Landfill	66,068	4,708	1,407	69,369
CART	953,321	680,794	813,492	820,623
Donations	16,516	4,250	5,478	15,288
Emergency Preparedness	10,415	66,940	57,742	19,613
Rest Home Bond	192,978	115,476	91,005	217,449
Local Emergency Planning Commission	5,803	2,769	422	8,150
Domestic Violence	4,580	743	0	5,323
County Road Rock	278,688	236,696	263,360	252,024
Economic Development	0	106,969	106,969	0
Circuit Clerk Interest	968	473	1,121	320
Recorder's Users Fees	4,490	3,121	1,311	6,300
Associate Circuit Division Interest	1,082	580	1,203	459
Sheriff's Civil Fees	8,129	5,968	6,651	7,446
Prosecuting Attorney Bad Check	3,310	5,126	3,481	4,955
911	7,528	214,148	137,653	84,023
Off Highway Systems	24,541	508,287	481,574	51,254
Rest Home Improvements	155,967	29,117	25,222	159,862
NW Missouri Strike Force Grant	3,442	71,202	64,017	10,627
Senate Bill 40	12,749	78,089	74,000	16,838
Health Center	168,597	210,379	210,360	168,616
Election Services	0	339	0	339
Grant	0	8,991	3,100	5,891
Law Library	70	1,833	1,869	34
Recorder's Interest	103	40	13	130
Total	\$ 2,269,143	4,495,292	4,474,767	2,289,668

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 4,504,814	4,072,679	(432,135)	4,455,768	4,484,089	28,321
DISBURSEMENTS	5,567,108	4,533,508	1,033,600	5,059,629	4,469,785	589,844
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,062,294)	(460,829)	601,465	(603,861)	14,304	618,165
CASH, JANUARY 1	2,159,663	2,283,647	123,984	2,155,730	2,268,970	113,240
CASH, DECEMBER 31	1,097,369	1,822,818	725,449	1,551,869	2,283,274	731,405
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	356,068	370,882	14,814	357,953	376,998	19,045
Sales taxes	210,000	215,297	5,297	210,000	213,963	3,963
Intergovernmental	113,058	88,087	(24,971)	97,164	100,816	3,652
Charges for services	176,250	183,589	7,339	169,600	215,647	46,047
Interest	20,000	16,286	(3,714)	24,000	28,586	4,586
Other	92,750	107,755	15,005	28,900	22,490	(6,410)
Transfers in	48,263	14,000	(34,263)	28,000	29,086	1,086
Total Receipts	1,016,389	995,896	(20,493)	915,617	987,586	71,969
DISBURSEMENTS						
County Commission	80,077	78,332	1,745	77,520	76,578	942
County Clerk	89,255	74,109	15,146	88,390	82,842	5,548
Elections	7,250	1,902	5,348	15,000	14,961	39
Buildings and grounds	188,312	54,447	133,865	204,758	189,868	14,890
Employee fringe benefits	177,050	162,571	14,479	157,100	139,954	17,146
County Treasurer	28,161	27,234	927	27,220	26,713	507
County Collector	54,545	59,714	(5,169)	54,469	51,777	2,692
Ex Officio Recorder of Deeds	17,456	15,937	1,519	13,185	12,696	489
Circuit Clerk	4,350	2,912	1,438	4,325	3,088	1,237
Associate Circuit Court	6,650	5,049	1,601	6,850	5,390	1,460
Court administration	6,830	3,485	3,345	5,016	2,463	2,553
Public Administrator	18,875	16,064	2,811	15,500	17,873	(2,373)
Sheriff	148,827	131,345	17,482	136,423	119,410	17,013
Jail	105,469	97,911	7,558	92,880	99,934	(7,054)
Prosecuting Attorney	149,137	140,158	8,979	140,730	130,528	10,202
Juvenile Officer	9,846	6,539	3,307	8,473	7,543	930
County Coroner	12,683	11,501	1,182	11,400	11,358	42
Insurance and bonds	15,200	14,074	1,126	25,100	11,725	13,375
Extension Council	35,000	35,000	0	34,000	34,000	0
Publications	2,000	1,760	240	2,500	1,597	903
Public health and welfare services	4,000	2,488	1,512	4,000	2,000	2,000
Other	1,130	848	282	1,488	1,091	397
Transfers out	35,000	35,000	0	36,200	36,200	0
Emergency Fund	30,132	0	30,132	26,686	0	26,686
Total Disbursements	1,227,235	978,380	248,855	1,189,213	1,079,589	109,624
RECEIPTS OVER (UNDER) DISBURSEMENTS	(210,846)	17,516	228,362	(273,596)	(92,003)	181,593
CASH, JANUARY 1	251,436	239,018	(12,418)	356,327	331,021	(25,306)
CASH, DECEMBER 31	40,590	256,534	215,944	82,731	239,018	156,287

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	406,539	421,704	15,165	406,654	432,184	25,530
Charges for services	17,915	23,537	5,622	18,764	24,372	5,608
Interest	5,000	4,952	(48)	8,000	5,898	(2,102)
Other	7,350	108,952	101,602	8,450	5,882	(2,568)
Transfers in	975,000	697,093	(277,907)	605,483	553,300	(52,183)
Total Receipts	1,411,804	1,256,238	(155,566)	1,047,351	1,021,636	(25,715)
<b>DISBURSEMENTS</b>						
Salaries	372,957	338,971	33,986	301,000	296,133	4,867
Employee fringe benefits	115,350	107,196	8,154	88,538	91,239	(2,701)
Supplies	119,750	136,933	(17,183)	103,834	99,437	4,397
Insurance	12,500	11,355	1,145	12,000	10,743	1,257
Road and bridge materials	311,500	289,759	21,741	255,500	236,361	19,139
Equipment repairs	143,000	146,547	(3,547)	120,000	111,605	8,395
Rentals	0	0	0	0	220	(220)
Equipment purchases	392,653	300,543	92,110	89,000	67,283	21,717
Construction, repair, and maintenance	0	3,061	(3,061)	0	0	0
Other	5,000	2,626	2,374	4,025	2,273	1,752
Transfers out	28,263	0	28,263	0	0	0
Total Disbursements	1,500,973	1,336,991	163,982	973,897	915,294	58,603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,169)	(80,753)	8,416	73,454	106,342	32,888
CASH, JANUARY 1	92,876	105,933	13,057	1,222	(409)	(1,631)
CASH, DECEMBER 31	3,707	25,180	21,473	74,676	105,933	31,257
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	83,100	87,130	4,030	83,000	83,823	823
Interest	200	617	417	400	198	(202)
Other	1,300	2,403	1,103	1,300	1,850	550
Transfers in	35,000	35,000	0	33,000	36,200	3,200
Total Receipts	119,600	125,150	5,550	117,700	122,071	4,371
<b>DISBURSEMENTS</b>						
Assessor	112,842	111,875	967	108,490	98,182	10,308
Transfers out	12,000	12,000	0	25,000	25,000	0
Total Disbursements	124,842	123,875	967	133,490	123,182	10,308
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,242)	1,275	6,517	(15,790)	(1,111)	14,679
CASH, JANUARY 1	3,107	2,139	(968)	3,595	3,250	(345)
CASH, DECEMBER 31	(2,135)	3,414	5,549	(12,195)	2,139	14,334

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,500	2,317	817	2,900	1,605	(1,295)
Charges for services	3,000	4,022	1,022	3,650	3,051	(599)
Interest	35	196	161	35	173	138
Total Receipts	4,535	6,535	2,000	6,585	4,829	(1,756)
<b>DISBURSEMENTS</b>						
Sheriff	5,600	3,792	1,808	5,600	3,078	2,522
Total Disbursements	5,600	3,792	1,808	5,600	3,078	2,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,065)	2,743	3,808	985	1,751	766
CASH, JANUARY 1	4,707	4,707	0	2,956	2,956	0
CASH, DECEMBER 31	3,642	7,450	3,808	3,941	4,707	766
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,200	1,282	82	1,300	1,076	(224)
Interest	600	455	(145)	450	630	180
Total Receipts	1,800	1,737	(63)	1,750	1,706	(44)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	600	692	(92)	2,010	553	1,457
Transfers out	1,100	0	1,100	1,086	1,086	0
Total Disbursements	1,700	692	1,008	3,096	1,639	1,457
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	1,045	945	(1,346)	67	1,413
CASH, JANUARY 1	11,852	11,852	0	11,785	11,785	0
CASH, DECEMBER 31	11,952	12,897	945	10,439	11,852	1,413
<b><u>CRIME INVESTIGATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	0	239	239	0	366	366
Interest	25	29	4	20	60	40
Total Receipts	25	268	243	20	426	406
<b>DISBURSEMENTS</b>						
Associate Circuit Court	600	1,323	(723)	1,000	535	465
Total Disbursements	600	1,323	(723)	1,000	535	465
RECEIPTS OVER (UNDER) DISBURSEMENTS	(575)	(1,055)	(480)	(980)	(109)	871
CASH, JANUARY 1	1,086	1,086	0	1,219	1,195	(24)
CASH, DECEMBER 31	511	31	(480)	239	1,086	847

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LANDFILL FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	954	989	35	924	913	(11)
Interest	3,500	2,646	(854)	2,600	3,795	1,195
Total Receipts	4,454	3,635	(819)	3,524	4,708	1,184
<b>DISBURSEMENTS</b>						
Other	5,060	217	4,843	3,075	407	2,668
Transfers out	2,000	1,000	1,000	1,000	1,000	0
Total Disbursements	7,060	1,217	5,843	4,075	1,407	2,668
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,606)	2,418	5,024	(551)	3,301	3,852
CASH, JANUARY 1	69,369	69,369	0	66,068	66,068	0
CASH, DECEMBER 31	66,763	71,787	5,024	65,517	69,369	3,852
<b><u>CART FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	550,000	599,954	49,954	541,000	593,602	52,602
Interest	46,000	29,984	(16,016)	35,000	54,689	19,689
Transfers in	0	0	0	31,000	32,503	1,503
Total Receipts	596,000	629,938	33,938	607,000	680,794	73,794
<b>DISBURSEMENTS</b>						
Salaries	93,000	104,547	(11,547)	95,009	104,311	(9,302)
Office expenses	300	145	155	800	278	522
Equipment repairs	20,000	35,384	(15,384)	25,000	11,879	13,121
Fuel and lubricant	46,000	4,440	41,560	30,000	36,153	(6,153)
Equipment purchases	0	0	0	91,607	91,607	0
Insurance	3,000	3,615	(615)	5,500	2,135	3,365
Road repair rock	25,000	37,069	(12,069)	15,000	17,129	(2,129)
Transfers out	930,000	650,000	280,000	550,000	550,000	0
Total Disbursements	1,117,300	835,200	282,100	812,916	813,492	(576)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(521,300)	(205,262)	316,038	(205,916)	(132,698)	73,218
CASH, JANUARY 1	820,623	820,623	0	953,321	953,321	0
CASH, DECEMBER 31	299,323	615,361	316,038	747,405	820,623	73,218
<b><u>DONATION FUND</u></b>						
<b>RECEIPTS</b>						
Interest	0	16	16	0	0	0
Other	7,200	14,162	6,962	4,000	4,250	250
Total Receipts	7,200	14,178	6,978	4,000	4,250	250
<b>DISBURSEMENTS</b>						
Sheriff	22,488	17,764	4,724	20,000	5,478	14,522
Transfers out	0	310	(310)	0	0	0
Total Disbursements	22,488	18,074	4,414	20,000	5,478	14,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,288)	(3,896)	11,392	(16,000)	(1,228)	14,772
CASH, JANUARY 1	15,288	15,288	0	16,516	16,516	0
CASH, DECEMBER 31	0	11,392	11,392	516	15,288	14,772



## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY PREPAREDNESS FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	12,500	7,354	(5,146)	5,000	13,500	8,500
Interest	1,450	921	(529)	875	1,456	581
Nebraska Public Power District	46,000	46,000	0	53,000	51,500	(1,500)
Other	2,500	365	(2,135)	200	484	284
Total Receipts	62,450	54,640	(7,810)	59,075	66,940	7,865
<b>DISBURSEMENTS</b>						
Salaries	33,861	33,869	(8)	32,229	31,986	243
Office expenses	5,825	3,550	2,275	5,650	3,374	2,276
Mileage and training	1,500	1,216	284	1,500	1,422	78
Building and grounds	16,600	16,326	274	16,600	16,271	329
Other	3,800	4,132	(332)	3,800	3,689	111
Transfers out	1,000	1,000	0	1,000	1,000	0
Total Disbursements	62,586	60,093	2,493	60,779	57,742	3,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136)	(5,453)	(5,317)	(1,704)	9,198	10,902
CASH, JANUARY 1	19,613	19,613	0	10,415	10,415	0
CASH, DECEMBER 31	19,477	14,160	(5,317)	8,711	19,613	10,902
<b><u>REST HOME BOND FUND</u></b>						
<b>RECEIPTS</b>						
Interest	10,000	8,264	(1,736)	9,000	13,276	4,276
Lease payments	0	0	0	105,600	102,200	(3,400)
Total Receipts	10,000	8,264	(1,736)	114,600	115,476	876
<b>DISBURSEMENTS</b>						
Bond payments	0	0	0	90,856	91,005	(149)
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	10,000	10,000	0	90,856	91,005	(149)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,736)	(1,736)	23,744	24,471	727
CASH, JANUARY 1	217,449	217,449	0	192,978	192,978	0
CASH, DECEMBER 31	217,449	215,713	(1,736)	216,722	217,449	727

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	4,100	4,456	356	2,200	2,419	219
Interest	300	312	12	250	350	100
Total Receipts	4,400	4,768	368	2,450	2,769	319
<b>DISBURSEMENTS</b>						
Supplies	100	150	(50)	0	0	0
Equipment	2,500	3,968	(1,468)	2,500	400	2,100
Training	500	0	500	500	22	478
Survey	1,000	0	1,000	0	0	0
Total Disbursements	4,100	4,118	(18)	3,000	422	2,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	650	350	(550)	2,347	2,897
CASH, JANUARY 1	8,150	8,150	0	5,804	5,803	(1)
CASH, DECEMBER 31	8,450	8,800	350	5,254	8,150	2,896
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	700	292	(408)	300	470	170
Interest	0	205	205	180	273	93
Total Receipts	700	497	(203)	480	743	263
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	497	(203)	480	743	263
CASH, JANUARY 1	5,323	5,323	0	4,580	4,580	0
CASH, DECEMBER 31	6,023	5,820	(203)	5,060	5,323	263
<b><u>COUNTY ROAD ROCK FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	213,000	215,054	2,054	205,000	213,690	8,690
Interest	14,500	9,967	(4,533)	13,000	15,308	2,308
Other	5,000	6,731	1,731	0	7,698	7,698
Total Receipts	232,500	231,752	(748)	218,000	236,696	18,696
<b>DISBURSEMENTS</b>						
Road and bridge materials	260,500	281,913	(21,413)	240,000	263,360	(23,360)
Total Disbursements	260,500	281,913	(21,413)	240,000	263,360	(23,360)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,000)	(50,161)	(22,161)	(22,000)	(26,664)	(4,664)
CASH, JANUARY 1	275,380	252,024	(23,356)	290,728	278,688	(12,040)
CASH, DECEMBER 31	247,380	201,863	(45,517)	268,728	252,024	(16,704)

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ECONOMIC DEVELOPMENT FUND</u></b>						
RECEIPTS						
Sales taxes	107,000	107,643	643	102,400	106,969	4,569
Total Receipts	107,000	107,643	643	102,400	106,969	4,569
DISBURSEMENTS						
Contract services	107,000	107,643	(643)	102,400	106,969	(4,569)
Total Disbursements	107,000	107,643	(643)	102,400	106,969	(4,569)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	400	564	164	900	473	(427)
Total Receipts	400	564	164	900	473	(427)
DISBURSEMENTS						
Office supplies	700	682	18	1,500	1,121	379
Total Disbursements	700	682	18	1,500	1,121	379
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(118)	182	(600)	(648)	(48)
CASH, JANUARY 1	320	320	0	979	968	(11)
CASH, DECEMBER 31	20	202	182	379	320	(59)
<b><u>RECORDER'S USERS FEES FUND</u></b>						
RECEIPTS						
Charges for services	3,000	3,649	649	3,000	2,832	(168)
Interest	0	260	260	0	289	289
Total Receipts	3,000	3,909	909	3,000	3,121	121
DISBURSEMENTS						
Office supplies	6,000	1,572	4,428	3,000	1,311	1,689
Total Disbursements	6,000	1,572	4,428	3,000	1,311	1,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	2,337	5,337	0	1,810	1,810
CASH, JANUARY 1	6,300	6,300	0	4,491	4,490	(1)
CASH, DECEMBER 31	3,300	8,637	5,337	4,491	6,300	1,809

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	800	733	(67)	900	580	(320)
Total Receipts	800	733	(67)	900	580	(320)
DISBURSEMENTS						
Office supplies	1,200	1,159	41	1,600	1,203	397
Total Disbursements	1,200	1,159	41	1,600	1,203	397
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(426)	(26)	(700)	(623)	77
CASH, JANUARY 1	459	459	0	1,082	1,082	0
CASH, DECEMBER 31	59	33	(26)	382	459	77
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	5,500	5,085	(415)	4,480	5,298	818
Interest	350	303	(47)	350	414	64
Transfers in	0	0	0	0	256	256
Total Receipts	5,850	5,388	(462)	4,830	5,968	1,138
DISBURSEMENTS						
Sheriff	7,170	3,804	3,366	3,544	5,241	(1,697)
Transfers out	0	0	0	1,410	1,410	0
Total Disbursements	7,170	3,804	3,366	4,954	6,651	(1,697)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,320)	1,584	2,904	(124)	(683)	(559)
CASH, JANUARY 1	7,446	7,446	0	6,693	8,129	1,436
CASH, DECEMBER 31	6,126	9,030	2,904	6,569	7,446	877
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	3,200	3,599	399	3,000	3,460	460
Interest	240	198	(42)	150	256	106
Other	1,600	0	(1,600)	0	0	0
Transfers in	0	0	0	1,410	1,410	0
Total Receipts	5,040	3,797	(1,243)	4,560	5,126	566
DISBURSEMENTS						
Office equipment	0	3,327	(3,327)	3,072	3,072	0
Other	3,750	0	3,750	4,550	153	4,397
Transfers out	0	0	0	0	256	(256)
Total Disbursements	3,750	3,327	423	7,622	3,481	4,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,290	470	(820)	(3,062)	1,645	4,707
CASH, JANUARY 1	4,955	4,955	0	3,054	3,310	256
CASH, DECEMBER 31	6,245	5,425	(820)	(8)	4,955	4,963

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	210,000	216,120	6,120	215,000	211,487	(3,513)
Interest	2,000	4,624	2,624	500	2,661	2,161
Other	0	80	80	0	0	0
Transfers in	10,000	10,000	0	0	0	0
Total Receipts	222,000	230,824	8,824	215,500	214,148	(1,352)
<b>DISBURSEMENTS</b>						
Salaries	73,940	34,470	39,470	26,191	0	26,191
Office expenses	7,500	7,622	(122)	500	0	500
Equipment	132,700	170,344	(37,644)	0	0	0
Residential signs	35,000	36,522	(1,522)	0	58,576	(58,576)
Consultant fees	11,730	11,587	143	42,000	45,500	(3,500)
Building and grounds	4,200	188	4,012	0	0	0
Insurance	6,000	358	5,642	0	0	0
Mileage and training	0	4,839	(4,839)	0	0	0
Other	25,100	3,052	22,048	145,809	1,577	144,232
Transfers out	1,000	0	1,000	32,000	32,000	0
Total Disbursements	297,170	268,982	28,188	246,500	137,653	108,847
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,170)	(38,158)	37,012	(31,000)	76,495	107,495
CASH, JANUARY 1	83,983	84,023	40	7,528	7,528	0
CASH, DECEMBER 31	8,813	45,865	37,052	(23,472)	84,023	107,495
<b><u>OFF HIGHWAY SYSTEMS FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	379,377	80,454	(298,923)	607,933	508,287	(99,646)
Total Receipts	379,377	80,454	(298,923)	607,933	508,287	(99,646)
<b>DISBURSEMENTS</b>						
Construction	365,531	65,512	300,019	556,625	478,274	78,351
Refund to the state	15,276	17,793	(2,517)	0	0	0
Transfer out	45,000	47,093	(2,093)	55,483	3,300	52,183
Total Disbursements	425,807	130,398	295,409	612,108	481,574	130,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,430)	(49,944)	(3,514)	(4,175)	26,713	30,888
CASH, JANUARY 1	51,254	51,254	0	24,541	24,541	0
CASH, DECEMBER 31	4,824	1,310	(3,514)	20,366	51,254	30,888
<b><u>REST HOME IMPROVEMENTS FUND</u></b>						
<b>RECEIPTS</b>						
Interest	3,500	5,343	1,843	3,000	9,317	6,317
Lease payments	0	0	0	21,600	19,800	(1,800)
Total Receipts	3,500	5,343	1,843	24,600	29,117	4,517
<b>DISBURSEMENTS</b>						
Building and grounds	60,000	55,733	4,267	150,000	25,222	124,778
Total Disbursements	60,000	55,733	4,267	150,000	25,222	124,778
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,500)	(50,390)	6,110	(125,400)	3,895	129,295
CASH, JANUARY 1	159,862	159,862	0	155,967	155,967	0
CASH, DECEMBER 31	103,362	109,472	6,110	30,567	159,862	129,295

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>NW MISSOURI STRIKE FORCE GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	109,593	70,008	(39,585)
Other	0	0	0	0	1,194	1,194
Total Receipts	0	0	0	109,593	71,202	(38,391)
<b>DISBURSEMENTS</b>						
Salaries	0	0	0	84,328	40,591	43,737
Office Expenditures	0	0	0	1,960	3,883	(1,923)
Mileage and training	0	0	0	1,000	2,046	(1,046)
Insurance	0	0	0	2,665	2,665	0
Vehicles	0	0	0	12,000	9,336	2,664
Refund to the state	10,627	10,627	0	0	0	0
Other	0	0	0	7,640	5,496	2,144
Total Disbursements	10,627	10,627	0	109,593	64,017	45,576
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,627)	(10,627)	0	0	7,185	7,185
CASH, JANUARY 1	10,627	10,627	0	3,442	3,442	0
CASH, DECEMBER 31	0	0	0	3,442	10,627	7,185
<b><u>SENATE BILL 40 FUND</u></b>						
<b>RECEIPTS</b>						
Property Taxes	76,390	74,402	(1,988)	73,650	76,511	2,861
Intergovernmental	200	468	268	400	235	(165)
Interest	1,200	1,200	0	850	1,343	493
Total Receipts	77,790	76,070	(1,720)	74,900	78,089	3,189
<b>DISBURSEMENTS</b>						
Contract services	74,000	74,000	0	74,000	74,000	0
Total Disbursements	74,000	74,000	0	74,000	74,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,790	2,070	(1,720)	900	4,089	3,189
CASH, JANUARY 1	16,838	16,838	0	12,749	12,749	0
CASH, DECEMBER 31	20,628	18,908	(1,720)	13,649	16,838	3,189

## Exhibit B

## ATCHISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property Taxes	38,500	37,337	(1,163)	36,000	38,477	2,477
Intergovernmental	141,500	140,832	(668)	131,000	134,035	3,035
Charges for services	30,000	32,625	2,625	32,000	28,916	(3,084)
Interest	8,500	8,816	316	8,500	7,768	(732)
Other	6,200	2,152	(4,048)	1,000	1,183	183
Total Receipts	224,700	221,762	(2,938)	208,500	210,379	1,879
DISBURSEMENTS						
Salaries	132,000	136,324	(4,324)	128,930	125,438	3,492
Office expenses	20,000	18,801	1,199	16,000	19,973	(3,973)
Equipment and building	11,000	7,584	3,416	7,000	4,171	2,829
Mileage and training	2,500	1,410	1,090	2,500	2,006	494
Other professional services	41,500	34,295	7,205	32,500	43,057	(10,557)
Insurance	6,000	2,973	3,027	6,000	4,937	1,063
Medical supplies	10,000	13,589	(3,589)	14,000	9,340	4,660
Other	1,700	3,102	(1,402)	1,500	1,438	62
Total Disbursements	224,700	218,078	6,622	208,430	210,360	(1,930)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,684	3,684	70	19	(51)
CASH, JANUARY 1	20,782	168,616	147,834	17,690	168,597	150,907
CASH, DECEMBER 31	20,782	172,300	151,518	17,760	168,616	150,856
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	200	709	509			
Interest	0	22	22			
Total Receipts	200	731	531			
DISBURSEMENTS						
Election supplies	500	0	500			
Total Disbursements	500	0	500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	731	1,031			
CASH, JANUARY 1	339	339	0			
CASH, DECEMBER 31	39	1,070	1,031			
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	3,300	1,965	(1,335)			
Total Receipts	3,300	1,965	(1,335)			
DISBURSEMENTS						
Law books	3,500	1,835	1,665			
Total Disbursements	3,500	1,835	1,665			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	130	330			
CASH, JANUARY 1	239	34	(205)			
CASH, DECEMBER 31	39	164	125			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements



ATCHISON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Election Services Fund	2000
Phelps City Fund	2001
Grant Fund	2001 and 2000
Law Library Fund	2000
Recorder's Interest Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Crime Investigation Fund	2001
CART Fund	2000
Rest Home Bond Fund	2000
Local Emergency Planning Commission Fund	2001
County Road Rock Fund	2001 and 2000
Economic Development Fund	2001 and 2000
Sheriff's Civil Fees Fund	2000
Health Center Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Assessment Fund for the year ended December 31, 2001. However, the budget of that fund also included other resources available to finance current or future year disbursements. Such resources were sufficient to offset the deficit budget balance presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Assessment, Prosecuting Attorney Bad Check and 911 Funds for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2001, did not include the Grant Fund, Law Library Fund, or Recorder's Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is

to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's and Health Center Board's custodial bank in the county's or Health Center's name.

3. Prior Period Adjustment

The NW Missouri Strike Force Grant Fund and Recorder's Interest Fund's cash balances of \$3,442 and \$103, respectively, at January 1, 2000, were not previously reported, but have been added so the county's financial statements will include these funds.

## Supplementary Schedule

## Schedule

ATCHISON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program -				
10.069	Conservation Reserve Program	N/A	\$ 7,908	8,316
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-0102	0	8,905
		ERS045-1102	8,622	6,538
		ERS045-2102	4,908	0
	Program Total		<u>13,530</u>	<u>15,443</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	99-NCD2-006	0	57,602
16.592	Local Law Enforcement Block Grants Program	99-LBG-005	0	3,100
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,558	1,176
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-003 (13)	0	116,608
		BRO-003 (16)	46,448	320,688
		BRO-003 (17)	0	39,682
		BRO-003 (19)	32,696	0
	Program Total		<u>79,144</u>	<u>476,978</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,219	0

## Schedule

ATCHISON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	2,403	3,299
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	7,354	13,500
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	N/A	17,658	12,903
		PG0064-1102	2,150	0
	Program Total		19,808	12,903
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	84,535	76,329
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-1102C	970	0
		PGA067-2102C	130	0
	Program Total		1,100	0
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00020	0	29,700
		ERS161-10001	21,510	0
	Program Total		21,510	29,700
93.991	Preventive Health and Health Services Block Grant	N/A	0	154
93.994	Maternal and Child Health Services	N/A	1,634	768
	Block Grant to the States	ERS146-0102M	0	10,880
		ERS146-1102M	12,846	3,140
		ERS175-1102	16,500	0
	Program Total		30,980	14,788
	Total Expenditures of Federal Awards		\$ 272,049	713,288

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

ATCHISON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Atchison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.



Amounts for Immunization Grants (CFDA number 93.268) and the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health during the year ended December 31, 2000. Amounts for the Immunization Grants (CFDA number 93.268) during the year ended December 31, 2001 and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Atchison County, Missouri

Compliance

We have audited the compliance of Atchison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Atchison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Atchison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Atchison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 8, 2002 (fieldwork completion date)

Schedule

ATCHISON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1. Highway Planning and Construction</b>
------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-003(13), BRO-003(16), BRO-003(17), and BRO-003(19)
Award Year:	2000
Questioned Costs:	Not Applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program.

The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted several reimbursements which were held for various time periods prior to disbursement. One payment for \$992 was held for more than 126 days, another payment for \$12,428 was held for 14 days, and another for \$74,576 was held for nine days. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to their disbursement.



In addition, the county did not reconcile total amounts claimed for reimbursement to the Department of Transportation to the actual invoices submitted for each project. Consequently, the county submitted claims for reimbursement exceeding actual costs incurred by \$15,275. This was caused by the project engineer preparing reimbursement requests for the same costs on two consecutive requests for reimbursements and the county failed to compare the cumulative request amount to the actual costs of the project through the date the reimbursement was submitted. The overpayments were received in February and March 2000. The county was unaware of this until notified by MoDOT in November 2000 and the monies were repaid to the state in March 2001. The grant agreement prohibits claims for reimbursements that exceed actual costs.

**WE RECOMMEND** the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with federal requirements. In addition, the county should reconcile amounts claimed for reimbursement to actual invoices submitted to ensure errors are detected in a timely manner.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*These instances were oversights and the regular procedure is to pay these monies out upon receipt. We will re-establish procedures to reconcile actual invoices to reimbursement requests in the future.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

ATCHISON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

ATCHISON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

ATCHISON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002. We also have audited the compliance of Atchison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Atchison County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.



**1.****Health Center**

- A. Receipts are not deposited on a timely basis. Deposits are made once a week. In addition, checks and money orders are not restrictively endorsed immediately upon receipts. The endorsement is applied when the deposit is prepared. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and checks and money orders should be endorsed immediately upon receipt.
- B. The board minutes do not identify the disbursements approved by the board at its monthly meetings. The Health Center Administrator indicated she prepares a packet for each board member which includes the invoices to be approved for payment, but a listing of the approved payments is not prepared and retained with the minutes. Generally, the only reference in the minutes is a notation that a motion was made and approved to pay bills. In addition supporting documentation was not available for several expenditures tested. The Health Center Administrator indicated their usual procedure is to match original invoices to vendor's statements, and then dispose of the invoice and keep the vendor's statement as supporting documentation.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board members to denote their approval, and retained in the official minutes. In addition, to ensure the validity and propriety of expenditures, all expenditures should be supported by a original invoices and adequate supporting documentation.

- C. Adequate documentation was not maintained to support changes made to the Health Center's personnel policy manual regarding payment to employees for unused annual leave. Our prior audit report noted the lack of a written policy regarding these payments. The Health Center Administrator amended the personnel policy to address this issue, but it is unclear whether the board approved those changes. In addition, we noted the Administrator and other employees used administrative leave on days the Health Center was closed due to inclement weather, which is not an authorized use of administrative leave per the personnel policy.

A written personnel policy for all employees is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings. Board approval of amendments to the personnel policy should be adequately documented and time off due to inclement weather should be charged in accordance with the written personnel policy.

- D. We noted the following concerns related to the board minutes:
  - 1) The board minutes did not always include sufficient detail of matters discussed and actions taken at the board's meetings. For example, the

minutes lacked detail regarding bid information, changes in personnel policies, and justification for the selection of various vendors.

Complete and accurate minutes provide an official record of board actions and decisions. The minutes are the only official records of the action of the board. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind board decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the board's intentions and possible incorrect interpretation of the board's actions by the general public or other outside entities.

- 2) Although the minutes typically indicated the board's approval of the previous meeting minutes, since May 2001 we noted several instances where the approved board minutes were not signed by the board president. In addition, we noted the minutes were not always signed by the board secretary who prepared the minutes. The minutes should be signed by the preparer and by the board president to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- E. The financial records of the Health Center did not agree to some numbers presented in the Health Center's budget. For example, beginning cash balances were incorrect and revenues were overstated. For the budget documents to be of maximum assistance to the Health Center Board and to adequately inform the county residents of the Health Center's operations and current financial position, the budgets should be complete and accurate.

**WE RECOMMEND** the Health Center Board:

- A. Deposit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt.
- B. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. Require adequate supporting documentation (such as original invoices and acknowledgement of receipt of goods and/or services ) be on file prior to payment.
- C. Ensure the board's approval of changes in the personnel policy to allow for payment of unused annual leave is adequately documented. In addition, the board should determine whether or not inclement weather is a valid use of administrative leave.
- D.1. Ensure board minutes are prepared containing all necessary information to provide a complete record of all significant matters discussed and actions taken by the board.
2. Ensure the minutes are signed by the secretary and the board president.

- E. Ensure the budget is prepared accurately to reflect the financial activity of the Health Center.

### **AUDITEE'S RESPONSE**

*The Health Center Administrator responded:*

- A. *We believe depositing once per week, considering the amount of monies typically received is sufficient, but are now restrictively endorsing checks and money orders upon receipt.*
- B. *The Board Treasurer is now signing a listing of approval expenditures, and this listing will be included with the minutes in the future. The original invoices are no longer disposed of, but are maintained with the vendor statements.*
- C. *The additions to the personal policy, based on the recommendations from the prior state audit were approved by the board, but this was not specifically documented. The Health Center Administrator indicated the use of administrative leave for inclement weather is currently being addressed by the board, through a complete revision of the personal policy which will be completed by October 31, 2002.*
- D.1. *We will ensure significant discussions are adequately documented in the future.*
2. *We will ensure approval signatures are documented in the future.*
- E. *The reason cash balances were incorrect on the budget was because CD balances were reported as other available net resources. In the future we will ensure CD balances are reflected in the cash balances reported on the budget. Revenues were overstated due to incorrectly including proceeds from a CD as a revenue.*

<b>2. Associate Division's Controls and Procedures</b>
--------------------------------------------------------

The Associate Circuit Court is comprised of three separate areas, civil, criminal/traffic and probate. Our review of these areas identified the following concerns:

- A. Monthly listings of liabilities (open items) are prepared, but are not agreed to the reconciled bank and book balances for the civil and criminal/traffic divisions. When we attempted to agree the December 31, 2001 open items listings to the related cash balances, we noted the following:
- The civil division's open items listing had not been totaled or reconciled to the book balance since the late spring of 2000. The listing totaled \$974 which exceeded the cash balance by \$212.

- The criminal/traffic clerk had not been reconciling the open items listing to her cash balance since January 1999. The Associate Division contacted the Office of the State Courts Administrator (OSCA) and in April 2002 OSCA provided the court with monthly reconciliations between the Associate Criminal Management system (ACMS) and the bank statements for January 1999 through December 2001. OSCA found no major problems, but noted that differences in cutoff dates for the bank reconciliations and the monthly computer reports made the reconciliation of the open items listing much more complicated. In May 2002, the clerk began performing her monthly bank reconciliations as of the same day she ran her monthly computer reports and was able to agree her reconciled bank balance to the open listings printed from ACMS for January through May 2002.
- B. Criminal/traffic receipts are not deposited intact on a timely basis. During a cash count, approximately \$2,470 was on hand, including checks that had been received up to three weeks prior to the date of our count. We noted there had been other deposits made during that time period. The clerk indicated these monies were held because the court was waiting for the traffic ticket to be submitted by law enforcement personnel.
- To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceeded \$100.
- C. The method of payment is not indicated on the civil receipts ledger. To properly reconcile receipts to deposits and to insure monies are deposited intact, the composition of monies received should be reconciled to the composition of monies deposited.
- D. The bank reconciliations for December 31, 2001 included fourteen checks written from the civil account, totaling \$365, and two checks from the criminal/traffic account, totaling \$104, that have been outstanding for over a year. None of these had been followed up on by the clerks. If the payees of old outstanding checks can be identified and located, these checks should be reissued. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.
- E. The Associate Division is turning over a portion of all fines from applied bonds and of forfeited bonds to the General Revenue Fund instead of limiting the turnover to 25 percent of forfeited bond. An applied bond is a bond which is used to pay the fines and court costs assessed by the judge, with the remainder, if applicable, being refunded to the defendant by the court. A bond is forfeited by the court when the defendant fails to appear for their scheduled court date. Section 67.133, RSMo 2000 entitles the county to a judgment ranging from 15 to 25 percent on bonds which are forfeited. The Associate Division is also taking 15 to 25 percent of the fine from applied bonds and paying this judgment to the General Revenue Fund of the county.

The division was unable to provide justification for handling applied bonds in this manner. Applied bonds should be handled the same as other case collections and paid out to the appropriate parties, in accordance with state law. The county received \$5,096 during the two years ending December 31, 2001.

**WE RECOMMEND** the Associate Division:

- A. Reconcile the open items balances to the cash balance monthly. In addition, the differences between the civil open items balance and the cash balance should be identified and resolved. The differences identified by OSCA between the criminal/traffic open items balance and the cash balance should be resolved.
- B. Deposit receipts intact daily.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Adopt procedures to routinely follow up on old outstanding checks and reissue them if the payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.
- E. Stop withholding the 15 to 25 percent judgment for the county from the bonds applied. Request the county to turn over monies inappropriately received to the schools.

**AUDITEE'S RESPONSE**

*The Associate Division Judge responded:*

- A. *We agree, and all differences identified by the auditors were resolved before the auditors completed their audit. We are continuing to reconcile all open items to cash balances on a monthly basis, and no new differences have been identified.*
- B. *We would like to point out that the procedure of holding money and not depositing it until the traffic ticket to which it relates is filed by law enforcement personnel is necessitated by the fact that the ACMS court computer system does not easily permit the deposit of funds until the Court has a filed ticket in hand. The computer system we use is outside the control of the Court, as is the lag time between the issuance of a ticket by law enforcement officials and its filing with the Court. Were the Court to adopt a procedure requiring the clerks to enter all payments into the computer and deposit the money the same day, regardless of whether the ticket had yet been filed, it would require clerks with an already heavy workload to develop a separate manual ledger or record to keep track of all payments made in advance of the filing of the ticket. It would also require additional clerk time to match the corresponding tickets (when filed by law enforcement personnel) to payments already entered into the computer and recorded at the same time in the manual ledger.*

*We believe such an expenditure of the clerks' time is not warranted in view of the relatively small number of these "early payment" situations.*

*However, we recognize that the necessity for delaying the deposit of funds until the ticket is actually received is a weakness of our current computer system, and will continue to search for remedies to resolve these control issues. Things we have already done to minimize this weakness of our system are:*

- 1. The clerks have been directed to perform the complicated computer procedure for entering a payment received in cash (currency) into the computer and depositing the currency at the bank on the same day, which day shall not be later than the next business day after the currency is received. "Early payments" via currency are relatively rare, so the expenditure of clerk time for these few transactions is not substantial.*
- 2. A procedure has been implemented so as to immediately ( at time of receipt) place a restrictive endorsement on all payments received in form of personal check.*

*We would also like to point out that the effect of the computer program weakness discussed above has been dramatically minimized due to the fact that the volume of traffic tickets filed with the Court has been greatly reduced since the June 1, 2002 implementation of the Fine Collection Center for payment of uncontested traffic tickets.*

- C. We agree, and this is now being done. We would like to point out, however, that the method of payment ( currency, check, or money order) has always been noted on our bank deposit tickets.*
- D. We agree, but due to the heavy workload of this office, we had not placed a high priority on this follow-up. We will ensure that this follow-up is performed on a more timely basis in the future.*
- E. We believe the statutory term "forfeited recognizances" in Section 67.133 RSMo is a broad category which includes what the audit report characterizes as an "applied bond". In absence of a statutory definition of the terms "forfeited recognizance" or "applied bonds" in either Section 67.133 or elsewhere, we believe our long-standing procedure ( commenced well before the current Associate Circuit Judge assumed the bench) complies with applicable state law.*

*The County Commission responded that they will take this under advisement, but do not plan to repay these monies at this time.*

**3.****Sheriff's Controls and Procedures**

- A. Receipts are not deposited on a timely basis. Deposits are made once a week. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

In addition, the method of payment indicated on the receipt slips is not reconciled to the composition of the deposits. To properly reconcile receipts to deposits and to ensure monies are deposited intact, receipt slips should be prepared for all monies received and the composition of monies received should be reconciled to the composition of monies deposited.

- B. Checks and money orders are not restrictively endorsed immediately upon receipt. The endorsement is applied when the deposits are prepared. To adequately safeguard assets, checks and money orders should be endorsed immediately upon receipt.
- C. Some cash bonds are transmitted directly to the Atchison County Associate Circuit Court and are not deposited into the Sheriff's bank account. Personnel in the Sheriff's office will receive cash bonds and issue a receipt slip to the defendant. These bonds are then transmitted to the Associate Circuit Court, but a receipt slip is not obtained from the court to evidence the transmittal. In addition, some bonds paid by check or money order are transmitted directly to various courts in the state and receipt slips from the courts are not retained. To ensure all bond receipts are accounted for properly, bond receipts should be deposited and disbursed by check, or receipt slips should be retained for any bonds that are transmitted directly to the courts. Bonds transmitted to the courts should be reconciled to bonds received on a periodic basis to ensure all monies were properly transmitted.
- D. Monthly listings of open items are not prepared and consequently, open items are not reconciled with the reconciled cash balance. At December 31, 2001, the cash balance of the Sheriff's account was approximately \$825. While we had requested the Sheriff to prepare an open items listing for December 31, 2001, a listing was never prepared.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.

**WE RECOMMEND** the Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt. In addition, the composition of receipts should be reconciled to the composition of bank deposits.

- C. Deposit all bond monies into the bank account, or, if bond monies must be transmitted directly to various courts, ensure the bonds are transmitted immediately and receipt slips from the courts are retained and compared to the receipt slips issued.
- D. Prepare monthly listings of open items and reconcile to the cash balance.

**AUDITEE'S RESPONSE**

*I agree and these recommendations have already been implemented.*

<b>4. Officials' Salaries</b>
-------------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Atchison County's Associate County Commissioners salaries were each increased approximately \$5,870 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$11,740 for the two years ended December 31, 2000, should be repaid.

**WE RECOMMEND** the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

*The County Commission responded:*

*The Associate Commissioners took these raises based on Senate Bill 11, which established the new salary schedule for elected officials, a new state law, and the opinion of the Prosecuting Attorney. The overwhelming majority of the Associate Commissioners in the state of Missouri took these mid term raises, and those raises were approved by the salary commission. Based on Senate Bill 11 and the existing law at the time these raises were taken, we plan to take no action at this time.*



*The Southern District Commissioner responded:*

*The salary for my position was set in November 1997 by the salary commission and I was not elected until November 1998 and did not take office until January 1999. Therefore, I could not have taken a mid-term raise because my term started at the same time this raise took effect.*

This report is intended for the information of the management of Atchison County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## ATCHISON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Atchison County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### Health Center

- A. Actual expenditures exceeded budgeted amounts.
- B. The Health Center did not maintain time and attendance records to support payroll expenses for the health educator's salary and expenses claimed for reimbursement against the Preventative Health and Health Services Block Grant. Some of these expenses were also charged against the Core Public Health Grant.

### Recommendation:

The Health Center Board:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Consult with the state Department of Health to resolve the federal questioned costs and the grant funding provided by the state. In addition, the Health Center Board of Trustees should require the health educator to submit detailed time sheets which are reviewed and approved by the health center administrator. Further, the health center administrator should ensure that grants are charged only with actual costs incurred.

### Status:

- A. Not implemented. Actual expenditures exceeded budgeted by \$1,930 in 2000. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# ATCHISON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Atchison was named after David Atchison, a U.S. senator. Atchison County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Rock Port.

Atchison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Atchison County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 792,586	35	809,182	40
Sales taxes	215,297	10	213,963	11
Federal and state aid	88,087	4	100,816	5
Fees, interest, and other	1,156,164	51	885,261	44
Total	\$ 2,252,134	100	2,009,222	100

The following chart shows how Atchison County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 590,926	25	710,816	36
Public safety	387,454	17	368,773	18
Highways and roads	1,336,991	58	915,294	46
Total	\$ 2,315,371	100	1,994,883	100

The county maintains approximately 122 county bridges and 648 miles of county roads.

The county's population was 9,240 in 1970 and 6,430 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	48.3	45.9	39.3	27.4	23.1
Personal property		19.4	18.6	11.6	10.7	6.8
Railroad and utilities		9.8	9.8	7.4	7.2	6.0
Total	\$	77.5	74.3	58.3	45.3	35.9

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Atchison County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.4926	.4926
Special Road and Bridge Fund*		.4926	.4900
Health Center Fund		.0500	.0500
Senate Bill 40 Board Fund		.1000	.1000

\* The county retains all tax proceeds from areas not within road districts. The county has 4 road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 23,008	22,256
General Revenue Fund	377,822	365,597
Special Road and Bridge Fund	453,302	436,246
Assessment Fund	46,419	44,850
Health Center Fund	37,996	36,757
Senate Bill 40 Board Fund	75,954	73,471
School districts	2,585,299	2,492,584
Library district	151,907	146,941
Ambulance district	227,825	220,376
Fire protection district	116,125	116,279
Special road districts	175,271	170,332
Drainage districts	246,931	253,914
Surtax	67,755	67,418
Cities	138,487	130,946
Landfill	0	37
County Employees' Retirement	22,663	22,884
Commissions and fees:		
General Revenue Fund	81,954	79,469
Collector	4,821	4,166
County Clerk	1,201	1,135
Total	\$ <u>4,834,740</u>	<u>4,685,658</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	93 %	92 %
Personal property	91	91
Railroad and utilities	98	100

Atchison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	None
General -911	.0050	None	None
Capital improvements - Road Rock	.0050	2004	None
Capital improvements - Economic Development	.0025	2005	None



The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Marlin Logan, Presiding Commissioner	\$	25,225	24,400
Kent Fisher, Associate Commissioner		23,225	22,440
Larry Hicks, Associate Commissioner		23,225	22,440
Dale Faulkner, County Clerk (1)		36,325	35,158
Charlene Pritt-Bothwell, Prosecuting Attorney		42,435	41,000
Dennis Martin, Sheriff		40,365	39,000
Debbie True, County Treasurer		26,041	25,160
Micheal Minter, County Coroner		9,833	9,500
Karen Lester, Public Administrator (2)		13,464	16,190
Dale Hoepfner, County Collector (3), year ended February 28,	43,085	35,266	
Lori Jones, County Assessor (4), year ended August 31,		35,657	34,900

(1) Includes \$1,135 and \$1,158, respectively, of commissions earned from city tax collections.

(2) Includes fees received from probate cases.

(3) Includes \$7,787 and \$1,158, respectively, of commissions earned for collecting drainage districts and city property taxes. Some drainage commissions earned in 2000 were not paid to until March 2001.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Lorie Kay Hall, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Kay F. Graves Rosenbohm, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	3	0
Prosecuting Attorney	1	0
Sheriff	13	0
County Treasurer	0	0
County Coroner	0	0
Public Administrator	0	0
County Collector	2	0
County Assessor	2	0
Associate Division	0	2
Road and Bridge	23	0
Health Center	3	0
Emergency Management	1	0
911	9	0
Custodian	1	0
Total	<u>59</u>	<u>4</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Atchison County's share of the Fourth Judicial Circuit's expenses is 14.98 percent.



**CHRISTIAN COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-98  
September 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Christian, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Christian County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Reconciliations between the County Clerk's and County Treasurer's financial records are not adequate. The County Treasurer periodically attempts to reconcile the computerized accounting records to the manual fund ledger; however, instead of determining reasons for differences, adjusting entries are made to make the two records agree. In addition, the County Treasurer often posts revenues as a reduction in expenditures, resulting in both revenues and expenditures being understated and inaccurate financial statement presentation.
- Numerous inaccuracies and deficiencies as a result of poor bookkeeping were noted in the information presented in the county's budget documents for 2001 and 2000. This inaccurate financial information did not provide the County Commission with sufficient information to make informed decisions for the county and did not provide citizens of Christian County with reliable information about the county's finances.

Procedures are not in place to ensure the county's budget documents are properly prepared and that they accurately present financial activities of the county. In numerous instances it was not clear where amounts presented in the county's budgets were obtained, as they did not agree with any records maintained by the County Clerk or the County Treasurer.

(over)

YELLOW SHEET

- The county entered into a lease agreement with a not-for-profit corporation to issue leasehold revenue bonds totaling \$9,875,000 to construct the new judicial center. The county pays the lease payments with the proceeds from a one-quarter cent sales tax passed by voters. The County Commission did not bid the underwriter services or retain documentation regarding other underwriters reviewed and their respective fees. In addition, the county did not solicit proposals for bond counsel services or the bond insurer. These professional services totaled more than \$308,000.
- The County Commission does not maintain adequate minutes of its meetings. Unofficial, handwritten minutes are kept by the County Commission's secretary and are used to prepare the typewritten official County Commission minutes. As of June 12, 2002 the last entry in the official record book was for the August 16, 2001 meeting. In addition, several of the unofficial minutes appear to be incomplete and are generally vague.
- The county distributed sales tax and county aid road trust (CART) monies totaling more than \$3 million during the two years ended December 31, 2001 to special road districts and cities. Since 1998, the county has accounted for Sales Tax and CART monies in several different ways, but still has not provided a clear picture of all the monies received and how these monies are distributed in the county's budget. While the County Commission has contracts with the political subdivisions which require the monies to be used for the construction and repair of roads, the contracts are not current and do not provide the County Commission with a system of monitoring the political subdivision's use of the county funds. In addition, the County Commission does not require the cities and special road districts to submit sufficiently detailed financial information regarding the actual uses of the funds provided.
- The County Collector's annual settlements contained errors in amounts reported which caused differences between total collections and distributions. In addition, the main bank account balance is not reconciled to existing liabilities. As a result, the County Collector had approximately \$10,900 in unidentified monies in his account at February 28, 2002.

The audit also included some matters related to budgetary practices, published financial statements, reporting of federal funds, county expenditures and procedures, county officials compensation, general fixed assets, and the Senate Bill 40 Board. The audit also included recommendations to improve the accounting controls and procedures for the County Assessor, County Collector, County Clerk, Ex Officio Recorder of Deeds, Sheriff, and the Planning and Zoning Department.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

CHRISTIAN COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: .....

2-7

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards .....

3-5

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....

6-7

Financial Statements: .....

8-18

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....

9

A-2

Year Ended December 31, 2000 .....

10

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000 .....

11-18

Notes to the Financial Statements .....

19-23

Supplementary Schedule: .....

24-27

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 .....

25-27

Notes to the Supplementary Schedule .....

28-30

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: .....

32-34

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133 .....

33-34

CHRISTIAN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	35-45
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	36-45
Section I - Summary of Auditor's Results .....	36-37
Section II - Financial Statement Findings .....	37-43
<u>Number</u>	<u>Description</u>
01-1.	Reconciliation of County Records .....37
01-2.	County Financial Records and Procedures .....38
01-3.	Published Financial Statements .....42
Section III - Federal Award Findings and Questioned Costs .....	43-45
01-4.	Schedule of Expenditures of Federal Awards .....43
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	46-47
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	48-51
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	53-73
<u>Number</u>	
1.	County Expenditures and Mileage Logs .....55
2.	County Procedures and Written Agreements .....57
3.	County Commission Minutes .....59
4.	County Officials' Compensation and Bonding.....60
5.	General Fixed Assets .....61
6.	Construction of New Judicial Center.....62
7.	Assessor's Accounting Controls and Procedures .....63
8.	County Collector's Procedures and Commissions .....65
9.	County Clerk's Accounting Controls and Procedures .....68

CHRISTIAN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
<u>Number</u>	<u>Description</u>
10.	Ex Officio Recorder of Deeds.....69
11.	Sheriff's Accounting Procedures and Controls .....70
12.	Planning and Zoning Accounting Controls and Procedures .....71
13.	Senate Bill 40 Board .....72
Follow-Up on Prior Audit Findings ..... 74-82	
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information ..... 84-89	



## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Christian County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Christian County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in the fifth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Christian County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Christian County.

As more fully discussed in Note 1 to the financial statements, the county's financial statements do not include statements of receipts, disbursements, and changes in cash - budget and actual for various funds totaling \$1,801,383 in receipts and \$1,704,460 in disbursements for the year ended December 31, 2000. Statements of receipts, disbursements, and changes in cash - budget and actual are required by the comprehensive basis of accounting discussed in Note 1.

In addition, the records of receipts and disbursements maintained by the County Treasurer and County Clerk contained numerous inaccuracies. Financial records maintained by the County Treasurer and the County Clerk, as well as the county's budget documents did not agree. As a result, we were unable to satisfy ourselves with respect to proper classification or value of receipts and disbursements reported in various funds.

In our opinion, except for the effects, if any, on the financial statements of the omission discussed in the fourth paragraph and except for the effects, if any, on the financial statements of the matter discussed in the preceding paragraph, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Christian County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 29, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Christian County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 29, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Jody Vernon, CPA
Audit Staff:	Ted Fugitt, CPA
	Sandi Ohern, CPA
	Donald Troy Royer
	Rachel Simons
	Jeffrey Hawkins



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Christian County, Missouri

We have audited the special-purpose financial statements of various funds of Christian County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 29, 2002. That report expressed a qualified opinion on the special-purpose financial statements. Except as discussed in that report, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Christian County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1 through 01-3. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Christian County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on

the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1 and 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 01-1 and 01-2 to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Christian County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 29, 2002 (fieldwork completion date)

## Financial Statements



## Exhibit A-1

CHRISTIAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,279,893	2,589,045	2,777,297	1,091,641
Special Road and Bridge	726,526	3,437,943	3,166,892	997,577
Assessment	4,196	460,493	457,460	7,229
Law Enforcement Training	1,819	10,759	4,829	7,749
Prosecuting Attorney Training	2,975	3,694	3,279	3,390
CART	2,977	328,846	328,823	3,000
County Law Enforcement	11,255	1,963,547	1,964,521	10,281
Emergency 911	174,356	387,977	510,832	51,501
Federal Forfeiture #1	63,795	12,488	46,617	29,666
Family Violence	0	2,420	2,420	0
Prosecuting Attorney Administrative Fee	31,366	12,074	0	43,440
Building	8,880,659	295,821	5,741,027	3,435,453
Recycling	(232)	21,870	22,514	(876)
Local Emergency Planning Commission	10,184	3,637	4,703	9,118
Sales Tax	0	1,303,647	1,303,647	0
Building Bond Retirement	78,985	1,063,855	608,890	533,950
Record Retention	25,155	41,465	37,499	29,121
Family Access	374	48	0	422
Sheriff Civil Fee	100	0	0	100
Federal Forfeiture #2	0	1,077	0	1,077
Record Technology	0	11,594	0	11,594
Health Center	338,968	700,058	593,329	445,697
Senate Bill 40 Board	105,394	455,590	333,187	227,797
Senior Services Board	0	24,286	555	23,731
Associate Circuit Division I Interest	4,225	957	242	4,940
Associate Circuit Division II Interest	4,230	1,788	1,494	4,524
Law Library	18,576	4,790	6,693	16,673
Probate Division Interest	906	105	50	961
Total	\$ 11,766,682	13,139,874	17,916,800	6,989,756

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CHRISTIAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,136,662	2,417,134	2,273,903	1,279,893
Special Road and Bridge	637,217	3,329,135	3,239,826	726,526
Assessment	499	421,585	417,888	4,196
Law Enforcement Training	1,808	11,642	11,631	1,819
Prosecuting Attorney Training	781	5,214	3,020	2,975
CART	4,250	15,789	17,062	2,977
County Law Enforcement	71,060	1,726,653	1,786,458	11,255
Emergency 911	104,791	317,779	248,214	174,356
Federal Forfeiture #1	11,390	139,805	87,400	63,795
Family Violence	0	2,325	2,325	0
Prosecuting Attorney Administrative Fee	17,960	13,833	427	31,366
Building	893,479	9,763,750	1,776,570	8,880,659
Recycling	4,790	16,148	21,170	(232)
Local Emergency Planning Commission	6,262	4,878	956	10,184
Direct Sales Tax Distribution	0	1,228,127	1,228,127	0
Direct CART Distribution	0	311,162	311,162	0
Building Bond Retirement	0	78,985	0	78,985
Record Retention	57,867	34,291	67,003	25,155
Family Access	305	69	0	374
Sheriff Civil Fee	100	0	0	100
Health Center	302,817	665,061	628,910	338,968
Senate Bill 40 Board	35,641	379,084	309,331	105,394
Associate Circuit Division I Interest	3,352	913	40	4,225
Associate Circuit Division II Interest	1,194	3,063	27	4,230
Law Library	24,274	4,864	10,562	18,576
Probate Division Interest	941	104	139	906
Total	\$ 3,317,440	20,891,393	12,442,151	11,766,682

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 12,670,689	13,095,277	424,588	15,218,456	19,090,010	3,871,554
DISBURSEMENTS	14,457,085	17,907,766	(3,450,681)	16,104,222	10,737,691	5,366,531
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,786,396)	(4,812,489)	(3,026,093)	(885,766)	8,352,319	9,238,085
CASH, JANUARY 1	3,997,207	11,738,645	7,741,438	3,217,178	3,218,017	839
CASH, DECEMBER 31	2,210,811	6,926,156	4,715,345	2,331,412	11,570,336	9,238,924
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Sales taxes	1,040,000	1,063,965	23,965	960,000	991,225	31,225
Intergovernmental	296,000	252,427	(43,573)	180,000	239,133	59,133
Charges for services	959,000	1,112,651	153,651	870,500	944,304	73,804
Interest	100,000	64,269	(35,731)	40,000	105,292	65,292
Other	95,000	95,733	733	122,500	137,180	14,680
Total Receipts	2,490,000	2,589,045	99,045	2,173,000	2,417,134	244,134
DISBURSEMENTS						
County Commission	115,100	122,136	(7,036)	115,816	111,891	3,925
County Clerk	126,902	114,365	12,537	125,600	113,906	11,694
Elections	145,854	74,288	71,566	174,944	163,764	11,180
Buildings and grounds	120,655	73,353	47,302	80,780	68,826	11,954
Employee fringe benefits	302,000	231,932	70,068	282,000	248,290	33,710
County Treasurer	56,400	56,082	318	54,977	53,653	1,324
County Collector	145,300	139,561	5,739	151,300	122,415	28,885
Ex Officio Recorder of Deeds	144,528	130,119	14,409	125,900	109,585	16,315
Associate Circuit Court	26,100	19,009	7,091	22,300	17,058	5,242
Associate Circuit (Probate)	48,250	40,061	8,189	49,360	34,114	15,246
Court administration	95,875	62,291	33,584	73,328	50,448	22,880
Public Administrator	60,100	54,918	5,182	36,000	45,496	(9,496)
University Extension Office	53,950	50,447	3,503	48,650	56,790	(8,140)
Planning and Zoning	109,050	98,899	10,151	113,085	75,275	37,810
Other	106,393	216,817	(110,424)	94,398	80,614	13,784
Prosecuting Attorney	291,800	285,418	6,382	276,927	267,925	9,002
Juvenile Officer	123,230	79,825	43,405	121,129	87,692	33,437
County Coroner	38,380	30,684	7,696	22,000	21,063	937
Emergency Management	7,831	5,895	1,936	7,500	5,417	2,083
Transfers out	790,056	854,424	(64,368)	1,109,054	538,000	571,054
Emergency Fund	100,000	36,773	63,227	100,000	1,681	98,319
Total Disbursements	3,007,754	2,777,297	230,457	3,185,048	2,273,903	911,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(517,754)	(188,252)	329,502	(1,012,048)	143,231	1,155,279
CASH, JANUARY 1	1,275,000	1,279,893	4,893	1,136,662	1,136,662	0
CASH, DECEMBER 31	757,246	1,091,641	334,395	124,614	1,279,893	1,155,279

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	550,000	619,265	69,265	391,150	556,434	165,284
Sales taxes	1,825,453	1,888,250	62,797	1,720,000	1,745,547	25,547
Intergovernmental	832,022	859,456	27,434	821,600	931,241	109,641
Interest	95,000	36,767	(58,233)	25,000	51,936	26,936
Other	25,000	34,205	9,205	25,000	43,977	18,977
Total Receipts	3,327,475	3,437,943	110,468	2,982,750	3,329,135	346,385
<b>DISBURSEMENTS</b>						
Salaries	600,000	412,072	187,928	385,000	360,090	24,910
Employee fringe benefits	177,300	140,810	36,490	123,000	138,440	(15,440)
Supplies	163,000	114,145	48,855	120,000	92,788	27,212
Insurance	20,000	11,321	8,679	20,000	11,641	8,359
Road and bridge materials	1,003,758	1,447,628	(443,870)	1,612,000	1,699,773	(87,773)
Equipment repairs	110,000	123,011	(13,011)	110,000	117,597	(7,597)
Rentals	31,000	4,036	26,964	21,000	276	20,724
Equipment purchases	310,000	152,565	157,435	255,000	189,294	65,706
Construction, repair, and maintenance	622,629	96,552	526,077	390,000	48,856	341,144
Distribution to special road districts	0	616,821	(616,821)	0	553,196	(553,196)
Other	275,000	47,931	227,069	57,500	27,875	29,625
Total Disbursements	3,312,687	3,166,892	145,795	3,093,500	3,239,826	(146,326)
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,788	271,051	256,263	(110,750)	89,309	200,059
CASH, JANUARY 1	861,458	726,526	(134,932)	637,217	637,217	0
CASH, DECEMBER 31	876,246	997,577	121,331	526,467	726,526	200,059
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	410,000	377,907	(32,093)	317,360	359,605	42,245
Interest	2,000	2,126	126	2,000	1,812	(188)
Other	1,200	460	(740)	0	168	168
Transfers in	80,000	80,000	0	134,054	60,000	(74,054)
Total Receipts	493,200	460,493	(32,707)	453,414	421,585	(31,829)
<b>DISBURSEMENTS</b>						
Assessor	497,308	457,460	39,848	453,414	417,888	35,526
Total Disbursements	497,308	457,460	39,848	453,414	417,888	35,526
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,108)	3,033	7,141	0	3,697	3,697
CASH, JANUARY 1	4,196	4,196	0	499	499	0
CASH, DECEMBER 31	88	7,229	7,141	499	4,196	3,697

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	4,000	4,588	588	5,000	4,005	(995)
Charges for services	8,000	6,016	(1,984)	8,000	7,545	(455)
Interest	90	155	65	100	92	(8)
Total Receipts	12,090	10,759	(1,331)	13,100	11,642	(1,458)
DISBURSEMENTS						
Sheriff	15,000	4,829	10,171	13,000	11,631	1,369
Total Disbursements	15,000	4,829	10,171	13,000	11,631	1,369
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,910)	5,930	8,840	100	11	(89)
CASH, JANUARY 1	3,235	1,819	(1,416)	1,808	1,808	0
CASH, DECEMBER 31	325	7,749	7,424	1,908	1,819	(89)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	3,200	2,040	(1,160)	3,000	3,057	57
Charges for services	2,000	1,504	(496)	2,000	1,891	(109)
Interest	100	150	50	20	266	246
Total Receipts	5,300	3,694	(1,606)	5,020	5,214	194
DISBURSEMENTS						
Prosecuting Attorney	8,275	3,279	4,996	5,000	3,020	1,980
Total Disbursements	8,275	3,279	4,996	5,000	3,020	1,980
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,975)	415	3,390	20	2,194	2,174
CASH, JANUARY 1	2,975	2,975	0	781	781	0
CASH, DECEMBER 31	0	3,390	3,390	801	2,975	2,174
<b><u>CART FUND</u></b>						
RECEIPTS						
Intergovernmental	343,529	328,741	(14,788)	15,000	15,590	590
Interest	0	105	105	100	199	99
Total Receipts	343,529	328,846	(14,683)	15,100	15,789	689
DISBURSEMENTS						
Road signs	25,000	10,294	14,706	15,000	17,062	(2,062)
Distribution to special road districts	318,529	318,529	0	0	0	0
Total Disbursements	343,529	328,823	14,706	15,000	17,062	(2,062)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	23	23	100	(1,273)	(1,373)
CASH, JANUARY 1	2,977	2,977	0	4,250	4,250	0
CASH, DECEMBER 31	2,977	3,000	23	4,350	2,977	(1,373)

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	1,000,000	1,066,105	66,105	960,000	992,427	32,427
Intergovernmental	146,302	113,070	(33,232)	78,151	88,006	9,855
Interest	1,500	1,715	215	200	1,529	1,329
Other	25,000	5,342	(19,658)	6,000	19,691	13,691
Transfers in	740,000	777,315	37,315	640,000	625,000	(15,000)
Total Receipts	1,912,802	1,963,547	50,745	1,684,351	1,726,653	42,302
<b>DISBURSEMENTS</b>						
Salaries	955,250	1,022,288	(67,038)	983,843	1,011,974	(28,131)
Fringe benefits	302,858	239,437	63,421	300,000	283,547	16,453
Board of prisoners	219,260	277,806	(58,546)	111,500	203,520	(92,020)
Office expenditures	58,750	54,813	3,937	67,000	56,945	10,055
Insurance	46,600	50,528	(3,928)	45,000	43,187	1,813
Equipment	201,000	287,350	(86,350)	112,000	161,700	(49,700)
Mileage and training	15,000	20,789	(5,789)	15,000	13,505	1,495
Other	105,273	11,510	93,763	55,276	12,080	43,196
Total Disbursements	1,903,991	1,964,521	(60,530)	1,689,619	1,786,458	(96,839)
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,811	(974)	(9,785)	(5,268)	(59,805)	(54,537)
CASH, JANUARY 1	7,865	11,255	3,390	71,060	71,060	0
CASH, DECEMBER 31	16,676	10,281	(6,395)	65,792	11,255	(54,537)
<b><u>EMERGENCY 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	300,000	382,199	82,199	290,000	312,439	22,439
Interest	3,000	5,735	2,735	2,000	5,340	3,340
Other	0	43	43	0	0	0
Transfers in	182,251	0	(182,251)	0	0	0
Total Receipts	485,251	387,977	(97,274)	292,000	317,779	25,779
<b>DISBURSEMENTS</b>						
Salaries	267,751	244,393	23,358	16,000	15,999	1
Employee fringe benefits	98,000	69,011	28,989	5,000	6,029	(1,029)
Phone line charges	70,000	40,250	29,750	95,000	70,835	24,165
Office expenditures	9,000	2,487	6,513	1,150	1,257	(107)
Equipment	155,000	109,585	45,415	12,500	3,674	8,826
Mileage and training	3,000	3,721	(721)	850	420	430
Other	17,500	18,495	(995)	0	0	0
Transfers out	0	22,890	(22,890)	165,000	150,000	15,000
Total Disbursements	620,251	510,832	109,419	295,500	248,214	47,286
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,000)	(122,855)	12,145	(3,500)	69,565	73,065
CASH, JANUARY 1	135,000	174,356	39,356	104,791	104,791	0
CASH, DECEMBER 31	0	51,501	51,501	101,291	174,356	73,065

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FEDERAL FORFEITURE #1</u></b>						
RECEIPTS						
Intergovernmental	138,000	10,952	(127,048)			
Interest	2,000	1,536	(464)			
Total Receipts	140,000	12,488	(127,512)			
DISBURSEMENTS						
Sheriff	95,000	46,617	48,383			
Total Disbursements	95,000	46,617	48,383			
RECEIPTS OVER (UNDER) DISBURSEMENTS	45,000	(34,129)	(79,129)			
CASH, JANUARY 1	65,768	63,795	(1,973)			
CASH, DECEMBER 31	110,768	29,666	(81,102)			
<b><u>FAMILY VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	2,500	2,420	(80)	2,500	2,325	(175)
Total Receipts	2,500	2,420	(80)	2,500	2,325	(175)
DISBURSEMENTS						
Domestic violence shelter	2,500	2,420	80	2,500	2,325	175
Total Disbursements	2,500	2,420	80	2,500	2,325	175
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>PROSECUTING ATTORNEY ADMINISTRATIVE FEE FUND</u></b>						
RECEIPTS						
Charges for services	13,000	10,798	(2,202)	10,000	12,548	2,548
Interest	1,200	1,276	76	400	1,285	885
Total Receipts	14,200	12,074	(2,126)	10,400	13,833	3,433
DISBURSEMENTS						
Prosecuting Attorney	45,000	0	45,000	15,000	427	14,573
Total Disbursements	45,000	0	45,000	15,000	427	14,573
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,800)	12,074	42,874	(4,600)	13,406	18,006
CASH, JANUARY 1	31,367	31,366	(1)	17,960	17,960	0
CASH, DECEMBER 31	567	43,440	42,873	13,360	31,366	18,006

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>BUILDING FUND</u></b>						
<b>RECEIPTS</b>						
Bond proceeds	0	0	0	6,000,000	9,593,255	3,593,255
Interest	20,000	295,821	275,821	30,000	170,245	140,245
Other	0	0	0	0	250	250
Transfers in	0	0	0	500,000	0	(500,000)
Total Receipts	20,000	295,821	275,821	6,530,000	9,763,750	3,233,750
<b>DISBURSEMENTS</b>						
Buildings and grounds	1,080,291	5,721,824	(4,641,533)	6,262,500	1,776,570	4,485,930
Debt service	0	19,203	(19,203)	0	0	0
Total Disbursements	1,080,291	5,741,027	(4,660,736)	6,262,500	1,776,570	4,485,930
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,060,291)	(5,445,206)	(4,384,915)	267,500	7,987,180	7,719,680
CASH, JANUARY 1	1,060,291	8,880,659	7,820,368	893,479	893,479	0
CASH, DECEMBER 31	0	3,435,453	3,435,453	1,160,979	8,880,659	7,719,680
<b><u>RECYCLING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	5,000	0	(5,000)	12,000	13,043	1,043
Interest	0	136	136	200	105	(95)
Other	0	1,734	1,734	2,000	0	(2,000)
Transfers in	10,056	20,000	9,944	0	3,000	3,000
Total Receipts	15,056	21,870	6,814	14,200	16,148	1,948
<b>DISBURSEMENTS</b>						
Salaries	6,656	12,000	(5,344)	0	0	0
Employee fringe benefits	0	1,562	(1,562)	0	382	(382)
Equipment	5,500	2,747	2,753	12,510	17,497	(4,987)
Mileage and training	400	200	200	500	390	110
Office	2,500	6,005	(3,505)	5,000	2,901	2,099
Total Disbursements	15,056	22,514	(7,458)	18,010	21,170	(3,160)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(644)	(644)	(3,810)	(5,022)	(1,212)
CASH, JANUARY 1	0	(232)	(232)	4,790	4,790	0
CASH, DECEMBER 31	0	(876)	(876)	980	(232)	(1,212)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,500	3,322	822	2,100	4,440	2,340
Interest	350	315	(35)	250	358	108
Other	0	0	0	0	80	80
Total Receipts	2,850	3,637	787	2,350	4,878	2,528
<b>DISBURSEMENTS</b>						
Office expenditures	500	105	395	450	90	360
Equipment	11,300	4,598	6,702	1,000	0	1,000
Mileage and training	700	0	700	500	866	(366)
Total Disbursements	12,500	4,703	7,797	1,950	956	994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,650)	(1,066)	8,584	400	3,922	3,522
CASH, JANUARY 1	10,184	10,184	0	6,262	6,262	0
CASH, DECEMBER 31	534	9,118	8,584	6,662	10,184	3,522



## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	1,303,647	1,303,647	0			
Total Receipts	1,303,647	1,303,647	0			
DISBURSEMENTS						
Distribution to special road districts and cities	1,303,647	1,303,647	0			
Total Disbursements	1,303,647	1,303,647	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<b><u>BUILDING BOND RETIREMENT</u></b>						
RECEIPTS						
Sales taxes	1,000,000	1,053,683	53,683			
Interest	0	10,172	10,172			
Total Receipts	1,000,000	1,063,855	63,855			
DISBURSEMENTS						
Equipment	200,000	0	200,000			
Debt service	727,000	608,890	118,110			
Transfers out	140,000	0	140,000			
Total Disbursements	1,067,000	608,890	458,110			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(67,000)	454,965	521,965			
CASH, JANUARY 1	67,000	78,985	11,985			
CASH, DECEMBER 31	0	533,950	533,950			
<b><u>RECORD RETENTION</u></b>						
RECEIPTS						
Charges for services	35,000	40,672	5,672			
Interest	1,000	793	(207)			
Total Receipts	36,000	41,465	5,465			
DISBURSEMENTS						
Ex Officio Recorder of Deeds	61,000	37,499	23,501			
Total Disbursements	61,000	37,499	23,501			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,000)	3,966	28,966			
CASH, JANUARY 1	25,155	25,155	0			
CASH, DECEMBER 31	155	29,121	28,966			

## Exhibit B

## CHRISTIAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FAMILY ACCESS FUND</u></b>						
RECEIPTS						
Charges for services	50	33	(17)			
Interest	20	15	(5)			
Total Receipts	70	48	(22)			
DISBURSEMENTS						
Family access	400	0	400			
Total Disbursements	400	0	400			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(330)	48	378			
CASH, JANUARY 1	374	374	0			
CASH, DECEMBER 31	44	422	378			
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	210,000	222,813	12,813	198,000	194,960	(3,040)
Intergovernmental	309,707	321,683	11,976	346,121	322,417	(23,704)
Charges for services	122,500	127,311	4,811	117,500	120,451	2,951
Interest	16,000	22,765	6,765	12,000	22,973	10,973
Other	4,750	5,486	736	4,250	4,260	10
Total Receipts	662,957	700,058	37,101	677,871	665,061	(12,810)
DISBURSEMENTS						
Salaries	521,711	472,952	48,759	504,699	477,913	26,786
Office expenditures	22,700	23,298	(598)	24,700	22,049	2,651
Equipment	59,200	55,525	3,675	80,410	78,107	2,303
Mileage and training	3,000	3,189	(189)	3,100	3,075	25
Buildings and grounds	14,000	11,858	2,142	20,000	15,354	4,646
Other	42,346	26,507	15,839	44,962	32,412	12,550
Total Disbursements	662,957	593,329	69,628	677,871	628,910	48,961
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	106,729	106,729	0	36,151	36,151
CASH, JANUARY 1	338,968	338,968	0	301,978	302,817	839
CASH, DECEMBER 31	338,968	445,697	106,729	301,978	338,968	36,990
<b><u>SENATE BILL 40 BOARD</u></b>						
RECEIPTS						
Property taxes	350,000	392,901	42,901	350,000	343,110	(6,890)
Intergovernmental	0	2,977	2,977	0	22	22
Interest	8,000	9,312	1,312	9,000	7,835	(1,165)
Loan proceeds	45,762	50,400	4,638	3,400	28,117	24,717
Total Receipts	403,762	455,590	51,828	362,400	379,084	16,684
DISBURSEMENTS						
Contractual services	401,564	331,875	69,689	374,110	308,238	65,872
Office expenditures	1,375	1,312	63	2,200	1,093	1,107
Total Disbursements	402,939	333,187	69,752	376,310	309,331	66,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	823	122,403	121,580	(13,910)	69,753	83,663
CASH, JANUARY 1	105,394	105,394	0	35,641	35,641	0
CASH, DECEMBER 31	106,217	227,797	121,580	21,731	105,394	83,663

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CHRISTIAN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Christian County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Federal Forfeiture #1 Fund	2000
Direct Sales Tax Distribution Fund	2000
Direct CART Distribution Fund	2000
Building Bond Retirement Fund	2000
Record Retention Fund	2000
Family Access Fund	2000
Sheriff Civil Fee Fund	2001 and 2000
Federal Forfeiture #2 Fund	2001
Record Technology Fund	2001
Senior Services Board Fund	2001
Associate Circuit Division I Interest Fund	2001 and 2000
Associate Circuit Division II Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Probate Division Interest Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2000
CART Fund	2000
County Law Enforcement Fund	2001 and 2000
Building Fund	2001
Recycling Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Building Bond Retirement Fund	2000
Sheriff Civil Fee Fund	2001 and 2000
Associate Circuit Division I Interest Fund	2001 and 2000
Associate Circuit Division II Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Probate Division Interest Fund	2001 and 2000

Additionally, for the Senate Bill 40 Board Fund and the Health Center Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer. For the Senior Services Board Fund, the county's published financial statement for the year ended December 31, 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name.

The Senate Bill 40 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name.

The Senior Services Board's deposits at December 31, 2001, were entirely covered by federal depositary insurance. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Family Access Fund's cash balance of \$305 at January 1, 2000, was not previously reported, but has been added so the county's financial statements will include this fund.

At December 31, 1999, the Circuit Clerk Interest Fund had a balance of \$59,382. The Circuit Clerk has determined that these funds represent interest earned on condemnation monies associated with various civil cases and should be credited to these cases. As a result, these monies are not included in the audited financial statements.

## Supplementary Schedule



## Schedule

CHRISTIAN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U.S. DEPARTMENT OF NATIONAL DRUG CONTROL POLICY				
Passed through State Department of Public Safety				
07.unknown	High Intensity Drug Trafficking Area - Task Forces	99-HIDTA-551-07	\$ 0	7,794
		00-HIDTA-551-07	0	37,773
		IOPMWP551	23,344	0
		I1PMWP551	39,038	0
	Program Total		62,382	45,567
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0121	0	90,754
		ERS045-1121W	90,483	28,945
		ERS045-2121	29,594	0
	Program Total		120,077	119,699
10.559	Summer Food Service Program for Children	ERS146-0121I	0	57
		ERS146-1121I	180	0
	Program Total		180	57
10.564	Nutrition Education and Training Program	SDA42300008	3,935	20,645
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	16,245	73,992
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	97-UM-WX-0638	0	31,523
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	46,617	87,400
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	98-NCD10-068	0	4,332
16.592	Local Law Enforcement Block Grants Program	2000-LBG-016	8,860	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,008	0
Cape Girardeau County Sheriff's Office -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	43,113	0

## Schedule

CHRISTIAN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U.S. DEPARTMENT OF LABOR				
Passed through State Department of Labor and Industrial Relations:				
17.225	Unemployment Insurance	N/A	25	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-022(6)	38,749	0
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	465	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	383	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	0	2,521
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	63,685	65,524
Department of Social Services -				
93.563	Child Support Enforcement	N/A	19,430	33,194
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0121S	0	4,140
		PGA067-1121S	4,285	895
		PGA067-2121S	775	0
		PGA067-0121C	0	3,409
		PGA067-1121C	1,560	440
		PGA067-2121C	280	0
	Program Total		6,900	8,884
Department of Social Services -				
93.667	Social Services Block Grant	N/A	60	50
		ERO172081	416	188
		ERO172082	1,160	1,232
		ERO172118	1,580	3,842
	Program Total		3,216	5,312

## Schedule

CHRISTIAN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2001	2000
	Department of Health -			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-10053	1,793	2,129
93.940	HIV Prevention Activities - Health Department Based	N/A	0	167
93.991	Preventive Health and Health Services Block Grant	N/A	0	688
93.994	Maternal and Child Health Services Block Grant to the States	N/A	5,418	3,438
		ERS175-0121F	0	11,075
		ERS175-1121F	10,143	5,072
		ERS175-2014F	5,589	0
	Program Total		<u>21,150</u>	<u>19,585</u>
	Total Expenditures of Federal Awards		<u>\$ 458,213</u>	<u>521,219</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

CHRISTIAN COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Christian County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health for the years ended December 31, 2001 and 2000. Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) include both cash disbursements and the original acquisition cost of vaccines during the year ended December 31, 2000.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Christian County, Missouri

Compliance

We have audited the compliance of Christian County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Christian County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

#### Internal Control Over Compliance

The management of Christian County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses.

This report is intended for the information of the management of Christian County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

August 29, 2002 (fieldwork completion date)

Schedule

CHRISTIAN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weaknesses identified?

  x   yes

       no

Reportable conditions identified that are  
not considered to be a material weaknesses?

       yes

  x   none reported

Noncompliance material to the financial statements  
noted?

  x   yes

       no

Federal Awards

Internal control over major programs:

Material weakness identified?

       yes

  x   no

Reportable conditions identified that are  
not considered to be material weaknesses?

  x   yes

       none reported

Type of auditor's report issued on compliance for  
major programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?

  x   yes

       no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads – Grants to States
16.unknown	Equitable Sharing of Seized and Forfeited Property
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

## Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>01-1. Reconciliation of County Records</b>
-----------------------------------------------

Reconciliations between the County Clerk's and County Treasurer's records are not adequate. The County Clerk posts all expenditures and the County Treasurer posts all revenues to the computerized accounting records. The County Treasurer also maintains a manual fund ledger of all revenues and expenditures. The County Treasurer periodically attempts to reconcile the computerized accounting records to the manual fund ledger; however, instead of determining reasons for differences, adjusting entries are made in the computerized records to make the two records agree. For example, during our review we noted an adjustment in the computerized accounting records of \$74,891 to decrease revenues of the Special Road and Bridge Fund. Rather than to determine the cause of the differences, this adjustment was made to agree the two records. As a result, the county's computerized accounting system does not accurately reflect detailed revenue information.

In addition, the County Treasurer does not always record revenues in the same manner in the manual fund ledger and computerized records, resulting in differences. The County Treasurer often posts revenues to the computerized accounting records as a reduction in expenditures. This practice causes both revenues and expenditures to be understated, resulting in inaccurate financial statement presentation. Adjustments have been made to the audited financial statements to correct the understatement of revenues and expenditures.

Further, the County Treasurer files a copy of his semi-annual settlements with the County Clerk, but it is not reviewed by the County Commission. Section 54.150, RSMo 2000, provides the County Treasurer shall settle his accounts with the County Commission semiannually.

Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and the County Treasurer should regularly reconcile their accounting records.

**WE RECOMMEND** the accounting records of the County Clerk and County Treasurer be periodically reconciled and all reconciling items documented and fully investigated. In addition, the County Commission should review and approve the Treasurer's semi-annual settlements.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission provided the following response:*

*The County Clerk and County Treasurer are now reconciling their records on a monthly basis. The County Commission is now reviewing and approving the County Treasurer's semi-annual settlements.*

#### **01-2.**

#### **County Financial Records and Procedures**

The County Clerk and County Commission are responsible for preparing and approving a county budget which serves as a complete financial plan for the county. Numerous inaccuracies and deficiencies as a result of poor bookkeeping were noted in the information presented in the county's budget documents for 2001 and 2000. (See Finding number 01-1). This inaccurate financial information did not provide the County Commission with sufficient information to make informed decisions for the county and did not provide the citizens of Christian County with reliable information about the county's finances. During our review we noted the following concerns:

- A. The county does not have procedures in place to ensure the county's budget documents are properly prepared and that they accurately present financial activities of the county. In numerous instances it was not clear where amounts presented in the county's budgets were obtained, as they did not agree with any records maintained by the County Clerk or the County Treasurer.

For example, actual revenues and expenditures were understated in various budgets prepared by the County Clerk by the amounts shown in the following table:

Fund	Year Ending December 31,			
	2001		2000	
	Revenues	Expenditures	Revenues	Expenditures
General Revenue	\$ 9,299	68,016	66,747	358,592
County Law Enforcement	19,795	49,361	153	20,990
Emergency 911	43	-	316,829	248,214
Building	256,757	5,619,018	8,844,712	1,010,777
Summary Totals	285,894	5,736,395	9,228,441	1,638,573

In addition, beginning cash balances were incorrect for 9 of 18 funds presented in the county's 2001 budget. Differences in beginning cash balances are as follows:

Year Ending December 31, 2001				
Fund	Presented in Budget	Actual	Difference	
General Revenue	\$ 1,275,000	1,279,893	4,893	
Special Road and Bridge	861,458	726,526	(134,932)	
Law Enforcement Training	3,235	1,819	(1,416)	
County Law Enforcement	7,865	11,255	3,390	
Emergency 911	135,000	174,356	39,356	
Federal Forfeiture #1	65,768	63,795	(1,973)	
Building	1,060,291	8,880,659	7,820,368	
Recycling	-	(232)	(232)	
Building Bond Retirement	67,000	78,985	11,985	

The largest differences occurred in the Building Fund, resulting from the county's failure to include the activity of the revenue bond monies used to construct the judicial center.

The County Clerk could not identify where beginning balances presented in the budget were obtained. These errors could have been detected if reconciliations between the County Clerk's and County Treasurer's revenues, expenditures, and cash balances had been properly performed and if a thorough review of the final budget

had been performed by the County Clerk and County Commission.

Adjustments have been made to the audited financial statements to correct these errors. In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

- B. The county did not prepare budgets for some county funds. The County Clerk failed to include budgetary information for the Direct Sales Tax Distribution Fund and the Direct CART (County Aid Road Trust) Distribution Fund for 2000. The distribution of these funds to cities and special road districts was omitted from budgetary information, resulting in significant errors in the financial statements.

Sales Tax and CART monies are received by the county and distributed to cities and special road districts at the County Commission's discretion. As such, the distribution of these funds should be budgeted. In contrast, the county also collects and distributes property taxes and other funds for the special road districts; however, these funds are not distributed at the discretion of the County Commission, and therefore, are not required to be budgeted. Since 1998, the county has accounted for the Sales Tax and CART monies in several different ways but still has not provided a clear picture of all the monies received and how these monies are distributed in the county's budget.

In February 1998, the county attempted to eliminate unnecessary transfers between funds and began distributing Sales Tax and CART funds directly to the special road districts and cities which were previously accounted for in the Sales Tax Fund and CART Fund. As a result, Sales Tax and CART proceeds distributed directly to the special road districts and cities were no longer controlled and monitored within budgeted county funds. We have identified the omission in 2000 on Exhibit A as the Direct Sales Tax Distribution Fund and the Direct CART Distribution Fund.

In 2001, the County Commission attempted to properly report Sales Tax and CART revenues in the related funds; however, budgeted sales tax revenues were included in both the Sales Tax Fund and the Special Road and Bridge Fund, significantly over-estimating sales tax revenues. In addition, the distribution of sales taxes to the cities and special road districts was not included in the budgeted expenditures. Similar problems were noted with CART funds budgeted by the county. Adjustments have been made to the audited financial statements to correct these errors.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.



- C. Actual expenditures exceeded budgeted amounts in several county funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Special Road and Bridge	\$ N/A	146,326
CART	N/A	2,062
County Law Enforcement	60,530	96,839
Building	<u>4,660,736</u>	<u>N/A</u>
TOTAL	<u>4,721,266</u>	<u>245,227</u>

During 2000 the county budgeted \$6.2 million, but only spent \$1.7 million for the construction for the new judicial center. In the 2001 budget the County Commission indicated they forgot to include the remaining construction costs and only budgeted \$1 million but spent \$5.7 million.

While budget to actual data is provided to the County Commission upon request, the county's procedures and reports are not resulting in effective monitoring of various budgets. It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget was approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- D. The estimated ending cash balance was significantly understated for several large county funds.

For example, the estimated ending cash balance of the county's General Revenue Fund was understated by approximately \$334,000 and \$1.1 million for 2001 and 2000, respectively. It appears the County Commission significantly over estimated expenditures for those years.

By not adequately estimating all expected receipts and disbursements, it is difficult for the County Commission to analyze operations and to accurately project the ending financial condition of the County. In addition, for the budget documents to be of maximum assistance to the County Commission, the budget should reflect

accurate and complete estimates of receipts and disbursements.

**WE RECOMMEND** the County Commission:

- A. Ensure the budget document contains complete and accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- B. Ensure budgets are prepared for all county funds as required by state law.
- C. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following the procedures required by state law.
- D. Estimate receipts and disbursements to closely reflect anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending balances.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission provided the following responses:*

- A. *We were not aware that this information was incorrect. We will now request financial information from the County Clerk and County Treasurer monthly. We will ensure the 2003 budget document is complete and accurate to the best of our ability.*
- B. *We will comply with this recommendation.*
- C. *We are currently monitoring the funds and have amended budgets for some funds for the current year.*
- D. *Since the County Clerk and County Treasurer are now reconciling their financial information to ensure the financial information we receive is correct, we will be able to prepare more reasonable budget estimates.*

<b>01-3. Published Financial Statements</b>
---------------------------------------------

Our review of the annual financial statements published by the county noted the following concerns:

- A. The county's annual published financial statements did not include financial activity for several county funds. In addition, bond proceeds to construct the new judicial center were not included in the county's published financial statements for the two years ended December 31, 2001. As a result, revenues of approximately \$9.7 million and expenditures of approximately \$6.6 million were omitted. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. This is a significant violation of state law which is intended to inform the public of the county's financial activity on an annual basis.
- B. The 2001 and 2000 annual financial statements were published on April 4, 2002 and March 26, 2001, respectively. Sections 50.800 and 50.810, RSMo 2000, require annual financial statements be prepared and published in a local newspaper on or before the first Monday in March and show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The publishing of complete and timely financial statements besides meeting statutory requirements, will provide information to citizens as to the operations of their county government and how dollars are spent.

**WE RECOMMEND** the County Commission:

- A. Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.
- B. Ensure financial statements are published by the first Monday in March of each year.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*County Clerk Blunt provided the following response:*

*The financial information will be published in a timely manner and will include all county funds in 2003.*

#### **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-4.</b>	<b>Schedule of Expenditures of Federal Awards</b>
--------------	---------------------------------------------------

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health

Federal CFDA Number: 10.557  
Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children

Pass-Through Entity  
Identifying Number: ERO045-0121, ERS045-1121W, ERS045-2121  
Award Year: 2001 and 2000  
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Agriculture  
Pass-Through Grantor: Office of Administration  
Federal CFDA Number: 10.665  
Program Title: Schools and Roads – Grants to States  
Pass-Through Entity  
Identifying Number: Not applicable  
Award Year: 2001 and 2000  
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.unknown  
Program Title: Equitable Sharing of Seized and Forfeited Property  
Pass-Through Entity  
Identifying Number: Not applicable  
Award Year: 2001 and 2000  
Question Costs: Not applicable

Federal Grantor: U.S. Department of Transportation  
Pass-Through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass-Through Entity  
Identifying Number: BRO-022(6)  
Award Year: 2001  
Questioned Costs: Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have specific procedures in place to track federal assistance for preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to

several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on the programs that were reported. In addition, some non-federal programs were included in the schedule. In 2001 and 2000, the county only reported expenditures for six of 19 and seven of 18 federal programs, respectively. As a result expenditures were understated by approximately \$339,000 for the two years. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*County Clerk Blunt provided the following response:*

*For the 2003 budget, I will comply so that the schedule is complete and accurate.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CHRISTIAN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Christian County, Missouri, on the applicable findings in our prior audit report issued for the two years ended December 31, 1999.

99-1. Omission of Budgetary Information

The county did not budget various county funds.

Recommendation:

The County Commission and other applicable officials ensure budgets are prepared for all county funds as required by state law.

Status:

Not implemented. See finding number 01-2.

99-2. Published Financial Statements

The county did not publish a financial statement for the year ended December 31, 1999 and the financial statement for the year ended December 31, 1998 did not include several county funds.

Recommendation:

The County Commission ensure complete financial statements are prepared and published annually.

Status:

Partially implemented. While the county published financial statements for the years ending December 31, 2001 and 2000, they did not publish the financial statements timely and did not include financial information for all funds. See finding number 01-3.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



CHRISTIAN COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management

99-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-through Entity	
Identifying Number:	ERO45-6121
Award Year:	1999 and 1998
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.unknown
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	1999 and 1998
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Pass-Through Entity	
Identifying Number:	BRO-022-5
Award Year:	1998
Questioned Costs:	Not applicable

The county did not have specific procedures in place to track federal assistance for preparation of the schedule of expenditures of federal awards (SEFA). During the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 01-4.

99-4. Federal Sharing Program

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.unknown
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	1999 and 1998
Questioned Costs:	\$24,315

The Sheriff's Department purchased a truck (\$15,500) and lie detector (\$8,815) without soliciting bids or proposals or retaining documentation to support the solicitation of bids. The Sheriff's Department indicated that the lie detector was purchased from a sole source provider; however, this was not documented.

Recommendation:

The County Commission and Sheriff work with applicable federal grantor agencies to resolve questioned costs. In the future, bids should be solicited for applicable purchases.

Status:

Not implemented. The County Commission and Sheriff have not contacted the grantor agency regarding questioned costs. However, during our review of this program in the current audit period, the Sheriff properly advertised for bids on the selected expenditures we reviewed.

99-5. Federal Bridge Program

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Pass-Through Entity	
Identifying Number:	BRO-022-5
Award Year:	1998
Questioned Costs:	Not applicable

One reimbursement claim in the amount of \$111,147 was submitted to the Missouri Department of Transportation (MODOT) for reimbursement for highway planning and construction. However, reimbursement was not received by the county.

Recommendation:

The County Commission and County Clerk establish records and procedures to adequately monitor program expenditures and reimbursements. In addition, the county should pursue collection of the reimbursement request with the Missouri Department of Transportation.

Status:

Implemented. The County Commission contacted MODOT and received the reimbursement in 2000.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

CHRISTIAN COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Christian County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 29, 2002. That report expressed a qualified opinion on the special-purpose financial statements. We also have audited the compliance of Christian County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 29, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings

resulted from our audit of the special-purpose financial statements of Christian County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. County Expenditures and Mileage Logs</b>
------------------------------------------------

- A. Bids were not always solicited nor was bid documentation always retained for various purchases made by the county during the audit period. Examples of items purchased for which no evidence of bidding could be located are as follows:

<u>Item or Service</u>	<u>Amount</u>
File system for the County Assessor	\$18,954
Professional pay-scale consultation services	10,000
Printing and mailing services	7,622
Planetary camera	7,450
Scanning machine	5,099

We also noted that documentation was not maintained by the county to substantiate situations in which the low bid was not accepted. Examples of the purchases include software for the E-911 system (\$76,361), road work (\$12,233), and a record retention system (\$62,000). While the County Commission informed us of various reasons for not selecting the low bid, these reasons were not documented and may have been the result of poor bidding practices.

Section 50.660, RSMO 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are being followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. The county owns numerous vehicles utilized by the Road and Bridge department, Assessor's office, Sheriff's office, and Planning and Zoning department. The county maintains both diesel and gasoline fuel tanks for use by Road and Bridge vehicles;

however, the Assessor's office, Sheriff's office, and the Planning and Zoning department each obtain gasoline from local businesses. While mileage or usage logs which document vehicle usage are maintained for some vehicles, we noted that the logs do not contain adequate information and are not reconciled to fuel purchases. In addition, we noted that mileage and usage logs are not maintained for some county vehicles.

- The county spent approximately \$115,000 on fuel for the Road and Bridge fuel tanks for the two years ended December 31, 2001. While the Road and Bridge department maintains fuel logs for each of their tanks, maintenance logs and mileage and usage logs are not maintained for each vehicle. In addition, fuel usage is not reconciled to fuel purchases.
- The county spent over \$3,000 on fueling and maintaining Planning and Zoning vehicles for the two years ended December 31, 2001. We noted that the Planning and Zoning department does not maintain mileage or usage logs which document vehicle usage. In addition, maintenance logs are not maintained for these vehicles.
- In October 2001 the County Assessor's office obtained a vehicle. A mileage log is maintained documenting beginning and ending odometer readings, but detailed information such as destination and purpose are not included on the log. In addition, vehicle maintenance logs are not maintained.
- The county spent approximately \$180,000 on fueling and maintaining county-owned patrol cars for the two years ended December 31, 2001. However, we noted that vehicle mileage logs and maintenance logs are not adequately maintained by the Sheriff's office for the patrol cars. While car number and odometer readings are recorded on the daily activity reports maintained by the deputies, no detailed record by vehicle is maintained, and maintenance logs are not maintained for each vehicle.

Logs are necessary to document appropriate use of the vehicles and to support fuel charges. The logs should include the date, vehicle operator, purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the County Commission or applicable official to ensure all mileage is recorded, the vehicles are being properly utilized, and help identify vehicles which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

- C. During the two years ended December 31, 2001, the County Commission authorized expenditures to local restaurants from the General Revenue Fund totaling \$3,042 for their annual Christmas luncheons for county employees. These expenditures do not



appear to be a prudent use of county funds. The County Commission should ensure county funds are spent only on items which are necessary and beneficial to county residents.

Conditions similar to Parts A and B were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, or the low bid is not selected, these circumstances should be documented in the commission minutes.
- B. Require the Road and Bridge Department, Planning and Zoning Department, Assessor's office, and Sheriff's office to maintain usage logs on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the county's vehicles, and Road and Bridge fuel usage should be reconciled to fuel purchases.
- C. Ensure all expenditures of county monies are a necessary and prudent use of public funds.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have always encouraged compliance with state statutes. We have implemented a purchasing agent and this should eliminate some of the problems.*
- B. *We will require logs with all applicable information in all county vehicles. We will look into a central location for purchasing fuel for all county vehicles.*
- C. *We believe that it is a morale booster and we will continue to do this.*

<b>2. County Procedures and Written Agreements</b>
----------------------------------------------------

- A. Additions and abatements of personal property taxes are not approved or reviewed by the County Commission. A listing of personal property additions and abatements is prepared by the Assessor monthly and submitted to the County Clerk.

Section 137.260, RSMo 2000, requires that the tax book only be changed by the

Clerk of the County Commission under order of the County Commission. For the County Commission to properly monitor additions and abatements, each should be reviewed and approved before changes are made to the tax book information.

- B. The county distributes sales tax monies to the special road districts and the cities within the county and distributes county aid road trust (CART) monies to the special road districts. During the two years ended December 31, 2001, amounts distributed to the political subdivisions totaled over \$3 million. The County Commission has obtained contracts with the political subdivisions which require the county sales tax monies to be used for the construction and repair of roads. However, the contracts do not provide the County Commission with a system of monitoring the political subdivisions' use of the county funds and the County Commission does not require the cities and special road districts to submit sufficiently detailed financial information regarding the actual uses of the funds provided. Additionally, the contracts have not been updated for several years. While the County Commission indicated they review the budgets received from the political subdivisions, this review is not documented. In addition, we noted several of the budgets did not include the prior years actual revenues and expenditures.

To ensure county sales tax and CART monies are used only for road-related purposes, the County Commission should obtain written agreements with the political subdivisions which include provisions for the County Commission to monitor their use of county funds. This would include requiring the cities and special road districts to provide prior years actual revenues and expenditures on the budget documents. In addition, the County Commission should document their review of the financial information submitted.

- C. The county shares the cost of chipping and sealing roads with county residents requesting road projects. Based on an unwritten policy, residents present a petition to the County Commission for review and approval for road projects. Upon approval, payments are made to the county treasury and are receipted into the Special Road and Bridge Fund. The residents pay \$400 per 1/10 mile for county roads to be chipped and sealed; however the county does not have a written policy defining the amounts to be charged for county road projects and how road projects are prioritized.

The County Commission should develop formal written policies to document the provision of these services. In addition, the County Commission should ensure that the county is receiving adequate reimbursement for these services to recover all associated costs.

A condition similar to Part B was noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Review and approve all additions and abatements, as they occur, prior to changes

being made to the tax book information.

- B. Obtain written agreements with the special road districts and the cities which allow the County Commission to monitor the political subdivisions' expenditures of the county monies, and document the review of financial information regarding the use of these monies.
- C. Establish a formal written policy for providing chipping and sealing services and develop a system to ensure that the county is receiving adequate reimbursement for such services.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We are now approving all additions and abatements.*
- B. *We will change the contracts to include a provision which allows us to monitor the expenditures. We will withhold funds if the political subdivisions do not comply with the contract.*
- C. *We are working on establishing a written policy.*

<b>3. County Commission Minutes</b>
-------------------------------------

The County Commission does not maintain adequate minutes of its meetings. Unofficial, handwritten minutes from meetings are kept by the County Commission's secretary and are used to prepare the typewritten County Commission minutes in the official record book. As of June 12, 2002, the last entry in the official record book was for the August 16, 2001 meeting. In addition, several of the unofficial minutes appear to be incomplete and are generally vague. For instance, the unofficial minutes from May 9, 2002 do not indicate which County Commissioners were in attendance or if any discussions were held.

Section 610.023(2), RSMo 2000, states that each public governmental body shall make available for inspection and copying by the public of that body's public records. By not updating the official minute book in a timely manner, the only record of County Commission meetings available to the public is the unofficial notes. By maintaining an accurate record of County Commission proceedings the county demonstrates compliance with statutory provisions related to issues such as budget approval, the Sunshine Law (Chapter 610, RSMo), bidding, and purchasing decisions.

Pursuant to Section 51.120, RSMo 2000, the County Clerk is to maintain an accurate record of orders, rulings, and proceedings of the County Commission. Accurately documenting the

members present provides assurance as to the accuracy and authenticity of the official County Commission minutes. Timely approval not only adds assurance to the authenticity of official minutes, but allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

**WE RECOMMEND** the County Commission ensure a formal and complete record of County Commission meetings is made and approved on a timely basis.

#### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We are currently in the process of updating our minute books and the methods used to keep the minutes up to date.*

<b>4. County Officials' Compensation and Bonding</b>
------------------------------------------------------

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that the associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Christian County's Associate County Commissioners salaries were each increased approximately \$6,700 yearly, according to information provided by the County Clerk. However, salary increases resulting from increases in the assessed valuation were approved by the salary commission in 1993, but never given to elected officials. Therefore, the exact amount is unclear.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case against the Laclede County Associate Commissioners that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$13,400 for the two years ended December 31, 2000, should be repaid.

- B. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Obtain adequate bond coverage for all county employees with access to monies.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We do not intend to take any action to obtain repayment. The county relied on the law in place at the time the raises were given and accepted.*
- B. *We are looking into obtaining a blanket bond to cover all county employees.*

<b>5. General Fixed Assets</b>
--------------------------------

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Clerk maintains a manual inventory listing of fixed assets held by county officials. However, during our review of equipment purchases, we noted 18 of 19 items were not recorded on the county's general fixed asset listing. These items were purchased for approximately \$420,000. Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

A similar condition was noted in our prior report.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address

important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will establish a written policy regarding general fixed assets.*

<b>6. Construction of New Judicial Center</b>
-----------------------------------------------

In April 2000, the county passed a one-quarter cent sales tax for the purpose of constructing a new judicial center. The county entered into a lease agreement with the Public Building Corporation of Christian County, Missouri, a not-for-profit corporation, on September 1, 2000. The terms of the agreement were for the corporation to issue leasehold revenue bonds of \$9,875,000 for the purpose of constructing the judicial center and for the corporation to lease the judicial center back to the county for payments totaling the principal and interest due on the outstanding bonds. The county pays the lease payments with proceeds from the one-quarter cent sales tax, which the county began receiving in November 2000. The bonds were issued on September 1, 2000. The proceeds are maintained by a trustee bank and are disbursed for payments of project costs upon receipt of requisition certificates signed by the Presiding Commissioner and the project architect.

Although the County Commission indicated they interviewed several underwriters, and decided to select an underwriter located within the state, they did not bid these services or retain documentation regarding other underwriters reviewed and their respective fees. In addition, they did not solicit proposals for bond counsel services or the bond insurer. The bond counsel and bond insurer were chosen based upon a recommendation by the underwriter. Payments to the underwriter, which includes the underwriters discount, totaled approximately \$105,000, payments to the bond counsel totaled \$37,000, and the financial guaranty insurance policy premium totaled approximately \$166,600.

The County Commission should always seek proposals for professional services and document the basis for selection to ensure the county is receiving quality service at a reasonable price.

**WE RECOMMEND** the County Commission ensure proposals are solicited for professional services and maintain adequate documentation of the various proposals received.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will solicit proposals of professional services related to bond issues in the future.*

**7.****Assessor's Accounting Controls and Procedures**

The Assessor transmitted approximately \$4,800 and \$5,800 to the County Treasurer during the years ended December 31, 2001 and 2000, respectively, from the sale of maps and photocopies. Our review indicated that the Assessor does not maintain adequate records to account for monies received.

- A. Concerns noted regarding the Assessor's procedures for handling receipts are as follows:
1. Receipt slips are not issued for some monies received. In addition, receipt slips are not prenumbered, nor do they consistently indicate the method of payment. To ensure receipts are accounted for properly, official prenumbered receipt slips should be issued for all monies received.
  2. The Assessor allows her employees to cash personal checks from receipts. To ensure all receipts are accounted for and transmitted to the County Treasurer intact, personal checks should not be cashed with official receipts.
  3. The Assessor does not transmit receipts to the County Treasurer on a timely basis. We noted some instances in which receipts were held for almost two months before being transmitted to the County Treasurer. For example, the turnover made on July 1, 2002, included \$1,035 in receipts with some dating back to May 6, 2002. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
  4. Checks are not restrictively endorsed immediately upon receipt. Endorsements are applied after monies are turned over to the County Treasurer. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.
- B. The Assessor does not transmit receipts to the County Treasurer intact. Some cash receipts are retained for use as a change fund, however, the change fund is not maintained at a constant amount. In addition, the amount of monies transmitted to the County Treasurer does not always agree to the amount of monies received per the Assessor's receipt slips.

During 2000, the Assessor included a copy of all applicable receipt slips with the transmittal to the County Treasurer. However, the amount transmitted was sometimes more or less than the total of the receipt slips. No reconciliation of receipt slips to the amount and composition of monies transmitted to the County Treasurer is

performed by the County Assessor or the County Treasurer. Without performing this reconciliation, the Assessor has no assurance that all receipts are properly transmitted to the County Treasurer.

During 2001 individual receipts were recorded on the computer, but printouts were not produced and the computer files were not properly backed up. As a result, when computer problems occurred, most of the receipt information for 2001 was lost. In addition, fees transmitted to the County Treasurer were approximately 18% less in 2001 than fees transmitted in 2000. Despite increases in some prices during 2001, the County Assessor and office personnel could not explain the decrease in receipts, and receipt records were not available to determine if a reasonable explanation existed.

Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. If a change fund is determined to be necessary, it should be maintained at a constant amount. In addition, retention of records is necessary to ensure the validity of transactions and provide an audit trail to account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- C. Accounting duties for the Assessor's office are not adequately segregated. One employee is primarily responsible for receiving, recording, and transmitting monies to the County Treasurer. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly segregated. At a minimum, there should be a documented independent comparison of receipt slips issued to amounts transmitted to the County Treasurer.

**WE RECOMMEND** the Assessor:

- A.1. Issue official prenumbered receipt slips for all monies received.
- 2. Discontinue the practice of cashing personal checks for employees.
- 3. Transmit all monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- 4. Restrictively endorse checks immediately upon receipt.
- B. Transmit all monies received to the County Treasurer intact and reconcile monies transmitted to receipt records. If a change fund is needed it should be maintained at a constant amount, and records should be retained in accordance with state law.



- C. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.

**AUDITEE'S RESPONSE**

*The Assessor provided the following response:*

- A.1. *Prenumbered receipt slips are now being issued for all monies received.*
2. *Personal checks are no longer cashed.*
3. *Monies will be turned over daily depending on the amount of monies received.*
4. *We now have a stamp to endorse checks as they are received.*
- B. *A change fund has been established. Monies are transmitted to the Treasurer intact and reconciled to receipt slips.*
- C. *Duties are now segregated.*

<b>8. County Collector's Procedures and Commissions</b>
---------------------------------------------------------

The County Collector's office processed property taxes totaling in excess of \$45 million for the two years ended February 28, 2002. Our review noted the following concerns:

- A. The County Collector's annual settlements contained errors in amounts reported which caused differences between total collections and distributions. For the year ended February 28, 2001, collections totaling more than \$418,000 were omitted from the total collections reported on the annual settlement summary, and interest totaling \$66,570 was omitted from distribution amounts. For the year ended February 28, 2002, many of the distributions to the political subdivisions were incorrectly reported. Several other small errors were also noted.

The county's computer operator maintains an account book for the County Clerk; however, the County Clerk and County Commission do not review the account book to help verify the accuracy of the County Collector's annual settlements.

Prior audit reports have noted similar problems with the County Collector's annual settlements. The County Collector previously responded that a computer program had been implemented to correct the problems; however, problems still exist. In addition, the County Commission responded to a prior audit that they will compare the account book to the Collector's annual settlement; however, this comparison is

not performed.

Section 139.160, RSMo 2000, states that “. . . the collector shall . . . settle his accounts of all monies received by him on account of taxes and other sources of revenue . . .” By incorrectly reporting collections and distributions, the County Collector has not provided the County Commission with an accurate and complete settlement.

- B. The County Collector maintains bank accounts for the deposit of property tax collections and surtax. Collections are distributed monthly, except for interest earnings and surtax which are distributed once a year.

The County Collector reconciles the main bank account to his check register balance but does not reconcile the cash balances to existing liabilities. As a result, the County Collector has not been properly monitoring his account and his records indicate that an unidentified excess of approximately \$10,900 existed in his main bank account at February 28, 2002. We identified approximately \$5,200 in railroad taxes, \$1,875 in publication fees, and \$100 in bad check fees collected during the year that were not distributed. These errors could have been identified by the County Collector if cash balances were reconciled to existing liabilities. The remaining \$3,725 in the bank account has not been identified.

In addition, the County Collector does not maintain a complete record of deposits or a book balance for the surtax account and does not reconcile the bank account. Preparing proper bank reconciliations is an essential part of properly accounting for property tax collections. Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded in the bank accounts. To provide this assurance, book balances should be maintained for all accounts and should be reconciled to the bank balances each month. In addition, book balances should be properly identified to appropriate liabilities and other reconciling items.

- C. Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that they normally provide to the county for additional compensation. The county has written contracts which provide for the county to collect property taxes for most cities in the county, however, these contracts have not been updated for several years. The contracts provide for the County Collector to receive a fee of one percent withheld from all taxes collected, and to receive penalties on delinquent taxes as prescribed by law which are collected from the taxpayers. In addition, the county receives a fee of two percent withheld from all taxes collected for providing the use of county employees and equipment in collecting the taxes.

As noted above, the contracts provide for the County Collector to receive penalties on delinquent taxes as prescribed by law. The County Collector assesses a penalty on

delinquent city tax payments in accordance with Section 52.290.1, RSMo 2000, which provides for a 5 percent penalty to be collected from the taxpayer, and the proceeds are to be distributed two-fifths to the county general fund and three-fifths to the county employees' retirement fund. However, the County Collector personally retains these penalties, and during the two years ended February 28, 2002, the County Collector collected and retained approximately \$6,700 in 5 percent penalties collected for city taxes.

Any add on fee or penalty charged to taxpayers must be based on state law or city ordinance. The contracts with the cities should clearly define the amount of penalties to be assessed on delinquent taxes and how these amounts should be distributed. This comment was included in a prior audit report and the County Collector responded that the recommendation would be implemented; however, no action has been taken to resolve this issue.

- D. At February 28, 2002, the Collector's bank accounts had \$1,024 in outstanding checks that were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

Conditions similar to Parts A, B, and C were noted in our prior report.

**WE RECOMMEND** the County Collector:

- A. File complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.
- B. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved. In addition, a book balance should be maintained for the surtax account.
- C. And the County Commission amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

### **AUDITEE'S RESPONSE**

*The County Collector provided the following responses:*

- A. *In discussion with the state auditor, all collections and distributions were properly handled, only an error in totaling for the annual settlement. I will work to correct the problem.*
- B. *A book balance for surtax will be put in place. The bank accounts have been reconciled to the bank statement and to the office register, I will reconcile further.*
- C. *I will verify penalties with the cities to specifics of collections and distributions.*
- D. *I will establish a procedure for outstanding checks in a reasonable time period.*

*The County Commission provided the following responses:*

- A. *We will compare the annual settlements to the County Clerk's account book.*
- C. *We will meet with the Collector and amend the contracts.*

*The County Clerk provided the following response:*

- A. *I will compare the annual settlements to the account book.*

<b>9.</b>	<b>County Clerk's Accounting Controls and Procedures</b>
-----------	----------------------------------------------------------

The County Clerk's office receives approximately \$4,000 annually. Our review noted the following concerns:

- A. The County Clerk does not transmit receipts to the County Treasurer intact. Some cash receipts are retained for use as a change fund, however, the change fund is not maintained at a constant amount. Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts. If a change fund is determined to be necessary, it should be established by the County Commission and maintained at a constant amount.
- B. Receipt slips are not issued for some monies received. To ensure receipts are accounted for properly, official prenumbered receipt slips should be issued for all monies received.

**WE RECOMMEND** the County Clerk:

- A. Transmit all monies received to the County Treasurer intact. In addition, if a change fund is needed it should be established by the County Commission and maintained at a constant amount.

- B. Issue official prenumbered receipt slips for all monies received.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

- A. *All monies are now transmitted intact. A \$25 change fund has been established and maintained at a constant amount.*
- B. *Receipt slips are now issued for all monies received.*

<b>10. Ex Officio Recorder of Deeds</b>
-----------------------------------------

- A. Adequate bank reconciliations are not performed for the recorder's bank account, and a book balance is not maintained in the check register. The Ex Officio Recorder of Deeds maintains a list of checks that have not cleared, but does not reconcile the bank balance to the book balance and liabilities. The December 31, 2001 reconciled bank balance exceeded liabilities by \$326.

To ensure all differences between the bank and book balances are noted in a timely manner, bank reconciliations should be performed monthly and a book balance should be maintained in the check register.

- B. At December 31, 2001, the recorder's bank account had \$135 in outstanding checks that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities.

Procedures should be adopted to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

Similar conditions were noted in a prior report.

**WE AGAIN RECOMMEND** the Ex Officio Recorder of Deeds:

- A. Prepare monthly bank reconciliations and maintain a current check register balance.
- B. Follow up on the old outstanding checks. If the payees cannot be located, the monies should be disposed of in accordance with state law. In addition, procedures to routinely follow up on outstanding checks should be adopted.

## **AUDITEE'S RESPONSE**

*The Ex Officio Recorder of Deeds provided the following responses:*

- A. *I felt I was keeping an adequate bank reconciliation, but I will try to reconcile the differences in the bank balance and liabilities in the future.*
- B. *I will write a check to the county for the outstanding checks that are over a year old.*

<b>11. Sheriff's Accounting Procedures and Controls</b>
---------------------------------------------------------

The Sheriff's department is responsible for collecting civil and criminal process fees, gun permit fees and cash bonds. The Sheriff's Department handled receipts totaling \$284,153 and \$285,444 during the years ended December 31, 2001 and 2000, respectively. Fees are deposited to the Sheriff's main account and remitted to the County Treasurer monthly. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Pre-numbered receipt slips are not issued for civil process receipts. In addition, checks and money orders received for all types of receipts are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared.

To adequately account for and safeguard receipts, pre-numbered receipt slips should be issued for all monies received and all checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

- B. Issue pre-numbered receipt slips for all monies received and ensure checks and money orders are restrictively endorsed immediately upon receipt.

### **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *We have implemented this recommendation. The Sheriff reviews and signs off on the end of the month bank reconciliations. We will improve internal controls by having another person perform a periodic supervisory review of the accounting records.*
- B. *We have implemented this recommendation. Pre-numbered receipts are now issued. Also, endorsements on checks are applied to checks at the time of receipt by the receptionist.*

<b>12. Planning and Zoning Accounting Controls and Procedures</b>
-------------------------------------------------------------------

Planning and Zoning transmitted approximately \$110,000 and \$95,000 to the County Treasurer during the years ended December 31, 2001 and 2000, respectively, from the sale of building permits, sign permits, code books, plan books, and copies. Our review indicated that the Planning and Zoning office does not maintain adequate records to account for monies received.

- A. The Planning and Zoning office does not transmit receipts to the County Treasurer intact. Some cash receipts are retained for use as a change fund; however, the change fund is not maintained at a constant amount and some receipts were used for petty cash purchases. In addition, the method of payment is not always indicated on the receipt slips, and the composition of receipt slips is not reconciled to the composition of transmittals.

Reconciling the composition of receipt slips to the composition of transmittals, and transmitting receipts to the County Treasurer intact are necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. If a change fund is determined to be necessary, it should be maintained at a constant amount.

- B. The cash control ledger is not adequately maintained. The Planning and Zoning office issues receipt slips for monies received, and then posts the receipts to the cash control ledger; however, we noted instances in which it appears monies were properly receipted and transmitted, but the amounts were not recorded in the cash control ledger. In addition, the cash control ledger is not reconciled to the monies transmitted to the County Treasurer. An adequately maintained cash control ledger helps to ensure all transactions are properly accounted for and facilitates periodic reconciliations.

**WE RECOMMEND** the County Commission:

- A. Ensure Planning and Zoning receipts are transmitted to the County Treasurer intact, and that monies transmitted are reconciled to receipt records. If a change fund is needed it should be maintained at a constant amount
- B. Ensure all Planning and Zoning receipts are posted to the cash control ledger.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

- A. *Planning and zoning is currently transmitting receipts intact and reconciling receipt records. A change fund has been established and is being maintained at a constant amount.*
- B. *This has been implemented.*

<b>13. Senate Bill 40 Board</b>
---------------------------------

The chairperson and secretary of the Senate Bill 40 Board also served together on the board of a not-for-profit (NFP) organization which received funding from the Senate Bill 40 Board. The chairperson also served on the board of a second NFP which received funding from the Senate Bill 40 Board. The Senate Bill 40 Board members indicated that they abstain from voting on issues related to the NFP's they serve; however, these abstentions are not documented in the Senate Bill 40 Board's minutes. This situation results in a potential conflict of interest.

To provide maximum assurance the Senate Bill 40 Board is acting independently and in the best interest of the taxpayers, no administrative or financial ties should exist between members of the Board and its funding recipients. Any abstentions should be clearly documented in the Board minutes.

**WE RECOMMEND** the Senate Bill 40 Board ensure members do not have administrative or financial ties with its funding recipients. If Senate Bill 40 Board members serve on the boards of funding recipients, they should either remove themselves from one of the boards or ensure that minutes of board meetings clearly indicate that they are abstaining from voting on funding requests for these entities and have no involvement in monitoring their NFP board's activities on behalf of the Senate Bill 40 Board.



### **AUDITEE'S RESPONSE**

*The Senate Bill 40 Board provided the following response:*

*There are currently no conflicts of interest on the board. We have taken steps to correct the problem and in the future all issues concerning conflict of interests will be documented in the minutes and abstentions will cover discussions and voting.*

This report is intended for the information of the management of Christian County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## CHRISTIAN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Christian County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. County Sales Tax

- A. See our audit report on Christian County, Missouri, for the two years ended December 31, 1999 (report number 2000-89).
- B. The contracts with the special road districts and cities which required the county sales tax monies to be used for the construction and repair of roads did not provide the County Commission with a system of monitoring the political subdivisions' use of the county monies.

#### Recommendation:

The County Commission:

- B. Obtain written agreements with the special road districts and the cities which allow the County Commission to monitor the political subdivisions' expenditures of the county monies.

#### Status:

- B. Not implemented. See MAR finding number 2.

### 2. Expenditures and Written Agreements

- A. The county did not solicit or advertise for bids for some purchases or ensure all efforts to obtain bids were adequately documented.
- B. The county did not adequately maintain fuel tank usage logs or reconcile fuel purchases to fuel usage.
- C. The county made payments for services without written contracts.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Maintain fuel usage logs and reconcile to the amount of fuel purchased.
- C. Obtain written contracts for the rental of office space and for the joint road projects with the city of Nixa.

Status:

- A&B. Not implemented. See MAR finding number 1.
- C. Partially implemented. Written agreements are obtained for the rental of all office space except for the University Extension Office. The county is no longer involved in a joint road project with the city of Nixa. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Interfund Loans and Restricted Revenues

- A. The county made some interfund loans and did not repay them in a timely manner or with the appropriate amount of interest.
- B. The county transferred monies from the Special Road and Bridge Fund to the Recycling Fund. The Special Road and Bridge Fund is restricted by state law.

Recommendation:

The County Commission:

- A. Develop investment policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are needed, the County Commission should develop a system to track interfund loans to ensure the loans are repaid in a timely manner. In addition, the County Commission should authorize the County Treasurer to pay interest on monies loaned from the Special Road and Bridge Fund.
- B. Review this matter with legal counsel and consider transferring the \$18,000 from the Recycling Fund to the Special Road and Bridge Fund.

Status:

- A. Partially implemented. No interfund loans were made during the audit period; however, the County Commission did not authorize the County Treasurer to pay interest to the Special Road and Bridge Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. While the County Commission indicated it discussed this issue with legal counsel, there is no documentation of the discussion. The County Commission does not intend to pay the \$18,000 back to the Special Road and Bridge Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Federal Financial Assistance

- A. The assistant prosecuting attorney did not maintain time sheets or other records to document the time worked on the Narcotics Control Assistance Program as required by the Byrne Formula Grant.
- B. Reimbursement for an assistant prosecuting attorney's time was based on estimated total time worked in a month instead of actual time for the Title IV-D (Child Support Enforcement) Program.
- C. Bids required by state law were not solicited for the lease of a vehicle used for the High Intensity Drug Trafficking Area Program, and vehicle usage and maintenance logs required by the grant contract were not kept for this vehicle.
- D. See our audit report on Christian County, Missouri, for the two years ended December 31, 1999 (report number 2000-89).

Recommendation:

- A&B. The County Commission and Prosecuting Attorney work with applicable federal grantor to resolve the questioned costs. In the future, time sheets should be prepared for actual hours worked.
- C. The County Commission and Sheriff work with applicable federal grantor agencies to resolve the questioned costs. In the future, bids should be solicited for applicable purchases and vehicle usage logs should be maintained.

Status:

- A&B. Partially implemented. Time sheets are now prepared; however, there is no documentation to indicate the county contacted the federal grantor. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Sheriff did properly solicit bids for applicable purchases during 2001 and 2000; however, the Sheriff did not follow up on the questioned costs. Although not repeated in the current MAR, our recommendation remains as stated above. In addition, vehicle usage logs are not maintained. See MAR finding number 1.

5. Budgets and Published Financial Statements

- A. The county's budgets contained several misclassifications of receipts and disbursements.
- B&C. See our audit report on Christian County, Missouri, for the two years ended December 31, 1999 (report number 2000-89).
- D. The county's annual published financial statements did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Ensure all significant receipts and disbursements are properly classified on the budgets.
- D. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

- A. Not implemented. See finding number 01-2.
- D. Not implemented. See finding number 01-3.

6. Personnel Policies and Procedures

- A. Several employees had negative vacation leave, sick leave, and compensatory leave balances.
- B. Time sheets or other records of actual time worked were not adequately documented and maintained for some county employees.

Recommendation:

The County Commission:

- A. Periodically review employee leave balances and ensure compliance with the county's policy.
- B. Require all county employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

Status:

A&B. Implemented.

7. County Collector's Procedures and Commissions

- A. The County Collector's annual settlements contained errors in amounts reported which caused differences between total collections and distributions. In addition, the County Clerk and County Commission did not review the account book to help verify the accuracy of the County Collector's annual settlements.
- B. The County Collector did not properly reconcile his bank accounts or maintain a complete record of deposits and withdrawals.
- C. The County Collector personally retained monies from penalties on delinquent taxes.

Recommendation:

The County Collector:

- A. Maintain an accurate account book and file complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.
- B. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved. In addition, a book balance should be maintained for the surtax account.
- C. And the County Commission amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the

penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

Status:

A-C. Not implemented. See MAR finding number 8.

8. Circuit Clerk and Ex Officio Recorder of Deeds

- A. Adequate bank reconciliations were not performed for the recorder's bank account.
- B. The recorder's bank account had \$162 in outstanding checks that were over a year old at December 31, 1997.
- C. Checks and money orders received by the Ex Officio Recorder of Deeds were not restrictively endorsed immediately upon receipt.
- D.1. Listings of open items were not reconciled to the cash balance monthly.
  - 2. The open-items listing included cases back to 1988.
  - 3. Unclaimed restitution was distributed to the county's Unclaimed Fees Fund. The funds should have been turned over to the state's Unclaimed Property Section.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Prepare monthly bank reconciliations for the recorder's bank account.
- B. Follow up on the old outstanding checks.
- C. Restrictively endorse all checks and money orders immediately upon receipt.
- D.1. Reconcile the open-items listings to the cash balance monthly and investigate any differences.
  - 2. Along with the Circuit Judge, review the older cases and determine the appropriate disposition of inactive cases.
  - 3. Request the County Treasurer to remit the \$11,524 from the Unclaimed Fees Fund to the state's Unclaimed Property Section.

Status:



A&B. Not implemented. See MAR finding number 10.

C&

D.1-3. Implemented.

9. Health Center

A.1. Budgets did not include the two previous years' actual revenues and expenditures.

2. Actual beginning cash balances were not recorded on the budgets. In addition, the budgets did not include a computation of the projected ending cash balance.

B. Accurate vacation leave records were not maintained. In addition, two employees exceeded the maximum accumulated leave balance on several occasions.

Recommendation:

The Health Center Board:

A.1. Record actual revenues and expenditures of the two previous years on the budgets, as required by state law.

2. Record beginning cash balances on the budgets and compute the projected ending balance.

B. Ensure accurate leave records are maintained for all employees and leave balances do not exceed the maximum allowed by the board's leave policy.

Status:

A.1-2

&B. Implemented.

10. Senate Bill 40 Board

A. Budgets for 1998, 1997, and 1996 were not filed with the State Auditor's office.

B. The budgets did not include the two previous years' actual revenues and expenditures, and the cash reconciliation section was not prepared.

C. Actual beginning cash balances and projected ending balances were not reported on the budgets.

Recommendation:

The Senate Bill 40 Board:

- A. Submit budgets annually to the State Auditor's office as required by state law.
- B. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law, and prepare the cash reconciliation section of the budget.
- C. Report actual beginning cash balances on the budgets and compute the projected ending balances.

Status:

A&B. Implemented.

- C. Partially implemented. The budget included the actual beginning cash balances for 2001 and 2000 but not the projected ending cash balances.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

CHRISTIAN COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1859, the county of Christian was named after William Christian, a Kentucky Revolutionary War Soldier. Christian County is a county-organized, third class-county and is part of the Thirty-Eighth Judicial Circuit. The county seat is Ozark.

Christian County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Christian County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 619,265	10	556,434	10
Sales taxes	2,952,215	49	2,736,772	48
Federal and state aid	1,111,883	19	1,170,374	20
Fees, interest, and other	1,343,625	22	1,282,689	22
Total	\$ 6,026,988	100	5,746,269	100

The following chart shows how Christian County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,626,946	28	1,422,223	26
Public safety	1,150,351	19	851,680	15
Highways and roads	3,166,892	53	3,239,826	59
Total	\$ 5,944,189	100	5,513,729	100

In addition, Christian County received \$1,209,123 and \$1,251,653 of revenues in the County Law Enforcement Fund and expended \$1,964,521 and \$1,786,458 for the purpose of public safety in 2001 and 2000, respectively.

Christian County also received and expended \$1,303,647 and \$1,228,127 in general sales tax monies for the purpose of highways and roads in 2001 and 2000, respectively.

The county maintains approximately 39 county bridges and 732 miles of county roads.

The county's population was 15,124 in 1970 and 54,285 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	368.4	305.7	75.5	29.6	14.9
Personal property		113.1	96.7	13.6	10.1	5.5
Railroad and utilities		24.4	22.6	8.2	8.6	4.1
Total	\$	505.9	425.0	97.3	48.3	24.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Christian County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
Health Center Fund	\$	.0466	.0500
Senate Bill 40 Board Fund		.0839	.0900
Senior Services Board Fund		.0500	.0000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	150,301	127,812
Assessment Fund		242,974	206,107
Health Center Fund		234,820	213,521
Senate Bill 40 Board Fund		414,638	376,156
Senior Services Board Fund		228,201	0
School districts		18,635,499	15,625,911
Library district		469,593	426,832
Road districts		537,622	606,895
Ambulance districts		622,981	565,651
Fire protection districts		1,254,280	1,091,589
Junior College		597,830	520,311
Cities		931,645	843,194
County Clerk		375	327
County Employees' Retirement		112,864	105,578
Tax Sale Surplus		2,795	9,314
Commissions and fees:			
General Revenue Fund		432,602	382,659
County Collector - city commissions		12,509	11,118
Total	\$	<u>24,881,529</u>	<u>21,112,975</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate		93 %	93 %
Personal property		82	84
Railroad and utilities		99	100

Christian County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50 %
General		.0050	None	None
Law enforcement		.0025	None	None
Law enforcement		.0025	*	None

\* This sales tax expires in 2015 or when all bonds issued for the construction of the judicial facilities are paid, whichever occurs first.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Roy Matthews, Presiding Commissioner	\$	31,700	31,700
Tom Chudomelka, Associate Commissioner		29,700	29,700
Bill Barnett, Associate Commissioner		29,700	29,700
Junior Combs, County Clerk		45,000	45,000
Susan Spence, Prosecuting Attorney		55,000	55,000
Joey Matlock, Sheriff		50,000	
Steve Whitney, Sheriff			41,000
Jerry Combs, County Treasurer		33,300	33,300
Dean Adams, County Coroner		16,000	
Ken Davis, County Coroner			8,000
Pat Wright, Public Administrator (1)		45,000	39,827
Ted Nichols, County Collector (2), year ended February 28 (29),	57,509	56,118	
Tommy Bilyeu, County Assessor (3), year ended August 31,		45,900	45,900
Loyd E. Todd, County Surveyor (4)		N/A	N/A

(1) Includes fees received from probate cases in 2000.

(2) Includes \$12,509 and \$11,118, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Bruce Harris, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Anthony McConnell, Associate Circuit Judge	96,000	97,382
John S. Waters, Associate Circuit Judge	96,000	97,382



A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	
Circuit Clerk and Ex Officio Recorder of Deeds	5	6
County Clerk*	5	
Prosecuting Attorney	8	
Sheriff	57	
County Treasurer	1	
County Coroner	1	
Public Administrator*	1	
County Collector *	5	
County Assessor**	16	
Associate Division	1	3
Probate Division	1	4
Road and Bridge	18	
Health Center***	17	
Emergency 911**	11	
Total	<u>148</u>	<u>13</u>

\* Includes one part-time employee

\*\* Includes two part-time employees

\*\*\* Includes eight part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Christian County's share of the Thirty-Eighth Judicial Circuit's expenses is 56.1 percent.

Leasehold revenue bonds, dated September 1, 2000, were issued in the original amount of \$9,875,000 by the Public Building Corporation of Christian County. These bonds were issued to provide funds for a new judicial center. The county is lease-purchasing the judicial center from the Public Building Corporation of Christian County. The revenues from the lease-purchase agreement are being used to make debt service payments. At December 31, 2001, the county owed \$9,875,000 in principal and \$4,642,225 in interest for a total of \$14,517,225. The bonds are scheduled to be paid off in 2015.



**UNIVERSITY OF MISSOURI HEALTH SYSTEM  
BILLING PRACTICES AND OTHER FINANCIAL MATTERS**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-97  
September 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**The following problems were discovered as a result of an audit conducted by our office of the University of Missouri Health System - Billing Practices and Other Financial Matters.**

-----  
From July 1999 through January 2002, the University Hospital and Clinics lost almost \$10 million in revenues due to insurance denials and other write-offs that could have been prevented. The University Physicians (UP) also lost over \$2 million for similar reasons.

Insurance companies and other third-party payers will sometimes deny payment of hospital billings for various reasons, some of which could be prevented. From July 1, 1999 to December 31, 2001, the University Hospital and Clinics' billing entity, Hospital Patients Accounts (HPA), wrote off over \$8.7 million in charges which were either denied due to untimely filing or were not billed because the filing deadline had passed. During that same period, the HPA wrote off \$8.4 million in charges due to the services not being preauthorized. Based on the average collection rate for HPA (46%), we estimate revenues totaling \$4 million and \$3.8 million, respectively, were lost as a result of this situation.

While such denials have decreased since fiscal year 2000, problems persist. For the month of January 2002, denials due to untimely filing and lack of preauthorization resulted in an additional \$840,000 in lost revenues.

In addition, from July 1, 1999 to December 31, 2001, approximately \$2.3 million in outpatient charges were written off due to them not being entered into the billing system prior to the final billing being sent. Based on the HPA's average collection rate, we estimate over \$1 million was lost as a result of this situation. The amount of such write offs has increased significantly since July 1, 2000, in large part due to the HPA's efforts to file more timely billings with insurance companies and other third-party payers.

The value of Columbia Regional Hospital (CRH) to the university and the Health System has not been maximized because Health System officials have been unable to implement some needed policy and management changes.

In 1999, the University of Missouri System began considering the purchase of CRH. A consultant was hired to perform a financial analysis of that entity, provide information regarding CRH's value, and recommend a proposed bid price. The consultant recommended the university submit a bid for CRH in the range of \$30-35 million; however, the consultant advised "if the University does not believe it can operate CRH with proper management and policy oversight, then the University **should not submit a bid at any price** (emphasis added) ..."

(over)

YELLOW SHEET

The university subsequently acquired CRH in September 1999, and since its acquisition, CRH has consistently posted operating losses. It appears CRH has not operated more profitably because the Health System has been unable to implement, or fully implement, some of the key management and policy changes the consultant recommended. The consultant had estimated the implementation of these changes would provide a significant amount of additional revenues annually.

The HPA accounts receivable records had over \$6.3 million in credit balances at December 31, 2001, involving over 15,000 patient accounts, and insufficient effort has been made to resolve many of the older credit balances. Credit balances generally represent patient accounts where payments received on behalf of those accounts exceed the actual charges. Credit balances accumulate when there is failure to resolve or refund such overpayments on a timely basis. Between December 2000 and December 2001, total HPA credit balances ranged between \$5 and \$6.7 million.

The HPA has taken steps to reduce its level of accounts receivable; however, its overall accounts receivable balances still exceed industry standards. At December 31, 2001, actual accounts receivable totaled over \$99 million compared to an accounts receivable amount of \$76 million based on industry standards. In addition, other problems were noted regarding the documentation, follow-up, and write-off of outstanding accounts.

The Health System frequently provides medical services to patients who have limited income, do not have health insurance, and cannot afford to pay the costs of care. Patients who meet certain criteria can receive those medical services at no charge or at reduced rates. Such care is referred to as charity care.

The HPA has not handled all charity care cases in a consistent manner and has not fully documented any changes in its related policies/procedures. We also noted some inconsistencies in the way the HPA and UP handled the same patients, resulting in patients receiving different levels of financial assistance from each billing entity.

In recent years, the University of Missouri System has hired an outside auditing firm to perform internal audits of various university functions. Since July 2000, that firm has conducted three internal audits related to the Health System and its billing efforts. Some recommendations made by those auditors have not yet been implemented and a formal tracking system providing current information regarding the status of audit recommendations has not been established.

Community practice clinics funded and operated by the Health System have incurred operating losses totaling \$2.3 million during the years ended June 30, 2001 and 2000. Health System officials have not conducted a cost-benefit analysis to determine if the benefits of these clinics offset their losses. Similar clinics funded by the School of Medicine and operated by the UP have also incurred significant losses.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

UNIVERSITY OF MISSOURI HEALTH SYSTEM  
BILLING PRACTICES AND OTHER FINANCIAL MATTERS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	4-21
<u>Number</u>	<u>Description</u>
1.	Lost Revenues .....5
2.	Acquisition of Columbia Regional Hospital .....9
3.	Credit Balances .....11
4.	HPA Accounts Receivable and Related Issues .....13
5.	Charity Care .....16
6.	Internal Audits.....18
7.	Community Practice Clinics .....20
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	22-25
Appendix	Comparative Statement of Revenues, Expenses, and Income (Loss) From Operations, Five Years Ended June 30, 2001, and Partial Year Ended January 31, 2002 .....25

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Board of Curators  
and  
Dr. Manuel T. Pacheco, President  
University of Missouri System  
and  
Dr. Richard Wallace, Chancellor  
University of Missouri-Columbia  
and  
Daniel Winship, M.D., Vice Chancellor and  
Chief Executive Officer  
University of Missouri Health System  
Columbia, Missouri 65211

We have audited the billing practices and other financial matters of the University of Missouri Health System (the Health System). The scope of this audit included, but was not necessarily limited to, the period from July 1, 1999 to December 31, 2001. The objectives of this audit were to:

1. Review billing practices and related procedures of the Health System. This review concentrated on the billing records and activity of the University Hospital and Clinics (University Hospital, Children's Hospital, and Ellis Fischel Cancer Center) and the University Physicians Medical Practice Plan. The University Hospital and Clinics is served by the Hospital Patient Accounts (HPA) billing system and the University Physicians Medical Practice Plan is served by the University Physicians (UP) billing system. The audit did not include a review of the billing activity of the Missouri Rehabilitation Center (in Mount Vernon) or Columbia Regional Hospital.
2. Perform a limited review of financial trends and operating results of the Health System in recent years and review selected financial matters that affected those results.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents and interviewed various personnel of the Health System.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Health System's management and was not subject to the procedures applied in the audit of the Health System.

The accompanying Management Advisory Report presents our findings arising from our audit of the billing practices and other financial matters of the University of Missouri Health System.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Randal A. Schenewerk
	Jeffrey Wilson



MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

UNIVERSITY OF MISSOURI HEALTH SYSTEM  
BILLING PRACTICES AND OTHER FINANCIAL MATTERS  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Lost Revenues</b>
-----------	----------------------

From July 1999 through January 2002, the University Hospital and Clinics lost almost \$10 million in revenues due to insurance denials and other write-offs that could have been prevented. The University Physicians (UP) also lost over \$2 million in revenues for similar reasons.

A. Insurance companies and other third-party payers will sometimes deny payment of hospital billings for various reasons. During our audit of the billing practices of the University Hospital and Clinics, we noted a significant amount of such payment denials that could have been prevented. This resulted in a significant amount of lost revenues to the Health System, as discussed below:

- 1) Insurance companies and other third-party payers will deny claims for untimely filing when a medical provider does not submit the patient billing within the time frames specified in the insurance/third-party payer contracts. These time frames vary, but in the case of insurance companies most are 60 to 90 days.

From July 1, 1999 to December 31, 2001, the University Hospital and Clinics' billing entity, Hospital Patients Accounts (HPA), wrote off over \$8.7 million in charges which were either denied due to untimely filing or were not billed because the filing deadline had passed. Based on the average collection rate for HPA (46 percent), we estimate the Health System lost approximately \$4 million in revenues as a result of this situation. A health provider's average collection rate is affected by various factors, including contractual adjustments, uncollectable accounts, and denied claims.

It appears these billings were denied for various reasons, including: untimely initial filing of the claim, untimely follow-up of claims that had not yet been paid, and the untimely correction and resubmission of claims that were initially denied for other reasons.

Prior to July 2000, the departments and clinics had up to 100 days to enter the charges into the billing system. The HPA has gradually reduced this period of time and the departments and clinics currently have 20 days to enter charges. These changes have been partially successful in reducing the extent of billings being rejected due to untimely filing.

- 2) Insurance companies and other third-party payers will frequently deny claims if the medical services are not preauthorized. This occurs when the medical provider does not call the insurance company or other payer to obtain approval for a medical procedure prior to the date of service. We were informed that while emergency room services are sometimes initially denied due to a lack of preauthorization, such claims are generally paid upon appeal.

From July 1, 1999 to December 31, 2001, the HPA wrote off approximately \$8.4 million in charges due to claims being denied due to medical services not being preauthorized. Based on HPA's average collection rate, we estimate the Health System lost approximately \$3.8 million in revenues as a result of this situation.

Based on a review of some billings which were denied due to the lack of preauthorization, it appears the HPA had sufficient time to contact the insurance company or other payer, but failed to do so. Health System officials have indicated that several new admissions employees have recently been hired in an effort to address this problem. These individuals will be responsible for contacting the insurance companies and other third-party payers to get preauthorization before a medical procedure is performed.

Denials due to timely filing and lack of preauthorization have declined since fiscal year 2000; however, problems continue to persist. We noted that for the month of January 2002, denials due to untimely filing and lack of preauthorization totaled over \$430,000 and \$1.4 million, respectively, resulting in an additional \$840,000 in lost revenues.

It should be noted the UP also had a significant amount of billings denied due to untimely filing and lack of preauthorization. From July 1, 1999 to December 31, 2001, approximately \$4.8 million and \$450,000 in UP billings were denied for these reasons. Based on the average collection rate for UP (42 percent), we estimate the UP lost \$2 million and \$189,000, respectively, in revenues as a result of this situation. While UP revenues do not directly benefit the Health System, a portion of UP revenues are used to help support the University of Missouri (MU) Medical School.

- B. In many cases, a billing will be sent out before all of the charges relating to the services have been entered into the billing system. Any charges entered into the system after the bill has been sent are referred to as late charges. It is the HPA's policy to re-bill the claim if the additional charges are over \$500 and would result in additional revenues. This applies primarily to outpatient charges, rather than

inpatient charges which are limited to a daily per diem rate. However, if the additional charges are less than \$500, the charges are automatically written-off. It is believed the time and expenses involved in re-billing additional charges under \$500 would not be justified.

These unbilled charges result in additional lost revenues to the Health System. From July 1, 1999 to December 31, 2001, approximately \$2.3 million in outpatient late charges were written off due to them not being entered into the billing system prior to the final billing being sent. Based on HPA's average collection rate, we estimate the Health System lost over \$1 million in revenues as a result of this situation.

The amount of late charge write offs has increased significantly since July 1, 2000. As noted previously, prior to that date, the various departments and clinics were allowed 100 days to enter charges into the billing system. In an effort to address the untimely filing problems as discussed in Part A above, that time frame has been reduced several times. Since July 2001, the departments and clinics have had twenty days to enter charges into the system. However, if charges have been entered prior to the twenty-day cutoff, the system will generate a bill, send it through edit checks, and send the billing out as early as five days after the date of service. While the HPA has established this procedure to ensure the timely filing of billings, it has also resulted in many charges entered prior to the twenty-day deadline from being billed because the initial billing has already been sent.

For example, we noted one instance in which \$159 in charges were assessed to an account seven days after the service date; however, because the bill had already been sent, the charges were written off. In another instance, \$388 in charges were assessed to an account nine days after the service date; however, they were subsequently written off because the billing had already been sent.

While Health System officials should ensure billings are sent out timely, they should also make every effort to ensure all billable charges are billed to the extent practical. The Health System should consider either further reducing the amount of time departments and clinics have to enter charges into the system, increasing the amount of time prior to when the billing can potentially being sent (without sacrificing timeliness), or lowering the \$500 threshold for writing off late charges.

**WE RECOMMEND** the Health System management:

- A. Keep preventable billing denials to a minimum by ensuring billings are sent to insurance companies and other third-party payers in a timely manner and ensuring medical procedures are properly preauthorized, as required.
- B. Take action to reduce the extent of charges being entered into the billing system after the billings are sent.

## **AUDITEE'S RESPONSE**

**A.     *We concur with the recommendation.***

*We have negotiated much more aggressively for better rates and terms to allow greater time frames for processing claims.*

*We have developed a denial management function that has provided the information required to identify the problem reported by the State Auditor. We have moved the denial management function to contracting, making that function a more formal unit independent of billing, and providing additional resources in that area to further define and develop our denial tracking systems and to assist us in our appeals process. It will provide information to our registration, billing, and contracting groups, to continue making changes to reduce denials for both the hospital and physician contracts.*

*We have established a functional pre-registration/pre-certification process to avoid unauthorized non-emergent services. We have established the policies and procedures and begun to apply them in our larger patient care areas. Within the next six months, we should have the process fully implemented and consistently applied across all areas. In certain cases this will require us to deny non-emergent services when satisfactory payment arrangements have not been made for patients who do not qualify for financial assistance.*

*We have installed and are improving software that electronically verifies eligibility and special editing software to identify and correct potential problems with claims before they are submitted.*

*Another component of the delay problem is timely and complete documentation accurately coded to reflect services rendered. We have major efforts under way in this area that will result in fewer denials and proper and timely reimbursement. We have recently installed a new document imaging system, which will reduce handling and retention costs while allowing us to more effectively store and retrieve documentation, reducing delays. In August 2002, we implemented a new dictation and transcription service that is centralized and integrated into our developing electronic medical record. Once dictated and transcribed, notes become available immediately to all areas of the enterprise that need them, removing bottlenecks that formerly caused significant delays.*

*We have initiated a review to assess the adequacy of our coding resources that are necessary to produce bills. Once that review is complete, we will make the changes necessary to provide adequate coding in coordination with all the other improvements to our revenue cycle.*

**B.     *We concur with the recommendation. We have reduced the threshold for automatic write-offs of late charges from \$500 to \$100 as of May 2002. In July 2002, we developed a monitoring report that will be provided to all revenue-producing departments, informing them of all transactions processed as late charges. The report will be used to***

*establish standard acceptable levels of late charges and all departments will be required to meet those standards. The report will also be used to monitor compliance with the standards established.*

## 2. Acquisition of Columbia Regional Hospital

The value of Columbia Regional Hospital to the university and the Health System has not been maximized because Health System officials have been unable to implement some needed policy and management changes.

In the spring of 1999, the University of Missouri System began considering the purchase of Columbia Regional Hospital (CRH) from a private health care corporation. Prior to submitting a bid for the purchase of this hospital, a financial consulting firm was hired to perform a financial analysis of CRH's future operating results under various scenarios. In addition, the consultant was to provide the university with information regarding the estimated value of CRH and recommendations regarding a proposed bid price.

In June 1999, the consultant recommended the university submit a bid in the range of \$30-35 million, with an optimum bid of \$31 million. However, the consultant advised "if the University does not believe it can operate CRH with proper management and policy oversight, then the University **should not submit a bid at any price** (emphasis added). Strong management, vision of the role of CRH in the University health care delivery system, and commitment to make necessary changes will be what ultimately determines the value of CRH." In its study of the CRH, the consultant identified certain management and policy changes which should be made if the university were to acquire CRH.

The university subsequently acquired CRH on September 30, 1999, for a base purchase price of \$34.5 million. Although this price was within the bid range recommended by the consultant, it appears the university was willing to pay an amount in excess of the optimum bid amount because of various factors, including the elimination of a competitor from the service area and to prevent another area competitor from gaining a dominant market share.

According to profit and loss statements provided by the Health System, since its acquisition CRH has consistently posted a net operating loss as follows:

	Six Months Ended <u>12/31/2001</u>	Year Ended <u>06/30/2001</u>	Nine Months Ended <u>06/30/2000</u>	<u>Total</u>
Net Loss	\$ <u>(2,231,182)</u>	\$ <u>(2,333,945)</u>	\$ <u>(6,538,258)</u>	\$ <u>(11,103,385)</u>

It appears much of the reason CRH has not operated more profitably is because the Health System has been unable to implement, or fully implement, some of the key management and policy changes which the consultant recommended.

One of the changes recommended by the consultant was that a single set of medical staff by-laws should be adopted for the University Hospital and Clinics (UHC) and CRH. The consultant indicated that doing so would allow these facilities to provide Medicare services under a single provider number and result in an increase in net revenues of \$3 million annually. Health System officials currently believe a more accurate estimate is closer to \$2.3 million annually, based on more recent data.

To affect this change, various federal requirements must be met, including the unification of the medical staff. It appears unification of the medical staff has been proven to be very difficult, partly because of the fundamentally diverse nature of the community-based, private practice medical staff of CRH compared to the academic medical staff of the other facilities. However, in the fall of 2000, representatives of the Health System submitted an informal, preliminary proposal to the Health Care Financing Administration (HCFA) for consolidating the hospitals under one Medicare provider number. At a subsequent meeting between HCFA officials and Health System representatives, the HCFA officials indicated the proposal as submitted was not sufficient to obtain single provider number status.

No real progress has been made in securing the single provider status since that time. Health System officials have indicated they are currently studying their options with legal counsel.

Another proposed change recommended by the consultant was to change the university employee Point of Service (POS) health plan to encourage university employees to utilize university-owned hospitals. The consultant estimated this would increase net revenues by \$1.3 million annually. However, this change has not been fully implemented.

According to university officials, the CRH is now a network provider for the employee POS health plan; however, the Health System's primary area competitor is also a network provider in that plan. As a result, university employees are not being encouraged to utilize university-owned hospitals to the extent envisioned by the consultant.

The consultant also indicated management should take steps to increase the average daily census from 93 to 100 inpatients per day. However, during the year ended June 30, 2001, the average daily census was only 84 inpatients. In addition, for the nine months ended March 31, 2002, the average daily census has dropped even further to 67 inpatients per day. This most recent drop is due in large part to the closing of a 34-bed skilled nursing unit at CRH in July 2001. It appears CRH will continue to experience operating losses unless the Health System can increase the average daily census to the level recommended by the consultant.

University officials have indicated the net operating results presented above do not accurately reflect the overall financial impact of CRH on the Health System. They indicated those results include expenses allocated to the CRH that would have been incurred by the Health System even if CRH had not been acquired. Those expenses include interest expense on bonds issued prior to the purchase of CRH and university overhead costs as follows:

<u>Expense</u>	<u>6 Months Ended 12/31/2001</u>	<u>Year Ended 06/30/2001</u>	<u>9 Months Ended 06/30/2000</u>	<u>Total</u>
Interest	\$ 1,470,826	\$ 2,958,095	\$ 2,242,866	\$ 6,671,787
Overhead	1,555,082	1,711,834	935,674	4,202,590
Total	<u>\$ 3,025,908</u>	<u>\$ 4,669,929</u>	<u>\$ 3,178,540</u>	<u>\$ 10,874,377</u>

University officials contend that if these allocated expenses are not considered, the CRH has had a positive overall financial impact on the university and the Health System since July 1, 2000. Even if that is the case, it is apparent the value of CRH to the university and Health System has not been maximized.

**WE RECOMMEND** Health System management continue efforts to implement the policy and management changes recommended by the consultant to maximize the value of CRH and make it a more profitable part of the Health System.

### **AUDITEE'S RESPONSE**

*We concur. Although our initial efforts to obtain single provider status from the Center for Medicare/Medicaid Services (formerly HCFA) were unsuccessful, it is pivotal to our financial plan and we are stepping up our efforts to obtain this status as soon as possible.*

*We have been moving services from the overcrowded University Hospital to CRH to increase utilization of that space and provide additional space at University Hospital. We have partnered with community groups to increase services. We will be moving obstetrical services as part of this plan. We will continue these efforts to make CRH a more profitable part of the health system.*

### **3. Credit Balances**

The Health System's HPA accounts receivable records had over \$6.3 million in credit balances at December 31, 2001, and insufficient effort has been made to resolve many of the older credit balances. In addition, the UP records similarly had an excessive amount of credit balances.

Credit balances generally represent patient accounts where payments received on behalf of those accounts exceed the actual charges. Such credit balances may occur if the



related charges have been paid by both the patient, a private health insurer, or another third-party payer (i.e. Medicare or Medicaid). Credit balances accumulate when there is a failure to resolve or refund such overpayments on a timely basis.

During a review of credit balances, we noted the following concerns:

- A. Between December 2000 and December 2001, total HPA credit balances ranged between \$5 and \$6.7 million. At December 31, 2001, credit balances totaled over \$6.3 million and involved over 15,000 patient accounts.

The HPA has a goal of reducing credit balances to no more than the equivalent of 2 days' revenue. This would equate to approximately \$2.5 million as of December 2001. Industry standards indicate that total credit balances should be even lower than this. According to one industry standard we noted, the HPA should have no more than the equivalent of 1.12 days' revenue in credit balances. This would equate to approximately \$1.3 million as of December 2001.

The UP accounts receivable records also had an excessive amount of credit balances, although not to the extent of the HPA. At December 31, 2001, UP credit balances totaled approximately \$3.7 million, which exceeded the industry standard by approximately \$2.6 million.

- B. The HPA does not ensure old credit balances are resolved in a timely manner. We were initially told that work to resolve credit balances is done on a rotating basis, whereas one week employees might work on the largest credit balances and the next week they would work on the oldest balances.

However, upon further investigation, we determined this rotating schedule is not used. During our audit period, it appears HPA employees only worked on resolving accounts with the largest credit balances. Many smaller, but older credit balances remain on the accounts receivable records. We noted 4,404 accounts, involving over \$1.4 million in credit balances and dating back to fiscal year 2000 or before, remain unresolved. While many of these accounts are relatively small, 249 of these credit balances exceeded \$1,000, with one of these credit balances exceeding \$17,000.

A greater effort should be made to reduce the overall amount of credit balances to a more acceptable level, while also ensuring old credit balances are resolved on a timely basis. By failing to resolve credit balances in a timely manner, amounts due to patients, private health insurers, and other third-party payers have not been refunded on a timely basis. In addition, maintaining these old accounts adds to the administrative burden of the system.

**WE RECOMMEND** Health System management:

- A. Ensure the amount of total credit balances of the HPA as well as the UP are reduced to an acceptable level and more in line with industry standards.

- B. Ensure efforts are made to resolve older credit balances on a timely basis.

### **AUDITEE'S RESPONSE**

*We concur with the recommendations. We have developed better reports to distinguish between true overpayments, other types of adjustments, and accounts that have been corrected where we are waiting for the insurance carriers to take back the money. During the next month we will establish written standards of acceptable levels and reallocate existing staff to accomplish achieving those standards by the end of the fiscal year.*

<b>4. HPA Accounts Receivable and Related Issues</b>
------------------------------------------------------

The HPA has taken steps to reduce its level of accounts receivable; however, its overall accounts receivable balances still exceed industry standards. HPA staff do not always add adequate notes to the billing system to document changes made or actions taken to patient accounts, and adequate efforts have not been made to follow-up on all outstanding accounts. In addition, the HPA has not established formal policies and procedures regarding the writing off of old outstanding accounts.

- A. From July 1999 to December 2001, total HPA accounts receivable balances have been excessive and above industry standards. Total month end HPA accounts receivable balances totaled \$111 million in July 1999 and \$99 million in December 2001, with total accounts receivable peaking at \$171 million in January 2000.

Between July 1999 and January 2000, there was a steady rise in total HPA accounts receivable. We determined this increase was partially due to the explanation of benefit statements (EOBs), which support insurance and other third-party benefit payments, being allowed to accumulate without the payments being entered into the accounts receivable system. During this time, the HPA manager was terminated and a consultant was hired to oversee the conversion to a new billing system. During this transition period, the procedures for entering information from EOBs into the new accounts receivable system were not adequately followed. As a result, while many patient billings were being paid and the monies deposited, the accounts receivable records for the applicable accounts showed these accounts as unpaid and outstanding.

Since January 2000, the total HPA accounts receivable balances have declined. This is partly attributable to the HPA getting caught up on entering payment data from the backlog of EOBs which had not been recorded in the accounts receivable system. Accounts receivable balances have also been reduced by HPA writing off old outstanding accounts. For example, we noted in May 2000, approximately \$16 million in old accounts receivable accounts were written off as bad debts. In addition, we determined the average number of days a claim is maintained in a hold or unbilled accounts receivable status has dropped in the past year. As a

result, it appears bills are being sent out quicker and the payments on accounts receivable are being received sooner.

While the HPA has reduced its total accounts receivable balance significantly in the past two years, its accounts receivable levels continue to exceed industry standards. According to an HPA official, the industry standard for hospitals in this region is an accounts receivable level equal to 69 days times the average daily revenue. The following table presents the actual HPA accounts receivable, average daily revenue, actual days of revenue in accounts receivable, and acceptable account receivable balances (per industry standards) at selected dates:

Date	Actual Accounts Receivable	Average Daily Revenue	Actual Days of Revenue	Accounts Receivable Per Industry Standards
December 31, 1999	\$161,346,243	\$1,075,642	150	\$74,262,297
June 30, 2000	133,593,592	1,086,127	123	74,986,192
December 31, 2000	126,412,048	1,089,759	116	75,236,964
June 30, 2001	101,451,076	1,045,887	97	72,208,065
December 31, 2001	99,879,740	1,109,775	90	76,618,858

As noted above, as of December 31, 2001, the amount of accounts receivable has dropped consistently since December 31, 1999, and was at a level that is approaching industry standards; however, further improvement could be made. The HPA should continue efforts to further reduce total accounts receivable balances to a level consistent with industry standards.

- B. HPA staff does not always document relevant information related to specific accounts in the billing system. In several instances, adequate notes were not prepared to document changes made or action taken related to an account. In one instance, a duplicate refund check was issued to a patient because the initial refund was not properly documented in the billing system. Even though the duplicate refund was eventually recovered, the problem could have been prevented with better record keeping.

If HPA staff do not adequately document notes within the billing system, it is difficult for adequate follow-up efforts to be performed on an account. By adequately documenting changes made or actions taken, any subsequent follow-up actions are more efficient and effective.

- C. For one account reviewed, adequate efforts had not been made to follow-up and bill the unpaid balance to a third-party payer. It was determined the applicable patient's account was a 970 Financial Status Code (FSC), which indicated the patient had a cancer insurance policy. While the insurance company paid a per

diem related to the charges, the remaining balance (\$1,065) could have been billed to Medicaid; however, no follow-up action had been taken related to this account at the time of our review.

We determined the HPA section responsible for following up on unpaid accounts was unaware of this FSC and therefore, had not included accounts with this code in its follow-up efforts. As of April 2002, there were 159 outstanding accounts, totaling over \$150,000, with this FSC. Most of these accounts were over 180 days old and it appears no follow-up efforts have been made to pursue these accounts.

The HPA should ensure all outstanding patient accounts are followed-up on a timely basis to maximize collections. This would include ensuring responsibility is assigned for the follow-up of every established FSC.

- D. The HPA has not established formal policies or procedures for writing off old outstanding accounts. In addition, a threshold amount has not been established over which management approval is required to write off an account. According to an HPA official, the clerks who write off accounts normally discuss the accounts with him prior to doing so.

Formal policies and procedures should be established for writing off old accounts to provide staff adequate guidance in this area. Such policies and procedures should establish a threshold amount over which management approval is required.

**WE RECOMMEND** the Health System management:

- A. Continue efforts to further reduce total HPA accounts receivable balances to a level consistent with industry standards.
- B. Ensure HPA staff adequately document changes made or actions taken related to patient accounts in the billing system to assist in follow-up efforts.
- C. Ensure HPA staff perform timely follow-up activities on all outstanding accounts. This would include ensuring responsibility is assigned for the follow-up of every established FSC.
- D. Establish formal policies and procedures for the writing off of old accounts. This should include the establishment of a threshold amount over which management approval is required.

**AUDITEE'S RESPONSE**

- A. *We concur with the recommendation. The changes we have instituted to manage and reduce denials will also reduce our accounts receivable balances.*

*B&C. We concur with the recommendations. We have established internal testing and quality assurance programs that will ensure staff adequately document changes and perform timely follow-up activities.*

*D. We concur with the recommendation. We have established formal policies and procedures for the appropriate writing off of account balances.*

<b>5. Charity Care</b>
------------------------

The HPA has not handled all charity care cases in a consistent manner and has not fully documented any changes in its related policies/procedures. We also noted some inconsistencies in the way the HPA and UP handled the same patients, resulting in patients receiving different levels of financial assistance from each billing entity. In addition, HPA does not always maintain charity care applications.

The Health System frequently provides medical services to patients who have limited income and do not have health insurance, but are not eligible for federal Medicaid assistance. These people generally cannot afford to pay the costs of care. Those patients who meet certain criteria can receive those medical services at no charge or at reduced rates. Such care is referred to as charity care. Uncompensated charity care costs incurred by the University Hospital and Clinics totaled approximately \$9.2 million and \$16 million during the years ended June 30, 2001 and 2000, respectively. The Health System received approximately \$24 million in state appropriations during each of these years; however, those appropriations were not sufficient to offset the costs of charity care and unreimbursed Medicaid costs.

The HPA and UP both require patients who are requesting financial assistance to complete a financial assistance application whereby the patient (or their financially responsible party) lists their income, assets, and liabilities. HPA and UP employees evaluate the applications to determine whether a patient is eligible to receive assistance. A Financial Assistance Determination Guide (referred to as the determination grid) was created to assist the applicable employees in determining what percentage of assistance or charity care a patient is eligible to receive. Depending on the income and family size of the patient, the determination grid provides for a reduction in an eligible patient's bill ranging from 5 percent to 100 percent. The determination grid was developed based on 150 percent of the federal poverty guidelines.

A review of HPA's handling of charity care accounts disclosed the following concerns:

A. The HPA has not been consistent in its use of the determination grid and has not always documented when any changes were made in its handling of charity care accounts. In addition, we noted inconsistencies in the manner it handles charity care cases compared to the UP, resulting in different levels of assistance being provided to the same patients.

During our review, we determined there was a period of time in which the HPA allowed a 100 percent reduction (care at no charge) to patients that fell anywhere within the determination grid, instead of using the percentages in the grid. There was no documentation to indicate when the HPA followed this procedure.

While HPA employees indicated this only occurred in May 2001, we noted an instance where this also occurred in October 2001. In that instance, the HPA allowed a 100 percent reduction in a patient's bill even though the grid allowed only a 60 percent reduction in the bill. The HPA wrote off a total of \$1,700 in charity care for this patient. In contrast, the UP allowed the same patient a 60 percent reduction in its applicable charges, in accordance with the determination grid.

Another inconsistency was noted related to a recent policy change of the HPA. In early 2002, the HPA amended its procedures to award charity care based on income after taxes; however, UP continues to award charity care based on gross income (before taxes). This inconsistency in procedures between HPA and the UP will result in the same patients receiving different levels of assistance from these two entities. In addition, this change in policy/procedure will result in an increase in the amount of charity care costs absorbed by the Health System.

The HPA should be consistent in its use of the determination grid to ensure all patients eligible for financial assistance are treated equitably. Any changes in its handling of charity care cases should be well documented. In addition, the Health System should require the HPA and UP to adopt policies and procedures that are uniform in the awarding of charity care.

- B. HPA does not always maintain financial assistance applications completed by charity care patients. In two of twelve charity care cases reviewed, HPA staff could not locate these documents.

HPA should retain all documents used in the determination of charity care to adequately support the amount of financial assistance awarded and assist in any future follow-up of the accounts.

**WE RECOMMEND** Health System management:

- A. Ensure the HPA is consistent in its use of the determination grid. Any changes in its handling of charity care cases should be fully documented. In addition, the system should require the HPA and UP to adopt charity care policies and procedures that are uniform.
- B. Ensure the HPA maintains all records used in the determination of financial assistance for charity care patients.

## **AUDITEE'S RESPONSE**

- A. *We concur with the recommendation. We have adopted uniform charity care policies for HPA and UP.*

*We have instituted training programs to ensure we are consistent in the use of the determination grid, and we perform competency tests to ensure training is effective.*

*We have developed internal reviews of our procedures and processes on a regular basis as a quality improvement measure. During the coming fiscal year, we will formalize this function to further strengthen and improve the quality assurance process.*

- B. *We concur with the recommendation. We have installed a new document imaging system to maintain the records used in the determination of financial assistance for charity care patients.*

<b>6. Internal Audits</b>
---------------------------

Some recommendations related to the Health System's billing and collection procedures have not been implemented and a formal tracking system providing current information regarding the status of audit recommendations has not been established.

In recent years, the University of Missouri System has hired an outside auditing firm to perform internal audits of various university functions. Since July 2000, that firm has conducted three internal audits related to the Health System and its billing efforts. Our review of these internal audits noted the following concerns:

- A. While it appears action has been taken to address many of the concerns noted by the auditors, some recommendations have not yet been implemented.

The first internal audit, dated October 2000, was a Revenue Cycle Analysis at the University of Missouri Hospital. This audit was intended to evaluate the entire HPA billing cycle operations, from registration through the ultimate disposition of a bill. The audit reported a number of efficiency and effectiveness weaknesses involving the registration of patients and billing and collection activities, and identified many opportunities for improvement.

Health System officials provided us a copy of a draft report prepared by the internal auditors which presented an update on the status of recommendations presented in the October 2000 internal audit as of February 2002. That document indicated action has been taken to address many of the opportunities for

improvement; however, some of them had not yet been implemented. Examples of areas where improvements were still pending included: changes in the patient registration process to ensure the preauthorization of services and the collection of co-payments at the time services are provided.

Health System officials indicated they are in the process of redesigning the entire revenue cycle process. This process, when complete, will substantially address and implement the various opportunities for improvement identified in this internal audit. The redesign was originally scheduled to be implemented by February 2002; however, the redesign had not been completed as of May 2002.

Another internal audit, dated March 2001, was a Patient Revenue Charge Capture Analysis at the University of Missouri Hospital. It focused on the flow of departmental patient service information from the time of the initial patient revenue charge entry through the patient account billing functions. According to this internal audit, the various departments were not always reconciling charges between the charge entry system and the billing system. Such reconciliations are needed to ensure all charges entered into the charge system are being correctly transferred to the billing system. In addition, the internal auditors reported there were no written procedures for reconciliations completed by the departments.

The Health System has not formally followed up on the recommendations included in this internal audit; however, we determined all of the concerns reported by the auditors have not been addressed. For example, written procedures documenting the reconciliations to be performed by the departments have not yet been developed.

The third internal audit, dated April 2001, was a Patient Revenue Cycle Analysis of the University Physician Medical Practice Plan (UP). This audit focused on the entire UP revenue cycle from the point of initial contact with a patient through the payment processing. It identified a number of areas within the patient revenue cycle where improvements were needed to ensure efficiency and effectiveness. While some of these areas overlapped the Revenue Cycle Analysis of the University Hospital (see above), many of these areas were specific to the UP revenue cycle.

We could not assure ourselves that all the recommendations made in this internal audit have been implemented. While a UP official indicated the recommendations in this internal audit were implemented at the time the report was issued, a formal follow-up of this audit report has not been completed.

- B. The Health System has not established a formal tracking system to determine and report the status of the recommendations or opportunities for improvement noted in the internal audits. As noted above, an update of the first internal audit has



been performed by the internal auditors; however, a system has not been established to periodically track and provide management with up-to-date information regarding the status of recommendations made in internal or other audit reports.

A formal tracking system should be established to determine and report to management the status of audit recommendations on a periodic basis. Such a system would help to enhance the implementation of the recommendations and provide management with necessary information.

**WE RECOMMEND** Health System management:

- A. Continue efforts to fully implement the recommendations or opportunities for improvement noted in the internal audits.
- B. Develop a system to formally track the status of audit recommendations that have not been fully implemented. If it is management's intention not to implement a recommendation, that decision and the reason(s) should be documented.

**AUDITEE'S RESPONSE**

- A. *We concur. We are continuing efforts to fully implement the recommendations.*
- B. *We concur. We are developing the recommended system this fiscal year and we will hold each individual unit audited responsible for reporting to the CFO on a quarterly basis on the status of the actions taken pursuant to the audit report recommendations.*

<b>7. Community Practice Clinics</b>
--------------------------------------

Community practice clinics funded and operated by the Health System have incurred operating losses totaling \$2.3 million during the years ended June 30, 2001 and 2000. Health System officials have not conducted a cost-benefit analysis to determine if the benefits of these clinics offset their losses. Similar clinics funded by the School of Medicine and operated by the UP have also incurred significant losses.

The University of Missouri School of Medicine and the Health System fund the operations of nineteen community-practice clinics located primarily in small communities in Mid-Missouri. According to Health System officials, these clinics were established to: 1) provide health care to rural residents of the Mid-Missouri area, 2) generate revenue for the University Hospital and Clinics through referrals, and 3) provide clinical education and experience for students enrolled in the School of Medicine.

There are two types of community practice clinics: Hospital ("H") clinics and Campus ("C") clinics. The type "H" community practice clinics are funded and operated by the

Health System, are considered independent entities of the system, and the Health System receives any revenues generated by these clinics. There are currently four of these clinics and they are staffed primarily by medical professionals employed by the Health System. There are currently thirteen type "C" clinics and these clinics are funded by the School of Medicine. While the Health System handles the accounting needs of these clinics, it bears no financial responsibility for them. These clinics operate under the oversight of the UP and they are staffed primarily by faculty of the School of Medicine.

The four community practice clinics funded and operated by the Health System (the "H" clinics), have incurred substantial operating losses. During the years ended June 30, 2001 and 2000, the Health System incurred losses totaling \$2.3 million related to these clinics. While Health System officials indicated these clinics refer a number of patients to the University Hospital and other primary facilities of the system, information regarding the number of such referrals and the additional revenue generated by them was not readily available. In addition, Health System officials have not conducted a cost-benefit analysis to determine if the continued operation of these clinics is justified.

Even though the type "C" community practice clinics do not directly effect the financial condition or operations of the Health System, it should be noted these clinics also incurred substantial operating losses. During the years ended June 30, 2001 and 2000, these clinics incurred losses totaling \$4 million.

**WE RECOMMEND** Health System management perform a cost-benefit analysis of the four community practice clinics to determine whether the continued operation of these clinics is justified. This would include reviewing the number of referrals and additional revenues generated for the system by these clinics.

### **AUDITEE'S RESPONSE**

*We concur with the State Auditor's recommendation to evaluate the Community Practice Clinics. In fact, such an analysis is under way and will be completed by the end of the year.*

This report is intended for the information of the management of the Health System and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

UNIVERSITY OF MISSOURI HEALTH SYSTEM  
BILLING PRACTICES AND OTHER FINANCIAL MATTERS  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The University of Missouri Health System is a part of the University of Missouri System. The Health System consists of the University Hospital and Clinics (University Hospital, Children's Hospital, and Ellis Fischel Cancer Center), Columbia Regional Hospital, Missouri Rehabilitation Center (in Mt. Vernon), and the University Physicians Medical Practice Plan (UP). The UP is the organized practice plan for the faculty of the University of Missouri-Columbia School of Medicine.

The Health System has expanded since 1990, with various facilities being added to the system during the following years:

<u>Facility</u>	<u>Year Acquired</u>
Ellis Fischel Cancer Center	1990
Missouri Rehabilitation Center	1997
Columbia Regional Hospital	1999

The University Hospital and Clinics maintain one primary billing system that serves two separate billing entities within the system: Hospital Patient Accounts (HPA) and the University Physicians (UP). The UP side of the billing system is used to bill patients for physician services and certain lab fees, while the HPA side of the billing system is used to bill patients for all other charges related to a patient's visit. Patients that incur charges from both HPA and the UP billing systems will receive a separate invoice from each billing entity. Net revenues generated by HPA go to the Health System, while net revenues generated by the UP primarily go to provide additional compensation to the physicians and do not directly benefit the Health System. The UP and HPA also distribute funds to the School of Medicine and the University.

The Missouri Rehabilitation Center and the Columbia Regional Hospital maintain separate billings systems from the University Hospital and Clinics and those systems and the related procedures were not reviewed during this audit.

The Health System is governed by the Board of Curators of the University of Missouri System, which is comprised of 9 members appointed by the Governor and confirmed by the Senate. The board also has a non-voting position for a student representative.

At December 31, 2001, the Health System employed 3,965 full time equivalent employees, excluding physicians. The individuals serving as officers of the Health System and the University Hospital and Clinics at that date were as follows:

<u>Name</u>	<u>Position</u>
Daniel Winship, MD	Vice Chancellor & Chief Executive Officer
John O'Shaughnessy	Executive Director of Clinical Affairs
Weldon Webb	Associate Vice Chancellor
Nicholas Braccino	Chief Financial Officer
Keith Weinhold	Director of University Hospital and Clinics

During recent years, the University Hospital and Clinics has experienced and reported various problems with its billing system and related procedures. In addition, the Health System has incurred significant operating losses during the last two and half years. Appendix A presents the operating results of the Health System in recent years.

Appendix

UNIVERSITY OF MISSOURI HEALTH SYSTEM  
BILLING PRACTICES AND OTHER FINANCIAL MATTERS  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND INCOME (LOSS) FROM OPERATIONS  
FIVE YEARS ENDED JUNE 30, 2001, AND PARTIAL YEAR ENDED JANUARY 31, 2002  
(Dollars In Thousands)

	Seven Months Ended January 31, 2002	Year Ended June 30,				
		2001	2000	1999	1998	1997
<b>REVENUES:</b>						
Net patient service revenues	\$ 231,864	397,375	368,268	324,742	310,106	295,726
State of Missouri appropriations	13,214	24,414	23,935	23,466	22,827	25,629
Sales by auxiliary enterprises and other	9,547	14,414	15,606	13,716	13,426	12,611
Total revenues	<u>254,625</u>	<u>436,203</u>	<u>407,809</u>	<u>361,924</u>	<u>346,359</u>	<u>333,966</u>
<b>EXPENSES:</b>						
Professional care of patients	-	-	-	150,963	143,479	140,529
Administrative and general	-	-	-	125,690	116,069	102,943
Salaries and benefits	105,777	174,803	170,181	-	-	-
Medical supplies and drugs	42,126	66,202	63,103	-	-	-
Administrative and support services	5,874	17,109	18,471	-	-	-
Interest	6,234	10,365	8,555	-	-	-
University Physicians distributions	38,631	53,115	67,341	67,704	64,114	60,098
Depreciation	15,219	25,060	23,221	16,964	15,248	13,205
Provision for bad debts	10,369	37,820	21,136	-	-	-
Other expenses	39,047	67,081	63,499	-	-	-
Total expenses	<u>263,277</u>	<u>451,555</u>	<u>435,507</u>	<u>361,321</u>	<u>338,910</u>	<u>316,775</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>\$ <u>(8,652)</u></b>	<b><u>(15,352)</u></b>	<b><u>(27,698)</u></b>	<b><u>603</u></b>	<b><u>7,449</u></b>	<b><u>17,191</u></b>

Note: The information presented above for the five years ended June 30, 2001, was obtained from the annual independent audit reports prepared for the University of Missouri Health System. The expense categories presented in the independent audit reports were changed for the fiscal year 2001 audit. Because of this change, the expenditure data for the year ended June 30, 2000, was restated in the fiscal year 2001 audit report for comparison purposes. The expense data presented for the year ended June 30, 2000, reflects this restatement. The data presented for the seven months ended January 31, 2002, has not yet been audited and was obtained from Health System officials.

\* \* \* \* \*



**MISSOURI DEPARTMENT OF TRANSPORTATION  
CONTRACT CHANGE ORDERS**

**From The Office Of State Auditor  
Claire McCaskill**

*While the majority of change orders could not be avoided, some could have been with better oversight of the design and contract preparation phase of construction.*

**Report No. 2002-96  
September 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

September 2002

**Audit analyzes how well transportation department manages contract revisions - known as change orders - to its construction projects**

Auditors found room for improvement in some processes used by the Department of Transportation to manage construction change orders. These orders, which authorize payment for construction design, scope or quantity revisions, are very common to the construction environment. Some orders are unavoidable, but all orders can change a project's total cost.

Auditors reviewed 100 change orders spread among 8 construction projects and issued over 18 months in 2000 and 2001. Department officials initially expected these projects to cost \$118.4 million and these 100 change orders increased costs by \$12 million. Over this same 18-month time period, the department issued 2,058 change orders totaling \$45 million and spent over \$1 billion on 545 construction projects. Department officials said Missouri's 3 percent change order rate is comparable or better than neighboring states: Kansas (2-5 percent), Iowa (5.4 percent) and Illinois (4-7 percent).

**Majority of change orders were necessary, but some avoidable**

Auditors called 59 percent of the change order line items reviewed necessary and unforeseen before awarding the construction contract. The 100 change orders analyzed amounted to 796 change order line items. Auditors found the department could have avoided 330 of these change order line items, which totaled \$5.8 million. Auditors consider a change order avoidable if officials had handled the projects properly before the project was submitted for competitive bid. (See page 2)

The most common problems leading to avoidable change orders included: surveying and staking errors, quantity sheet omissions, design flaws and miscommunications. For example, a surveying error caused the misplacement of a roadway's center line by 2 feet, which cost \$108,000 to correct. (See page 3) Miscommunication on a St. Louis retrofitting-bridge project added \$1.2 million in change orders and additional work. (See page 6)

**Some change orders wasted \$1.8 million**

Auditors categorized the \$5.8 million in avoidable change orders into two groups. The first group (totaling \$4 million) included change orders which caused necessary additional construction. These additions, if included in the original project contract, would have changed the total cost, either up or down. The second group of change orders (totaling \$1.8 million) caused additional construction costs, which could have been avoided with

YELLOW SHEET



proper project management. This second group involved change orders on two construction projects. Miscommunication cost one project \$1.2 million, while accelerating a second project cost nearly an extra \$600,000. (See page 8)

### **Procedural weaknesses contribute to change orders**

Auditors identified five main procedural weaknesses which, if corrected, could reduce change orders including: improving district design reviews, clarifying project manager responsibilities, performing sufficient field checks, tracking causes for change orders and performing post-construction reviews. Department officials said they began tracking causes for change orders in April 2002 and plan to start a post-construction review process. (See page 13)

### **Better oversight needed of frequently used design consultants**

Department officials do not adequately oversee work of outside design consultants who design more than 50 percent of state road projects. Oversight concerns included: not holding consultants accountable for design errors as stipulated in contracts, not tracking consultant reimbursements for design errors, and inadequate consultant evaluations. Increasing oversight could reduce construction costs and decrease design errors. (See page 18)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**MISSOURI DEPARTMENT OF TRANSPORTATION  
CONTRACT CHANGE ORDERS**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
1. Management Could Improve Oversight of Construction Project Design and Preparation.....	2
Conclusion .....	8
Recommendation .....	9
2. Better Controls and Procedures Would Help to Ensure Design and Construction Funds are Used Effectively.....	13
Conclusion .....	15
Recommendations .....	16
3. Management of Design Consultant Activities Could Be Improved .....	18
Conclusion .....	20
Recommendations .....	20
4. Other Matters .....	22
<b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY.....	23
II. BACKGROUND .....	24



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Missouri Highway and Transportation Commission  
and  
Henry Hungerbeeler, Director  
Missouri Department of Transportation  
Jefferson City, MO 65102

The State Auditor's Office audited change orders related to construction contracts of the Missouri Department of Transportation. The objectives of the audit were to (1) determine why change orders were occurring, (2) determine the extent change orders could have been avoided, and (3) identify any system/control weaknesses contributing to the incidence of change orders.

We concluded the department needs to improve the management and oversight of the design and preparation of construction projects, establish better controls and procedures over this process, and improve the management of design consultant activities.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Stacy Wright
Audit Staff:	Keriann Wright
	Karen Wirtmiller

## **RESULTS AND RECOMMENDATIONS**

### **1. Management Could Improve Oversight of Construction Project Design and Preparation**

The majority of change order line items (466 of 796 or 59 percent) included in our review were necessary and could not have been foreseen at the time of contract award. The remaining 330 change order line items could have been avoided if Missouri Department of Transportation (the department) officials had followed established procedures for the project design and pre-award construction process. The value of these avoidable change order line items was \$5.8 million (47 percent) of the total \$12 million for the 796 line items. Problems caused by errors, omissions and oversight include:

- Surveying and staking errors
- Quantity sheet omissions and mistakes
- Design errors
- Communication problems
- Other item

Change orders are common in a construction environment such as the one in which the department operates and can be expected when unanticipated events are confronted during the construction process. Change orders generally increase the overall total cost of projects. Not all questionable change orders resulted in increased overall contract costs, since correct original project specifications would have included those costs. However, auditors noted the department could have saved over \$1.8 million of the \$5.8 million in avoidable change orders, if some matters had been handled more appropriately.

### **Missouri Department of Transportation Workload**

From January 1, 2000, to June 30, 2001, the department paid over \$1 billion to contractors for construction work. The value of open construction contracts during that period was over \$2.6 billion. In construction planning, the division allocates a 3 percent contingency on the construction plan to provide for potential cost overruns that must be corrected through change orders. Applying this rate to the \$2.6 billion in open contracts, the contingency would equate to \$83.2 million.

### **Audit methodology**

Between January 1, 2000, and June 30, 2001, department officials issued 2,058 change orders totaling \$45 million on 545 contracts. The auditors focused on 8 ongoing construction projects, which had 100 change orders accounting for 796 line items. Department officials initially expected these eight projects to cost \$118.4 million. The 100 change orders added \$12 million in extra construction costs to these projects. This \$12 million represented approximately 27 percent of the \$45 million in change orders issued during the 18-month audit period. The auditors determined the reason for each change order line item and whether the change order could have been avoided. For purposes of this audit, the auditors considered a change order avoidable if

adequate procedures performed before submitting the project for competitive bid could have prevented the change.

*(See Appendix I, page 23, for a further discussion of the audit methodology.)*

### **Surveying and staking errors**

Surveying errors resulted in approximately \$1.6 million in avoidable change order line items. The department's Design Division and Construction Division personnel relied on inaccurate information to pinpoint key locations and measurements, took inaccurate field measurements, and did not double-check benchmarks to ensure the accuracy of measurements. The department's Project Development Manual and General Construction Manual guidelines provide that all benchmarks should be double-checked to ensure the accuracy of measurements.

For example, in District 6, inaccurate surveying procedures/measurements caused the intended centerline of a roadway to be off by approximately two feet. As a result, \$108,000 in change order line items was needed to correct the problem.

The auditors determined staking errors resulted in over \$50,000 in change order line items. The department's Construction Division did not implement double-checking procedures as part of the staking process and relied on inaccurate information to stake locations. General Construction Manual guidelines require a thorough check of all measurements, angles and elevations to prevent errors.

For example, in District 6, Construction Division personnel used inaccurate information to stake a project, which led to road signs in the wrong location. The department paid over \$30,000 in change order line items to remove the signs and place them in the correct location.

Table 1.1 shows the costs of avoidable change orders related to surveying and staking errors for the contracts included in the audit.

**Table 1.1: Avoidable Change Orders Due to Surveying and Staking Errors**

<b>Contract Number</b>	<b>Surveying Errors</b>	<b>Staking Errors</b>	<b>Totals</b>
980522-05-OUH	\$ 759,235	\$ 0	\$ 759,235
990319-609	568,251	10,288	578,539
990423-605	219,766	0	219,766
980619-08-PDH	32,353	40,292	72,645
990423-801	<u>19,391</u>	<u>0</u>	<u>19,391</u>
Totals	\$ <u>1,598,996</u>	\$ <u>50,580</u>	\$ <u>1,649,576</u>

Source: Auditors' analysis of data provided by department officials

*(See Appendix II, page 24, for more information regarding surveying and staking procedures.)*

## Quantity sheet omissions and mistakes

Quantity sheet (identifies the materials necessary to construct the project) omissions and mistakes resulted in approximately \$700,000 in avoidable change order line items. The department's districts did not adequately review the design plans' itemized quantity sheets, and General Headquarters personnel did not view their role as a reviewer of district work. As a result, quantity sheet omissions and various other mistakes were made, including miscalculations and errors in transferring amounts from one quantity sheet to another.

For example, materials necessary to construct road signs for a District 6 project were omitted from the itemized quantity sheets. This error resulted in \$107,000 in change order line items to add the necessary materials to the project. In District 4, quantity sheet mistakes related to one project resulted in \$199,105 in underruns (reductions in the total project cost) when the project inspector discovered several miscalculations in the quantity sheets after the project had been let. While underruns result in an overall reduction in the construction costs, it would be preferable that quantity sheets mistakes are corrected prior to contract award. Doing so would help ensure the correct amount of construction costs are subjected to competitive bidding procedures and would reduce the administrative costs in processing change orders.

Department personnel are responsible for ensuring quantity sheet omissions and mistakes are detected and corrected prior to contracting a project. Table 1.2 documents the costs of avoidable change orders related to quantity sheet omissions and mistakes for the contracts included in the audit.

**Table 1.2: Avoidable Change Orders Due to Quantity Sheet Omissions and Mistakes**

<b>Contract Number</b>	<b>Quantity Sheet Omissions</b>	<b>Quantity Sheet Mistakes</b>	<b>Totals</b>
991210-401	\$ 324,684	\$ (259,623)	\$ 65,061
990319-609	323,272	(13,567)	309,705
990423-605	113,672	5,175	118,847
990618-903	103,252	7,000	110,252
980619-08-PDH	38,574	30,779	69,353
000121-614	<u>0</u>	<u>27,228</u>	<u>27,228</u>
Totals	\$ <u>903,454</u>	\$ <u>(203,008)</u>	\$ <u>700,446</u>

Source: Auditors' analysis of data provided by department officials

*(See Appendix II, page 24, for more information regarding itemized quantity sheets.)*

In response to these issues, department officials stated "General Headquarters staff checks the accuracy of the largest items in the plans, not every aspect of the plans, so that construction can proceed." They stated they realize "this approach slightly increases the opportunities for change orders, but any cost is more than offset by the savings to Missourians via safer roads." Additionally, they stated it would not be cost effective to regenerate exact quantities and verify mathematics at the General Headquarters level because it would duplicate district work.

## Design errors

Design errors, including omissions from and mistakes within original designs, resulted in over \$1.4 million in avoidable change order line items. The department's districts did not adequately review the original design plans, and General Headquarters personnel did not view their role as a reviewer of district or design consultant work.

For example, in a District 4 project, the erosion control system set up in the original design was not adequate for the area. Department personnel stated this should have been identified during the system's design. As a result, over \$98,000 in change order line items was necessary to change the erosion control system and obtain the correct materials.

In another District 4 project, the original design did not include needed excavation. Excavation is included in a project's design when a specific type of digging is required to break through the ground in certain locations, such as around large rock and obstructions. However, because some excavation was left out of the original design, \$166,000 in change order line items resulted to cover the additional excavation.

Although the preparation of many design plans is outsourced to design consultants, department staff are responsible for ensuring design errors are detected and corrected prior to contracting a project.

Table 1.3 documents the costs of avoidable change orders related to design errors for the contracts included in the audit.

**Table 1.3: Avoidable Change Orders Due to Design Errors**

<b>Contract Number</b>	<b>Omissions from Original Design</b>	<b>Mistakes in Original Design</b>	<b>Totals</b>
990319-609	\$ 235,775	\$ 137,053	\$ 372,828
991210-401	207,843	98,015	305,858
990423-605	111,236	8,545	119,781
980619-08-PDH	24,171	595,364	619,535
990618-903	20,684	12,625	33,309
990423-801	<u>8,210</u>	<u>0</u>	<u>8,210</u>
Totals	\$ <u>607,919</u>	\$ <u>851,602</u>	\$ <u>1,459,521</u>

Source: Auditors' analysis of data provided by department officials

*(See Appendix II, page 24, for more information regarding project design plans.)*

In response to these issues, department officials stated "the labor costs alone to produce perfect plans would more than offset any savings from lowered change order administration costs. The level of accuracy desired by the State Auditor's Office may be unachievable on a construction project, without significantly increasing costs. Trying to achieve such a level of flawlessness would waste taxpayer money."

## Communication problems

Better communication could have prevented change order line items amounting to over \$1.2 million. Nearly all of this money could have been saved with more appropriate handling.

### **District 6: Inadequate design consultant preliminary surveying**

The department could have saved \$486,817 and avoided numerous surveying errors and completion date extensions had District 6 personnel properly communicated with the design consultant on a bridge-retrofitting project. The design consultant used an inaccurate method to conduct preliminary surveying procedures. The department's project managers are responsible for ongoing communication with the design consultants to ensure the design plans are progressing and the consultants are performing accurate project design procedures.

Better  
communication  
with design  
consultants needed

The department planned the bridge retrofitting project to strengthen and stabilize a two-tier bridge in St. Louis to withstand an earthquake. Four of the bridge's footings were located in a parking lot owned by the U.S. General Services Administration (GSA). The design consultant's inaccurate preliminary survey measurements caused all of the footings to be inaccurately designed. Two of the footings were constructed approximately one foot above the level of the parking lot before the problem was recognized.

The contract with the GSA required the parking lot to be restored to its original condition. As a result of the two inaccurate footings, the parking lot lost some parking spaces and was no longer in the same condition. Due to the nature of the bridgework, department personnel could not reconstruct the two footings and had to redesign the remaining two footings. To restore the parking lot to its original condition, the department had to (1) increase traffic control activities; (2) raise the height of the parking lot to the level of the footings; (3) remove, relocate, and revise the parking lot islands; and (4) add lighting work and pavement markings.

### **District 6: Lease agreement with the General Services Administration**

The department could have saved \$727,766 and avoided numerous project delays and change order line items if department officials obtained a signed lease agreement from the GSA before awarding the contract. These unnecessary construction costs are related to the same project discussed in the previous section.

The GSA denied the contractor access to its property causing delays that resulted in change order line items. Department personnel said property ownership was initially the subject of some dispute, and the department did not properly communicate with GSA officials to reach an agreement prior to contract award. The department did not

The department  
did not obtain  
necessary  
agreement



have a written lease agreement with the GSA until 3 months after the construction contract was awarded. Section 4-03.17 (3) of the Project Development Manual requires all such agreements to be completed prior to submission of the plans for the bid opening.

In response to this issue, department officials stated, the department "obtained the necessary agreement with GSA, albeit 3 months after the award of the contract. It was an administrative decision to let the project before the lease agreement was finalized to avoid delaying the construction of this important project. The department is acquiring the property in question to ensure that any future conflicts with the GSA will be avoided when work on this bridge will be needed."

#### **District 4: Division communication problems**

District 4 Design Division and Traffic Division personnel could have avoided \$72,983 in change order line items by properly communicating sign purchasing for a project in the downtown Kansas City area. Traffic Division staff established quantities and ordered signs without knowing a contractor already working on a project in the area was required to furnish the signs. This change order amount could have been avoided had staff from the two divisions discussed this issue before ordering additional signs.

Table 1.4 documents the costs of avoidable change orders related to communication problems for the contracts included in the audit.

**Table 1.4: Avoidable Change Orders Due to Communication Problems**

<b>Contract Number</b>	<b>Communication Problems</b>
000121-614	\$ 486,817
000121-614	727,766
980522-05-OUH	<u>72,983</u>
Total	<u>\$ 1,287,566</u>

Source: Auditors' analysis of data provided by department officials

#### **Other item**

Department officials decided to accelerate completion of a project 10 months after project start which resulted in change orders that could have been avoided.

#### **District 4: Project acceleration**

The department issued \$597,590 in change orders authorizing additional construction costs to accelerate the completion of a road project (contract number 991210-401) in District 4. District 4 Design Division personnel informed the auditors that General Headquarters officials made this decision to open four lanes of the roadway before winter.

The decision to accelerate the project's completion required changes in traffic phasing, contractor overtime costs, and additional materials. While completing the project before winter may have been an appropriate decision, this matter should have been considered prior to awarding the construction contract. General Headquarters personnel informed the auditors the decision to accelerate the project was made 10 months after awarding the contract.

#### **Categories of avoidable change orders**

To analyze the cost savings we reported in the previous sections, we categorized the avoidable change order line items into two groups. These categories described below totaled approximately \$5.8 million:

- Change order line items related to contract items/costs that would have been properly included in the original contract design and specifications if adequate procedures had been performed before the contract was competitively bid. A cost savings, if any, could not be determined on these change orders because of the uncertainty in the contract bids. Had these items been included in the bid process, the items would have likely added some costs to the original contracts. The total amount of these change order line items was \$4.0 million.
- Change order line items related to contract items/costs that could have been prevented if adequate procedures had been performed before the contract was competitively bid. The change orders identified in this category totaled \$1.8 million and involved two construction projects. This category included the extra construction costs of \$486,817 and \$727,766 noted in the **Communication problems** section, and the \$597,590 discussed in the **Other item** section.

#### **Conclusion**

Better oversight and management of the project design and pre-award construction process could have avoided many change orders and at least \$1.8 million in costs. While many of the avoidable change orders would not have necessarily resulted in reduced construction costs, keeping change orders to a minimum would help (1) ensure the maximum amount of construction costs are subjected to competitive bidding procedures, (2) reduce the effect of change orders on the department's planning process, and (3) reduce the amount of administrative time and effort in processing change orders.

## Recommendation

We recommend the Director, Department of Transportation:

- 1.1 Improve management and oversight of the project design and pre-award construction process to reduce the incidence of change orders and keep such contract changes to a minimum.

## Department of Transportation Response

*The Missouri Department of Transportation is confident Missouri taxpayers get the best value for their dollars by receiving quality and efficient services in return for their investment in the state transportation system. The department's project plans demonstrate a high degree of accuracy, thoroughness and sound engineering judgment. MoDOT is committed to making its design and construction processes as efficient as possible to assure the citizens of Missouri that the resources provided are being appropriately used for their benefit.*

*For example, MoDOT's change order rate of 3 percent is comparable to or better than that of neighboring states: Kansas DOT (2-5 percent), Iowa DOT (5.4 percent) and Illinois DOT (4-7 percent). On major construction jobs, change orders<sup>1</sup> are as common as steel and concrete. Change orders – paperwork that authorizes a change in scope of an aspect of construction – are as much a part of the contract as are the drawings and specifications. They are amendments to the contract for construction that authorize changes in the original plans and specifications for the project. Change orders do not necessarily equate to higher costs. In many instances, the work necessary to avoid all change orders would cost the state more than the change order.*

*A variety of factors can prompt the need for change orders: unknown and hidden conditions in the project area, unexpected scheduling delays, weather conditions and so on. Change orders can increase or decrease the cost and times allowed for completion of a project and are paid from a 3 percent contingency budget. An approval process must be followed before the work is done.*

*The report from the State Auditor's Office concedes that change orders are common in the construction industry. And although the SAO has cited instances where it asserts additional costs for change orders resulted from inadequate oversight, these few examples were presented after reviewing documents from the record-sized \$2.6 billion program during the period within question. In this case, a few projects were shown to cause a substantial portion of all the difficulties.*

*One cannot accurately infer the entire program, or even a significant portion of the program, experiences similar problems. A systemic problem cannot be assumed based on this atypical and miniscule slice of the construction-work pie. The report disregards the statistical fact that a program having hundreds of projects such as the one MoDOT administers will typically include a large majority of projects that are completed relatively problem-free while a few projects will contain most of the challenges.*

*MoDOT long ago recognized that greater efficiency, not flawlessness, is required to best serve Missourians. Over the past decade, MoDOT has administered a program that has grown to record levels with a smaller staff, effectively maintaining quality while providing greater productivity.*

*Roadwork is, in actuality, custom work. The American Association of State Highway and Transportation Officials recognizes that pre-construction engineering ultimately results in a product that has never been produced before and potentially never will be produced again in exactly the same manner. Many different standards, processes, phases and groups are involved in the production of a road.<sup>1</sup>*

*The SAO's report utilizes boxed statements interspersed throughout the text. MoDOT contends that most of these boxed statements are misrepresentations of the design and construction process as a whole and should be removed, clarified or qualified. Because the oversimplified boxed statements are out of context, a person focusing on these blurbs to guide them through the report could form an opinion that is not necessarily supported by the data and details in the narrative text.*

*1.1 MoDOT remains committed to continuously improving its processes. Given the favorable comparison of our percentage of change orders (3 percent) to those of neighboring states (two-seven percent), and the small value of questioned change orders (\$1.8 million) relative to the size of the construction program (\$2.685 billion), MoDOT is confident its project design and pre-award construction process is effectively managed. Change orders do not necessarily equate to higher costs. In many instances, the work necessary to avoid all change orders would cost the state more than the change order(s).*

*As stated in the SAO report, change orders are common in the construction industry. Every roadway project is virtually assured of having at least one change order, because by necessity, plans use estimated quantities. It is important to understand that most change orders are subject to competitive bidding prices. The vast majority of change order items correct overrun or under run quantities of bid items. MoDOT incorporates field-measured quantities into its final change orders so taxpayers get what they pay for while the contractor is paid only for what is actually used or constructed.*

*Although the SAO found examples where change orders resulted in additional costs, they focused on only eight of 545 active construction projects. The amount of change orders on these eight projects was atypical. This is evidenced by the fact that by reviewing only eight of 545 projects that were active during the period, the SAO was able to review 27 percent of the change orders issued in that 18-month period. Statistically, a program with hundreds of projects will typically include a large majority of projects that are completed relatively problem-free while a few projects will contain most of the headaches. One cannot infer that the entire program, or even a significant portion of the program, experiences similar problems.*

---

<sup>1</sup> For a summary of MoDOT's change order process, refer to Appendix A at the end of this response.

*MoDOT's change order rate of three percent is comparable to or below that of neighboring states:*

*Kansas DOT (2-5 percent)*

*Iowa DOT (5.4 percent)*

*Illinois DOT (4-7 percent)*

*MoDOT (3 percent)*

*In addition, MoDOT's percentage of change orders has remained stable for 10 years during a period when the construction program has expanded more than three-fold while staffing levels have remained constant or fallen slightly. The SAO reviewed projects active from Jan. 1, 2000, to June 30, 2001. Those projects were worth about \$2.6 billion, yet the SAO reported only \$1.8 million in change orders the SAO characterized as avoidable, an amount representing less than one-fourteenth of one percent of MoDOT's program during that period.*

*MoDOT recognizes that trying to develop perfect plans, that will have no change orders, is impossible. Any time humans are involved in processes as complicated as road and bridge design and construction, mistakes will be made. However, a distinction must be made between critical, life-threatening "mistakes," which MoDOT does not accept, and non-critical errors such as quantities, which are difficult and costly to estimate exactly.*

*MoDOT districts check project plans and quantities while General Headquarters checks the accuracy of the largest items in the plans. General Headquarters does not regenerate all of the mathematics because this would be a duplication of district work and is not cost effective.*

*Because perfect plans are impossible, MoDOT designates an extra 3 percent, categorized as "contingencies," into each highway project to account for changes on the site during the design of the project or for irregularities encountered in the field. This expedites the delivery of safer roads and provides a savings in life and human suffering that more than justifies the small cost for change orders. Thus, when the report states that \$1.8 million could have been saved, the reader may be left with a tacit, but incorrect, impression that MoDOT may not have set aside resources to accommodate these expenditures.*

*MoDOT is committed to deliver the maximum number of projects as quickly as possible and has, therefore, been responsive to the public to expedite completion of some roadway projects. It is understood that some difficulties will arise under these circumstances. For instance, Route 13, the accelerated project referred to in the SAO report, is one of the highest crash locations in the state. MoDOT was asked by area representatives and communities to complete the project one year earlier to more quickly gain the safety benefits of a four-lane highway. MoDOT views the cost of this acceleration as a small investment compared to the safety benefits achieved.*

## **Appendix A**

### **Change Orders**

*A construction change order is a supplement to the contract. It provides the authority to pay for quantity revisions and authorizes changes in scope of work, design concept, or specifications. A change order must be approved before the work is done. Approval exceptions may be granted for minor or routine changes or emergencies for which telephone approval has been granted.*

*MoDOT utilizes four levels of change orders:*

- Level 1 requires a Resident Engineer's approval and involves a change in a contract item of less than \$50,000 or a new contingent item under \$20,000.*
- Level 2 requires the approval of a District Engineer and may require approval from the Federal Highway Administration. It pertains to a change in a contract item between \$50,000 and \$100,000, a new contingent item between \$20,000 and \$50,000, or a final change order not meeting the criteria of Levels 3 or 4.*
- Level 3, a major change order, requires the approval of the State Project Operations Engineer and often approval from FHWA. It entails a change in a contract or contingent item over \$100,000, a new contingent item over \$50,000, a specification change, a revision in contract price, a change in a contract item amount or change in a major item over 25 percent, a change in design concept, a differing site condition, or any value engineering change orders.*
- Level 4, a major change order, requires the approval of both the Chief Engineer and the Chief Operating Officer as well as from all the previously mentioned approval levels. It entails additions greater than 50 percent if the original contract amount was \$500,000 or less, additions greater than 25 percent if the original contract amount was greater than \$500,000, or contract additions greater than \$1,000,000.*

*In MoDOT's construction management software, SiteManager, the reason for each item in a change order must be specified with a standard two-letter code that is inserted immediately after the item number. Thus, the costs of the various types of changes can be tracked.*

### **Auditor's Comment**

The focus of our audit was on the causes for change orders. We selected contracts with several change orders, which represented 27 percent of the total change order dollar value during our audit period. In analyzing what caused the change order line items, we found 59 percent were unavoidable and concluded division officials did all they could prior to contract award to ensure a correct design. For the remaining 41 percent, we focused on ways to improve management of the change order process to reduce change order occurrences and relevant processing costs. We concluded the state could have saved at least \$1.8 million with proper project management.

## **2. Better Controls and Procedures Would Help Ensure Design and Construction Funds are Used Effectively**

Department officials have not evaluated management systems to identify internal control weaknesses and to prevent errors and omissions in the design and preparation of construction projects. Control/procedural problems noted which contributed to the incidence of construction change orders include:

- Inadequate district design reviews
- Lack of documented project manager responsibilities
- Insufficient field checks
- Lack of a quality control system
- Lack of post-construction reviews

Based on discussions with department personnel and visits to two district offices, the auditors identified several control/procedural weaknesses that could be corrected to reduce the incidence and cost of avoidable change orders.

### **Inadequate district design reviews**

Improvement is needed in the review of design plans at the district level. Personnel in Districts 4 and 6 said they were not performing extensive design plan reviews on every project, partly due to time pressure from General Headquarters to award the contracts. The districts are responsible for providing General Headquarters with accurate and complete design plans. However, without proper reviews, district staff cannot be certain design plans sent to General Headquarters are accurate and complete.

District personnel said time pressure sometimes causes them to send designs to General Headquarters without correcting already detected errors. Change orders will result when design plans are sent to General Headquarters that have not been properly reviewed and knowingly have errors.

Department personnel at District 4 said they do not review consultant-prepared designs as extensively as they review design plans prepared in-house. Section 1-03.4 of the department's Project Development Manual states design consultants should be treated as an extension of the department. Therefore, reviews of consultant-prepared design plans should be as thorough as the reviews of design plans prepared by department personnel.

District 6 officials said they are in the process of incorporating a new "Quality Assurance Quality Control" system into their current review process and District 4 officials have established a Technical Service Group. Both of these controls are intended to help reduce design errors and quantity sheet errors/omissions. However, because these controls were recently implemented, their impact could not be determined yet.

## **Lack of documented project manager responsibilities**

The project managers are responsible for the proper design of individual construction projects. The department has not prepared written guidelines that specifically outline the project managers' responsibilities.

General Headquarters personnel said project managers sometimes tell them they do not fully understand their job duties and expectations. While District 4 personnel indicated the district's project managers have training sessions and annual meetings, at times these managers are still unclear about their responsibilities. District 6 personnel said they assume the district's project managers know their responsibilities when they begin their job because most of them are promoted from within. However, auditors determined that promoting from within does not necessarily mean within the same district.

The lack of documented project manager responsibilities has led to inconsistencies within the department. For example, districts are not consistent in how closely the project managers monitor the design consultants to ensure the contractual obligations have been met. Personnel at four districts contacted (Districts 4, 5, 6 and 8) said they each have different levels of communication between the project manager and the design consultants. Another inconsistency is the project managers' level of involvement in the project after the design is complete. District 6 leaves the extent of project manager involvement during the construction process to the discretion of each individual project manager. Therefore, even duties performed by the various project managers within a district may not necessarily be consistent.

Managing of  
project designs is  
inconsistent

A Design Division official said project managers are professionals with engineering licenses and therefore, the department should be able to rely on them to know and understand their responsibilities. However, considering the reports that some project managers are uncertain as to their duties and responsibilities and the need to achieve an adequate level of consistency within the department, the duties and responsibilities of the project managers should be clearly identified and documented.

## **Insufficient field checks**

General Headquarters personnel said district staff are not performing field checks on every project as required, due to lack of time, staff, and experience. In addition, the completed field checks are not always as thorough as needed.

The lack of adequate field checks allows design errors to go undetected prior to the award of a construction contract, resulting in the need for change orders. The department's Project Development Manual requires preliminary design and final field checks to be conducted. (*See Appendix II, page 24, for a further discussion of the field check process.*)



## **Lack of a quality control system**

Quality control concerns were noted in the Design Division and throughout the department. Design Division officials at General Headquarters have not established an effective quality control system to ensure district staff are adequately preparing or reviewing project designs before they are submitted to General Headquarters. While these Design Division officials process the project designs, they do not review the designs or approve them at any stage of the project's development. An effective quality control system is needed to ensure accurate and complete project designs are submitted.

During the period reviewed, department officials did not track and analyze the reasons change orders occurred. As a result, the cause for change orders is not adequately monitored to identify areas that need improvement. Such analyses would provide the opportunity to identify and address problems in the design and construction processes and could help reduce the incidence of change orders in future projects.

Department begins tracking reasons for change orders

Department officials have recognized the need to track reasons for change orders and said they implemented a system in April 2002. This information should be used to analyze the primary causes of change orders and identify areas of improvement.

## **Lack of post-construction reviews**

Department officials do not require post-construction reviews to identify problems and/or causes of project overruns. Such reviews could help the department avoid similar problems on future projects. Personnel from several districts (Districts 4, 5, 6 and 8) have said they are not performing post-construction reviews on a consistent basis due to a lack of time and an incentive for contractor participation.

Some district personnel stated they view post-construction reviews as not beneficial and a waste of time; however, personnel at General Headquarters believe post-construction reviews are beneficial. The department should review this matter, and if it is determined that post-construction reviews are beneficial and would help to reduce the incidence of change orders, such reviews should be required at the conclusion of each construction project.

## **Conclusion**

Various control and procedural weaknesses have contributed to the incidence of change orders. These weaknesses occurred because of time pressures, inconsistent reviews of projects, staff not following established procedures and lack of some quality controls.

## Recommendations

We recommend the Director, Department of Transportation:

- 2.1 Ensure district staff perform adequate reviews of all design plans and make necessary corrections before the plans are sent to General Headquarters.
- 2.2 Establish written guidelines that outline the specific duties and responsibilities of the project managers. These should include, but not be limited to, how closely the project managers monitor the design consultants to ensure contractual obligations have been met, and the project managers' involvement in projects after the design completion.
- 2.3 Ensure all field checks are performed according to the guidelines set forth in the Project Development Manual.
- 2.4 Establish an effective quality control system to ensure district staff are submitting accurate and complete project design plans to General Headquarters.
- 2.5 Evaluate the usefulness of post-construction reviews and take appropriate action to establish policy regarding these reviews.

## Department of Transportation Responses

- 2.1 *MoDOT has processes in place to perform adequate reviews of design plans and will continue to develop these processes through education, communication and oversight. It is incorrect to assume that all change orders result from inadequately reviewed plans. There are many factors involved in producing quality plans in a timely manner. MoDOT regards its review process to be reasonable and appropriate.*
- 2.2 *MoDOT disagrees with this recommendation. The department's project managers have a written job description allowing for differences in managerial style among project managers. Just as each project is unique and requires customized handling, MoDOT recognizes that each project manager will have a differing managerial style. Some "inconsistencies" in project design management are not only unavoidable, but are desirable, depending on the complexity of the project to foster an environment that promotes ingenuity and innovation.*
- 2.3 *MoDOT currently has guidelines in place for performing appropriate field checks, and will continue to do so. We will continue to encourage participation in field checks through education, communication and oversight.*
- 2.4 *MoDOT has processes in place to perform adequate reviews of design plans and will continue to develop these processes through education, communication and oversight as stated in 2.1.*

- 2.5     *We will implement post-construction reviews on sample projects during the next year, and then develop a process based on best practices found.*

### **3. Management of Design Consultant Activities Could Be Improved**

Management and accountability over design consultant services is not adequate. Control and procedural problems noted include:

- Lack of design consultant accountability
- No tracking of consultant reimbursements for design errors
- Inadequate design consultant evaluations

Design consultants are used on more than 50 percent of the department's projects. Department officials said time and manpower issues have led to an ever-increasing need to use consultants, which makes establishing adequate controls imperative.

#### **Lack of design consultant accountability**

While contracts with design consultants include provisions to hold the consultants responsible for negligent acts, errors, or omissions, department officials have not taken steps to ensure design consultants are held accountable for such actions.

Section (5)(C) of the consultant contracts provides:

“The Consultant shall be responsible for the professional quality, technical accuracy and the coordination of designs, drawings, specifications, and other services furnished under this Agreement. At any time during construction or during any phase of work performed by others based upon data, plans, designs or specifications provided by the Consultant, the Consultant shall prepare any data, plans, designs or specifications needed to correct any negligent acts, errors, or omissions of the Consultant or anyone for whom it is legally responsible in failing to comply with the foregoing standard. The services necessary to correct such negligent acts, errors, or omissions shall be performed without additional compensation, even though final payment may have been received by the Consultant. The Consultant shall provide such services as expeditiously as is consistent with professional performance. Acceptance of the services will not relieve the Consultant of the responsibility to correct such negligent acts, errors, or omissions.”

In addition, Section 15(B) of the consultant contracts provides:

“The Consultant shall be responsible for the direct damages incurred by the Commission as result of the negligent acts, errors, or omissions of the Consultant or anyone for whom the Consultant is legally responsible, and for any losses or costs to repair or remedy construction as a result of such negligent acts, errors or omissions; provided, however, the Consultant shall not be liable to the Commission for such losses, costs, repairs and/or remedies which constitute betterment of or an addition of value to the construction or the project.”

Department management has not established an adequate system to ensure design consultants are held accountable for errors as provided in these contract provisions. The department does not maintain central records of efforts to hold design consultants accountable. In response to our inquiry, department officials at General Headquarters called district office officials and identified 11 instances between May 1996 and February 2002 where they had made an effort to hold design consultants financially accountable for errors or omissions.

Developing an accountability system would help recover construction costs for which the consultant is responsible and also may help to decrease design errors. Department officials should also consider holding the consultants accountable for other costs, which result from their design errors, such as legal fees from litigation and the administrative costs of processing change orders.

### **Improvement is needed in tracking consultant reimbursements for design errors**

Department personnel do not track reimbursements received from consultants or those amounts being pursued due to errors made by design consultants. As a result, auditors were unable to determine the extent of reimbursements or possible accounts receivables, or if department staff are making consistent efforts to collect costs resulting from consultant errors.

A tracking system would provide the following benefits:

- Quantify the extent of collections and possible accounts receivables
- Demonstrate that the department is holding design consultants accountable for their errors
- Provide a tool for selecting design consultants for future projects

### **Design consultant evaluations can be more effective**

Department officials use an evaluation form to rate the performance of design consultants. However, the rating system used on these forms is vague and does not effectively reflect the actual performance of a consultant on a particular project. The department has not provided descriptions of what the various ratings mean, directions on how to complete the evaluation form, or require the evaluator to include any documentation or explanation supporting the ratings. In addition, a time frame has not been established for when the evaluations need to be completed or guidelines for approving the evaluations.

Rating  
system is  
vague

Some district staff do not complete the required consultant evaluations on every consultant designed project. District 6 officials allow project managers and resident engineers to decide if evaluations are completed. In addition, the staff in that district do not discuss the evaluations with the consultants.

The department's Project Development Manual provides, "...once a consultant has completed the work described in the contract, an evaluation form must be completed, shared with the consultant and submitted to the General Headquarters...It is imperative this information be

shared with the consultant. In this way, each consultant's strengths and areas for improvement can be identified and the quality of services can be improved."

Department officials use the evaluations in a subjective manner, and consider them as only "a starting point" for examining consultant performance. Department personnel stated they also rely on the verbal "opinions" of the evaluators to determine whether a consultant should be used again. According to one district official, the department's past working relationship with a firm plays a big part in the selection of consultants.

While Design Division officials have indicated they are currently reviewing the evaluation forms and their usefulness, the current forms and process are inadequate and do not provide for objectivity in the evaluation of design consultants. Improvements in the current consultant evaluation process should include, but not be limited to (1) establishing guidelines for consistently completing and approving evaluations, (2) requiring adequate documentation to support the ratings, (3) establishing a time frame for having the evaluations completed and submitted to General Headquarters, and (4) ensuring the evaluations are discussed with the consultants as required.

## **Conclusion**

Design consultants are used for over half of the design work in the department. Although they are professional design firms, the department still has a responsibility to monitor the quality of design firm work and take action when design problems are found. The department's practices for using design consultants needs to include a quality control review to ensure that design funds are used effectively and efficiently.

## **Recommendations**

We recommend the Director, Department of Transportation:

- 3.1 Establish a system to ensure design consultants are held accountable for their errors and omissions in accordance with contract provisions.
- 3.2 Establish a system or procedures for tracking money reimbursed or being pursued by the department from design consultants as a result of consultant errors or omissions.
- 3.3 Take action to improve the current design consultant evaluation process to make it more objective and reflect the consultants' actual performance.

## **Department of Transportation Responses**

- 3.1 *We deem our current processes to be reasonable and appropriate. MoDOT holds consultants financially accountable for their errors and we evaluate their performance. It is correct that MoDOT has not maintained centralized records of cases where design consultants are accountable for errors.*

*While the report states that design consultants are used on more than 50 percent of MoDOT projects, there are so few cases (11 instances between May 1996 and February 2002) where we need to hold the consultant financially accountable for errors that we have not deemed it necessary to create a centralized tracking system. MoDOT records this type of data and can easily retrieve it, as we did at the SAO's request.*

*3.2 MoDOT agrees and is currently establishing a system to track payments consultants make to address their errors.*

*3.3 MoDOT has processes in place to evaluate consultants and will continue to develop these processes through education, communication and oversight.*

*The boxed comment "rating system is vague" is questionable. MoDOT views the rating system as easy to complete. Since this is a professional service issue, the rating must be subjective enough to truly describe the performance of the consultant. MoDOT would like to see greater project manager and resident engineer participation in the evaluation process, and will take the appropriate action to ensure its implementation.*

#### **4. Other Matters**

Auditors received several complaints from construction contractors regarding the timeliness of payment for work completed on change orders. One major concern in the complaints was that although the work had been agreed upon and completed, payment was delayed while disputes over the cost and time to complete were resolved with the department. We did not include timeliness of payments as an objective in this audit and therefore did not conduct tests to verify the contractors' complaints as a part of this audit. The matter will be analyzed and considered for a future audit.

#### **Department of Transportation Response**

*MoDOT regards payment for a job properly done as a serious and binding obligation. We are always open to any complaints having to do with timely payment. Over the years, on the few occasions when a complaint was voiced, we consistently asked for specifics. To date, no contractors have come forward to verify such a complaint. MoDOT is not aware of any specific instance where work was completed before the cost and time to complete were resolved with the department.*

*Resident engineers are to obtain a signed change order before allowing the work to be completed. In an emergency, a verbal approval to proceed may be obtained if the cost and time is agreed upon. A change order is to be completed and signed as soon as possible, even in the case of an emergency.*



**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The objectives of this audit were to (1) determine why change orders were occurring, (2) determine the extent change orders could have been avoided, and (3) identify any system/control weaknesses contributing to the incidence of change orders.

**Scope and Methodology**

The auditors concentrated on construction activity and the related change orders during the period January 1, 2000, to June 30, 2001. The audit included gaining an understanding of the project design process, pre-award construction activities, and the change order process.

The auditors selected and concentrated their examination on 8 construction contracts, which involved 100 change orders, including 796 separate line items. The change orders authorized over \$12 million in additional construction costs. This \$12 million represents approximately 27 percent of the \$45 million in change orders issued for all department construction contracts during the 18-month audit period. These eight contracts were administered through Districts 4, 6, 8, and 9.

The auditors reviewed substantially all of the change orders for the eight contracts examined. In addition, they reviewed any significant change orders issued between June 30, 2001, and the date the project was reviewed. The audit involved work primarily at General Headquarters and visits to the district offices in District 4 (Kansas City) and District 6 (St. Louis).

Based on the review of the records and extensive discussions with department personnel at the General Headquarters and districts, the auditors determined the reason for each change order line item and whether the item could have been avoided.

## **BACKGROUND**

### **Change orders**

While it is recognized that change orders will likely occur on any construction contract, it is preferable to keep them to a minimum to:

- Ensure the maximum amount of construction costs are subjected to competitive bidding procedures
- Reduce the effect of change orders on the department's planning process
- Reduce the amount of administrative time and effort in processing change orders

The department's General Construction Manual describes a change order as “a supplement to the contract. It is prepared to provide authority to pay for revisions in quantities and to authorize changes in scope of work, design concept or specifications.” Change orders can either increase or decrease the cost of a project, depending on the nature of the change order. Typically, change orders result in an increase in the overall project cost.

Between January 1, 2000, to June 30, 2001, department officials approved change orders, which increased total costs on construction projects by approximately \$45 million.

### **Project design and pre-award construction process**

There are various elements involved in the department's project design and pre-award construction process. The following information explains some of the key elements in this process. These elements include:

- Surveying
- Staking
- Itemized quantity sheets
- Project design plans
- Field checks

#### **Surveying**

Surveying is one of the first stages in the project design process and occurs before a project's design is prepared. The purpose of surveying is to obtain key measurements, locations, and control points that will be used in preparing design plans. This procedure occurs at the actual field location where the project's construction will take place and is generally performed by a group of district Design Division personnel, referred to as a survey party.

All measurements, locations, and control points obtained by the survey party are required to be double-checked for accuracy. In addition, after a project's design has been awarded

## **APPENDIX II**

to a contractor, the district's Construction Division survey party will rerun all measurements, locations, and control points again for accuracy before the project's actual construction begins. While department officials have outsourced these surveying procedures in some instances, Construction Division personnel usually perform them.

Surveying is a very important element of the design process. The accuracy in taking the applicable measurements is critical to the overall accuracy of the design plans. Undetected surveying errors and/or the lack of adequate surveying procedures have an adverse effect on a project's design plans, creating a need for change orders to correct any errors.

### **Staking**

Staking procedures establish visible reference points for a project's construction, and occur after the project's design is complete but prior to the start of actual construction. These procedures involve physically placing stakes at predetermined locations in the field where construction will take place. Since this process occurs after the completion of a project's design, the accuracy of the staking relies, in part, on the accuracy of the design plans and survey work.

A district's Construction Division personnel are responsible for performing all staking procedures; however, these procedures are sometimes outsourced to the contractor handling the project. All staked locations are required to be double-checked for accuracy.

The accuracy of the staking procedures is critical in constructing a project. The construction crew uses the staked locations in determining where specific elements of a design are to be constructed. Undetected staking errors will affect the accuracy of a project's construction and create a need for change orders to correct any problems.

### **Itemized quantity sheets**

Quantity sheets detail all materials necessary to complete the construction of a project based on its design. There are two itemized quantity sheets for all designs; the 2B sheet is prepared initially and used in the subsequent preparation of the 2A sheet. The 2B quantity sheet is prepared by the project's designer and consists of a detailed summary of all quantities in relation to their location in the project design. After preparation by the designer and review by the applicable district office, it is submitted to the General Headquarters. The 2A quantity sheet is prepared by Design Division personnel at General Headquarters and consists of a summary listing of all items necessary to construct a project. Both quantity sheets are included in a project's design plans and the 2A sheet is used to prepare the bid documentation, which is provided to prospective contractors.

## **APPENDIX II**

Quantity sheets directly reflect the actual materials needed for the proper completion of a project. In addition, the materials included in the quantity sheets reflect the materials included in the bids of contractors. Undetected quantity sheet errors, caused by the omission of needed quantities or mistakes in the quantity sheets, affect the accuracy of the overall design plans and contract specifications and create a need for change orders to correct any problems.

### **Project design plans**

A project design plan generally consists of several pages of engineer drawings that identify the measurements, locations, slopes, and structures to be constructed on a project. Either district Design Division personnel or a design consultant prepare the design plans for road projects. The department's Bridge Division at General Headquarters is responsible for all bridge designs. At times, Bridge Division officials will also outsource bridge design plans to consultants.

The accuracy of design plans is critical in avoiding change orders. Design errors occur when something is omitted from the plans, which is necessary for the project's construction or by making a mistake within the design plans. Design errors that are not detected prior to the letting and award of the construction contracts create the need for change orders to correct any errors that are subsequently detected.

### **Field checks**

Field checks are part of a project's design phase. Preliminary, design, and final field checks should take place during a project's design. These field checks are conducted by district personnel, and are performed by physically walking the project construction site and comparing the design to the actual field conditions. The purpose of field checks is to ensure the design plans and the construction site are compatible for construction.

Field checks are an important control in verifying the accuracy of the design plans. The lack and/or inadequacy of field checks allow for inaccuracies in the design plans to go undetected. If plans are not accurate or compatible with actual field conditions, adjustments will be necessary, resulting in the need for change orders.



**ADMINISTRATION OF WORKERS'  
COMPENSATION PROGRAM**

**From The Office Of State Auditor  
Claire McCaskill**

*The workers' compensation program did not always ensure injured parties received timely medical and temporary disability benefits.*

**Report No. 2002-95  
September 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

September 2002

**State officials have not required employers/insurers to report injuries within required timeframes resulting in delayed payments to employees**

This audit evaluated if the management of the state's workers' compensation program ensures the timely payment of benefits to employees with work-related injuries and illnesses. State law requires employers/insurers to report these injuries to the state workers' compensation division within 10 days of learning of an accident.

**Vast majority of injuries reported late or not at all**

During the 4-year period reviewed, auditors found employers/insurers failed to report 93 percent of employees' injuries within the prescribed 10 day period, which delayed employee benefit payouts and increased case costs by nearly \$300 million. In addition, 249,238 of the 428,495 delayed cases were not reported within 30 days and 14,660 were never reported. (See page 2)

**Division officials have not enforced state workers' compensation laws**

State law allows fines and penalties for employers/insurers who report injuries late, but division officials did not have authority to use these sanctions to improve reporting compliance except through prosecution. However, officials did not send warning letters to persistent violators as some states do, and did not refer these violators to the Attorney General's office for prosecution. Division officials said they could be more effective if they had the authority to penalize entities without going through the Attorney General's office, as is done in other states. Current law only allows the Attorney General to prosecute and assess penalties. (See page 4)

**Delays in medical benefit payments resulted in significant hardships**

Some employees did not receive timely medical or lost wage benefits after incurring injuries, because their employers/insurers disputed their claims. State law does not provide protection for injured employees when employers/insurers deny or dispute claims. When employers/insurers dispute claims, employees may have to wait several months or years for a binding ruling by a division judge to receive benefits. (See page 8)

**Administrative improvements needed in the workers' compensation program**

While visiting regional adjudication offices, auditors noted claimants without attorneys did not always know why they were invited to conferences in which critical decisions may

YELLOW MOTHS SHEET

be made about their benefits. Although division staff send each claimant a "Notice of Conference" letter, the letter did not inform the claimant of the nature or reason for the conference. The letter also failed to inform claimants of their rights under state workers' compensation laws. Without this information, claimants may make decisions that could negate their ability to obtain further medical or other benefits. (See page 11)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# **ADMINISTRATION OF WORKERS' COMPENSATION PROGRAM**

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
1. Employers and Insurers Frequently Reported Injuries Late Resulting in Higher Case Costs and Delayed Payments to Employees .....	2
Conclusion .....	6
Recommendations.....	6
2. Timely Benefits Were Not Always Provided to Claimants .....	8
Conclusion .....	10
Recommendation .....	10
3. Administration of the Workers' Compensation Program Could Be Improved .....	11
Conclusion .....	12
Recommendations.....	12
<b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	13
II. BACKGROUND .....	14
III. EXCERPTS FROM INJURED EMPLOYEE COMPLAINT LETTERS.....	15





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Catherine B. Leapheart, Director  
Department of Labor and Industrial Relations  
and  
Lawrence D. Leip, Director  
Division of Workers' Compensation  
Jefferson City, MO 65102

The State Auditor's Office audited the state's workers' compensation program. The audit objectives were to assess the vulnerabilities of the workers' compensation program and determine if the program was managed efficiently and effectively to ensure timely benefits to injured employees.

We concluded improvement was needed to ensure injured employees properly received their benefits. Audit tests disclosed (1) 93 percent of employee injuries for closed cases were reported late during the 4-year period ended June 30, 2001, resulting in untimely benefits and increased case costs, (2) missing benefit cost data and untimely employer/insurer benefit reporting resulted in the inability to determine if benefits were paid or paid timely, and (3) various administrative issues impacted case processing timeliness and effective program management.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John B. Mollet
In-Charge Auditor:	Benjamin Douglas
Audit Staff:	Danielle Freeman

## **RESULTS AND RECOMMENDATIONS**

### **1. Employers and Insurers Frequently Reported Injuries Late Resulting in Higher Case Costs and Delayed Payments to Employees**

During fiscal years 1998 through 2001, employers, insurers and some state agencies did not report 428,495 of 459,673 (93 percent) employee injuries for closed cases within 10 days of knowledge of an accident as the law requires. Of the cases not properly reported:

- 413,835 (97 percent) were not reported within 10 days of which 249,238 were still not reported within 30 days.
- 14,660 (3 percent) were not reported.

Non-complying employers and insurers could continue to do so because Division of Workers' Compensation (division) personnel did not refer persistent late reporters to the Attorney General's office for prosecution. The failure of employers/insurers to properly report cases affects the timeliness of employee medical and temporary disability benefits and results in higher case costs. In addition, division officials did not have sufficient information to determine if compensation claims were paid on time or at all.

#### **Law governing late injury reporting**

Section 287.380, RSMo 2000 requires employers/insurers to report work related injuries to the division within 10 days after knowledge of an accident. It also requires employers/insurers to report medical and temporary disability cost data to the division, as the division shall require. According to the law, those violating the injury-reporting and cost-reporting requirements are guilty of a misdemeanor and subject to a penalty of \$50 to \$500, or a week to a year in county jail or both, on conviction.

Section 287.400, RSMo 2000 provides that upon receipt of notice of an accident, division personnel must notify injured employees suffering lost time or permanent disability of their rights. Injured employees with no lost time or no permanent disability are provided a letter informing them an injury report was filed and their options. The employer/insurer should notify the division as soon as benefit payments are started and terminated. In the event a dispute arises between the employer/insurer and the employee regarding benefit payments, the division should assist the employee in filing a claim and securing an early adjudication of the case.

Section 287.140, RSMo 2000 requires employers to provide medical care to injured employees and provides the employer the right to select the treating physician, surgeon, chiropractic physician, or other health care provider. The law also provides that the employee shall have the right to select his own physician, surgeon, or other such requirement at his own expense.

## Most injury reports were reported late and some not at all

An analysis showed 428,495 of 459,673 (93 percent) of closed cases were reported late (more than 10 days) or not reported at all. According to the division's employer manual, "Recent studies conducted by the insurance industry show that an injury reported 15 to 21 days after an accident will typically have 19 percent longer disability duration and 18 percent higher costs than one reported within 7 days." Auditors used Department of Labor and Industrial Relations (department) and division data for fiscal years 1998 through 2001 to determine case costs (costs include temporary disability, medical, and death benefits). Auditors calculated a 28 percent cost increase (\$426 more) per case for cases reported after 10 days and a 554 percent cost increase (\$8,344 more) per case for cases not reported at all as shown in Table 1.1.

Nearly \$300  
million in  
extra costs

**Table 1.1: Analysis of Case Timeliness and Costs**

Description of Activity (1)	Number of Cases (2)	Total Case Costs (3)	Average Per Case Cost (3) ÷ (2)	Average Per Late Case Cost Increase
Reported on-time	31,178	\$ 46,924,787	\$ 1,505	
Reported Late (>10 days) <sup>1</sup>	413,835	799,232,654	1,931	\$ 426
Not reported	14,660	144,387,619	9,849	8,344

<sup>1</sup> 249,238 of these cases representing \$527 million in total costs were not reported within 30 days.

Source: Department and division cost data

Auditors compared the average cost to process cases reported timely to the average cost to process cases reported late or not reported to determine cost increases. To obtain the overall cost increase for cases reported late or not reported, auditors multiplied the increase in average case cost for cases reported late by the total number of cases reported late or not reported. Of the \$990 million total workers' compensation costs during our audit period, more than \$298 million (30 percent) were actual extra costs for cases reported late and cases not reported (\$426 x 413,835 plus \$8,344 x 14,660).

In addition to most cases being reported late, some cases were not reported at all or until the injured employee filed a claim. For example, an employee was not receiving benefits because the employer did not file an injury report with the division. As a result, the employee who was eligible for benefits was not receiving them. The employee contacted the division's mediation unit which confirmed the employee's eligibility. The employee began receiving benefits about 45 days after the injury occurred.

### Some state agencies also reported injuries late

Six state agencies reported injuries late for 25 percent (2,643 of 10,436 cases) of cases reported during fiscal years 1998 through 2001. Injuries reported late resulted in overall higher costs to the state.

The Central Accident Reporting Office (reporting office), a unit within the Office of Administration, administers the state's workers' compensation program for most state agencies. According to a reporting office official, agencies reporting late are contacted to determine the reason and to encourage timely reporting. The official stated the agencies give various excuses for not reporting injuries timely.

### Division officials have not effectively used sanctions against late reporting employers/insurers

Although state law provides for fines and penalties for employers/insurers who report injuries late, the law does not provide legal authority to the division to impose and collect fines or to impose penalties, as allowed in other states. As a result, the division would have to refer such cases to the Attorney General's office for criminal prosecution. However, such referrals have not taken place nor have persistent violators been sent warning letters. Violators are only sent a letter regarding the need to submit an injury report when an employee files a claims and no report on this injury was previously submitted. For example, the top 10 employers and top 10 insurance carriers listed in Table 1.2 accounted for almost 41 percent of the 416,063 open and closed cases reported late for the 4-year period covered in our review. None of these entities had been referred for prosecution.

**Table 1.2: Top Ten Employers/Insurers Who Reported Injuries Late And Total Number Of Injuries Reported Late**

<b>Top 10 Employers</b>	<b>Injury Total</b>	<b>Top 10 Insurers</b>	<b>Injury Total</b>
Wal-Mart	6,930	Liberty Mutual Insurance Company	23,397
City of St. Louis	4,049	Missouri Employees Mutual	20,238
Trans World Airlines	3,692	Travelers Insurance	18,411
Ford Motor Company	3,499	Kemper Insurance Group	14,080
Fulton State Hospital	3,356	Insurance Company of Pennsylvania	12,669
United Parcel Service	3,136	Zurich North America	9,531
Tyson Foods	2,991	CNA Insurance	9,454
Curators of the University of Missouri	2,624	Hartford Insurance Group	9,449
St. John's Mercy Health System	2,418	Employers Insurance Wausau	9,083
City of Kansas City	<u>2,392</u>	American Compensation Insurance	<u>8,835</u>
Total	<u>35,087</u>	Total	<u>135,147</u>

Source: Auditor analysis of department and division data

The division director acknowledged that primarily because of his prolonged illness, changes to the division's policy prohibiting referrals were not made, since he took the position in August

2000. As a result, employers/insurers were not held accountable for timely reporting and could continue noncompliance. He stated that the policy regarding referrals has been reversed and referrals will be made in the future. He indicated the Attorney General's office has already been contacted. The division director also stated current penalties for untimely reporting would be sufficient deterrents to non-compliance if the division had authority to apply them as administrative civil penalties per occurrence. Current law only provides for the Attorney General to seek the penalties. The division director noted further that some late reporting by insurance companies may be the result of the insured employer reporting late to the insurance carrier.

Oklahoma and Tennessee law gives these state's workers' compensation divisions authority to impose fines and penalties on employers/insurers who violate reporting requirements. According to an Oklahoma state official, repeat offenders are tracked and sent a letter regarding penalties the division could impose. The official said this process has been effective, since the state has never had to issue a fine. A Tennessee state official said a letter reminding employers/insurers of the fines and penalties generally causes them to correct the problem. The Missouri division director stated, California, New York, Colorado, and Wisconsin also provide sanctioning authority to their workers' compensation divisions without involving the Attorney General's office.

Other states have more effective penalty assessment procedures

### **Employers, insurers and state agencies were not properly reporting all medical cost data**

Benefit cost data for 163,152 of 432,619 (38 percent) closed medical cases<sup>1</sup> and 25,646 of 77,988 (33 percent) closed temporary disability benefit cases,<sup>1</sup> were not included in the division's database for the period covered in our review. Without the cost data, division personnel could not determine if (1) medical and temporary benefits to injured employees should have been paid, (2) were paid, or (3) were paid timely. This weakness diminishes the division's ability to efficiently and effectively administer the workers compensation laws. For example, the law provides the division can add a 10 per cent per annum interest penalty to uncontested weekly benefits if payments are made more than 30 days after the due date.

The law requires employers/insurers to pay medical benefits at the time of injury and temporary disability benefits after a 3-day wait following a work related injury. Analysis of division data identified an additional 20,148 injured employees who may not have received eligible benefits until at or after final case settlement. Proper reporting of cost data would have allowed division personnel to determine if the payments were made timely. Payments could have been made prior to case settlement for these cases, but the division received no payment information prior to the settlement or received incomplete information on specific payments at settlement. As a result, since the payment dates were unknown, records listed benefits paid at or after case settlement.

According to the director, in all cases with a docket setting the injured employee is asked if all medical and temporary benefits were paid. If not, the issue is addressed by the administrative

---

<sup>1</sup> Not including cases involved with work related diseases.

law judge or legal advisor with the insurance company. However, he acknowledged that the majority of cases are administratively closed and are not placed on a docket. As a result, if cost data is not properly reported, when requested, in these cases division staff do not know if the costs were paid or paid timely. As is the case with late injury reporting, the law prescribes a penalty for employers/insurers that do not report benefit cost data as required; however, the division does not have authority to impose sanctions and prosecution would have to be handled through the Attorney General's office.

Because final case settlement could take several months to several years after an injury occurs, it is important for division personnel to know when the payments were actually made. Analysis showed the average time to settle a case for the period covered in our review was 1 year.

The division director said he could not refer violators to the Attorney General's office because he did not have the information to determine the accuracy of cost data reported or the status of non-reported data. He said the division was sending letters to confirm cost data, but the frequency of the letters has been reduced due to limited resources. As a result, division personnel do not know if employers/insurers reported cost information correctly or even report such data. The director also said cost data is not submitted electronically, and he is exploring options for obtaining cost data in this way.

## **Conclusion**

Employers/insurers, under threat of penalty, are required to report injuries to the division within a prescribed time period following accidents and to report medical and temporary benefit costs as the division requires. However, the majority of injuries reported were reported late with many of them reported significantly late. Late injury reporting increases case costs and delays the benefits due to injured employees. Late injury reporting has continued to occur because division officials have not referred persistent violators to the Attorney General's Office for prosecution.

## **Recommendations**

We recommend the Director, Department of Labor and Industrial Relations:

- 1.1 Send letters reminding employers/insurers and state agencies of the penalties for failing to report injuries and cost data for reporting late.
- 1.2 Refer persistent violators to the Attorney General's office for prosecution.

We recommend the General Assembly:

- 1.3 Amend Section 287.380, RSMo 2000 to give the division authority to enforce specified sanctions against late reporters without having to prosecute through the Attorney General's Office, and clarify statutory language to show sanctions can be assessed per occurrence.

## **Department of Labor and Industrial Relations Responses**

- 1.1 The Division will revise the letters to employers/insurers to include a reference to the penalties for failing to report injuries and for late reports of cost data. The Division is currently preparing a list of CY 1999-2001 data on late reporting to send such information to the insurance carriers doing business in the State of Missouri.*
- 1.2 The Division started this in June 2002.*

## **2. Timely Benefits Were Not Always Provided to Claimants**

Employers/insurers did not always provide timely medical and temporary disability benefits to injured employees because they denied or disputed employee injury claims. State law does not provide protection for an injured employee when employers/insurers deny or dispute the employees' claim. Employers/insurers are not required to pay benefits for denied or disputed claims prior to a division judge's binding ruling or final case settlement. A binding ruling or settlement could take several months or years resulting in delayed medical care and temporary disability benefits.

### **Law governing timely medical and temporary benefit payments**

Section 287.140, RSMo 2000 requires in addition to all other compensation, the injured employee shall receive and the employer shall provide all such medical treatment as may reasonably be required after the injury or disability to cure and relieve from the effects of the injury.

Section 287.160, RSMo 2000 provides after a 3-day wait, temporary disability benefits shall be payable as wages were paid prior to the injury, but in any event at least every 2 weeks. Temporary and final lump sum benefit payments made more than 30 days after becoming due shall be increased by 10 percent simple interest per annum provided the payments are not contested by the employer/insurer.

In addition, Section 287.460, RSMo 2000 allows for hearings or mediations to settle disputed (denied) cases. However, the law does not provide criteria for employers/insurers to meet when disputing or denying claims. As a result, employers/insurers can deny or dispute claims at any time without having to provide medical or temporary benefits until there is a division judge's binding ruling or final case settlement. There are no penalties for routinely denying claims to avoid or delay payment unless a hearing is held and a judge determines the claim should not have been denied. The division director stated the number of hearings held is very low compared to the number of employee claims.

Employees receive a notice of rights letter when they file a claim or the division receives information the injury involves the payment of temporary total disability benefits or permanent disability benefits. The division's dispute management staff work with injured employees to resolve issues of obtaining medical treatment or the payment of temporary total disability benefits. The division's adjudication staff conduct docket settings to assist all parties in resolving workers' compensation disputes.

### **Not receiving timely medical and temporary benefits can impose significant hardships**

The following excerpts from injured employee files show examples of hardships injured employees suffered because they were not provided timely medical and or temporary disability benefits.



## **Examples of cases with untimely benefit payments<sup>2</sup>**

### **Excerpts from letter to the Division of Workers' Compensation from claimant's attorney dated December 12, 2000 (injury occurred on June 29, 2000)**

*On November 28, 2000, a hardship hearing was scheduled before a division judge with issues for resolution the payment of temporary total compensation and the furnishing of medical treatment. On November 27, 2000, the employer and insurer agreed to pay the temporary total compensation and provide medical treatment rather than proceed with the hardship hearing. The claimant had shoulder surgery on December 11, 2000. The employer/insurer still has not paid temporary total compensation which is due and owing from July 3, 2000, up to and including the present time. During this over 5-month period of time, the claimant has had no income and the insurer still has not paid the temporary total compensation.*

### **Excerpts from claimant e-mail to the Governor's office dated April 17, 2000**

*I am needing help with my workman's comp case. My lawyer doesn't seem to be helping on getting my back compensation that is owed to me even though I have had an MRI showing the injury and a doctor's statement stating that injury happened when working on the job. I have a family of five that I can no longer support. This case has been going on for almost a year. My wife now gets food stamps and the cash to help. For our family we receive \$506 a month for the food and \$388 a month on the cash. That helps but the housing cost us \$378 a month for rent alone. I don't know where else to turn we have pawned a lot just to try to keep up when we shouldn't even be on the welfare system if the insurers would stop dragging their feet and pay me. I don't know where else to turn to get the ball rolling so we can live again not on the system. I would like any suggestions on what to do.*

### **Excerpts from division mediation unit case file (shows untimely benefits resulting from injury non-reporting)**

*The employee, was a laborer for a landscaping contractor in the area. He said that he had injured his neck, back and left shoulder while lifting heavy bags of fertilizer and grass seed on May 8, 1999. He said that his employer refused to provide any medical treatment to him, refused to report the injury to its workers' compensation insurer and had fired him when he continued to request medical treatment.*

*Since no report of injury was on file with the division, a case file was set up and injury number assigned based upon the information supplied by the employee over the telephone. The mediator informed the employee that the division had no jurisdiction over the issue of the legality of the termination of his employment. However, the employee's right to seek the benefits afforded by this State's Workers' Compensation Law indeed*

---

<sup>2</sup> We edited narratives to protect identities, and for clarity purposes where needed. Grammar corrections were not made.

*continues even if the job does not. The same day, the mediator spoke with a claim representative of the employer's workers' compensation insurer and was told that the insurer had received no first report of injury from the employer but the claim representative would query the employer in order to establish a file and begin its investigation. On July 23, 1999, the claimant called the mediator to report that he had begun receiving Temporary Total Disability Benefits (TTD) and medical care authorized by the employer/insurer.*

According to division officials, lack of employers/insurers providing timely medical and temporary disability benefit payments to claimants is a significant problem. Staff from the division's mediation unit estimated about 90 percent of mediation cases are related to medical and/or temporary disability benefit payments.

Additional excerpts from case files are shown in Appendix III, page 15.

## **Conclusion**

Employees were not always provided timely medical and temporary disability benefits because employers/insurers sometimes denied or disputed employee injury claims or delayed payment. As state law is currently written, there are no criteria for employers/insurers to meet in denying claims. As a result, when claims are denied or disputed, employers/insurers are not required to pay benefits until after a division judge's binding ruling or final case settlement.

## **Recommendation**

We recommend the General Assembly:

- 2.1 Amend labor laws to require employers/insurers to begin and continue to pay medical and temporary benefits unless specific criteria are met for disputing/denying/delaying payment. Unless specific criteria are met by the employer/insurer benefit payments should continue until a division judge's binding ruling or final settlement. Provide sanctions for violating established criteria

### **3. Administration of the Workers' Compensation Program Could Be Improved**

Better support is needed for and better communication is needed with workers' compensation claimants.

- Letters to un-represented claimants (those without attorneys) regarding case review and settlement conferences did not contain sufficient information.
- Injury reports are not required to be filed electronically with the division as is the case in some other states.

As a result, some un-represented claimants were not informed of the purpose for the conferences or aware of why they were asked to attend, and case processing was delayed.

#### **The division does not provide sufficient information to claimants without attorney representation regarding conferences they are asked to attend**

During visits to regional adjudication offices, auditors noted un-represented claimants were not always aware of why they were asked to attend conferences. For example, at one location, a claimant attending a conference had no idea what the conference was about or why she was asked to attend. Division officials agreed that un-represented claimants sometimes do not know why they are asked to attend conferences at division offices.

The division sends each party a "Notice of Conference" letter, which states the date, time, and place of the conference and lists the parties that should be in attendance. The "Notice of Conference" letter does not include what the conference is about or why a claimant has been asked to attend. More importantly, the letter does not provide any information regarding issues on which the claimants may need to make a decision. The letter fails to inform claimants of their rights under state workers' compensation laws. As a result of these weaknesses, division judges, who cannot provide legal advice, must spend extra time explaining the process and claimant's rights. At the conferences, where employers/insurers were required to have attorneys, some claimants may have been expected to make decisions regarding the settlement of their case. The decisions made when a claimant's case is settled are critical because after the case is settled the claimant is generally not entitled to further medical or other benefits.

We suggest adding the following or similar language (taken primarily from other division letters) to the "Notice of Conference" letter.

Each of the above parties is hereby notified that the above captioned case is set for conference, and all parties should be present at the time and place specified below. This conference is set to determine status of employee health and if the employee has received benefits he/she is eligible for under Missouri Workers' Compensation law. Those benefits, in most cases, include:

- Medical care (When necessary to treat the injury. The employer has the right to choose who will provide medical treatment.)

- Payment for lost wages while off work. (Usually two-thirds of your actual wages.)
- Payment for permanent disability, if any. (Available after completion of medical treatment and your injury results in a permanent disability. A doctor generally will evaluate a permanent disability.)

### **Missouri does not require employers/insurers to report injuries electronically**

Although the division has a system and capability to receive injury reports electronically, the state does not require employers/insurers to report electronically as some other states do. As a result, employers/insurers submit only about 60 percent of the required information electronically. According to agency officials and our analysis, submitting required information electronically was generally more timely and efficient. For example, analysis shows that for 3 of the 4 years covered in our review (except for the first year of system implementation), injuries reported electronically were reported on average 6 to 11 days faster than injuries reported manually.

The law requires employers/insurers to report injuries to the division within 10 days after knowledge of the injury. Division officials stated they do not have clear statutory authority to require electronic reporting. The officials said they are currently looking into the legality of establishing such a rule, but at the time of our report no decision had been reached.

### **Conclusion**

Administrative weaknesses hinder the efficient and effective management of the program. As a result, insufficient information provided to some injured employees may hinder them making fully informed decisions during case settlement conferences. Also, electronic reporting would enhance timeliness.

### **Recommendations**

We recommend the Director, Department of Labor and Industrial Relations:

- 3.1 Restate the employees' rights under the workers' compensation law in the "Notice of Conference" letter and clearly state the purpose for the conference.
- 3.2 Require employers/insurers to submit injury reports electronically.

### **Department of Labor and Industrial Relations Responses**

- 3.1 *The Division has complied with this recommendation. The revised notices have been in use since June 2002.*
- 3.2 *The Division is drafting a rule to require this and anticipates it will be in effect in 2003.*

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The audit objectives were to assess the vulnerabilities of the workers' compensation program and determine if the program was managed efficiently and effectively to ensure timely benefits to injured employees.

### **Scope and Methodology**

To accomplish the audit objectives we:

- Reviewed state laws and regulations that govern the workers' compensation program.
- Reviewed division policies and guidelines that govern operations of the division and its eight regional adjudication offices.
- Interviewed officials from division headquarters and each of its eight adjudication offices to determine policies and practices in implementing the workers' compensation program.
- Interviewed officials from the state Attorney General's Office, the Department of Insurance, and the Central Accident Reporting Office.
- Contacted other states and obtained reports regarding workers' compensation issues.
- Contacted Department of Labor and Industrial Relations information systems officials and obtained statistical data on processing employee injuries from July 1, 1997, through June 30, 2001, and developed analyses based on the data provided.
- Reviewed reports on workers' compensation issues developed by the Workers' Compensation Research Institute.
- Reviewed injured employee complaint letters submitted to the division through various sources.
- Observed conferences, case settlements, and court hearings during visits to adjudication offices.

Our analysis focused on the efficiency and effectiveness of the workers' compensation program to provide timely benefits to injured employees, and included such things as the timeliness of injury reporting and case processing, and costs associated with case processing.

**BACKGROUND**

The Department of Labor and Industrial Relations - Division of Workers' Compensation (division) is responsible for providing prompt and equitable adjudication of all cases of injury that are reported. The division administers the Workers' Compensation Law, Chapter 287, RSMo 2000 to ensure injured employees receive prompt and adequate medical treatment, and payment of wage loss benefits. Division personnel also ensure compensation for permanent disability and physical rehabilitation for the severely injured by providing assistance to injured workers by filing claims and conducting hearings to resolve disputes between employers and employees relating to workers' compensation benefits. Division operations are funded by a tax, not to exceed 2 percent, on each employer's net workers' compensation insurance premiums and on calculated equivalent premiums for self-insured employers.

A division director administers the workers' compensation program with the assistance of a deputy director, a chief legal advisor, and eight chief administrative law judges. The chief administrative law judges are assigned to adjudication branch offices located in Cape Girardeau, Jefferson City, Joplin, Kansas City, St. Charles, St. Joseph, St. Louis, and Springfield. In addition to the branch office locations, legal proceedings are scheduled in 43 other locations. As of February 2002, legal staff consisted of 27 administrative law judges assisted by 20 legal advisors.

In addition to the above structure, within the division there are several units and programs designed to help carry out the workers' compensation mandate. The units and programs include the (1) Fraud and Noncompliance unit, (2) Dispute Management program, (3) Medical Services unit, (4) Physical Rehabilitation unit, (5) Vocational Rehabilitation program, (6) Medical Fee Disputes unit, and (7) the Workers' Safety program. The division is also responsible for administering the Second Injury Fund and the Crime Victim's Compensation Program.

The State Treasurer's Office is the custodian of the Second Injury Fund and the Attorney General's Office represents the state in crime victims' claims and workers' compensation cases of state employees, including claims involving the Second Injury Fund.

**EXCERPTS FROM INJURED EMPLOYEE COMPLAINT LETTERS**

The following excerpts show employers/insurers did not always provide employees timely medical treatment or temporary disability benefits.<sup>3</sup> Because of this problem, injured employees had to seek medical treatment on their own while not receiving income.

**Excerpts from employee case file dated 12/14/98 and letter to the Governor dated February 1, 2000**

**From case file**

*I was seen by the company nurse on November 9, 1998; however, the company refused me medical attention. I was forced to see my own doctor. I have been under therapy treatment three times a week since the accident. I have been diagnosed as having a disc injury. I have been off work since November 9, 1998. (Document dated 12/14/98).*

**From letter**

*I had a work related injury on Mon Nov 09, 1998.*

*I have not worked since Mon Nov 09, 1998. (Almost 14 months)*

*I have not received any workers compensation or benefits as of this date. (February 1, 2000)*

*I have no income at present time; my spouse is the sole support for our family at this present time. It is hard for us to pay our mortgage and pay our energy bills. We just do the best we can to make it from day to day. Can you assist us?*

**Excerpts from a letter to the Department of Labor and Industrial Relations - Division of Workers' Compensation, dated October 25, 2000**

*In August 1999, I sustained a serious lower back injury (bulging disc) "on the job." My direct supervisor (Ms. X) was aware of the incident and insisted that I file an incident report. As instructed, I immediately reported the injury that day. After reporting the injury, I repeatedly discussed the matter with management with absolutely no results. Instead, I used all of my sick leave and annual leave getting treatment from my doctor.*

*Although, I provided a timely report of my injury, I was not given an opportunity to be medically treated or was I advised that my employer had workers' compensation insurance. Instead my employer immediately subjected me to an unbearable situation in*

---

<sup>3</sup> We edited the narratives to protect identities, and for clarity purposes where needed. Grammar corrections were not made.

### APPENDIX III

*that management without notice and under the threat of being fired increased (her workload). (The greater workload) caused me further injury. After this second injury on top of the first, my health quickly deteriorated causing me to lose time off work and requiring the attention of a doctor.*

*While my injury and subsequent condition was well known by (staff) and senior management they did not offer me any medical treatment or an opportunity to be medically evaluated. They took no effort to investigate my condition or the incident.*

*I had to use my own sick leave and annual leave to seek treatment from our family clinic. I took leave on advise of my doctor with my husband's insurance covering the expenses. I shared all of this information with my employer. While on extended sick leave my employer terminated my employment. At that point we hired a lawyer to resolve the matter but the negotiations broke down when the employer insisted that I sign a complete release, including all workers' compensation claims.*

*To date, I have been off work continually because of this lower back injury for over a year. I have not received any form of compensation or assistance since my doctor advised me to stop work in October 1999.*

*After my experience this past year, I am convinced that my employer along with its workers' compensation carrier and their lawyer have conspired through actions of "fraud and noncompliance" to circumvent Chapter 287 of the Missouri Workers' Compensation Laws. The damage to me and my family is beyond calculations. We are now on the verge of bankruptcy. Our good credit is destroyed. We are being sued in court on a credit card. We are behind on our house and car payments. I am very much afraid that my husband, who is a state employee in a politically sensitive position, will have to resign if we are subjected to further lawsuits over inability to meet our financial obligations. The stress of this situation is unbearable. At the recommendation of my doctor I have been seeing a therapist for stress and deep-depression. This all because my employer in collusion with its insurance company chooses not to follow the law.*

#### **Excerpts from a letter to the Governor, dated June 18, 2000**

*My husband was injured 2 years ago when he tripped and fell while working in the kitchen of a local restaurant, he is a cook. He fell as result of very careless behavior on the part of the restaurant manager. The company did not fill out an accident report. Did not take him to a doctor or hospital. The manager only yelled obscenities at him for falling and dropping the tray of meat he was carrying at the time. He had to finish his shift or lose his job. He continued to work even though he was in terrible pain for two days because he knew if he took time off to go to the doctor he would be fired.*

*Finally on his day off I insisted that we get him some help. We thought he had only pulled a muscle. The doctor's office asked what happened and we were told that since it*



### APPENDIX III

*happened at work they must seek approval from the employer and insurance company. They would not allow me to pay for the visit. Again, we were trying to keep from losing the job.*

*As I said that was two years ago. Since then (her husband) has been to several doctors. Here in, (city) and even at the VA hospital in (city). We have all of the records from these doctors and hospitals. We have x-rays, MRI, and Drs. Statement. (These doctors) all find considerable damage to the vertebrae and disks of his lower back. Dr. (X) recommended surgery. At that time (her husband) wanted to try anything else to keep from having it; however, he now realizes that surgery is inevitable if he is ever going to be relieved of pain.*

*I and our two 14-year-old boys have watched him suffer so much lately. He just last week completed a series of epidurals ordered by Dr. (X) to give him a little relief from the pain. We have the services of an attorney now but still can get no relief for my husband.*

*The insurance company denies responsibility even though (her husband's) employer acknowledged in writing responsibility for the fall. We requested an emergency hearing when he was in so much pain. We never heard anything from the insurance company or their attorney.*

*We finally had a mandatory mediation hearing set for June 13, 2000. The judge was there, our attorney was there, we were there, but the insurance company attorney, Mr. (Y) did not even show up. We were told that nothing could be done and we would have to wait another 90 days for another hearing. There must be something wrong with a system that allows a company to ignore the pleas of an injured worker and his family.*

*We are the working poor. We both worked and I still work in the (X) Industry in (city). We understand that there must be a lot of fraud in the insurance and workers' compensation field. And a lot of it on the part of the worker. But should it be a condoned practice for the insurance company to treat all injured workers, such as my husband as though they are not truly injured and are trying to get something for nothing.*

*Please, I ask you to take a look at our situation and perhaps you can intervene or tell us where to find help. Surely the insurance companies, their attorneys and certain doctors have to answer to someone for their actions.*

*I am sure we are not the only people to find themselves in this situation. We have found during this 2-year period that many people have had problems with the workers comp system. We try to understand the thinking on the part of the companies but find it difficult to believe that we have no alternative to this situation.*

## APPENDIX III

### Excerpts from a letter to the Governor, dated April 23, 2001

*This is the first time that I have written to an elected official. I am a 54-year-old male, college graduate, veteran, with no criminal record, and an individual who has maintained an excellent credit record. On December 21, 2000, I injured my right foot while performing my duties as the night supervisor at work. The injury to my right foot resulted in an internal infection that put me in the hospital for five days.*

*Today is April 23, 2001. I have not received any compensation for lost wages or medical bills. My employer, where I have been employed for over six years, even withheld my annual Christmas bonus. I have not returned to work because the injury has never been treated (just the infection).*

*On January 19, 2001, I tried to get help from the Division of Workers' Compensation because I was being told to wait by the employer's insurance company. Workers' Compensation Judge (Z) told me that the insurance company was waiting for my medical records before validating the claim. I spoke with (Mr. P) at the Division of Workers' Compensation in Jefferson City, Missouri on February 13, 2001, and again on February 19, 2001. He told me that the insurance company for my employer had not returned his calls. I told Mr. (P) that at this point I had no alternative but to seek legal representation.*

*I have already lost my residence of the past three years. My daughter had to drop out of college to help cover monthly bills. My income suddenly stopped but the bills have not. The point here is that the insurance company has no time frame in which to respond. I believe new legislation needs to be enacted to protect workers from the situation I am in. Missouri's current laws do not protect the taxpaying citizen who is injured on the job.*

*What I am asking you to do is look into this particular situation to see if new legislation is needed to protect the honest worker who is injured on the job.*



**ADAIR COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-94  
September 25, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Adair, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Adair County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Formal budgets were not prepared for various county funds during the two years ended December 31, 2001. Expenditures totaling in excess of \$4 million were incurred for these funds during the audit period. In addition, actual expenditures exceeded budgeted expenditures of various funds by approximately \$340,000 and \$65,000 during the years ended December 31, 2001 and 2000, respectively.
- The county does not have adequate procedures in place to track federal awards for preparation of the schedule of expenditures of federal awards (SEFA). The county's SEFA during the audit period did not include expenditures related to the majority of its federal grant programs. Additionally, the county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- Although the General Revenue Fund cash balance at December 31, 2001, had increased approximately \$322,000 since December 31, 1999, the county estimates it will deplete approximately \$214,000 of the cash balance during the year ended December 31, 2002, with increased obligations which are likely to be recurring. The county should continue to review discretionary expenditures and efficiently use resources available to the county.
- Salaries for most elected county officials increased significantly in January 1998. By using the salary schedules from the 1998 statutes (those changed by Senate Bill No. 11, effective August 28, 1997), mid-term raises were in effect granted to

(over)

YELLOW SHEET

county elected officials. The raises ranged from \$5,500 to \$12,000. Some offices began a new term in 1999 and the salary increase for those officials is in question for only one year.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$21,180 for the three years ended December 31, 2000, should be repaid and raises given to other officials within their term of office should be re-evaluated for propriety.

- Billing statements were not always reconciled to invoices prior to payment. The county made duplicate payments on several invoices totaling approximately \$39,800 during the year ended December 31, 2001. In addition, numerous checks, totaling approximately \$77,600, were voided prior to issuance because the checks were made payable to the wrong vendor or for the wrong amount, or because the county had a credit balance with the vendor.
- Effective January 2001, the County Commission adopted a self-funded health insurance plan for county employees. A formal cost/benefit analysis was not performed comparing the benefits and costs of a self-funded insurance plan compared to a conventional plan, the Self-Funded Insurance Fund was not sufficiently funded, the plan was renewed for a second year without soliciting bids for other coverage, and the amount budgeted for claims during 2002 did not consider the potential liability increase to the county. The County Commission indicated they are currently pursuing other avenues of providing health insurance.
- The Recorder of Deeds distributed approximately \$18,600 in excess fees to the County Treasurer during the four years ended December 31, 2001, resulting in a shortage in the official bank account. In addition, interest and copy monies of approximately \$1,400 and \$7,200, respectively, were not distributed to the General Revenue Fund during the four years ended December 31, 2001. This situation occurred and went unnoticed by the Recorder of Deeds because of weaknesses in accounting controls and procedures.
- For some cases in which the Prosecuting Attorney enters into plea bargains, he requires the defendant to make a "donation" as a condition of the plea bargain. The Prosecuting Attorney does not make the Associate Circuit Judge aware of the "donation" when presenting the plea bargain to the court. The Judge indicated she would have to remove herself from the case if she became aware that a "donation" was a stipulation of the plea bargain. Given this, the Prosecuting Attorney and Associate Circuit Judge should reevaluate whether requiring donations as part of a plea bargain is acceptable. Other concerns were noted with the distribution of the "donations", the manner in which the amounts of the donations are determined, and the donation records maintained. In addition, internal controls in the Prosecuting Attorney's office are lacking for various monies collected by his office.

Other areas where concerns were noted included budgetary practices, general fixed asset records and procedures, employee time sheets and leave records, controls over property tax books, Sheriff's office records and procedures, and health center procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

ADAIR COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-20
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-20
Notes to the Financial Statements .....	21-25
Supplementary Schedule:.....	26-29
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	27-29
Notes to the Supplementary Schedule .....	30-32
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	34-36
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	35-36

ADAIR COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	37-44
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2001.....	38-44
Section I - Summary of Auditor's Results .....	38-39
Section II - Financial Statement Findings .....	39-40
<u>Number</u>	<u>Description</u>
01-1. County Budgets.....	39
Section III - Federal Award Findings and Questioned Costs.....	41-44
01-2. Schedule of Expenditures of Federal Awards.....	41
01-3. Cash Management.....	42
01-4. Suspension and Debarment Compliance .....	44
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	45-46
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	47-48
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	50-74
<u>Number</u>	
1. County Financial Condition .....	52
2. County Officials' Compensation .....	53
3. County Expenditures.....	54
4. Budgetary Practices.....	55
5. Self-Funded Health Insurance Plan.....	56

ADAIR COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
<u>Number</u>	<u>Description</u>
6.	General Fixed Asset Records and Procedures .....58
7.	Personnel Policies and Procedures.....59
8.	Property Tax Controls .....60
9.	Recorder of Deeds' Records and Procedures .....64
10.	Prosecuting Attorney's Plea Bargains Controls and Procedures .....66
11.	Prosecuting Attorney's Controls and Procedures .....68
12.	Sheriff's Records and Controls.....71
13.	Health Center Procedures.....73
Follow-Up on Prior Audit Findings ..... 75-82	
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information ..... 84-90	



## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Adair County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Adair County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Adair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Adair County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Adair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 11, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Adair County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Charles R. Van Loo, CPA
Audit Staff:	Susan Kirchner
	Anne Jenkins



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Adair County, Missouri

We have audited the special-purpose financial statements of various funds of Adair County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Adair County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Adair County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial

reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Adair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

ADAIR COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 240,640	1,853,332	1,745,765	348,207
Special Road and Bridge	247,533	1,534,512	1,294,769	487,276
Assessment	4,003	211,683	209,796	5,890
Prosecuting Attorney Training	1,396	995	1,007	1,384
Law Enforcement Sales Tax - Services	6,396	863,938	847,427	22,907
Law Enforcement Sales Tax - Construction	1,016,162	705,913	1,594,824	127,251
Law Enforcement Training	2,144	5,352	6,848	648
Multi-County Child Support	5,148	64,038	67,813	1,373
Domestic Violence Shelter	5,054	2,108	4,769	2,393
Health Center	400,102	941,202	950,072	391,232
Recorder Users	37,426	10,238	5,481	42,183
Prosecuting Attorney Administrative	13,949	29,678	24,857	18,770
Prosecuting Attorney Delinquent Sales Tax	3,113	5,720	2,689	6,144
Sheriff Civil Fees	12,525	44,196	10,675	46,046
County Clerk Election	3,917	4,372	1,259	7,030
E-911	12,237	48,146	48,603	11,780
Juvenile Grant Operations	44,569	235,998	262,871	17,696
Family Advocate Center	6,773	112,138	107,157	11,754
Self Funded Health Insurance	5,256	294,119	298,984	391
Countryside	83,519	5,365	0	88,884
K-9 Cop	736	408	313	831
Juvenile Justice System	3,636	392,197	311,903	83,930
Helicopter	16	27,384	12,623	14,777
Milliken Cemetery	5,519	1,183	550	6,152
Drug Enforcement Forfeiture	433	8	231	210
Neglected and Delinquent Children	55,951	109,018	160,530	4,439
Local Law Enforcement Block Grant	546	0	0	546
Recorder Technology	0	2,058	0	2,058
Operation Cash Crop	2	0	0	2
Violence Intervention Services	0	25,661	25,661	0
Law Enforcement Center Bond	0	379,540	352,322	27,218
Community Development Block Grant	1,000	21,754	22,754	0
Associate Court Interest Fund	3,218	338	0	3,556
Prosecuting Attorney MOPS Grant	0	13,499	10,538	2,961
Circuit Clerk Interest	2,437	4,315	0	6,752
Drug Task Force	14,491	250,761	258,629	6,623
Total	\$ 2,239,847	8,201,167	8,641,720	1,799,294

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit A-2

ADAIR COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 26,504	1,973,431	1,759,295	240,640
Special Road and Bridge	239,646	1,777,770	1,769,883	247,533
Assessment	12,928	184,429	193,354	4,003
Prosecuting Attorney Training	329	1,067	0	1,396
Law Enforcement Sales Tax - Services	120,163	677,547	791,314	6,396
Law Enforcement Sales Tax - Construction	471,757	689,289	144,884	1,016,162
Law Enforcement Training	1,548	6,168	5,572	2,144
Multi-County Child Support	2,154	64,069	61,075	5,148
Domestic Violence Shelter	3,713	1,341	0	5,054
Health Center	288,229	1,045,184	933,311	400,102
Recorder Users	32,285	9,546	4,405	37,426
Prosecuting Attorney Administrative	7,851	26,766	20,668	13,949
Prosecuting Attorney Delinquent Sales Tax	639	2,474	0	3,113
Sheriff Civil Fees	17,437	35,999	40,911	12,525
County Clerk Election	0	7,756	3,839	3,917
E-911	0	22,708	10,471	12,237
Juvenile Grant Operations	8,289	459,705	423,425	44,569
Family Advocate Center	0	142,038	135,265	6,773
Self Funded Health Insurance	0	5,256	0	5,256
Countryside	78,592	4,927	0	83,519
K-9 Cop	1,129	0	393	736
Juvenile Justice System	3,081	2,898,132	2,897,577	3,636
Helicopter	1,268	1,646	2,898	16
Milliken Cemetery	4,885	859	225	5,519
Drug Enforcement Forfeiture	422	11	0	433
Neglected and Delinquent Children	40,900	184,484	169,433	55,951
Local Law Enforcement Block Grant	546	0	0	546
Operation Cash Crop	2	1,054	1,054	2
Violence Intervention Services	0	25,956	25,956	0
Community Development Block Grant	1,000	141,071	141,071	1,000
Associate Court Interest Fund	0	3,218	0	3,218
Circuit Clerk Interest Fund	0	2,437	0	2,437
Law Enforcement Construction - Note	5,639	6,507	12,146	0
Drug Task Force	38,516	208,748	232,773	14,491
Total	\$ 1,409,452	10,611,593	9,781,198	2,239,847

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 6,569,386	7,503,241	933,855	6,329,791	6,493,739	163,948
DISBURSEMENTS	8,118,604	7,971,816	146,788	6,410,860	5,724,672	686,188
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,549,218)	(468,575)	1,080,643	(81,069)	769,067	850,136
CASH, JANUARY 1	2,220,297	2,218,699	(1,598)	1,221,328	1,221,470	142
CASH, DECEMBER 31	671,079	1,750,124	1,079,045	1,140,259	1,990,537	850,278
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Sales taxes	1,225,000	1,297,221	72,221	1,224,536	1,281,372	56,836
Intergovernmental	168,891	175,918	7,027	272,829	282,493	9,664
Charges for services	297,000	301,242	4,242	312,010	313,275	1,265
Interest	17,000	24,028	7,028	10,000	19,505	9,505
Other	42,934	54,923	11,989	48,181	76,786	28,605
Total Receipts	1,750,825	1,853,332	102,507	1,867,556	1,973,431	105,875
DISBURSEMENTS						
County Commission	87,070	92,420	(5,350)	85,480	87,866	(2,386)
County Clerk	115,200	106,610	8,590	115,150	108,359	6,791
Elections	19,825	12,579	7,246	63,780	60,693	3,087
Buildings and grounds	94,730	76,020	18,710	78,550	77,215	1,335
Employee fringe benefits	278,210	192,839	85,371	231,263	266,123	(34,860)
County Treasurer	57,731	52,374	5,357	67,381	54,670	12,711
County Collector	113,510	107,061	6,449	112,500	100,756	11,744
Recorder of Deeds	91,055	86,756	4,299	103,000	100,590	2,410
Circuit Clerk	25,000	24,851	149	33,500	16,652	16,848
Associate Circuit Court	20,000	13,522	6,478	27,250	12,455	14,795
Court administration	7,596	1,673	5,923	7,596	18,443	(10,847)
Public Administrator	56,930	55,807	1,123	46,600	64,649	(18,049)
Sheriff	0	39,406	(39,406)	110,060	90,455	19,605
Prosecuting Attorney	177,950	169,813	8,137	173,250	174,269	(1,019)
Juvenile Officer	240,296	187,998	52,298	240,296	232,543	7,753
County Coroner	14,600	14,155	445	13,600	13,390	210
Court Reporter	1,100	1,098	2	2,003	1,189	814
Surveyor	750	0	750	670	670	0
Debt service	62,000	212,929	(150,929)	0	0	0
Emergency Fund	60,000	18,444	41,556	56,027	0	56,027
Telephone	20,000	29,650	(9,650)	20,000	27,774	(7,774)
Insurance	45,230	44,843	387	34,000	35,650	(1,650)
Jury costs	8,000	0	8,000	17,000	6,709	10,291
Agricultural extention	48,300	48,300	0	46,740	42,829	3,911
Prisoner board	0	0	0	62,000	57,708	4,292
Other	24,721	94,617	(69,896)	57,900	106,306	(48,406)
Transfers out	107,800	62,000	45,800	20,000	1,332	18,668
Total Disbursements	1,777,604	1,745,765	31,839	1,825,596	1,759,295	66,301
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,779)	107,567	134,346	41,960	214,136	172,176
CASH, JANUARY 1	240,640	240,640	0	26,504	26,504	0
CASH, DECEMBER 31	213,861	348,207	134,346	68,464	240,640	172,176

## Exhibit B

## ADAIR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	460,000	515,100	55,100	475,000	462,274	(12,726)
Intergovernmental	672,000	839,117	167,117	1,163,100	1,183,760	20,660
Charges for services	37,500	64,742	27,242	36,000	51,137	15,137
Interest	20,000	35,914	15,914	0	28,079	28,079
Other	15,000	79,639	64,639	23,000	52,520	29,520
Transfers in	0	0	0	239,646	0	(239,646)
Total Receipts	1,204,500	1,534,512	330,012	1,936,746	1,777,770	(158,976)
<b>DISBURSEMENTS</b>						
Salaries	356,830	364,933	(8,103)	405,250	375,715	29,535
Employee fringe benefits	138,010	129,030	8,980	151,749	130,285	21,464
Supplies	155,000	151,082	3,918	280,000	148,138	131,862
Road and bridge materials	392,000	451,307	(59,307)	948,000	941,109	6,891
Rentals	0	0	0	0	27,640	(27,640)
Equipment purchases	142,000	136,948	5,052	132,000	135,231	(3,231)
Construction, repair, and maintenance	50,000	42,439	7,561	0	0	0
Other	13,800	19,030	(5,230)	16,900	11,765	5,135
Contingency Fund	50,000	0	50,000	0	0	0
Total Disbursements	1,297,640	1,294,769	2,871	1,933,899	1,769,883	164,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(93,140)	239,743	332,883	2,847	7,887	5,040
CASH, JANUARY 1	247,533	247,533	0	239,646	239,646	0
CASH, DECEMBER 31	154,393	487,276	332,883	242,493	247,533	5,040
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	190,000	203,400	13,400	188,000	180,845	(7,155)
Interest	2,500	2,489	(11)	2,500	2,632	132
Other	1,000	794	(206)	1,050	952	(98)
Transfers in	51,800	5,000	(46,800)	51,800	0	(51,800)
Total Receipts	245,300	211,683	(33,617)	243,350	184,429	(58,921)
<b>DISBURSEMENTS</b>						
Assessor	205,209	209,796	(4,587)	216,250	193,354	22,896
Total Disbursements	205,209	209,796	(4,587)	216,250	193,354	22,896
RECEIPTS OVER (UNDER) DISBURSEMENTS	40,091	1,887	(38,204)	27,100	(8,925)	(36,025)
CASH, JANUARY 1	4,003	4,003	0	12,786	12,928	142
CASH, DECEMBER 31	44,094	5,890	(38,204)	39,886	4,003	(35,883)

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,200	899	(301)	1,500	1,067	(433)
Interest	0	96	96	0	0	0
Total Receipts	1,200	995	(205)	1,500	1,067	(433)
DISBURSEMENTS						
Prosecuting Attorney	1,200	1,007	193	1,450	0	1,450
Total Disbursements	1,200	1,007	193	1,450	0	1,450
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(12)	(12)	50	1,067	1,017
CASH, JANUARY 1	1,396	1,396	0	329	329	0
CASH, DECEMBER 31	1,396	1,384	(12)	379	1,396	1,017
<b><u>LAW ENFORCEMENT SALES TAX-SERVICES</u></b>						
RECEIPTS						
Sales taxes	640,000	649,168	9,168	637,520	641,275	3,755
Intergovernmental	65,000	0	(65,000)	0	0	0
Charges for services	4,000	118,706	114,706	2,500	4,845	2,345
Interest	2,500	2,406	(94)	5,588	5,563	(25)
Other	6,000	33,658	27,658	1,000	10,864	9,864
Transfers In	101,000	60,000	(41,000)	0	15,000	15,000
Total Receipts	818,500	863,938	45,438	646,608	677,547	30,939
DISBURSEMENTS						
Sheriff	371,594	331,789	39,805	341,115	297,006	44,109
Jail	284,400	372,601	(88,201)	324,000	399,693	(75,693)
Employee Fringe Benefits	152,800	143,037	9,763	68,000	94,615	(26,615)
Total Disbursements	808,794	847,427	(38,633)	733,115	791,314	(58,199)
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,706	16,511	6,805	(86,507)	(113,767)	(27,260)
CASH, JANUARY 1	6,396	6,396	0	120,163	120,163	0
CASH, DECEMBER 31	16,102	22,907	6,805	33,656	6,396	(27,260)
<b><u>LAW ENFORCEMENT SALES TAX - CONSTRUCTION</u></b>						
RECEIPTS						
Sales taxes	650,000	649,168	(832)	637,520	641,275	3,755
Interest	25,000	55,880	30,880	5,000	45,357	40,357
Other	0	865	865	200	2,657	2,457
Total Receipts	675,000	705,913	30,913	642,720	689,289	46,569
DISBURSEMENTS						
Architect	246,000	210,136	35,864	100,000	37,671	62,329
Builders risk insurance	8,400	0	8,400	0	0	0
Advertising/Publications	0	0	0	5,000	1,244	3,756
Land acquisition	0	0	0	80,000	40,978	39,022
Feasibility study	0	4,125	(4,125)	25,000	16,100	8,900
Construction Manager	220,000	257	219,743	20,000	24,952	(4,952)
Construction cost	1,215,600	1,380,306	(164,706)	200,000	1,400	198,600
Other	0	0	0	0	22,539	(22,539)
Total Disbursements	1,690,000	1,594,824	95,176	430,000	144,884	285,116
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,015,000)	(888,911)	126,089	212,720	544,405	331,685
CASH, JANUARY 1	1,016,162	1,016,162	0	471,757	471,757	0
CASH, DECEMBER 31	1,162	127,251	126,089	684,477	1,016,162	331,685

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	1,300	1,691	391	2,500	1,842	(658)
Charges for services	4,700	3,558	(1,142)	4,700	4,218	(482)
Interest	100	103	3	90	108	18
Total Receipts	6,100	5,352	(748)	7,290	6,168	(1,122)
DISBURSEMENTS						
Sheriff	8,000	6,848	1,152	6,550	5,572	978
Total Disbursements	8,000	6,848	1,152	6,550	5,572	978
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(1,496)	404	740	596	(144)
CASH, JANUARY 1	2,144	2,144	0	1,548	1,548	0
CASH, DECEMBER 31	244	648	404	2,288	2,144	(144)
<b><u>MULTI COUNTY CHILD SUPPORT FUND</u></b>						
RECEIPTS						
Intergovernmental	105,719	62,674	(43,045)	64,427	62,561	(1,866)
Interest	0	275	275	250	297	47
Other	3,831	1,089	(2,742)	1,673	1,211	(462)
Transfers in	0	0	0	1,115	0	(1,115)
Total Receipts	109,550	64,038	(45,512)	67,465	64,069	(3,396)
DISBURSEMENTS						
Prosecuting Attorney	109,750	67,813	41,937	67,215	61,075	6,140
Total Disbursements	109,750	67,813	41,937	67,215	61,075	6,140
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(3,775)	(3,575)	250	2,994	2,744
CASH, JANUARY 1	5,148	5,148	0	2,154	2,154	0
CASH, DECEMBER 31	4,948	1,373	(3,575)	2,404	5,148	2,744
<b><u>DOMESTIC VIOLENCE SHELTER FUND</u></b>						
RECEIPTS						
Charges for services	2,000	1,969	(31)			
Interest	0	139	139			
Total Receipts	2,000	2,108	108			
DISBURSEMENTS						
Other	4,769	4,769	0			
Total Disbursements	4,769	4,769	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,769)	(2,661)	108			
CASH, JANUARY 1	5,054	5,054	0			
CASH, DECEMBER 31	2,285	2,393	108			

## Exhibit B

## ADAIR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	345,817	396,976	51,159	334,913	354,154	19,241
Intergovernmental	90,000	139,707	49,707	139,026	131,444	(7,582)
Charges for services	180,000	306,820	126,820	360,500	472,285	111,785
Interest	10,000	17,392	7,392	10,000	20,972	10,972
Other	11,964	80,307	68,343	0	66,329	66,329
Total Receipts	637,781	941,202	303,421	844,439	1,045,184	200,745
<b>DISBURSEMENTS</b>						
Salaries	617,884	606,455	11,429	616,613	582,909	33,704
Employee benefits	150,000	137,838	12,162	100,500	135,414	(34,914)
Sick leave	17,000	0	17,000	17,000	0	17,000
Contracted services	65,000	50,216	14,784	236,055	55,387	180,668
Healthy children clinics	5,000	4,675	325	3,000	4,338	(1,338)
Telephone	5,000	3,569	1,431	3,000	4,500	(1,500)
Utilities	10,000	6,973	3,027	15,000	8,420	6,580
Medical supplies	75,000	59,903	15,097	60,000	65,275	(5,275)
Postage	4,000	2,626	1,374	4,000	3,499	501
Office supplies	10,000	3,134	6,866	10,000	3,707	6,293
Medical equipment	3,000	405	2,595	3,000	654	2,346
Office equipment	5,000	5,422	(422)	5,000	6,662	(1,662)
Mileage	30,000	20,825	9,175	30,000	23,872	6,128
Bonding and insurance	20,000	19,280	720	15,000	15,045	(45)
Other	25,000	28,751	(3,751)	14,500	23,629	(9,129)
Total Disbursements	1,041,884	950,072	91,812	1,132,668	933,311	199,357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(404,103)	(8,870)	395,233	(288,229)	111,873	400,102
CASH, JANUARY 1	400,102	400,102	0	288,229	288,229	0
CASH, DECEMBER 31	(4,001)	391,232	395,233	0	400,102	400,102
<b><u>RECORDER USERS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	7,600	7,672	72	0	7,342	7,342
Interest	2,200	2,566	366	9,300	2,204	(7,096)
Total Receipts	9,800	10,238	438	9,300	9,546	246
<b>DISBURSEMENTS</b>						
Recorder of Deeds	15,600	5,481	10,119	10,000	4,405	5,595
Total Disbursements	15,600	5,481	10,119	10,000	4,405	5,595
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,800)	4,757	10,557	(700)	5,141	5,841
CASH, JANUARY 1	37,426	37,426	0	32,285	32,285	0
CASH, DECEMBER 31	31,626	42,183	10,557	31,585	37,426	5,841

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY ADMINISTRATIVE FUND</u></b>						
RECEIPTS						
Charges for services	25,000	28,632	3,632	28,000	26,079	(1,921)
Interest	0	1,046	1,046	500	687	187
Total Receipts	25,000	29,678	4,678	28,500	26,766	(1,734)
DISBURSEMENTS						
Prosecuting Attorney	25,500	24,857	643	20,000	20,668	(668)
Total Disbursements	25,500	24,857	643	20,000	20,668	(668)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	4,821	5,321	8,500	6,098	(2,402)
CASH, JANUARY 1	13,949	13,949	0	7,851	7,851	0
CASH, DECEMBER 31	13,449	18,770	5,321	16,351	13,949	(2,402)
<b><u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	3,000	5,467	2,467	1,000	2,474	1,474
Interest	0	253	253	200	0	(200)
Total Receipts	3,000	5,720	2,720	1,200	2,474	1,274
DISBURSEMENTS						
Prosecuting Attorney	3,000	2,689	311	1,000	0	1,000
Total Disbursements	3,000	2,689	311	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,031	3,031	200	2,474	2,274
CASH, JANUARY 1	3,113	3,113	0	639	639	0
CASH, DECEMBER 31	3,113	6,144	3,031	839	3,113	2,274
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	34,000	39,318	5,318	33,117	34,459	1,342
Interest	1,400	1,378	(22)	0	1,540	1,540
Transfers in	0	3,500	3,500	0	0	0
Total Receipts	35,400	44,196	8,796	33,117	35,999	2,882
DISBURSEMENTS						
Sheriff	45,000	3,175	41,825	33,117	25,911	7,206
Transfers out	0	7,500	(7,500)	0	15,000	(15,000)
Total Disbursements	45,000	10,675	34,325	33,117	40,911	(7,794)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,600)	33,521	43,121	0	(4,912)	(4,912)
CASH, JANUARY 1	12,525	12,525	0	17,437	17,437	0
CASH, DECEMBER 31	2,925	46,046	43,121	17,437	12,525	(4,912)

## Exhibit B

## ADAIR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY CLERK ELECTION FUND</u></b>						
RECEIPTS						
Charges for services	1,800	4,027	2,227			
Interest	25	345	320			
Total Receipts	1,825	4,372	2,547			
DISBURSEMENTS						
County Clerk	2,500	1,259	1,241			
Total Disbursements	2,500	1,259	1,241			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(675)	3,113	3,788			
CASH, JANUARY 1	3,917	3,917	0			
CASH, DECEMBER 31	3,242	7,030	3,788			
<b><u>E-911 FUND</u></b>						
RECEIPTS						
Charges for services	40,000	47,671	7,671			
Interest	0	475	475			
Total Receipts	40,000	48,146	8,146			
DISBURSEMENTS						
E-911 Board of Directors	40,000	48,603	(8,603)			
Total Disbursements	40,000	48,603	(8,603)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(457)	(457)			
CASH, JANUARY 1	12,237	12,237	0			
CASH, DECEMBER 31	12,237	11,780	(457)			
<b><u>JUVENILE GRANT OPERATIONS FUND</u></b>						
RECEIPTS						
Intergovernmental	253,370	235,998	(17,372)			
Total Receipts	253,370	235,998	(17,372)			
DISBURSEMENTS						
Juvenile Officer	258,153	262,871	(4,718)			
Total Disbursements	258,153	262,871	(4,718)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,783)	(26,873)	(22,090)			
CASH, JANUARY 1	44,569	44,569	0			
CASH, DECEMBER 31	39,786	17,696	(22,090)			



## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FAMILY ADVOCATE CENTER FUND</u></b>						
RECEIPTS						
Intergovernmental	97,633	111,473	13,840			
Other	0	665	665			
Total Receipts	97,633	112,138	14,505			
DISBURSEMENTS						
Juvenile Officer	98,311	107,157	(8,846)			
Total Disbursements	98,311	107,157	(8,846)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(678)	4,981	5,659			
CASH, JANUARY 1	6,773	6,773	0			
CASH, DECEMBER 31	6,095	11,754	5,659			
<b><u>SELF FUNDED HEALTH INSURANCE FUND</u></b>						
RECEIPTS						
Interest	0	1,712	1,712			
Transfers in	275,052	292,407	17,355			
Total Receipts	275,052	294,119	19,067			
DISBURSEMENTS						
Administrative costs	25,542	1,000	24,542			
Cost of insurance	112,800	139,323	(26,523)			
Claims and pharmacy	141,966	158,661	(16,695)			
Total Disbursements	280,308	298,984	(18,676)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,256)	(4,865)	391			
CASH, JANUARY 1	5,256	5,256	0			
CASH, DECEMBER 31	0	391	391			
<b><u>COUNTRYSIDE FUND</u></b>						
RECEIPTS						
Interest	5,000	5,365	365			
Total Receipts	5,000	5,365	365			
DISBURSEMENTS						
Indigents	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	5,365	365			
CASH, JANUARY 1	83,519	83,519	0			
CASH, DECEMBER 31	88,519	88,884	365			

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>K-9 COP FUND</u></b>						
RECEIPTS						
Other	0	408	408			
Total Receipts	0	408	408			
DISBURSEMENTS						
Food and care for K-9 officer	430	172	258			
Other	100	141	(41)			
Total Disbursements	530	313	217			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(530)	95	625			
CASH, JANUARY 1	736	736	0			
CASH, DECEMBER 31	206	831	625			
<b><u>JUVENILE JUSTICE SYSTEM FUND</u></b>						
RECEIPTS						
Intergovernmental	168,000	325,745	157,745			
Loan proceeds	32,000	66,452	34,452			
Total Receipts	200,000	392,197	192,197			
DISBURSEMENTS						
Juvenile Justice Center	229,129	311,903	(82,774)			
Total Disbursements	229,129	311,903	(82,774)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,129)	80,294	109,423			
CASH, JANUARY 1	3,636	3,636	0			
CASH, DECEMBER 31	(25,493)	83,930	109,423			
<b><u>HELICOPTER FUND</u></b>						
RECEIPTS						
Interest	0	384	384			
Other	15,000	23,500	8,500			
Transfers in	1,000	3,500	2,500			
Total Receipts	16,000	27,384	11,384			
DISBURSEMENTS						
Hanger rent	1,380	920	460			
Electricity	120	632	(512)			
Insurance	5,400	4,986	414			
Inspection	1,000	2,250	(1,250)			
Fuel	4,000	335	3,665			
Transfers out	0	3,500	(3,500)			
Total Disbursements	11,900	12,623	(723)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,100	14,761	10,661			
CASH, JANUARY 1	16	16	0			
CASH, DECEMBER 31	4,116	14,777	10,661			

## Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MILLIKEN CEMETERY FUND</u></b>						
RECEIPTS						
Interest	0	370	370			
Dividends	450	813	363			
Total Receipts	450	1,183	733			
DISBURSEMENTS						
Cemetery upkeep	225	550	(325)			
Total Disbursements	225	550	(325)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	225	633	408			
CASH, JANUARY 1	5,519	5,519	0			
CASH, DECEMBER 31	5,744	6,152	408			
<b><u>DRUG ENFORCEMENT FORFEITURE FUND</u></b>						
RECEIPTS						
Interest	0	8	8			
Total Receipts	0	8	8			
DISBURSEMENTS						
Food and care for K-9 officer	430	231	199			
Total Disbursements	430	231	199			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430)	(223)	207			
CASH, JANUARY 1	433	433	0			
CASH, DECEMBER 31	3	210	207			
<b><u>NEGLECTED AND DELINQUENT CHILDREN FUND</u></b>						
RECEIPTS						
Intergovernmental	150,000	97,093	(52,907)			
Interest	0	2,674	2,674			
Other	0	9,251	9,251			
Total Receipts	150,000	109,018	(40,982)			
DISBURSEMENTS						
Juvenile Officer	155,168	160,530	(5,362)			
Total Disbursements	155,168	160,530	(5,362)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,168)	(51,512)	(46,344)			
CASH, JANUARY 1	55,951	55,951	0			
CASH, DECEMBER 31	\$ 50,783	4,439	(46,344)			

Exhibit B

ADAIR COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Interest	100	0	(100)			
Other	6,000	0	(6,000)			
Total Receipts	<u>6,100</u>	<u>0</u>	<u>(6,100)</u>			
DISBURSEMENTS						
Sheriff	8,000	0	8,000			
Total Disbursements	<u>8,000</u>	<u>0</u>	<u>8,000</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,900)</u>	<u>0</u>	<u>1,900</u>			
CASH, JANUARY 1	<u>2,144</u>	<u>546</u>	<u>(1,598)</u>			
CASH, DECEMBER 31	<u>244</u>	<u>546</u>	<u>302</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

ADAIR COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Adair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Shelter Fund	2000
County Clerk Election Fund	2000
E-911 Fund	2000
Juvenile Grant Operations Fund	2000
Family Advocate Center Fund	2000
Self Funded Health Insurance Fund	2000
Countryside Fund	2000
K-9 Cop Fund	2000
Juvenile Justice System Fund	2000
Helicopter Fund	2000
Milliken Cemetery Fund	2000
Drug Enforcement Forfeiture Fund	2000
Neglected and Delinquent Children Fund	2000
Recorder Technology Fund	2001
Operation Cash Crop Fund	2000
Violence Intervention Services Fund	2001 and 2000
Law Enforcement Center Bond Fund	2001
Community Development Block Grant Fund	2001 and 2000
Associate Court Interest Fund	2001 and 2000
Prosecuting Attorney MOPS Grant Fund	2001
Circuit Clerk Interest Fund	2001 and 2000
Law Enforcement Construction-Note Fund	2000
Drug Task Force Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2001
Law Enforcement Sales Tax- Services Fund	2001 and 2000
Prosecuting Attorney Administrative Fund	2000
Sheriff Civil Fees Fund	2000
E-911 Fund	2001
Juvenile Grant Operations Fund	2001
Family Advocate Center Fund	2001
Self Funded Health Insurance Fund	2001
Juvenile Justice System Fund	2001
Helicopter Fund	2001
Milliken Cemetery Fund	2001
Neglected and Delinquent Children Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Juvenile Justice System Fund and Health Center Fund for the year ended December 31, 2001. The budget document of the Health Center Fund reflects a \$-0- budgeted balance; however, a mathematical error resulted in an actual deficit budgeted balance. Although not presented on the budget document, other resources were available to finance current or future year disbursements of the Health Center Fund. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Clerk Election Fund	2000
E-911 Fund	2000
Juvenile Grant Operations Fund	2000
Family Advocate Center Fund	2000
Self Funded Health Insurance Fund	2000
Countryside Fund	2000
Juvenile Justice System Fund	2000
Drug Enforcement Forfeiture Fund	2001 and 2000
Local Law Enforcement Block Grant Fund	2001 and 2000
Operation Cash Crop Fund	2001 and 2000
Community Development Block Grant Fund	2001 and 2000
Associate Court Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Law Enforcement Construction-Note Fund	2000
Drug Task Force Fund	2000

In addition, the amounts presented for the Health Center Fund included only those monies passed through the County Treasurer.



## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The health center's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the health center's custodial bank in the health center's name.

### Investments

The only investment of the various funds at December 31, 2001 and 2000, was corporate stock with a carrying amount of \$156.

This investment was held by the County Treasurer as part of the assets in the Milliken Cemetery Fund.

## Supplementary Schedule

SCHEDULE

ADAIR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	99-PF-11	22,754	123,091
		98-PF-01	0	17,980
	Program Total		<u>22,754</u>	<u>141,071</u>
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640372	19,142	20,525
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.523	Juvenile Accountability Incentive Block Grants	98-JAIBG-CB-001	0	1,055,689
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	99-JFJ6-15 99-JFJ7-18 00-JFJ6-13	780	52,420
16.554	National Criminal History Improvement Program	95-RU-RX-K011	22,456	0
16.579	Byrne Formula Grant Program	99-NCD2-005 00-NCD2-003 00-NCD2-014	0 63,019 61,399	67,873 81,530 0
	Program Total		<u>124,418</u>	<u>149,403</u>
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	TF-2001-08	56,670	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	824	1,054

SCHEDULE

ADAIR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-001(19)	0	497,398
		BRO-001(21)	495	200,436
		BRO-001(22)	9,370	0
	Program Total		9,865	697,834
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,186	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	2,816	15,234
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1100L ERS146-1100L ERO148-0100CLP	1,464	5
93.268	Immunization Grants	PGA064-0100M PGA064-2000M N/A	782 37,597 38,379	794 31,592 32,386
	Program Total			
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	57,020	61,728
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-1100S PGA067-0100S PGA067-1100C PGA067-2100S	4,291	3,858

SCHEDULE

ADAIR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	Department of Social Services -			
93.667	Social Services Block Grant	ERO172133	8,262	575
	Department of Health -			
93.917	HIV Care Formula Grants	C100002001 ERO172094 DH020002001	12,343	7,823
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-0026 ERS161-10011 C000168001	5,875	5,315
93.940	HIV Prevention Activities - Health Department Based	C000152001 N/A	892 0	6,274 7,679
	Program Total		<u>892</u>	<u>13,953</u>
93.991	Preventive Health and Health Services Block Grant	C100040001 N/A	10,000 0	0 354
93.994	Maternal and Child Health Services Block Grant to the States	C100015001 ERS175-1100F ERS146-1100M ERS175-0100F DH020027001 N/A	28,053 3,481	25,778 1,772
	Program Total		<u>31,534</u>	<u>27,550</u>
	Total Expenditures of Federal Awards		<u>\$ 431,971</u>	<u>2,286,777</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ADAIR COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Adair County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Adair County, Missouri

Compliance

We have audited the compliance of Adair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Adair County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-2 through 01-4.

#### Internal Control Over Compliance

The management of Adair County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-2 through 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Adair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

Schedule

ADAIR COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?            yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes            none reported

Noncompliance material to the financial statements  
noted?   x   yes            no

Federal Awards

Internal control over major programs:

Material weaknesses identified?            yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?   x   yes            none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes            no

Identification of major programs:

CFDA or  
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
16.540	Juvenile Accountability Incentive Block Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**01-1.**

### **County Budgets**

- A. Formal budgets were not prepared for various county funds including the Violence Intervention Services Fund and CDBG Fund for the two years ended December 31, 2001, the Law Enforcement Center Bond Fund and Prosecuting Attorney MOPS Grant Fund for the year ended December 31, 2001, and various funds related to funding of the Juvenile Justice Center and programs administered by the Juvenile Officer for the year ended December 31, 2000. Expenditures totaling in excess of \$4 million were incurred for these funds during the two years ended December 31, 2001. The County Clerk indicated he relies on the respective officials to submit budgets for these funds. There are no follow up procedures in place to ensure budgets are received for all funds.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. Failure to prepare or obtain budgets for all county funds and activities reduces the County Commission's ability to effectively monitor fund activity and efficiently evaluate all county financial resources.

- B. Actual expenditures exceeded budgeted expenditures of various funds by approximately \$340,000 and \$65,000 during the years ended December 31, 2001 and 2000, respectively. In addition, during December 2001, the County Commission approved and submitted revised budgets to the State Auditor's office for various funds, including funds that were not originally budgeted. Prior to submitting budget

revisions, the County Commission had approved disbursements in excess of \$450,000 from the funds that were not originally budgeted. Subsequent to submitting revised budgets, the County Commission approved expenditures that resulted in actual expenditures exceeding revised budgeted expenditures by a total of approximately \$105,000 for five of the amended funds.

It was ruled in State ex. rel. Strong V. Cribb, 364 Mo. 1122, 273 SW 2d 246(1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for the adoption of the annual budget to amend the budget.

**WE RECOMMEND** the County Commission:

- A. Ensure that budgets are prepared for all county funds in accordance with state law.
- B. Ensure that disbursements are not authorized in excess of budgeted expenditures. In addition, if valid reasons necessitate excess expenditures, the budget should be formally amended following the same process by which the annual budget is approved, including holding public hearings and filing the amendment with the State Auditor's Office.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

- A. *The County Commission has achieved substantial compliance in 2002 and will strive to ensure all funds are budgeted in 2003.*
- B. *The County Commission and the County Clerk achieved the printing and distribution of monthly budget status reports in April of 2001, and the reports have been issued on a regular monthly basis since that time. However, the County Commission and the County Clerk did not give adequate attention to monitoring the reports for potential problems, which resulted in some disbursements beyond the budgeted expenditures at the end of the year. More attention has been devoted to monitoring the monthly budget status reports in 2002, and the County Commission and the County Clerk will meet with the other county officers and department heads in September and November to review the latest budget status reports and to identify potential problems.*



### Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-2.</b>	<b>Schedule of Expenditures of Federal Awards</b>
--------------	---------------------------------------------------

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	99-PF-11 and 98-PF-01
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.523
Program Title:	Juvenile Accountability Incentive Block Grant
Pass-Through Entity	
Identifying Number:	98-JAIBG-CB-001
Award Year:	2000
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-001(19), BRO-001(21) and BRO-001(22)
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA did not include expenditures related to the majority of its federal grant programs. None of the federal programs administered by the health center were reported on the original

SEFA in 2001 and 2000. In addition, the Juvenile Accountability Incentive Block Grant was incorrectly included on the 2001 SEFA instead of on the 2000 SEFA.

We discussed the deficiencies with the County Clerk and requested that he prepare a revised SEFA. Information was also requested from the health center. The revised SEFA still did not include various federal programs the county participated in.

Compilation of the SEFA requires consulting financial records and requesting information from other departments and/or officials. Considering the overall incompleteness and inaccuracies contained in the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were lacking.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar condition was noted in the prior two audits.

**WE AGAIN RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk has sent letters to the Juvenile Officer, the Sheriff, and Victims Support Services requesting cooperation with reporting the federal dollars received and expended in order to comply with the SEFA requirements and the County Clerk will make every effort to comply with the recommendation. The County Clerk indicated he will also contact the health center for this information.*

<b>01-3.</b>	<b>Cash Management</b>
--------------	------------------------

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	99-PF-11 and 98-PF-01
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.523
Program Title:	Juvenile Accountability Incentive Block Grant
Pass-Through Entity	
Identifying Number:	98-JAIBG-CB-001
Award Year:	2000
Questioned Costs:	Not Applicable

Adair County has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. The County Commission makes payments to contractors subsequent to receiving the reimbursement.

The county contracted with the Department of Public Safety to construct a Juvenile Justice Center under the Juvenile Accountability Incentive Block Grant. We noted reimbursements of \$42,670, \$19,594, and \$56,208 were held for 31 days, 22 days, and 10 days respectively, before the related payments were made to the contractors.

In addition, we noted a reimbursement of \$42,722 from the Department of Economic Development, under the Community Development Block Grant program, which was held for six days before disbursement.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to the disbursement of those funds.

Non-compliance with the Cash Management Improvement Act with regard to timely disbursement of federal funds could result in future reductions of those funds.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission will establish procedures to minimize the time lapsed between the receipt of federal funds and the disbursement of such funds.*

**01-4.****Suspension and Debarment Compliance**

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.523
Program Title:	Juvenile Accountability Incentive Block Grant
Pass-Through Entity	
Identifying Number:	98-JAIGBG-CB-001
Award Year:	2000
Questioned Costs:	Not Applicable

The Adair County Commission entered into contractual agreements with various contractors to build a new juvenile justice detention center. The County Commission did not require contractors to certify that they had not been suspended or debarred.

28 CFR 67.225 requires that an award must not be made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal Assistance. This requirement applies to all contractors and all subrecipients. Controls must be established to obtain suspension and debarment certifications from parties to ensure compliance with the federal guidelines.

**WE RECOMMEND** the County Commissioner obtain certifications from parties awarded contracts that the organization and its principals are not suspended or debarred.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission complied with this requirement for the county's other federal projects and will ensure compliance with all future projects.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

ADAIR COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

ADAIR COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

ADAIR COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Adair County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We also have audited the compliance of Adair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Adair County but do not meet

the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. County Financial Condition</b>
--------------------------------------

Although the General Revenue Fund cash balance at December 31, 2001, had increased \$321,703 since December 31, 1999, the county estimates it will deplete approximately \$214,000 of the cash balance during the year ended December 31, 2002, with increased obligations which are likely to be recurring. Adair County's General Revenue Fund's cash balance is estimated to decrease from \$348,207 at December 31, 2001, to \$134,276 at December 31, 2002. During the year ended December 31, 2001, \$1,745,765 was disbursed from the General Revenue Fund; however, the 2002 budget reflects anticipated expenditures of \$2,117,550. This is an anticipated increase in disbursements of \$371,785, while revenues are anticipated to increase only \$49,939. During our review we noted the following significant potential obligations the county should consider when evaluating the General Revenue Fund's financial condition:

- 1) Although the county established a Law Enforcement Sales Tax Fund in 1997, it appears the taxes collected are not sufficient to cover the cost of law enforcement operations related to the sheriff's department and jail. The 2002 General Revenue Fund budget reflects an increase of approximately \$125,000 over the amount funded during the years ended December 31, 2001 and 2000, to cover the costs of law enforcement operations.
- 2) The County Commission increased the county's potential liability for the year ended December 31, 2002, under the self-funded insurance plan by \$250,000 by increasing the cap on aggregate claims to be paid by the county (See MAR No 5). The County Commission has not budgeted this increased potential liability, and as a result, it is not included in the anticipated expenditures noted above.
- 3) In December 1999 the City of Kirksville approved a tax increment finance district (TIF) which is funded, in part, by sales tax revenues. In June 2002 the county received a bill from the city for \$14,459 for the TIF's share of county sales tax revenues for 2001 and 2000. The county has some questions related to the TIF and it is uncertain what the long-term financial impact to the county will be.

In addition, significant increases were budgeted in 2002 for several other expenditure categories.

With continuing increased demands on the General Revenue Fund, it is essential that the county consider all potential liabilities and revenue sources when preparing the budget in an effort to increase the effectiveness of the budget as a management tool. In addition, the County Commission should continue to review discretionary expenditures and efficiently use the resources available to the county.

**WE RECOMMEND** the County Commission closely monitor the county's financial condition and budget as effectively as possible.

**AUDITEE'S RESPONSE**

*The County Commission appreciates the information provided by the auditors and it will utilize the information in future decisions. In addition, the County Commission will continue to closely monitor the financial condition of the county.*

<b>2. County Officials' Compensation</b>
------------------------------------------

Salaries for most elected county officials increased significantly in January 1998.

Senate Bill No. 11 (SB 11), effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, and including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

In a letter to the County Commission and County Clerk, dated January 6, 1998, the prior Prosecuting Attorney indicated, "Missouri Statute Sec. 50.333.7, RSMo, SPECIFICALLY authorizes the action taken for increased remuneration to elected officials starting January 1, 1998".

In 1998 Adair County's Associate County Commissioners salaries were increased \$7,060. The Adair County Salary Commission minutes did not specifically address the issue of mid-term raises for the associate county commissioners in 1997. The 1995 and 1997 salary commission minutes set all Adair County officials' salaries at 100 percent of maximum salaries allowed by state law. However, by using the salary schedules from the 1998 statutes (those changed by SB 11), mid-term raises were in effect granted to county elected officials. Increases for other elected officials ranged from \$5,500 to \$12,000; however, some offices began a new term in 1999 and the salary increase for those officials is in question for only one year.

Based on the Supreme Court decision, the raises given to the Associate County Commissioners for the three years ended December 31, 2000, should be repaid. In addition,

in light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety.

In July 2001, the County Commission mailed letters to the former Associate Commissioners advising them of the Supreme Court ruling and stating they each had been overpaid a total of \$21,180 during the three years ended December 31, 2000. The County Clerk indicated he has no record of a formal response from the former Associate County Commissioners.

**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

### **AUDITEE'S RESPONSE**

*The County Commission will review the situation and give consideration to the recommendation.*

<b>3. County Expenditures</b>
-------------------------------

- A. Billing statements were not always reconciled to invoices prior to payment nor did the County Clerk's office check the expenditure system to ensure payment had not already been made. As a result, the county made duplicate payments on several invoices totaling approximately \$39,800, during the year ended December 31, 2001. Some vendors returned the checks issued by the county while other vendors issued a refund check to the county. There is no assurance that all duplicate payments have been identified. In addition, numerous checks, totaling approximately \$77,600, were voided prior to issuance because the checks were either made payable to the wrong vendor, made payable for the wrong amount, or because the county had a credit balance with the vendor, during the year ended December 31, 2001. To prevent duplicate payment, and to reduce voided checks, billing statements should be reconciled to invoices prior to payment and the expenditure system should be checked to ensure payment has not already been made.
- B. Adequate documentation was not required by the County Commission prior to approving expenditures. During March 2001, the County Commissioners approved a \$9,645 payment without an invoice as supporting documentation. Written documentation supplied by the vendor, dated May 18, 2001, indicated the check had been returned to the county due to the payment being made in error. However, the county again mailed the check to the vendor insisting that the payment was correct. It was not until we questioned the expenditure that the matter was investigated and the monies were refunded to the county.

### **WE RECOMMEND:**

- A. The County Commission and County Clerk ensure payments and billing statements are supported by original invoices.

- B. The County Commission and County Clerk ensure adequate documentation is obtained and reviewed prior to payment.

**AUDITEE'S RESPONSE**

*A&B. The County Commission and County Clerk indicated great improvements have been made in the last eighteen months, and they will continue to comply with the recommendations.*

<b>4. Budgetary Practices</b>
-------------------------------

- A. The County Commission does not adequately monitor the status of budgeted expenditure categories. We noted one instance in which the County failed to pay for leased office space for twenty-nine months. The County Commission continued to appropriate funds for the office space in the 2002 and 2001 budgets even though county records did not reflect actual expenditures in 2001 and 2000 and apparently did not follow up on the status of this obligation. It wasn't until invoices, totaling \$14,957, were received in March 2002 that the County Commission realized the rent had not been paid since August 1999.

Failure to monitor budget categories reduces the effectiveness of the budget as a management tool.

- B. Deficiencies were noted in the information presented in the budgets prepared by the County Clerk and approved by the County Commission. The 2001 revised budgets for the Family Advocate Center Fund, Juvenile Grant Operations Fund, and Neglected and Delinquent Children Fund classified all expenditures as "other" rather than including more specific expenditure categories. The 2001 revised budgets for the Family Advocate Center Fund and Neglected and Delinquent Children Funds classified revenues as "other" rather than including more specific revenue categories. The 2001 Law Enforcement Construction Fund budget classified \$1.2 million as miscellaneous expenses, rather than construction cost.

Failure to present detailed financial information decreases the effectiveness of the budget as a management tool.

- C. The 2002 and 2001 budget documents submitted to the State Auditor's office did not include a budget message prepared by the County Clerk. Considering the conditions previously noted, a detailed budget message is of even greater importance. In addition, Section 50.590, RSMo 2000, states that the budget document shall include a budget message outlining the fiscal policy of the government for the budget year and should describe important features of the budget and information regarding significant future plans.

To be of maximum benefit to the county and its taxpayers, a complete and detailed budget message is needed.

**WE RECOMMEND:**

- A. The County Commission adequately monitor the status of budgetary categories and investigate unusual variances.
- B. The County Commission ensure that all financial information is presented in a complete and accurate manner.
- C. The County Clerk prepare a budget message to include in the consolidated budget which outlines the county's fiscal policy and describes important features of the budget, as well as information regarding significant future plans.

**AUDITEE'S RESPONSE**

- A. *The referenced lease agreement required the lessor to submit monthly billing statements, which he failed to do. However, the failure of the County Commission and the County Clerk to notice the lack of rental payments was an oversight, and the County Commission and the County Clerk will strive to avoid such mistakes in the future.*
- B. *The County Commission made a concerted effort in the 2002 budget to begin the consolidation of several funds and to reduce the amount of budgeted expenditures in "other" or "miscellaneous" accounts within the various funds, particularly the General Revenue Fund. The referenced mistake in the 2001 Law Enforcement Construction Fund budget was caused by a clerical error. The amount of \$1.2 million for "Construction Costs" was inadvertently placed on the succeeding line for "Miscellaneous" expenditures. The County Commission and the County Clerk will strive to ensure that all financial information is presented in a complete and accurate manner.*
- C. *The County Clerk will implement the recommendation for the 2003 budget.*

<b>5. Self-Funded Health Insurance Plan</b>
---------------------------------------------

Effective January 2001, the County Commission adopted a self-funded health insurance plan as a means of providing insurance benefits to county employees. Our review of the self-funded health insurance plan revealed the following concerns:

- A. The County Commission did not perform a formal cost/benefit analysis comparing the benefits and costs of a self-funded insurance plan compared to a conventional plan. In addition, the Presiding Commissioner indicated that employees' claims history could not be evaluated because the previous insurer refused to release claims history records. However, the previous standard insurance carrier apparently



declined to submit a proposal due to a poor claims history. By ignoring the standard insurance carrier's refusal to insure, it appears the County Commissioners placed the county at a greater financial risk by adopting a self-funded health insurance plan. Formal cost/benefit analyses are necessary to enable the County Commission to make informed decisions and ensure the economical use of county resources.

- B. The Self Funded Health Insurance Fund has not been sufficiently funded. The County Commission transferred approximately \$5,200 in start-up money from the General Revenue Fund and budgeted a monthly amount for each employee to be transferred to the Self Funded Health Insurance Fund from the appropriate funds. The transfer was to cover the monthly employee premium for secondary insurance and administrative fees, as well as any claims filed. According to the health insurance plan, the county was responsible for the first \$15,000 in claims per employee, or an aggregate of \$150,000 before the secondary insurance carrier was responsible for the claims.

Premiums, administrative fees, and claims filed exceeded the available resources of the Self-Insurance Fund by approximately \$41,000 during the year ended December 31, 2001. On December 31, 2001, the County Commission ordered a \$16,000 transfer from the General Revenue Fund to the Self Funded Health Insurance Fund, to aid in the payment of health insurance claims filed during December 2001. However, the Self Funded Health Insurance Fund had a balance of only \$391 at December 31, 2001 with liabilities of approximately \$25,000 resulting from five claims which had been filed on December 17, 2001.

By failing to sufficiently fund the self-funded insurance plan, resulting in unplanned transfers from the General Revenue Fund, the county commission reduces its' ability to effectively manage county resources.

- C. Although the county suffered financial hardship in the first year of adopting a self-funded health insurance plan, they chose to renew the plan in the current year without soliciting bids for other coverage.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder.

- D. Although county records indicate that claims filed during the first year of the plan exceeded \$183,000, the County Commission budgeted only \$151,000 for claims and pharmacy expenses for the year ended December 31, 2002. In addition, the potential liability to the county significantly increased since the aggregate claims the county is responsible for in 2002 increased to \$400,000.

Prior to the end of the first quarter, the County Commission ordered a transfer of \$120,000 from the General Revenue Fund to the Self Funded Health Insurance Fund

to pay December 2001 and January and February 2002 claims. The County Commission anticipates receiving reimbursement for the claims which exceeded the county's individual and/or aggregate responsibility; however, the County Commission was unable to determine the amount of the reimbursement.

**WE RECOMMEND** the County Commission reevaluate the Self-Funded Health Insurance Plan and consider the potential financial impact on the county's resources. If, after performing a cost benefit analysis, it is determined that a Self Funded Health Insurance Plan is cost effective, the County Commission should ensure that the Self Funded Health Insurance Fund is sufficiently funded and budgeted to cover the costs of premiums, fees, and claims and to consider the cash flow requirements of payments and related reimbursements.

### **AUDITEE'S RESPONSE**

*The County Commission is currently exploring other avenues of obtaining health insurance.*

<b>6. General Fixed Asset Records and Procedures</b>
------------------------------------------------------

A. A review of the general fixed asset records revealed the following concerns:

- The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records. Fixed asset purchases of approximately \$40,000 had not been recorded on the property records at the time of our review. Performing this reconciliation would help ensure that all purchases have been properly added to the fixed asset records.
- The County Clerk does not prepare a summary of changes in general fixed assets at each year-end reconciling beginning balances, additions, and deletions.
- Property tags are not placed upon some general fixed asset items. We noted one instance in which the property tag had been affixed to the invoice instead of the property. Property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage of county property. Inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an

individual original value of \$250 or more and any property with an aggregate original value of \$1000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. Vehicle logs are not maintained in some county-owned vehicles. Vehicle logs should be maintained which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Without adequate vehicle logs, the County Commission cannot effectively monitor the use of county owned vehicles.

Similar conditions were noted in our prior two audit reports.

**WE RECOMMEND:**

- A. The County Clerk reconcile equipment purchases to the fixed asset records and record all property items costing in excess of \$250. A summary of beginning balances, additions, and deletions of general fixed assets should be prepared at each year-end. Property control tags should be affixed to all fixed assets immediately upon receipt.
- B. The County Commission ensure usage logs are maintained for all county vehicles.

**AUDITEE'S RESPONSE**

- A. *The County Clerk is currently implementing this recommendation. The county has purchased a general fixed assets software program for the inventory system, and additional efforts will be made to keep the inventory up to date.*
- B. *The County Commission will strive to comply with this recommendation.*

<b>7. Personnel Policies and Procedures</b>
---------------------------------------------

During our review of payroll records we noted the following concerns:

- A. Not all departments are preparing and submitting time sheets to the County Clerk on a timely basis. Although the employee handbook states that every employee of Adair County will submit an approved time sheet to the County Clerk, the Road and Bridge department submits an exception report once a year, which reflects leave taken and the Sheriff's department submits time sheets sporadically. Time sheets should be submitted to the County Clerk's office by all employees to provide supporting documentation and additional assurance to the County Commission that payroll expenditures are valid and proper.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed with the County Clerk.

- B. The County Clerk does not maintain detailed records of vacation or sick leave earned, taken, or accumulated. The County Clerk indicated leave records are to be maintained by each individual office but our review noted some offices are not maintaining these records. We noted one instance in which a Sheriff department employee was paid for 130 hours of vacation leave without records to support the payment.

Without centralized and complete leave records, the County Commission cannot ensure that employee's annual and sick leave balances are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

**WE RECOMMEND** the County Commission:

- A. Require all county employees to complete time sheets which report actual hours worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure a balance of leave accumulated and taken for each employee is maintained by the County Clerk.

**AUDITEE'S RESPONSE**

- A. *The County Commission will comply with the recommendation. The County Commission has sent a letter to all county officials and department heads stressing the importance of submitting time sheets to the County Clerk's Office. The letter states that paychecks will be held until time sheets can be reviewed. The County Clerk indicated the withholding of paychecks is a decision to be made by the County Commission and he will cooperate only with a written order from the County Commission.*
- B. *The County Commission and County Clerk will strive to comply with the recommendation.*

<b>8. Property Tax Controls</b>
---------------------------------

- A. The County Clerk does not prepare the current or back tax books. The County Collector enters the tax rates, which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also generates the back tax books. Further, the County Clerk does not verify the current and back tax books for

accuracy. A review should include verification of individual entries in the back tax book and summing the total tax book charges. The County Clerk is responsible for the accuracy of the personal and real estate tax books and the amounts with which the County Collector is charged.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books and aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, or to adequately review the tax books for accuracy, may result in errors and irregularities going undetected.

- B. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements.

- C. Controls over property tax additions and abatements are not adequate. The County Collector makes changes to the tax books after receiving information from the County Assessor for additions and abatements occurring throughout the month. The County Clerk is responsible for preparing court orders for additions and abatements to be approved by the County Commission. The court orders are approved by the County Commission on a monthly basis; however, there is no subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files or to amounts reflected on the County Collector's annual settlement. As a result, errors in the County Collector's annual settlements could go undetected.

The County Commission, in allowing the County Collector to make changes to the property tax books and also collect the taxes, is weakening controls over the collection of taxes by preventing proper segregation of duties from occurring. Furthermore, Section 137.260, RSMo 2000, requires that the tax book only be changed by the Clerk of the County Commission under order of the County Commission. Controls should be established so that the County Clerk periodically

reconciles all additions and abatements to changes made to the property tax data files, as well as reconcile the total additions and abatements to the Collector's annual settlement.

- D. The County Collector and the county contract to collect taxes on behalf of various cities in the county. Most of these contracts have been in effect for several years. The County Collector and county receive a fee of 1½ percent and 1 percent, respectively, withheld from all taxes collected. In addition, the County Collector receives a penalty charge of 5 percent on delinquent taxes collected from the taxpayers.

The contracts provide for the County Collector to receive a 5 percent penalty on delinquent taxes as prescribed by law. We contacted the City of Kirksville and were informed there is no city ordinance authorizing the 5 percent penalty collected on delinquent taxes. There is a resolution authorizing the agreement, which provides the 2 ½ percent payment to the county; however, there is no mention in the resolution of the 5 percent penalty on delinquent taxes. The County Collector personally retains these penalties and collected approximately \$2,000 and \$1,300, for fiscal years 2001 and 2000, respectively. Any add on fee or penalty charged to taxpayers must be based on state law and city ordinance or resolution.

**WE RECOMMEND:**

- A. The County Clerk prepare the current and back tax books or at least perform an adequate verification of the accuracy of the tax books and document such verification.
- B. The County Clerk maintain an account book with the County Collector in accordance with statute.
- C. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.
- D. The County Commission and the County Collector ensure the penalties on city taxes are collected and distributed in accordance with state law and city ordinances or resolutions.

**AUDITEE'S RESPONSE**

- A. *The County Clerk has spoken with other county clerks about these procedures and is working to rectify this situation.*

- B. *The County Clerk will maintain an account book with the County Collector beginning March 1, 2003.*
- C. *The County Commission will work with the County Collector to comply with the recommendation.*
- D. *The County Commission and the County Collector believe that the city taxes were properly collected and distributed under the agreements with the various cities. The County Commission will work with the County Collector to assure the referenced agreements are in compliance with state law and the applicable city ordinances.*

*The County Collector indicated that the consolidated tax billing and collection agreement entered into on February 20, 1995, by and between the City of Kirksville, the Adair County Collector, and the Adair County Commission is very specific as to fees to be retained by all parties. The agreement, which was signed in good faith by all parties, specifically allows for county retention of 1 percent for County General Revenue, 1 percent for the County Assessment Fund, and 1 ½ to the Adair County Collector. Additionally, collection of a late payment penalty charge of 5 percent is authorized in the agreement on city taxes only with the fee to be retained by the Adair County Collector of Revenue as part of the overall compensation allowed under the agreement.*

*The County Collector indicated that county collectors are not elected to collect city tax dollars and any agreement reached between the County Collector, the County and a City that provides for collection services that is agreeable and lawful should be considered valid. This fee is not the same fee collected by county collectors on late payment of county taxes. The terminology "as prescribed by law" found in the consolidated tax billing and collection agreement refers to city law and/or city ordinance or resolution. The ratification of this agreement by city officials implies that collection of a 5 percent late penalty is authorized and intended. A written statement can be obtained, if needed, from the City of Kirksville as to the intent and distribution of the 5 percent fee collected on delinquent city taxes. The County Commission has already approved the intended distribution of the 5 percent fee collected on delinquent city taxes as evidenced by ratification of the referenced agreement. The authorization that allows cities to enter into negotiated agreements with county collectors and county commissions for consolidated collection of city taxes on the county tax bill creates tremendous cost savings for the cities.*

*The County Collector will continue operating under the lawfully signed agreement with notification to the city to correct any legal issues which authorize the 5 percent penalty allowed for in the agreement. The County Collector desires for his office to be in full compliance with all state laws.*

The Recorder of Deeds distributed approximately \$18,600 in excess fees to the County Treasurer during the four years ended December 31, 2001, resulting in a shortage in the official bank account. In addition, interest and copy monies of approximately \$1,400 and \$7,200, respectively, were not distributed to the General Revenue Fund during the four years ended December 31, 2001. These errors occurred as a result of the following control weaknesses:

- A. The Children's Trust Fund and Domestic Violence Fund fees, collected as part of marriage license fees, were properly distributed to those respective funds; however, these fees were also distributed to the General Revenue Fund. A monthly worksheet is prepared, which is used to calculate distributions of monies collected. The amounts due to various funds are calculated and deducted from total collections to arrive at the amount due to the General Revenue Fund. However, the amounts distributed to the Children's Trust Fund and Domestic Violence Fund were not deducted in the calculation of the amount due to the General Revenue Fund, and as a result, these fees were distributed twice. This situation began in 1998 and was not identified until we brought it to the Recorder of Deed's attention.
- B. Copy monies and interest earned received are not recorded in the fee book. In addition to fees for recording documents, the Recorder of Deeds collects copy fees from abstract companies and the general public. When copy monies are received from abstract companies, a separate deposit is prepared. Copy monies received from the general public are held in a cash box until month-end.

The fee book is the only record of monies received by the office and is used to prepare the month-end distribution worksheet. Failure to record all monies received increases the risk that errors, loss, or misappropriation of funds will not be identified in a timely manner. In addition, Section 59.250, RSMo 2000, requires the Recorder of Deeds to keep a full account of all fees of every kind received.

- C. Monthly bank reconciliations are not performed and a checkbook balance is not maintained. Accurate and complete bank reconciliations are necessary to ensure that all monies are properly deposited, accounting records are in agreement with the bank, and errors or discrepancies are detected on a timely basis. Had bank reconciliations been performed, the errors in distributions noted above would have been identified on a timely basis. In addition, a balance should be maintained in the check register to allow for proper reconciliations with the bank statements.



- D. Accounting and bookkeeping duties are not adequately segregated. While all clerks in the office receive monies, the Deputy Recorder has the authority to make deposits and is responsible for preparing the monthly disbursement checks, which are signed by the Recorder of Deeds. There is no indication the work performed by the Deputy Recorder is reviewed by the Recorder of Deeds.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, the Recorder of Deeds should at least compare bank deposits with recorded receipts and review monthly bank reconciliations.

- E. As noted in the prior two audits, the Recorder of Deeds did not deposit receipts intact. We noted that refunds were made from cash on hand, instead of by check. Depositing receipts intact and issuing refunds by check are necessary to ensure the proper accounting of all receipts and disbursements.

**WE RECOMMEND** the Recorder of Deeds:

- A. Ensure monthly distributions of fees are accurately calculated and distributed.
- B. Ensure that all fees and monies received by the office are properly recorded in the fee book.
- C. Maintain a balance in the check register and prepare monthly bank reconciliations. In addition, the Recorder of Deeds should determine the actual amounts due from and/or to county funds and make the appropriate adjustments.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At minimum, the Recorder of Deeds should perform documented reviews of the work performed.
- E. Deposit all monies received intact and issue checks for all refunds.

**AUDITEE'S RESPONSE**

*The Recorder indicated:*

- A. *The monthly worksheets are being revamped to assure proper distribution.*
- B. *Copy monies and interest earned are now being recorded in separate ledgers.*
- C. *Monthly bank reconciliations are now being done according to general accounting practices. While there was no suggestion that any monies were missing, the Recorder is reviewing the manner to zero balance with General Revenue.*

- D. *He is now reviewing fiscal practices being handled by the staff.*
- E. *He is reviewing the practice of refunds by check versus cash.*

<b>10. Prosecuting Attorney's Plea Bargain Controls and Procedures</b>
------------------------------------------------------------------------

The Prosecuting Attorney has the authority to decide which criminal cases to prosecute or dispose of, and may also enter into plea bargains and make recommendations to the judge for suspended imposition of sentence. For some cases the Prosecuting Attorney requires the defendant to make a "donation" as a condition of disposing of the case or entering into a plea bargain. During our review of procedures related to donations we noted the following:

- A. The Prosecuting Attorney distributes the donations to local school organizations such as the parents teacher organization and booster clubs. By accepting the donations, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund maintained by the state.

- B. There are no guidelines established for how donation amounts are determined. The Prosecuting Attorney indicated the amount of the donation is determined on a case by case basis and is based on the nature of the crime and the financial position of the defendant, or the defendant's family.

By determining the donation amount on a case by case basis there is less assurance that misappropriation of funds will be detected on a timely basis.

- C. The Prosecuting Attorney does not maintain sufficient records of donations. When a donation is part of the plea agreement, the defendant is allowed to make payment directly to the organization chosen by the Prosecuting Attorney, or to the Prosecuting Attorney, who then disburses it to the organization. Although the Prosecuting Attorney indicated this practice has occurred since he took office in 1999, only a partial listing of donations that were made in 2001, totaling approximately \$7,400, was maintained. The listing included only those donations that were deposited into the Prosecuting Attorney's checking account. Donations made directly to organizations were not included on the listing.

Failure to record all donations reduces accountability and increases the risk that misappropriation of funds will not be identified in a timely manner.

- D. The Prosecuting Attorney does not make the judge aware of the donation when presenting the plea bargain to the court.

Opinion 176 issued by the Judicial Commission on Retirement, Removal and Discipline, states, "Even though the judge does not impose a charitable or civic payment as part of a sentence or condition of probation, when the judge knows such a payment is a pre-condition to receiving the recommendation, the appearance of a 'payoff' remains. The judge has the obligation to review the plea agreement and exercise discretion in a manner so as not to create the appearance of a 'payoff'. The judge should not approve such a plea bargain absent an ordinance, statute or constitutional provision authorizing such payments."

The Associate Circuit Judge indicated she would have to remove herself from a case if she became aware that a donation was a stipulation of the plea bargain. Given this, the Prosecuting Attorney and Associate Circuit Judge should reevaluate whether these circumstances allow the judge to make an informed decision or whether this practice should be discontinued.

**WE RECOMMEND** the Prosecuting Attorney and Associate Circuit Judge determine whether requiring donations as part of a plea bargain is acceptable. If this practice is continued the Prosecuting Attorney and Associate Circuit Judge should reevaluate the distribution of these funds. In addition, guidelines for determining donation amounts should be established and a complete and accurate record of all donations should be maintained.

### **AUDITEE'S RESPONSE**

*The Associate Circuit Judge stated, "It has always been my position that it is a violation of the Code of Judicial Conduct for a judge to accept a plea bargain that contains a "donation" as part of it. Opinion #176 of the Commission on Retirement, Removal and Discipline specifically states, "The judge should not approve such a plea bargain absent an ordinance, statute or constitutional provision authorizing such payment." There are no such ordinances, statutes or constitutional provisions. Therefore, in the past I have refused to accept such plea agreements made by the Prosecuting Attorney and will continue to do so in the future."*

*The Prosecuting Attorney stated, "First, I decided to do this after learning about similar programs from other prosecutors over the state. It was and is my purpose in doing this to punish defendants who obtained a favorable disposition, i.e. one that did not involve a conviction, as I believed that they would not appreciate the wrongfulness of their acts without some sort of monetary punishment. I decided to have the funds paid to school related organizations so that there would not appear to be favoritism between benevolent organizations and if a fine could have been imposed it would go to the school fund. I further decided to have the funds paid to school related organizations such as the PTO or booster clubs because, if the funds went directly to the school fund, the Department of Secondary Education at Jefferson City, most likely would deduct 100% of the payments from the monies our local schools received from the state, pursuant to section 163.031.2, RSMo. ( Which states in part: "From the district entitlement for each district there shall be deducted the following*

*amounts...one hundred percent of the amount received the previous year for school purposes from...fines, forfeitures and escheats..."). By paying the funds to organizations that supported the schools in our county, the children would receive benefits in addition to what the schools could afford and the State of Missouri would not take the funds away from our children and give them to school districts in St. Louis or Kansas City.*

*You are correct that there were no "standard" donation amounts, as I believed that the punishment should fit the crime and what may be punishment for one person may be impossible for another. The purpose of the donation was to show the defendant the error of his ways and make him think before he did that act again, not to break him financially. In hindsight, standards would have allowed you to be more comfortable and should have been done, although I trust my judgment.*

*You site an opinion, number 176, issued by the Judicial Commission on Retirement, Removal and Discipline to indicate that the judge should not approve such an arrangement unless authorized by statute. I would point out to you Section 559.021, RSMo which allows for a judge to order such conditions of probation as the court believes will serve to compensate the victim, any dependant or society. That has been deemed by the state Attorney General in opinion No. 42-88, Perry, 3-9-88 to allow a judge to order as a condition of probation payment of a sum of money to be used for law enforcement purposes and Section 50.550, RSMo., authorizes the county commission to create a fund in the county treasury for this purpose. It appears to me that such a measure would be deemed more of a "payoff" as law enforcement and the prosecutor's office would receive direct benefit from that system, whereas a donation to school related organizations would not allow for direct benefits to either my office or law enforcement, but place the monies in a position to support the schools, which is the purpose of fines and forfeitures.*

*Based upon your suggestions, I intend to discontinue this program until legislation is passed to allow the ability to fine individuals that receive suspended impositions of sentence. Such legislation was submitted this legislative session but was not passed. I assume it will be filed again next session and I will do what I can to obtain its passage."*

### **AUDITOR'S COMMENT**

Attorney General Opinion No. 42, 1988 to Perry had been withdrawn in September 1998, prior to the issuance of Opinion No. 176.

<b>11. Prosecuting Attorney's Controls and Procedures</b>
-----------------------------------------------------------

The Prosecuting Attorney's office collects bad check monies and fees, delinquent tax payments for the state, contributions for plea bargains, and restitution. During our review of the Prosecuting Attorney's controls and procedures related to the handling of these monies, we noted the following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated. While all of the clerks in the office receipt monies, one clerk is responsible for making deposits and disbursements. There is no indication the work performed by this clerk is reviewed by the Prosecuting Attorney.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, the Prosecuting Attorney should at least compare bank deposits with recorded receipts and review monthly bank reconciliations. Proper supervision by the Prosecuting Attorney and documented reviews help ensure that financial records are properly maintained and errors are detected on a timely basis.

- B. Monthly bank reconciliations have not been performed for the bank accounts maintained by the Prosecuting Attorney since he took office in January 1999. In addition, checkbook balances are not maintained. Accurate and complete bank reconciliations are necessary to ensure that all monies are properly deposited, accounting records are in agreement with the bank, and errors or discrepancies are detected on a timely basis. In addition, a balance should be maintained in the check register to allow for proper reconciliations with the bank statements.
- C. Monthly listings of open items (liabilities) are not prepared and consequently, liabilities are not reconciled with cash balances. Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary for the Prosecuting Attorney to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. At December 31, 2001, bank balances for the Tax, Bad Check, and Miscellaneous accounts were \$1,010, \$5,370, and \$2,835, respectively.
- D. Although receipt slips are issued for all monies received, redi-form receipts slips are issued rather than official, pre-numbered receipt slips. Redi-form receipt slips may be purchased at any retail outlet where office supplies are sold and, as a result, duplicate receipt slip numbers may be purchased. Official prenumbered receipt slips would be purchased in sequential order and, as a result, there would more assurance that all receipt slips could be accounted for.

To ensure all monies are properly handled, official, pre-numbered receipt slips should be issued for all monies received.

- E. Money orders and cashier's checks that are payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt. The money orders and cashier's checks are endorsed just prior to making a deposit. In addition, receipts are not always deposited on a timely basis. Receipts are normally deposited about once a week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, money orders and cashier's checks should be restrictively endorsed immediately upon receipt and all monies should be deposited daily or when accumulated receipts exceed \$100.
- F. The Prosecuting Attorney and his employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Maintain a balance in the check register and prepare monthly bank reconciliations.
- C. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances.
- D. Obtain and issue official pre-numbered receipt slips for all monies received.
- E. Restrictively endorse all money orders and cashier's checks received immediately upon receipt. In addition, monies should be deposited daily or when accumulated receipts exceed \$100.
- F. Acquire a bond for all employees handling assets.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *When he came into this office one person collected the money, kept track of the money and deposited the money. He has attempted to divide the duties as best as possible so no one person does all of those tasks. He will continue to further segregate the duties as much as possible within the constraints of his budget.*
- B
- &C. *He is in the process of installing bad check and restitution software, which should make the tasks of balancing checkbooks, reconciliations and open items lists easier and faster to perform. The Prosecuting attorney is hopeful that the computer system will allow the*

*secretarial staff to perform the tasks suggested and keep up with their duties to support the prosecution of criminals. The Prosecuting Attorney will also do his best to review the books once a month. The Prosecuting Attorney hired an accounting student this summer to balance the books from the beginning and he will continue to balance the checkbooks on a monthly basis and maintain the open items list. Hopefully, the new computer software will aid in this task.*

- D. In the past, the State Auditor's Office suggested he use pre-numbered receipts, but did not make the requirement that they be "official". The Prosecuting Attorney has used pre-numbered receipts since he took office. It is the Prosecuting Attorney's understanding that the new computer software his office is installing will produce sequentially numbered receipts, with the office letterhead, which he assumes will satisfy the requirement that the receipt be "official". That program will be used for bad checks and restitution. The Prosecuting Attorney will order sequential receipts with his name and office on them for delinquent taxes and begin using them as soon as they can be printed.*
- E. He has already begun to restrictively endorse immediately upon receipt and will continue. His staff will do their best to make a deposit on a daily basis, and will do so barring any unforeseen problems.*
- F. There is no statutory requirement that any person in the Prosecuting Attorney's Office be bonded. The Prosecuting Attorney will request the funds to purchase a bond for each of his employees in such amounts as the County Commission deems necessary and will purchase bonds if the County Commission leaves those funds in his budget.*

## **12.**

### **Sheriff's Records and Procedures**

The Sheriff collects various criminal and civil fees, bonds, inmate monies, gun permit fees, and reimbursements for boarding and transporting prisoners. Our review of the Sheriff's records and procedures revealed the following concerns:

- A.** With the exception of the inmate monies, the sheriff does not issue official prenumbered receipt slips for monies received, but instead issues rediform receipts. In addition, the method of payment received (cash, check, or money order) is not indicated on receipt slips issued.

Redi-form receipt slips may be purchased at any retail outlet where office supplies are sold and, as a result, duplicate receipt slip numbers may be purchased. Official prenumbered receipt slips would be purchased in sequential order and, as a result, there would more assurance that all receipt slips could be accounted for. To adequately account for receipts, official prenumbered receipt slips should be issued for all receipts and the numerical sequence accounted for properly. The method of payment received should be recorded on all receipt slips, and the composition of receipt slips should be reconciled to the composition of bank deposits.

- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Receipts are not deposited on a timely basis. Deposits are made approximately six to seven times a month. During the month of November 2001 deposits averaged approximately \$2,600 for the fee account and \$700 for the inmate account. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. Receipts are not posted to the cash control ledger on a timely basis. Receipts are recorded in the cash control ledger when the deposits are prepared. A complete and accurate cash control ledger is necessary to provide summarized financial information and facilitate reconciliations with bank accounts.

**WE RECOMMEND** the Sheriff:

- A. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence on a monthly basis. The method of payment received should be indicated on all receipt slips and the composition of receipts slips should be reconciled to the composition of bank deposits.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Post all receipts to the cash control ledger on a timely basis.

**AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *He is ordering one set of official receipt slips that are prenumbered, utilizing a pegboard system. These receipts will be issued to any individual making payment in person at the Sheriff's Office, such as gun permits, bonds, copies of accident reports, etc. These receipts will also be used to receipt funds received in the mail that are not logged as civil process such as inmate phone profits. The receipts will indicate the method of payment and can be reconciled with the bank deposits. Barring any unforeseen delays in printing, this should be accomplished no later than September 23, 2002. Civil process funds are logged on a computer system and a receipt will not be issued from this system since no receipts will be mailed back to the payor. Inmate funds will continue with the current receipting method.*
- B. *Checks and money orders are presently being restrictively endorsed upon receipt.*



- C. *Deposits are being made daily or when they exceed \$100.*
- D. *Receipts are being posted on a timely basis.*

<b>13. Health Center Procedures</b>
-------------------------------------

Our review of the controls and procedures related to the health center revealed the following concerns:

- A. As noted in the prior two audit reports, monies received by the health center are not deposited timely. The Health Center usually deposits receipts only twice a month. A cash count performed in December 2001 revealed that property taxes, checks received from the state, and other miscellaneous receipts totaling approximately \$54,000 was on hand. Some of the monies had been on hand for over two weeks. To properly safeguard all assets and to prevent possible loss or misuse of funds, bank deposits should be made daily or when accumulated receipts exceed \$100.
- B. The approved budget documents did not adequately project the anticipated balances of the Health Center Fund for two years ended December 31, 2001. The 2001 budget indicated a deficit balance of \$4,000 at year end, while the actual balance was \$391,232 and the 2000 budget indicated a zero balance at year end, while the actual balance was \$400,103. In addition, the 2002 budget reflects a zero estimated ending fund balance.

For the budget documents to be of maximum assistance to the Health Center Board of Trustees and to adequately inform county residents of the health center's operations and current financial balances, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and the anticipated ending cash balances.

Although the Board of Trustees indicated in previous audits that they would try to establish a more efficient budgeting tool, no improvement has been noted.

**WE AGAIN RECOMMEND** the health center Board of Trustees:

- A. Deposit all monies received daily or when receipts exceed \$100.
- B. Ensure a more reasonable estimate of the health center's financial position is presented on the budget document.

### **AUDITEE'S RESPONSE**

*The Health Center Administrator indicated:*

- A. *She will do her best to deposit more often.*
- B. *Although property taxes can be easily estimated, other revenues, such as medicare, are difficult to estimate because the revenues fluctuate in accordance with the number of client visits. However, she will try to estimate these revenues to the best of her ability. Also, the fund is zeroed out each year on the budget document so that reserves can be utilized if needed without having to amend the budget.*

### **AUDITOR'S COMMENT**

- B. Budgeting the expenditure of all resources when not necessary reduces the effectiveness of the budget as a management tool and does not present a true picture to taxpayers of the health center's operations and anticipated financial condition.

This report is intended for the information of the management of Adair County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

ADAIR COUNTY, MISSOURI  
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Adair County, Missouri, on findings in the Management Advisory Report (MAR) of our report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Jail Project

- A. The County Commission selected a lease purchase proposal for financing a new jail without adequately evaluating the proposal or completing a financial analysis of the proposals submitted.
- B. The County Commission authorized a payment of \$6,500 for a "construction management change order resulting from project delays,"; however, the related contract did not provide for additional payments for unseen delays. After this was brought to the County Commission's attention the county received a credit from the company.
- C. The county obtained \$225,000 of tax anticipation notes without properly bidding the financing of these notes.

Recommendation:

The County Commission:

- A. Reevaluate the financing proposals and ensure a complete financial analysis of the debt financing options currently available to the county.
- B. Ensure future disbursements related to the jail project comply with contractual obligations and apply the credit to future billings for construction management services.
- C. Solicit bids for future sales of tax anticipation notes in accordance with state law.

Status:

- A. Implemented. When the County Commission sought financing proposals for expanding the existing jail an analysis of the options available was performed.
- B. Implemented.

- C. Implemented. The County Commission solicited bids for the sale of certificates of participation used in financing the jail expansion project.

2. County Nursing Home

The County Commission solicited bids for the sale of the County Nursing Home without allowing potential bidders sufficient time to adequately respond to the advertisement and without publicizing the sale in industry publications.

Recommendation:

The County Commission allow sufficient time for bidders to respond, and consider advertising in industry publications in the future.

Status:

There was not a similar situation during the two years ended December 31, 2001. Sufficient time was allowed for the bids we reviewed.

3. Prisoner Board Expenses

- A. The County Commission entered into a contract with the wife of the chief jailer to provide meals to prisoners incarcerated in the Adair County Detention Center. The chief jailer prepared the housing and meal log for the Sheriff's office.
- B. The Sheriff's housing and meal logs did not indicate the number of meals served to each prisoner or the number of days incarcerated.

Recommendation:

The Sheriff:

- A. Ensure someone independent of the vendor prepares the record of housing and meals served. At a minimum, someone independent should review the housing and meal log to ensure its accuracy.
- B. Ensure the housing and meal log indicates each prisoner who is incarcerated per day, the number of meals served to each prisoner, and a daily total of meals served. The County Clerk should add the daily totals on the meal log and reconcile it to the vendor's invoice and investigate any differences.

Status:

- A. Implemented.
- B. Effective May 2002, the jailers began preparing prisoner meals.

4. Budgetary Practices

- A. The 1998 General Revenue Fund budget did not include accurate and complete estimates of receipts and disbursements. If accurate and complete estimates had been included, a General Revenue Fund deficit budget balance of \$114,835 would have existed as of December 31, 1998.
- B. Formal budgets were not prepared for various county funds.
- C. Disbursements were made in excess of the approved budgets in various county funds.
- D. The county's Schedule of Federal Financial Assistance contained numerous errors and omissions.

Recommendation:

- A. The County Commission and County Clerk ensure accurate and complete estimates of receipts and disbursements are used in future budget documents.
- B. The County Commission ensure that budgets are prepared for all county funds in accordance with state law.
- C. The County Commission ensure the county does not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended.
- D. The County Clerk ensure all federal financial expenditure amounts are properly recorded on the schedule of federal financial assistance.

Status:

- A. Implemented.
- B&C. Not implemented. See Schedule of findings and Questioned Costs finding 01-1.
- D. Not Implemented. See Schedule of findings and Questioned Costs finding 01-2.

5. Prosecuting Attorney's Procedures and Accounting Controls

- A. Receipts were not deposited timely.
- B. Cash duties were not adequately segregated. In addition, four of five employees in the Prosecuting Attorney's office were authorized to sign checks.

- C. The Prosecuting Attorney and his employees who handle monies were not bonded.
- D. Monthly bank reconciliations were not performed.
- E. Open items listings were not prepared. At December 31, 1997, there was approximately \$2,054 in the bad check account that could not be identified.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies received intact daily or when cash on hand exceeds \$100.
- B. Segregate the duties of handling, recording, distributing, and reconciling cash. There should be supervisory review of reconciliations between receipts and deposits and disbursement checks should be reviewed and signed by the Prosecuting Attorney or another designated individual independent of cash duties.
- C. Acquire a bond for all employees handling assets.
- D. Perform monthly bank reconciliations.
- E. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. In addition, the Prosecuting Attorney should determine the proper disposition of the unidentified monies or dispose of the monies in accordance with state law.

Status:

A-E. Not implemented. See MAR finding number 11.

6. Recorder of Deeds' Records and Procedures

- A. The names of payors were not identified in the fee book.
- B. The Recorder of Deeds did not deposit receipts intact. Refunds were issued from cash on hand, instead of by check.
- C. The Recorder of Deeds remitted fees collected from recording documents and interest earned on deposits to the County Treasurer once a year.

Recommendation:

The Recorder of Deeds:

- A. Record the payor's name in the fee book.
- B. Deposit all monies received intact and issue checks for all refunds.
- C. Remit fees and interest earned to the County Treasurer on a monthly basis.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 9.
- C. Partially implemented. Fees are remitted to the County Treasurer on a monthly basis; however, interest and copy monies were not distributed to the General Revenue Fund during the four years ended December 31, 2001. See MAR finding number 9.

7. Health Center Procedures

- A. Receipts and year end cash balances reported on the health center's annual budgets did not agree to the health center's internal accounting records or the total reconciled cash balance per year end bank statements.
- B. The health center did not perform monthly bank reconciliations for its money market account.
- C. Fees collected for death certificates, birth certificates, hepatitis B vaccines, and cholesterol tests were deposited only once a month.
- D. The approved budget documents did not adequately project the anticipated balances of the Health Center Fund. Receipts were underestimated and disbursements were overestimated.
- E. The health center did not have written depository agreements with any of its depository banks.

Recommendation:

The health center Board of Trustees:

- A. Ensure all receipts are properly reflected in the annual budget documentation.



- B. Perform and document adequate monthly bank reconciliations for all bank accounts and agree these reconciliations to the monthly financial statements. In addition, any differences noted should be investigated and resolved.
- C. Deposit all monies received intact daily or when receipts exceed \$100.
- D. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the county's financial positions is presented.
- E. Enter into written agreements with depository banks which document the services and costs of services to be provided by both parties.

Status:

A,B,  
&E. Implemented.

C&D. Not implemented. See MAR finding number 13.

8. General Fixed Asset Records and Procedures

- A. Some fixed asset additions had not been recorded on the property records.
- B. The county did not prepare a summary of changes in general fixed assets at each year-end reconciling beginning balance, additions, and deletions.
- C. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records.
- D. Vehicle logs were not maintained for county-owned vehicles.

Recommendation:

- A. The County Clerk ensure the general fixed asset records are maintained on a current basis.
- B. The County Clerk prepare a summary of beginning balances, additions, and deletions of general fixed assets at each year-end.
- C. The County Clerk reconcile equipment purchases to the fixed asset records.
- D. The County Commission ensure usage logs are maintained for county vehicles.

Status:

A-D. Not implemented. See MAR finding number 6.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# ADAIR COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Adair was named after General John Adair, Governor of Kentucky. Adair County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Kirksville.

Adair County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Adair County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 515,100	15	462,274	12
Sales taxes	1,297,221	38	1,281,372	34
Federal and state aid	1,015,035	30	1,466,253	38
Fees, interest, and other	560,488	17	541,302	16
Total	\$ 3,387,844	100	3,751,201	100

The following chart shows how Adair County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,334,393	44	1,190,930	33
Public safety	411,372	13	568,365	16
Highways and roads	1,294,769	43	1,769,883	51
Total	\$ 3,040,534	100	3,529,178	100

In addition, Adair County had revenues of \$863,938 and \$677,547 in the Law Enforcement Sales Tax - Services Fund and expended \$847,427 and \$791,314 for the purposes of law enforcement in 2001 and 2000, respectively.

The county maintains approximately 174 county bridges and 672 miles of county roads.

The county's population was 22,472 in 1970 and 24,977 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	134.6	124.7	86.4	46.4	27.5
Personal property		48.2	46.3	16.5	11.7	7.8
Railroad and utilities		22.2	21.8	23.7	11.1	7.0
Total	\$	205.0	192.8	126.6	69.2	42.3

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Adair County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.0000	.0000
Special Road and Bridge Fund		.2600	.2604
Health Center Fund		.1997	.2000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	61,493	58,092
General Revenue Fund		3,931	3,923
Special Road and Bridge Fund		530,833	502,181
Assessment Fund		114,763	107,893
Health Center Fund		401,464	379,588
School districts		8,153,283	7,667,754
Library district		298,337	282,018
Ambulance district		403,251	381,338
Nursing Home Districts		303,589	287,281
Advertising		345	189
Cities		1,015,646	949,335
Tax Increment Financing Districts		173,280	119,616
County Clerk		920	1,165
County Employees' Retirement		28,622	26,580
Commissions and fees:			
County Collector		18,396	16,533
General Revenue Fund		173,535	161,826
Total	\$	11,681,688	10,945,312

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	97 %	97 %
Personal property	94	98
Railroad and utilities	100	100

Adair County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Law enforcement services and expansion of the detention center	.0050	*	None

\* .0025 will expire September 30, 2012, or upon the retirement of the debt incurred for the planning, design and construction of the new Adair County Detention Center, whichever shall first occur.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Gary W. Jones, Presiding Commissioner	\$	29,390	29,060
Ray Klinginsmith, Associate Commissioner		27,390	
Bob Brawner, Associate Commissioner			27,060
Sid Osborn, Associate Commissioner		27,390	
Herman Truitt, Associate Commissioner			27,060
Bill Murrell, Recorder of Deeds		41,500	41,000
Jon E. Cook, County Clerk		41,500	41,000
Tom Hensley, Prosecuting Attorney		51,000	49,000
Leonard Clark, Sheriff		46,000	
Randy Forquer, Sheriff			45,000
Lori Smith, County Treasurer		30,710	30,340
Brian C. Noe, County Coroner		14,000	13,000
Joan Mayberry, Public Administrator (1)		41,500	49,291
David O. Erwin, County Collector (2), year ended February 28 (29),	59,896	57,616	
Bob Giovannini, County Assessor (3), year ended August 31,		42,237	41,900
Edward A. Cleaver, County Surveyor (4)			

- (1) Includes fees received from probate cases during the year ended December 31, 2000.
- (2) Includes \$18,396 and \$16,533 for the years ended February 28(29) 2002 and 2001, respectively, of commissions earned for collecting city property taxes.
- (3) Includes \$900 annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

Linda Decker, Circuit Clerk	47,300	46,127
Joyce Otten, Associate Circuit Judge	96,000	97,382



A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	3 *	0
Circuit Clerk	0	5 ****
Recorder of Deeds	2	0
County Clerk	3	0
Prosecuting Attorney	4 *	0
Sheriff	21 *	0
County Treasurer	1	0
County Coroner	0	0
Public Administrator	1	0
County Collector	4 **	0
County Assessor	6 *	0
County Surveyor	0	0
Associate Division	0	2
Probate Division	0	1
Road and Bridge	20 ***	0
Health Center	18 *	0
Total	<u>83</u>	<u>8</u>

\* Includes 1 part-time employee

\*\* Includes 2 part-time employees

\*\*\* Includes 3 part-time employees

\*\*\*\* Includes 1 employee paid 80% by State and 20% by County

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Adair County's share of the second Judicial Circuit's expenses is 62.70 percent.

The County Commission entered into a lease agreement with the BNY Trust Company of Missouri on December 1, 2001. The terms of the agreement called for the trust company to issue Certificates of Participation of \$3.2 million to pay for the expansion of the jail and for the trust company to lease the jail back to the county for payments totaling the principal and interest due on the outstanding certificates. Payments are made from the Law Enforcement Sales Tax-Construction Fund from the sales tax revenues. The certificates of participation are scheduled to be paid off in 2007. The remaining principal and interest due on the lease at December 31, 2001, was \$3.2 million and \$356,675, respectively.

The County Commission entered into a lease/purchase agreement with the Bank of Kirksville dated August 7, 2001, which provides for the Bank of Kirksville to pay for the software, equipment, and materials used in connection with the county's E-911 service and then lease the items to the county for payments totaling the principal and interest due on the lease. Payments are to be made through a telephone surcharge. The lease is scheduled to be paid off in 2009. The remaining principal and interest due on the lease at December 31, 2001, was \$300,000 and \$69,033, respectively.

The County Commission entered into a lease/purchase agreement with B K Development, Inc. on June 21, 2000. The terms of the agreement called for B K Development, Inc. to pay for the construction of the juvenile detention center building and then lease the building to the county for payments totaling the principal and interest due on the lease. The lease is scheduled to be paid off in 2020. The remaining principal and interest due on the lease at December 31, 2001, was \$1,849,695 and \$1,359,554, respectively.

\* \* \* \* \*



**MONROE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-93  
September 24, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Monroe, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Monroe County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Numerous concerns were noted with the county's payroll procedures. Time sheets prepared by county employees did not always indicate actual hours worked. It does not appear the county is following procedures as stated in the current personnel policy when determining overtime/compensatory time. Centralized leave records maintained by the county did not always agree to the time sheets prepared by county employees. Sheriff's department employees prepare multiple time sheets to document hours worked in association with various law enforcement contracts. Instances were noted where some hours were recorded on two different time sheets and therefore paid twice.

During 2000, three county employees received additional compensation of \$1,000 each for performing accounting services related to the 911 Fund. There was no indication in the payroll records that additional hours were worked and it appears these payments represent bonuses.

- Several weaknesses were noted regarding county expenditures. Credit card purchases made by the County Sheriff are not always adequately supported, credit card bills are not paid timely and late fees and finance charges have been incurred, and personal purchases are sometimes charged to the credit card and reimbursed by county employees. In addition, records are not maintained to document the number of meals served to prisoners to ensure the county is paying only for meals received. Also, when the county awards a contract to a vendor other than the lowest bidder, documentation is sometimes insufficient to support the amounts used in the justification process.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Monroe County's Associate County Commissioners' salaries were each increased approximately \$3,640 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$7,280 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

- The prior audit report addressed the inadequacy of the Public Administrator's procedures. While the Public Administrator responded in the prior audit that recommendations would be implemented and the Associate Circuit Judge responded that additional monitoring procedures would be implemented, little improvement was noted. This audit identified weaknesses such as untimely and incomplete settlements, inadequate documentation of expenditures and fees, untimely deposits, and bills not being paid timely.
- In January 2001, the County Treasurer transferred the Enhanced 911 Fund to the Enhanced 911 Board. Several weaknesses were noted regarding the payroll procedures of the Enhanced 911 Board. The 911 coordinator and bookkeeper do not prepare time sheets. The 911 coordinator sometimes performs additional duties such as working as a dispatcher or serving as a temporary office manager for the Sheriff's office. While performing and being paid for these duties, the 911 coordinator continued to earn a full salary from the Enhanced 911 Fund. Because time sheets are not prepared to document the hours worked as coordinator, it appears the coordinator may have been paid twice for the same hours worked.

In addition, errors were made when calculating payroll and an additional check of \$916 was paid to the coordinator. Full reimbursement has not yet been obtained for this overpayment. The board's current personnel policy does not clearly document how overtime is to be calculated and in December 2001, some bonuses were paid.

A cumulative book balance is not maintained and reconciled to the bank records. As a result, over \$20,500 in receipts were deposited into the board's checking account and never recorded on the accounting records. Actual disbursements exceeded the budgeted amounts by \$9,414 for the year ended December 31, 2001.

- Several weaknesses were identified in the Sheriff's office including inadequate segregation of duties, untimely bank reconciliations, and untimely deposits.

The audit also includes some matters related to budgetary practices, property tax controls, and banking procedures. In addition, budgets prepared by the Monroe County Board for the Handicapped did not adequately reflect the board's anticipated financial condition.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

MONROE COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: .....

2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards .....

3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....

5-6

Financial Statements: .....

7-17

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....

8

A-2

Year Ended December 31, 2000 .....

9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000 .....

10-17

Notes to the Financial Statements .....

18-22

Supplementary Schedule: .....

23-26

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 .....

24-26

Notes to the Supplementary Schedule .....

27-29

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: .....

31-33

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133 .....

32-33

MONROE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	34-36
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	35-36
Section I - Summary of Auditor's Results .....	35-36
Section II - Financial Statement Findings .....	36
Section III - Federal Award Findings and Questioned Costs .....	36
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-38
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	39-40
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	42-63
<u>Number</u>	
1. Budgetary Practices.....	44
2. County Expenditures.....	45
3. Property Tax Controls.....	46
4. Banking Procedures .....	47
5. Personnel and Payroll Procedures .....	48
6. County Officials' Salaries .....	52
7. Public Administrator's Procedures .....	54
8. Sheriff's Controls and Procedures .....	57
9. Monroe County Board for the Handicapped .....	59
10. Monroe County Enhanced 911 Board.....	60
Follow-Up on Prior Audit Findings .....	64-71
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	73-78

## FINANCIAL SECTION



## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Monroe County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Monroe County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Monroe County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Monroe County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 16, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Monroe County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Anissa Falconer
	Thomas Fox
	Karla Carter
	Michelle L. Knowles



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Monroe County, Missouri

We have audited the special-purpose financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Monroe County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Monroe County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Monroe County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

MONROE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 153,263	1,226,639	1,209,472	170,430
Special Road and Bridge	211,067	1,216,279	1,107,055	320,291
Assessment	1,427	106,146	107,219	354
Law Enforcement Training	4,282	3,362	4,347	3,297
Prosecuting Attorney Training	114	488	443	159
Health Center	373,115	601,796	484,441	490,470
Mark Twain Reservoir	592,948	367,857	380,887	579,918
Recorder's User Fees	158	5,855	1,350	4,663
Monroe County Board for the Handicapped	93,776	89,042	95,802	87,016
Domestic Violence	978	281	1,259	0
Prosecuting Attorney Bad Check	12,161	4,494	3,037	13,618
Circuit Clerk Interest	1,130	649	195	1,584
Associate Circuit Division Interest	1,873	752	0	2,625
Election Machine	7,712	1,325	0	9,037
Enhanced 911	31,794	304,970	241,335	95,429
Sheriff's Civil Fees	20,044	46,790	37,343	29,491
Prosecuting Attorney Delinquent Tax	5,424	1,381	339	6,466
Election Services	2,678	2,109	1,922	2,865
Local Emergency Planning Grant	5,613	220	43	5,790
DARE Program	3	213	0	216
Total	\$ 1,519,560	3,980,648	3,676,489	1,823,719

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MONROE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 58,099	1,159,623	1,064,459	153,263
Special Road and Bridge	179,825	1,433,117	1,401,875	211,067
Assessment	1,328	102,940	102,841	1,427
Law Enforcement Training	1,699	3,063	480	4,282
Prosecuting Attorney Training	136	709	731	114
Health Center	294,639	472,857	394,381	373,115
Mark Twain Reservoir	613,986	33,461	54,499	592,948
Recorder's User Fees	190	4,124	4,156	158
Monroe County Board for the Handicapped	95,307	82,110	83,641	93,776
Domestic Violence	987	353	362	978
Prosecuting Attorney Bad Check	10,714	5,066	3,619	12,161
Circuit Clerk Interest	1,480	1,433	1,783	1,130
Associate Circuit Division Interest	1,124	749	0	1,873
Election Machine	3,466	4,246	0	7,712
Enhanced 911	62,788	154,242	185,236	31,794
Sheriff's Civil Fees	20,484	14,570	15,010	20,044
Prosecuting Attorney Delinquent Tax	5,569	431	576	5,424
Election Services	47	2,631	0	2,678
Local Emergency Planning Grant	2,926	2,687	0	5,613
DARE Program	3	0	0	3
Total	\$ 1,354,797	3,478,412	3,313,649	1,519,560

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,783,560	3,980,435	196,875	3,552,221	3,475,725	(76,496)
DISBURSEMENTS	4,115,173	3,676,489	438,684	3,838,316	3,313,649	524,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(331,613)	303,946	635,559	(286,095)	162,076	448,171
CASH, JANUARY 1	1,522,452	1,519,557	(2,895)	1,351,868	1,351,868	0
CASH, DECEMBER 31	1,190,839	1,823,503	632,664	1,065,773	1,513,944	448,171
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	238,265	261,306	23,041	232,801	238,264	5,463
Sales taxes	465,650	474,608	8,958	423,900	436,550	12,650
Intergovernmental	209,265	221,344	12,079	199,559	206,001	6,442
Charges for services	213,570	204,480	(9,090)	216,940	204,448	(12,492)
Interest	14,000	16,225	2,225	10,300	16,422	6,122
Other	9,750	12,879	3,129	15,460	15,218	(242)
Transfers in	40,905	35,797	(5,108)	43,211	42,720	(491)
Total Receipts	1,191,405	1,226,639	35,234	1,142,171	1,159,623	17,452
DISBURSEMENTS						
County Commission	68,308	68,389	(81)	61,020	60,486	534
County Clerk	75,374	72,943	2,431	71,392	67,429	3,963
Elections	24,350	17,027	7,323	44,100	52,242	(8,142)
Buildings and grounds	67,855	64,613	3,242	64,471	66,444	(1,973)
Employee fringe benefits	152,300	158,683	(6,383)	145,150	126,061	19,089
County Treasurer	25,572	23,968	1,604	23,147	22,149	998
County Collector	62,587	62,842	(255)	60,364	59,732	632
Circuit Clerk	37,581	34,459	3,122	33,615	29,815	3,800
Associate Circuit Court	10,550	8,711	1,839	8,650	7,914	736
Court administration	6,612	4,914	1,698	6,798	4,367	2,431
Public Administrator	22,840	24,228	(1,388)	11,985	18,706	(6,721)
Sheriff	269,675	315,877	(46,202)	225,844	240,202	(14,358)
Jail	73,700	72,200	1,500	74,100	48,778	25,322
Prosecuting Attorney	67,902	69,125	(1,223)	66,902	63,523	3,379
Juvenile Officer	49,138	22,213	26,925	48,250	24,330	23,920
County Coroner	12,090	9,261	2,829	8,200	9,834	(1,634)
Other general county government	108,400	95,019	13,381	93,224	81,447	11,777
Transfers out	85,000	85,000	0	81,000	81,000	0
Emergency fund	38,000	0	38,000	36,700	0	36,700
Total Disbursements	1,257,834	1,209,472	48,362	1,164,912	1,064,459	100,453
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,429)	17,167	83,596	(22,741)	95,164	117,905
CASH, JANUARY 1	153,263	153,263	0	58,099	58,099	0
CASH, DECEMBER 31	86,834	170,430	83,596	35,358	153,263	117,905

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	166,200	176,424	10,224	235,800	164,412	(71,388)
Sales taxes	79,650	80,615	965	75,100	77,365	2,265
Intergovernmental	1,105,800	817,680	(288,120)	1,181,100	1,155,081	(26,019)
Interest	8,600	13,173	4,573	5,000	14,729	9,729
Other	31,200	14,387	(16,813)	29,150	21,530	(7,620)
Transfers in	0	114,000	114,000	0	0	0
Total Receipts	1,391,450	1,216,279	(175,171)	1,526,150	1,433,117	(93,033)
<b>DISBURSEMENTS</b>						
Salaries	280,000	258,010	21,990	280,000	245,466	34,534
Employee fringe benefits	107,300	88,211	19,089	100,400	82,683	17,717
Supplies	72,260	71,632	628	63,260	56,393	6,867
Insurance	18,000	19,219	(1,219)	14,000	16,133	(2,133)
Road and bridge materials	255,600	214,922	40,678	270,600	210,740	59,860
Equipment repairs	54,000	42,041	11,959	54,000	47,518	6,482
Equipment purchases	180,000	84,904	95,096	180,000	175,889	4,111
Construction, repair, and maintenance	1,000	1,249	(249)	1,000	296	704
Bridge projects	431,146	163,315	267,831	537,439	509,033	28,406
Other	117,454	24,507	92,947	113,311	31,366	81,945
Transfers out	25,045	139,045	(114,000)	26,358	26,358	0
Total Disbursements	1,541,805	1,107,055	434,750	1,640,368	1,401,875	238,493
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150,355)	109,224	259,579	(114,218)	31,242	145,460
CASH, JANUARY 1	211,067	211,067	0	179,825	179,825	0
CASH, DECEMBER 31	60,712	320,291	259,579	65,607	211,067	145,460
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	104,993	100,657	(4,336)	103,601	101,495	(2,106)
Interest	1,000	896	(104)	900	991	91
Other	461	593	132	400	454	54
Transfers in	4,000	4,000	0	0	0	0
Total Receipts	110,454	106,146	(4,308)	104,901	102,940	(1,961)
<b>DISBURSEMENTS</b>						
Assessor	111,500	107,219	4,281	104,288	102,841	1,447
Total Disbursements	111,500	107,219	4,281	104,288	102,841	1,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,046)	(1,073)	(27)	613	99	(514)
CASH, JANUARY 1	1,427	1,427	0	1,328	1,328	0
CASH, DECEMBER 31	381	354	(27)	1,941	1,427	(514)

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,182	1,182	0	0	0
Charges for services	2,800	2,010	(790)	2,400	2,928	528
Interest	0	170	170	25	135	110
Total Receipts	2,800	3,362	562	2,425	3,063	638
DISBURSEMENTS						
Sheriff	2,800	4,347	(1,547)	2,350	480	1,870
Total Disbursements	2,800	4,347	(1,547)	2,350	480	1,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(985)	(985)	75	2,583	2,508
CASH, JANUARY 1	4,282	4,282	0	1,699	1,699	0
CASH, DECEMBER 31	4,282	3,297	(985)	1,774	4,282	2,508
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	670	485	(185)	550	702	152
Interest	0	3	3	0	7	7
Total Receipts	670	488	(182)	550	709	159
DISBURSEMENTS						
Prosecuting Attorney	780	443	337	680	731	(51)
Total Disbursements	780	443	337	680	731	(51)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(110)	45	155	(130)	(22)	108
CASH, JANUARY 1	114	114	0	136	136	0
CASH, DECEMBER 31	4	159	155	6	114	108
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	90,000	93,685	3,685	90,000	88,695	(1,305)
Intergovernmental	210,825	222,227	11,402	169,500	183,820	14,320
Charges for services	164,100	254,258	90,158	141,500	177,040	35,540
Interest	18,000	24,352	6,352	15,000	19,019	4,019
Other	5,500	7,274	1,774	6,000	4,283	(1,717)
Total Receipts	488,425	601,796	113,371	422,000	472,857	50,857
DISBURSEMENTS						
Salaries	260,000	254,304	5,696	225,000	210,319	14,681
Employee fringe benefits	55,000	49,332	5,668	52,000	43,605	8,395
Office expenditures	19,800	15,109	4,691	15,300	18,690	(3,390)
Equipment	21,000	18,059	2,941	6,000	6,624	(624)
Mileage and training	25,000	29,273	(4,273)	17,000	20,044	(3,044)
Other	107,625	118,364	(10,739)	106,700	95,099	11,601
Total Disbursements	488,425	484,441	3,984	422,000	394,381	27,619
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	117,355	117,355	0	78,476	78,476
CASH, JANUARY 1	373,115	373,115	0	294,639	294,639	0
CASH, DECEMBER 31	373,115	490,470	117,355	294,639	373,115	78,476

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MARK TWAIN RESERVOIR FUND</u></b>						
RECEIPTS						
Intergovernmental	218,981	220,789	1,808	0	0	0
Interest	30,000	33,068	3,068	30,000	33,461	3,461
Transfers in	0	114,000	114,000	0	0	0
Total Receipts	248,981	367,857	118,876	30,000	33,461	3,461
DISBURSEMENTS						
Office expenditures	200	171	29	600	12	588
Equipment	0	4,350	(4,350)	5,000	0	5,000
Insurance	1,000	196	804	2,000	262	1,738
Gravel	17,500	35,006	(17,506)	20,000	19,604	396
Projects	247,511	227,164	20,347	30,500	26,621	3,879
Transfers out	5,000	114,000	(109,000)	8,000	8,000	0
Total Disbursements	271,211	380,887	(109,676)	66,100	54,499	11,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,230)	(13,030)	9,200	(36,100)	(21,038)	15,062
CASH, JANUARY 1	592,948	592,948	0	613,986	613,986	0
CASH, DECEMBER 31	570,718	579,918	9,200	577,886	592,948	15,062
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	2,600	5,710	3,110	3,550	4,036	486
Interest	0	145	145	50	88	38
Total Receipts	2,600	5,855	3,255	3,600	4,124	524
DISBURSEMENTS						
Recorder of Deeds	1,000	1,350	(350)	3,600	4,156	(556)
Total Disbursements	1,000	1,350	(350)	3,600	4,156	(556)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	4,505	2,905	0	(32)	(32)
CASH, JANUARY 1	158	158	0	190	190	0
CASH, DECEMBER 31	1,758	4,663	2,905	190	158	(32)

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MONROE COUNTY BOARD FOR THE HANDICAPPED FUND</u></b>						
RECEIPTS						
Property taxes	78,000	82,890	4,890	69,000	78,442	9,442
Interest	2,000	6,106	4,106	700	3,668	2,968
Other	0	46	46	0	0	0
Total Receipts	80,000	89,042	9,042	69,700	82,110	12,410
DISBURSEMENTS						
Salaries	8,900	8,594	306	10,995	8,129	2,866
Office expenditures	1,000	492	508	1,510	403	1,107
Equipment	500	40	460	500	0	500
Mileage and training	2,500	2,260	240	4,000	2,655	1,345
Payments to workshops	71,000	59,716	11,284	40,000	36,854	3,146
Other	92,771	24,700	68,071	108,002	35,600	72,402
Total Disbursements	176,671	95,802	80,869	165,007	83,641	81,366
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96,671)	(6,760)	89,911	(95,307)	(1,531)	93,776
CASH, JANUARY 1	96,671	93,776	(2,895)	95,307	95,307	0
CASH, DECEMBER 31	0	87,016	87,016	0	93,776	93,776
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	420	238	(182)	300	300	0
Interest	55	43	(12)	40	53	13
Total Receipts	475	281	(194)	340	353	13
DISBURSEMENTS						
Domestic violence shelters	1,340	1,259	81	420	362	58
Total Disbursements	1,340	1,259	81	420	362	58
RECEIPTS OVER (UNDER) DISBURSEMENTS	(865)	(978)	(113)	(80)	(9)	71
CASH, JANUARY 1	978	978	0	987	987	0
CASH, DECEMBER 31	113	0	(113)	907	978	71
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	2,500	3,440	940	3,000	3,820	820
Interest	750	1,054	304	600	1,246	646
Total Receipts	3,250	4,494	1,244	3,600	5,066	1,466
DISBURSEMENTS						
Office expenditures	100	112	(12)	950	98	852
Equipment	680	130	550	0	1,164	(1,164)
Mileage and training	1,000	437	563	0	0	0
Transfers out	2,000	2,358	(358)	2,000	2,357	(357)
Total Disbursements	3,780	3,037	743	2,950	3,619	(669)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(530)	1,457	1,987	650	1,447	797
CASH, JANUARY 1	12,161	12,161	0	10,714	10,714	0
CASH, DECEMBER 31	11,631	13,618	1,987	11,364	12,161	797

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	750	649	(101)	1,000	1,433	433
Total Receipts	750	649	(101)	1,000	1,433	433
DISBURSEMENTS						
Equipment	1,500	195	1,305	2,100	1,783	317
Total Disbursements	1,500	195	1,305	2,100	1,783	317
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	454	1,204	(1,100)	(350)	750
CASH, JANUARY 1	1,130	1,130	0	1,480	1,480	0
CASH, DECEMBER 31	380	1,584	1,204	380	1,130	750
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	0	752	752	250	749	499
Total Receipts	0	752	752	250	749	499
DISBURSEMENTS						
Equipment	1,500	0	1,500	800	0	800
Total Disbursements	1,500	0	1,500	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	752	2,252	(550)	749	1,299
CASH, JANUARY 1	1,873	1,873	0	1,124	1,124	0
CASH, DECEMBER 31	373	2,625	2,252	574	1,873	1,299
<b><u>ELECTION MACHINE FUND</u></b>						
RECEIPTS						
Charges for services	1,000	1,000	0	2,000	4,000	2,000
Interest	0	325	325	100	246	146
Total Receipts	1,000	1,325	325	2,100	4,246	2,146
DISBURSEMENTS						
Equipment	2,000	0	2,000	2,000	0	2,000
Total Disbursements	2,000	0	2,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,325	2,325	100	4,246	4,146
CASH, JANUARY 1	7,712	7,712	0	3,466	3,466	0
CASH, DECEMBER 31	6,712	9,037	2,325	3,566	7,712	4,146

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ENHANCED 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	109,448	119,029	9,581	14,448	6,300	(8,148)
Interest	700	1,038	338	199	1,163	964
Phone tax	52,000	103,805	51,805	75,000	65,779	(9,221)
Other	0	98	98	47,761	0	(47,761)
Transfers in	81,000	81,000	0	81,000	81,000	0
Total Receipts	243,148	304,970	61,822	218,408	154,242	(64,166)
<b>DISBURSEMENTS</b>						
Salaries	145,140	152,106	(6,966)	104,944	105,252	(308)
Employee fringe benefits	33,066	19,727	13,339	26,704	24,746	1,958
Contracted services	1,000	466	534	0	0	0
Office expenditures	47,215	51,696	(4,481)	41,125	45,088	(3,963)
Equipment	3,000	14,065	(11,065)	66,168	9,561	56,607
Mileage and training	1,500	2,650	(1,150)	1,500	572	928
Other	1,000	625	375	0	17	(17)
Total Disbursements	231,921	241,335	(9,414)	240,441	185,236	55,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,227	63,635	52,408	(22,033)	(30,994)	(8,961)
CASH, JANUARY 1	31,794	31,794	0	62,788	62,788	0
CASH, DECEMBER 31	43,021	95,429	52,408	40,755	31,794	(8,961)
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	16,000	15,258	(742)	22,000	13,633	(8,367)
Interest	0	1,332	1,332	200	937	737
Sale of vehicles	0	30,200	30,200	0	0	0
Total Receipts	16,000	46,790	30,790	22,200	14,570	(7,630)
<b>DISBURSEMENTS</b>						
Office expenditures	0	70	(70)	0	94	(94)
Equipment	0	0	0	5,000	4,702	298
Vehicle	6,000	29,207	(23,207)	7,000	4,740	2,260
Other	50	10	40	0	45	(45)
Transfers out	8,056	8,056	0	6,000	5,429	571
Total Disbursements	14,106	37,343	(23,237)	18,000	15,010	2,990
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,894	9,447	7,553	4,200	(440)	(4,640)
CASH, JANUARY 1	20,044	20,044	0	20,484	20,484	0
CASH, DECEMBER 31	21,938	29,491	7,553	24,684	20,044	(4,640)

## Exhibit B

## MONROE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	500	1,143	643	600	184	(416)
Interest	0	238	238	0	247	247
Total Receipts	500	1,381	881	600	431	(169)
DISBURSEMENTS						
Transfers out	500	339	161	300	576	(276)
Total Disbursements	500	339	161	300	576	(276)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,042	1,042	300	(145)	(445)
CASH, JANUARY 1	5,424	5,424	0	5,569	5,569	0
CASH, DECEMBER 31	5,424	6,466	1,042	5,869	5,424	(445)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	1,500	2,005	505	2,220	2,581	361
Interest	0	104	104	6	50	44
Total Receipts	1,500	2,109	609	2,226	2,631	405
DISBURSEMENTS						
Equipment	1,000	840	160	500	0	500
Mileage and training	1,000	1,082	(82)	1,500	0	1,500
Total Disbursements	2,000	1,922	78	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	187	687	226	2,631	2,405
CASH, JANUARY 1	2,678	2,678	0	47	47	0
CASH, DECEMBER 31	2,178	2,865	687	273	2,678	2,405
<b><u>LOCAL EMERGENCY PLANNING GRANT FUND</u></b>						
RECEIPTS						
Interest	152	220	68			
Total Receipts	152	220	68			
DISBURSEMENTS						
Mileage and training	4,500	43	4,457			
Total Disbursements	4,500	43	4,457			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,348)	177	4,525			
CASH, JANUARY 1	5,613	5,613	0			
CASH, DECEMBER 31	1,265	5,790	4,525			

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

MONROE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Monroe County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Handicapped Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
DARE Program Fund	2001 and 2000
Local Emergency Planning Grant Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's User Fees Fund	2001 and 2000
Law Enforcement Training Fund	2001
Mark Twain Reservoir Fund	2001
Enhanced 911 Fund	2001
Sheriff's Civil Fees Fund	2001
Prosecuting Attorney Training Fund	2000
Prosecuting Attorney Bad Check Fund	2000
Prosecuting Attorney Delinquent Tax Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
DARE Program Fund	2001 and 2000
Local Emergency Planning Grant Fund	2000
Monroe County Board for the Handicapped Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

At December 31, 2001, the reported amount of the county's and the Enhanced 911 Board's deposits was \$5,464,396 and the bank balance was \$4,595,753. Of the bank balance, \$4,287,852 was covered by federal depository insurance, by collateral securities held by the county's custodial bank in the county's name or by commercial insurance provided through a surety bond, and \$307,901 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

At December 31, 2000, the reported amount of the county's deposits was \$1,679,491 and the bank balance was \$638,158. Of the bank balance, \$628,253 was covered by federal depository insurance, by collateral securities held by the county's custodial bank in the county's name or by commercial insurance provided through a surety bond, and \$9,905 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

Of the Health Center Board's bank balance at December 31, 2001, \$422,866 was covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, and \$120,003 was covered by collateral pledged by one bank and held in the Health Center Board's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's deposits at December 31, 2000 were entirely covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name.

The Monroe County Board for the Handicapped's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for both the Health Center Board and the Monroe County Board for the Handicapped at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

### Investments

The only investment of the various funds at December 31, 2000 was a repurchase agreement with a reported amount of \$3,403,000 (which approximated fair value).

This investment represents uninsured and unregistered investments for which the securities were held by the safekeeping department of an affiliate of the same bank holding company in the county's name.

## Supplementary Schedule

## Schedule

MONROE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0169	\$ 0	16,024
		ERS045-1169W	19,344	8,553
		ERS045-2169	8,849	0
	Program Total		<u>28,193</u>	<u>24,577</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	6,270
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	14,886	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	987	1,082
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO 069(15)	0	59,746
		BRO 069(16)	82	0
		BRO 069(17)	17,953	303,037
		BRO 069(18)	9,388	146,150
		BRO 069(19)	100,406	11,629
		BRO 069(21)	20,828	0
		BRO 069(22)	0	3,110
		BRO 069(23)	14,659	0
		PLH-9900(319)	199,200	0
		COE-069(1)	2,692	0
		COE-069(2)	10,298	0
		COE-069(6)	3,495	0
		COE-069(7)	2,693	0
	Program Total		<u>381,694</u>	<u>523,672</u>

## Schedule

MONROE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	235	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0169CLPP ERO146-1169L ERS146-2169L	0 778 673	637 343 0
	Program Total		1,451	980
93.268	Immunization Grants	N/A	11,006	17,914
Department of Social Services -				
93.563	Child Support Enforcement	N/A	72	72
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0169S PGA067-1169S PGA067-169C PGA067-1169C	0 1,150 0 725	1,670 445 1,000 0
	Program Total		1,875	3,115
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00069 ERS161-10050 ERS161-20047	0 611 227	638 0 0
	Program Total		838	638
93.945	Assistance Program for Chronic Disease Prevention and Control	C000153001 C100051001	0 20,000	3,972 0
	Program Total		20,000	3,972
93.991	Preventive Health and Health Services Block Grant	N/A	0	155



## Schedule

MONROE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
93.994	Maternal and Child Health Services			
	Block Grant to the States	ERS146-0169M	0	14,741
		ERS146-1169M	14,987	1,634
		ERS175-0169F	0	1,405
		ERS175-1169F	1,873	702
		ERS175-2045F	602	0
		C100015050	65	0
		N/A	974	777
	Program Total		<u>18,501</u>	<u>19,259</u>
	Total Expenditures of Federal Awards		<u>\$ 479,738</u>	<u>601,706</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MONROE COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Monroe County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Equitable Sharing of Seized and Forfeited Property Program (CFDA number 16.unknown) represent the county's share of seized monies or property.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Monroe County, Missouri

Compliance

We have audited the compliance of Monroe County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Monroe County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended  
December 31, 2001 and 2000.

### Internal Control Over Compliance

The management of Monroe County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Monroe County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)



Schedule

MONROE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major program:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133? \_\_\_\_\_ yes      x   no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MONROE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

MONROE COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Department of Highway and Transportation
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-069
Award Years:	1999 and 1998
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). For the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Implemented.

## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

MONROE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We also have audited the compliance of Monroe County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Monroe County but do not meet the criteria for inclusion in the written report on compliance and on internal control over

financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Budgetary Practices</b>
-------------------------------

Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Recorder's User Fees	\$ 350	556
Law Enforcement Training	1,547	N/A
Sheriff's Civil Fees	23,237	N/A
Prosecuting Attorney Training	N/A	51
Prosecuting Attorney Bad Check	N/A	669
Prosecuting Attorney Delinquent Tax	N/A	276

Actual disbursements exceeded budgeted amounts for the various funds because it appears the applicable officials are not adequately monitoring the budgetary status of these funds. In addition, the 2001 budget for the Mark Twain Reservoir Fund was exceeded because the receipt and repayment of a short-term loan from the Road and Bridge Fund was not budgeted.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

This condition was noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission and other applicable officials refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

**AUDITEE'S RESPONSE**

*We will monitor disbursements in 2002 and amend budgets when necessary.*

**2.****County Expenditures**

- A. The County Commission enters into yearly contracts with a vendor to provide meals to prisoners incarcerated at the Monroe County Jail. During 2001 and 2000, the county paid approximately \$18,500 and \$17,600, respectively, for prisoner meals. Prisoner log records do not indicate the number of meals requested and received daily. To ensure the county is paying only for meals received, records should be maintained to document the number of meals served to prisoners. This record should be reconciled to the vendor invoice before it is paid.
- B. The County Sheriff uses a credit card for various law enforcement expenditures, including transporting prisoners, attending seminars and conferences, and purchasing supplies and equipment. During the two years ended December 31, 2001, the county paid credit card bills of approximately \$8,727. During our review of the credit card transactions, the following problems were noted.
- 1) Supporting documentation was not submitted to the County Clerk for some credit card expenditures, such as fuel purchases. All expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds.
  - 2) Credit card bills are not being paid in a timely manner and the county has incurred late fees and finance charges on these expenditures. For the two years ended December 31, 2001, the county paid \$56 in finance charges and \$60 in late fees. Failure to pay bills promptly exposes the county to unnecessary costs.
  - 3) Instances of personal purchases, including lodging costs, were noted as being charged to the county credit card. Although these costs were subsequently reimbursed by the county employees, county credit cards should not be used for personal charges.
- In February 2000, the County Commission implemented a written policy which states no personal purchases will be made on any Monroe County credit card, no bills will be paid without tickets or purchase orders, and that if a bill requires special attention to be paid on time to avoid service charges, this should be brought to the attention of the County Clerk's office. Even though this policy was in effect at the time many of the above credit card transactions occurred, it does not appear that the County Commission required the Sheriff's office to comply with the provisions of the policy.
- C. Although the county generally solicited bids for large equipment purchases and the county commission minutes included the basis and justification when awarding the

contract to a vendor other than the lowest bidder, instances were noted where documentation was insufficient to support the amounts used in the justification process.

Justification for selecting a higher bid should be thoroughly documented to provide assurance the purchase was handled properly and the bid selected was the lowest and best.

**WE RECOMMEND** the County Commission:

- A. Ensure the vendor invoice for prisoner meals agrees to prisoner meal records maintained by the county prior to payment.
- B. Ensure the approved policy regarding credit cards is adhered to by requiring all credit card expenditures be supported by receipts or vendor-provided invoices, all billings be submitted to the County Clerk's office in a timely manner to avoid late fees and finance charges, and the practice of charging personal expenses to a county credit card be discontinued.
- C. Maintain adequate documentation of bid awards, particularly in those cases where the lowest bid is not accepted.

**AUDITEE'S RESPONSE**

- A. *We have implemented a log of meals ordered and are reconciling this log to the meals delivered per the vendor invoice.*
- B. *Within a month, we will reiterate to the Sheriff's office that all credit card documentation should be turned over to the County Clerk's office in a timely manner.*
- C. *We will be more detailed when documenting our justification and price differences.*

<b>3. Property Tax Controls</b>
---------------------------------

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and can be used by the County Commission to verify the County Collector's annual settlements.

- B. The County Clerk does not prepare the current or back tax books for real estate and personal property taxes or verify tax book totals. Instead, these books were prepared by the County Collector. The County Clerk indicated she reviewed individual entries on a test basis, but did not maintain documentation of the review.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the County Clerk and the County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, may result in errors and irregularities going undetected.

Conditions A and B were noted in prior reports.

**WE AGAIN RECOMMEND** the County Clerk:

- A. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. Prepare the current and back tax books or review the tax books for accuracy and document the procedures performed.

**AUDITEE'S RESPONSE**

- A. *I will consider implementing an account book in 2003.*
- B. *Beginning in November 2002, I will ensure transactions are tested and I will document the procedures performed.*

<b>4. Banking Procedures</b>
------------------------------

At December 31, 2001, the County Treasurer maintained ten checking accounts, seven money market accounts, and two certificates of deposit. Because the seven money market accounts were earning the same rate of interest as the checking accounts, it does not appear the county is receiving any additional benefit to justify these additional accounts.

The prior audit report for the two years ended December 31, 1999 also indicated that the County Treasurer maintained a large number of accounts. However, when the county changed depository banks in 2001, the number of accounts was increased rather than decreased.

Overall efficiency could be improved by reducing the number of accounts and combining funds in as few accounts and investment vehicles as possible. Consolidating existing accounts would also allow funds to be pooled for increased investment opportunities.

**WE RECOMMEND** the County Treasurer reduce the number of bank accounts maintained by the county.

### **AUDITEE'S RESPONSE**

*I will consider eliminating the money market accounts within the next few months.*

<b>5. Personnel and Payroll Procedures</b>
--------------------------------------------

During our review of personnel and payroll procedures, we noted that time sheets prepared by county employees did not always indicate actual hours worked and the county's written personnel policy is not being followed when determining overtime and compensatory time. In addition, centralized leave records are not always correct, the Sheriff's department may not be complying with the Fair Labor Standards Act (FLSA), and it appears some employees may have been paid bonuses.

- A. Time sheets prepared by county employees did not always indicate actual hours worked and were not always signed by the employee's supervisor. The county's policy is generally to pay employees on the last Friday of each month. Employees must have time sheets turned into the County Clerk's office approximately one week in advance of the pay date to enable the payroll to be processed. When submitting the time sheets, employees indicate actual hours worked from the first of the month through the date they are submitting their time sheet and estimate the hours they will work during the remainder of the month. No documentation was available to indicate that the hours actually worked were compared to the hours estimated.

The practice of paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The County Commission should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

Proper control over payroll requires documentation, such as time sheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. In addition, the Fair Labor Standards Act (FLSA) requires accurate records of actual time worked by employees be maintained.

This condition was noted in our prior report.

- B. It does not appear that the county is following procedures as stated in the current personnel policy when determining overtime/compensatory time. The county's policy indicates that overtime compensation for time worked in excess of 40 hours within the workweek is computed at the rate of one and one-half times the number of hours worked in excess of 40 hours. In addition, the policy states that, "an employee must meet the 40 hour plus workweek (not simply exceed an 8 hour day) before being eligible for overtime compensation."

Some courthouse employees work a 37.5 hour workweek (7.5 hours per day). During our review, we noted instances where employees were accruing compensatory time for every hour of time worked in excess of 7.5 hours per day and we also noted instances where compensatory time was earned for hours worked in excess of 37.5 but less than 40 hours per week. Additionally, for workweeks during which accumulated hours of vacation leave or sick leave were used, we noted leave hours were sometimes included in the calculation of overtime/compensatory time.

We noted that county employees do not record the earning of overtime/compensatory time in a consistent manner. Some timesheets indicate the earning of overtime on a daily basis while other timesheets only indicate total hours of overtime earned for an entire month. Also, as noted in part A above, timesheets may include estimated hours instead of actual hours. Because time sheets are used to accrue overtime and compensatory time and they do not always reflect actual hours worked, overtime and compensatory time may not be calculated correctly.

Adherence to the county's personnel policy regarding overtime/compensatory time is necessary to ensure compliance with the FLSA and to ensure the equitable treatment of all employees. In addition, the FLSA requires employers to keep accurate records of compensatory time earned, taken, or paid.

- C. While the county maintains centralized leave records, a comparison of time sheets and leave records prepared by county employees with the leave records maintained by the County Clerk indicated employee leave balances are not always correctly recorded on the centralized leave records. Instances were noted where hours of leave earned and used per the centralized records did not agree to the supporting time sheets. We also noted instances where the accumulated leave balances per the centralized leave records were not mathematically correct as beginning leave balances, plus leave earned, less leave taken, did not always agree to the ending leave balances.



It appears the County Clerk is not comparing time sheets to leave records to ensure leave activity reported on the employee records is accurately posted to the centralized leave records. The activity reflected on employee time sheets and leave records should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct. In addition, because time sheets may include estimated hours, the County Clerk should ensure that all leave activity is based on actual hours worked.

D. Numerous concerns were noted with the Sheriff's department payroll procedures which have resulted in questions regarding possible noncompliance with the FLSA.

- 1) The county is not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy manual. The county's written policy states that an employee must work more than 171 hours within a 28 day period to be eligible for compensatory time or overtime pay. However, we noted that Sheriff's department deputies were paid for overtime and compensatory time when they worked more than 173 hours per month.

By including time worked for a period exceeding 28 days, overtime hours calculated could be misstated and may not comply with the FLSA.

- 2) Sheriff's department deputies record hours worked in association with various law enforcement contracts on separate time sheets from the hours worked as a county deputy. During our review of payroll records, we noted that the usage of multiple time sheets resulted in overlapping hours being recorded. As a result, some hours were recorded on two time sheets and therefore paid twice.

It does not appear that the county has any procedures in place to review the total number of hours worked by each deputy during each pay period. The development of such procedures is necessary to ensure total hours are reasonable and to ensure the deputy is not paid twice for the same hours.

Not only does the usage of multiple time sheets cause additional record keeping, as indicated, it also increases the likelihood that errors will occur in reporting and calculating hours worked.

In addition, hours worked in association with the various law enforcement contracts are not considered when calculating total hours worked for purposes of determining overtime or compensatory time. To ensure compliance with the FLSA, the county should consider the total hours worked by each deputy when determining compensation to be paid as overtime or compensatory time.

The County Commission should consider consolidating time records by requiring each deputy to complete one time sheet which indicates the hours worked in each law enforcement capacity as well as the total hours worked for the pay period.

- E. During 2000, three county employees received additional compensation of \$1,000 each from the Enhanced 911 Fund for performing accounting services related to the operation of this fund. The County Clerk indicated these payments were made to compensate the employees for an increase in their responsibilities; however, there was no indication in the payroll records that additional hours were worked. These employees continued to be paid their full salary as previously received from the county.

Because there did not appear to be any increase in the time worked by the three employees, it appears that these payments represent additional compensation in the form of a bonus for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution.

If the County Commission determines that the additional responsibilities warrant additional compensation, consideration should be given to increasing the salaries of the employees as opposed to paying bonuses.

**WE RECOMMEND** the County Commission:

- A. Develop payroll procedures which require all county employees to be paid based on actual hours worked. In addition, ensure all time sheets are approved and signed by each employee's supervisor.
- B. Ensure the county's personnel policy is followed when determining overtime/compensatory time. In addition, timesheets should accurately reflect the earning of any overtime/compensatory time.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately and require the County Clerk to properly maintain centralized annual, sick and compensatory leave records.
- D.1. Compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the FLSA and the county's personnel policy manual.
- 2. Implement procedures to ensure that deputies who are serving in multiple capacities are not paid twice for the same hours. In addition, all hours worked should be considered when determining overtime compensation to be paid.
- E. Discontinue the practice of paying employee bonuses.

## **AUDITEE'S RESPONSE**

- A. *Beginning in 2003, we will be changing the payroll cycle so employees are paid for actual hours worked.*
- B. *Beginning in 2003, we will comply with the FLSA and will revise the personnel policy accordingly. We will also ensure time sheets adequately detail the earning of overtime/compensatory time.*
- C. *By ensuring time sheets adequately detail overtime/compensatory time activity, we will try to eliminate the discrepancies occurring on the centralized leave records.*
- D.1. *Within the next month, we will consult with the Sheriff to determine if paying on a 28-day period is feasible. We will try to implement this effective January 2003.*
- 2. *We are implementing a new time sheet effective October 2002 which will attempt to ensure deputies are not paid twice for the same hours. We will also review and discuss current policies and consider including all hours worked when determining overtime compensation to be paid.*
- E. *The additional compensation was intended to be a pay raise and not a bonus; this occurred one time and will not be done again.*

<b>6. County Officials' Salaries</b>
--------------------------------------

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Monroe County's Associate County Commissioners salaries were each increased approximately \$3,640 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$7,280 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

- B. Salaries for elected county officials are determined by the actions of the Salary Commission. During our review of the salary commission meeting minutes, we noted that in 2001, the Monroe County Presiding Commissioner received a salary increase during the third year of a four year term. Similar to the action noted in part A above, this appears to violate Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. We also noted that during 2001, all elected officials, with the exception of the County Assessor, received an assessed valuation salary increase.

The salary commission meeting minutes included no documentation to support the decision to increase the presiding commissioner's salary or the decision to exclude the County Assessor from receiving the assessed valuation salary increase. In addition, a written opinion as to the legality of the actions taken was not obtained from the county Prosecuting Attorney.

The County Commission should review these matters with the county Prosecuting Attorney to ensure the proper amounts were paid to the various officials and to ensure the actions of the salary commission were appropriate. Also, the County Commission should ensure all future salary commission decisions are thoroughly documented and all future officials' salaries are supported by actions of the salary commission.

- C. Salaries paid to elected officials in 1999 were approved during the 1997 salary commission meeting. As a result of the 1997 meeting, the County Clerk's salary increased to \$29,892. However, the actual salary of the County Clerk during 1999, 2000 and 2001 was \$28,892, resulting in an underpayment of \$1,000 in each of the three years.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.

- C. Authorize payment of \$3,000 to the County Clerk for salary underpayments in 1999, 2000, and 2001. In addition, the County Commission should determine if any adjustments are necessary for salary payments made during 2002.

**AUDITEE'S RESPONSE**

- A. *We intend to follow any recommendations received from the Missouri Association of County Commissioners.*
- B. *We will seek an opinion from the Prosecuting Attorney. In addition, future decisions of the salary commission will be clearly documented.*
- C. *Before the end of the year, we will correct the salary underpayments made to the County Clerk.*

<b>7. Public Administrator's Procedures</b>
---------------------------------------------

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2001, the Public Administrator handled approximately twenty cases. The Public Administrator does not file complete and timely annual settlements for each ward with the Probate Court, does not make deposits and pay invoices in a timely manner, and does not have documentation to support some disbursements made on behalf of wards and the calculation of fees charged to the wards' estates. In addition, it does not appear the Associate Circuit Judge is adequately monitoring the cases assigned to the Public Administrator. Several of these concerns were noted in our prior report; however, it appears little improvement was made.

- A. A review of the annual settlements filed by the Public Administrator indicated the following problems:
- 1) Fifteen of the twenty-eight annual settlements that were required to be filed by the Public Administrator during the two years ended December 31, 2001 were not filed in a timely manner. For example, one annual settlement was not filed by the Public Administrator until twenty months after the anniversary date. In addition, we noted several instances where settlements included more than twelve months of information, rather than the statutorily required annual settlements. For example, one annual settlement included twenty-seven months of information.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Currently, the Probate Court does not

monitor when annual settlements are due and does not notify the Public Administrator when annual settlements are delinquent.

- 2) Annual settlements filed by the Public Administrator were not always complete as several did not include assets owned by the wards. For example, one annual settlement did not include the value of personal property items, including a diamond ring and a color television, belonging to a ward but in the custody of the Public Administrator. Accurate reporting of all estate assets is necessary to provide assurance that all assets are accounted for properly.
- 3) The Public Administrator uses a local attorney to prepare the annual settlements for most wards. The attorney prepares the annual settlements using bank statements and canceled checks. By failing to use the Public Administrator's records, several checks that had been issued, but had not cleared the bank were not included, causing an overstatement of assets and understatement of expenditures. The annual settlements should present a complete account of all transactions that have occurred to better present the financial condition of the ward.

Timely settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected.

- B. Canceled checks are filed with the Public Administrator's settlements; however, bank statements and vouchers or invoices supporting disbursements are not submitted for review by the Probate Court. In addition, the Associate Circuit Judge does not require the Public Administrator to submit supporting documentation for expenditures.

During our review of disbursements, we noted that the Public Administrator did not have supporting documentation for some expenditures, including \$41 paid to Wal-Mart and \$176 paid for eyeglasses. Section 473.543, RSMo 2000, requires the Public Administrator to have supporting documentation for all disbursements in excess of \$75 and indicates the court may require supporting documentation for expenditures of less than \$75. Without such documentation, it is difficult to assess the reasonableness of costs charged to and paid by wards of the Public Administrator. In addition, the Associate Circuit Judge should consider requiring supporting documentation to be submitted for all expenditures to provide assurance that all disbursements are valid and proper.

- C. The Public Administrator did not always make deposits or pay bills in a timely manner.

- 1) We noted a check for \$610 dated February 23, 2000 for which the Public Administrator prepared a deposit ticket dated March 10, 2000; however, according to the bank deposit receipt, the deposit was not made until March 23, 2000.

To adequately safeguard monies, maximize interest income, and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

- 2) We noted several instances where amounts due for services or products received by wards were not paid timely by the Public Administrator. For example, several pharmacy bills were not paid in a timely manner resulting in finance charges being assessed. In addition, we noted residential care invoices for room and board that were not paid until two to three weeks past the due date. Funds were available to cover these bills. Failure to pay bills promptly exposes wards to potential loss of sometimes critically needed medication and may also cause unnecessary financial burdens on the wards.

- D. According to the Public Administrator, estates are charged a fee of five percent based on the income of the estate which is handled by the Public Administrator. During 2000, this fee was remitted to the Public Administrator as compensation for her duties. In 2001, the Public Administrator received a salary from the county and all fees assessed to the estates were then turned over to the county.

During our review of the fees paid by various estates, we noted that the Public Administrator inconsistently charged fees depending on the availability of funds in the ward's estate. No documentation was maintained or provided to the Probate Court to support how the fees were determined. In addition, there is no written policy detailing when the five percent fee should be applied or when a different fee basis should be used to determine the fee paid by an estate.

Without a written policy identifying the types of income subject to fees and a consistent application of fees, there is no assurance that estates are handled equitably or that fees are properly calculated.

Similar conditions to Parts A, B, and C were noted in our prior report.

**WE RECOMMEND:**

- A. The Public Administrator file complete and accurate annual settlements on a timely basis.

In addition, the Associate Circuit Judge should monitor cases assigned to the Public Administrator to ensure that settlements are being filed as required.

- B. The Public Administrator maintain supporting documentation for all disbursements made on behalf of wards.

In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.

- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100, and ensure all bills are paid when due.
- D. The Public Administrator work with the Associate Circuit Judge to develop written guidelines that identify the process for charging fees on the estates. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Court for approval.

### **AUDITEE'S RESPONSE**

*The Public Administrator provided the following responses:*

- A. *I will work with the attorney and the Judge to attempt to have complete annual settlements filed in a timely manner.*
- B. *I have always tried to document all disbursements made for the wards and I will try to ensure support is retained for all disbursements made in the future. The eyeglasses were purchased by the nursing home on behalf of the ward and I failed to obtain a receipt for the disbursement.*
- C. *I will try to get direct deposit for all receipts to ensure timely depositing. I will also try to do a better job of paying bills when due.*
- D. *I will work with the Judge to establish a policy to more clearly document how the fees are charged on the estates.*

*The Associate Circuit Judge provided the following responses:*

- A. *I will monitor the annual settlements and ensure they are timely filed.*
- B. *I will require supporting documentation to be submitted when the annual settlements are filed.*

<b>8. Sheriff's Controls and Procedures</b>
---------------------------------------------

The Sheriff's office collects various criminal and civil fees, bonds, and gun permits totaling



approximately \$300,000 per year. Accounting and bookkeeping duties are not adequately segregated and formal bank reconciliations are not prepared on a monthly basis. Also, receipt slips do not always indicate the method of payment and receipts are not deposited on a timely basis.

- A. Formal bank reconciliations are not prepared on a monthly basis. As of May 2002, monthly bank reconciliations for the Sheriff's office accounts had not been completed since June 2001.

Monthly bank reconciliations are necessary to ensure accounting records are in agreement with bank records. Failure to prepare formal bank reconciliations in a timely manner increases the risk that errors or irregularities will not be detected on a timely basis.

- B. Accounting and bookkeeping duties are not adequately segregated. One deputy is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. An independent review of deposits and accounting records has not been performed since June 2001 when the last bank reconciliations were prepared.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. Our review of receipts and deposits noted the following:

- 1) Receipt slips do not always indicate the method of payment. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- 2) Receipts are not deposited on a timely basis. For example, on January 17, 2001, the Sheriff's office deposited \$375 that had been collected between January 4, 2001 and January 12, 2001. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

Similar conditions to Parts B and C were noted in prior reports.

**WE RECOMMEND** the Sheriff:

- A. Ensure formal bank reconciliations are prepared on a monthly basis.

- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
  - C.1. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
2. Deposit receipts daily or when accumulated receipts exceed \$100.

### **AUDITEE'S RESPONSE**

- A. *The bookkeeper is in the process of getting all bank and book balances reconciled. This should be completed within the next month.*
  - B. *I will review all bank reconciliations when completed and I am currently reviewing monthly reports of disbursements.*
  - C.1. *Although the one-write does not include a column for cash or check, the bookkeeper tries to indicate the method of payment at the time of receipt. However, when another deputy collects the money, the mode of payment may not be indicated.*
2. *We will ensure deposits are made more frequently.*

<b>9.</b>	<b>Monroe County Board for the Handicapped</b>
-----------	------------------------------------------------

Budgets were prepared by the Monroe County Board for the Handicapped (MCBH) for the years ended December 31, 2001 and 2000; however, the approved budget documents did not adequately reflect the MCBH's anticipated financial condition. Instead of budgeting expenditures based on historical amounts, expenditures were budgeted to use all available resources. For the year ended December 31, 2000, the MCBH budgeted expenditures totaling \$165,007, but expended only \$83,641, and for the year ended December 31, 2001, budgeted expenditures totaled \$176,671, but only \$95,802 was expended. As a result, the MCBH is budgeting approximately twice the annual expenditures and therefore, the actual ending cash balances are much higher than the zero ending cash balances projected by the board. The 2002 budget prepared by MCBH again reflected expenditures that were equal to the cash on hand plus anticipated revenues.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the anticipated expenditures and ending cash balances. The practice of routinely budgeting to spend all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Monroe County Board for the Handicapped estimate expenditures as closely as possible to the anticipated actual amounts so the budget documents present a reasonable estimate of the board's financial plan and ending cash balances.

**AUDITEE'S RESPONSE**

*The Administrator provided the following response:*

*The Monroe County Board for the Handicapped will implement this procedure when reviewing the present budget, and when we prepare the 2003 budget.*

<b>10. Enhanced 911 Board</b>
-------------------------------

The Enhanced 911 fund was established by the County Commission in 1997. The Enhanced 911 fund was held by the County Treasurer until January 2001 when the fund was transferred to the Enhanced 911 Board. The Enhanced 911 Board does not maintain a cumulative book balance and does not reconcile bank information to book records. In addition, the Enhanced 911 Board overspent the budget in 2001. Several concerns were noted with the Enhanced 911 Board's payroll procedures, which may indicate noncompliance with the FLSA.

- A. Over \$20,500 in receipts were deposited into the board's checking account during 2001, but the receipts were never recorded on the board's accounting records. This discrepancy was never discovered by the board, the 911 coordinator, or the bookkeeper because a cumulative book balance is not maintained, and therefore, cannot be reconciled to the bank balance.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- B. Actual disbursements exceeded the budgeted amounts by \$9,414 for the year ended December 31, 2001. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo.1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget law.

If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that

the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

C. We noted the following concerns related to the payroll procedures of the Enhanced 911 Board:

- 1) Although time sheets are prepared by 911 dispatchers to document actual hours worked, neither the 911 coordinator nor the part-time bookkeeper prepare time sheets.

The 911 coordinator occasionally performs additional duties such as working as a dispatcher and serving as a temporary office manager for the Monroe County Sheriff's office. While performing these additional duties, the 911 coordinator continues to earn a full salary from the Enhanced 911 Board. Because the 911 coordinator does not prepare time sheets to record the hours worked in the capacity of coordinator, it appears the 911 coordinator may have been paid twice for the same hours worked.

For example, during July and August 2001, the 911 coordinator worked three weeks as an office manager for the Sheriff's office. Time sheets were prepared for the county to document the hours worked as an office manager. County payroll records indicated that the 911 coordinator worked 40 hours during each of the three weeks and was paid \$6 per hour or \$720 by the county. The payroll records of the Enhanced 911 Board were also reviewed and while no time sheets were available, the payroll ledger indicated that the 911 coordinator continued to receive her full salary of \$1,832 per month from the Enhanced 911 Fund while she was being paid by the county to work as an office manager for the Sheriff's office.

Time sheets or time records are necessary to document payroll expenditures and to ensure compliance with the Fair Labor Standards Act (FLSA). In addition, the preparation of time sheets ensures that all employees are paid for actual hours worked.

- 2) Payroll calculations documented on employee time sheets are not always accurate. We noted one employee whose time sheet indicated that the employee had worked twelve hours of overtime at a rate of \$12 per hour. However, when the payroll calculation was documented, a mathematical error was made and the total was reported as \$12 instead of the correct \$144. It does not appear that the payroll calculations are reviewed for accuracy.

Payroll calculations should be reviewed and approved by the applicable supervisor to ensure mathematical accuracy.

- 3) Due to an oversight during the monthly payroll processing, the 911 coordinator was overpaid \$916 in June 2001. During November 2001, \$300 was withheld from the 911 coordinator's salary to repay a portion of the additional compensation received in June 2001. As of May 2002, no further action has been taken by the Enhanced 911 Board to resolve this overpayment and no additional repayments have been made.

The Enhanced 911 Board should review the salary payments made to the 911 coordinator and develop a plan for obtaining repayment of the salary overpayment.

- 4) The board's current personnel policy does not adequately address the issue of overtime pay. While the 911 coordinator contends that employees must actually work in excess of 40 hours in any workweek before overtime is paid at a rate of one and one-half the normal rate of pay, this is not clearly documented in the personnel policy. For workweeks during which accumulated hours of vacation leave or sick leave are used, the personnel policy is unclear if these hours are to be considered when calculating overtime pay.

A clear and concise written policy regarding overtime pay for employees is necessary to ensure compliance with the FLSA and to ensure the equitable treatment of all employees. In addition, the FLSA requires employers to keep accurate records of compensatory time earned, taken, or paid.

- 5) In December 2001, the Enhanced 911 Board paid a \$75 bonus to the 911 coordinator and a \$50 bonus to each dispatcher for a total of \$525. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution.

In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.

**WE RECOMMEND** the Enhanced 911 Board:

- A. Post all receipts to the accounting records when received, maintain a cumulative book balance, reconcile the book balance to the bank balance on a monthly basis, and investigate any differences.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

- C.1. Ensure time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees and approved by the applicable supervisor.
2. Ensure payroll calculations are reviewed and approved by the applicable supervisor to ensure mathematical accuracy.
3. Review the salary payments made to the 911 coordinator and develop a plan for obtaining repayment of the salary overpayment.
4. Review and update the board's personnel policy to include detailed policies regarding overtime pay.
5. Discontinue the practice of paying employee bonuses.

#### **AUDITEE'S RESPONSE**

*The 911 Board Secretary, coordinator, and bookkeeper provided the following responses:*

- A. *With this exception, receipts are posted to accounting records when received. We are in the process of updating the monthly ledger sheets to include an ending cash balance and will reconcile this to the bank balance within the next month.*
- B. *We were not aware that it was necessary to amend the budget, but we will do so in the future.*
- C.1. *The 911 coordinator and the bookkeeper will now prepare time sheets.*
  2. *Implemented. All payroll calculations are being reviewed by both the 911 coordinator and the bookkeeper to ensure mathematical accuracy.*
  3. *The 911 coordinator is in the process of repaying the salary overpayment through payroll withholdings.*
  4. *We are in the process of clarifying the personnel policy.*
  5. *Bonuses will no longer be paid.*

This report is intended for the information of the management of Monroe County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## MONROE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Monroe County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Public Administrator's Procedures

- A.1. Annual settlements and inventories were not filed annually or within a reasonable period of time.
- 2. The Public Administrator was allowed access to assets prior to posting the required surety bond.
- 3. Checks received for clients were not deposited timely and amounts due for services or products received by clients were not paid timely by the Public Administrator.
- 4. Required reports were not submitted to the Division of Family Services in a timely manner for clients receiving public assistance benefits.
- B. Receipts for fees were not properly reported to the county.
- C.1. Adequate supporting documentation was not maintained for disbursements including attorney fees.
- 2. Mileage reimbursement claims did not indicate miles traveled on each date, the location visited, or the purpose of the trip.
- D. Incomplete annual settlements were being prepared causing an overstatement of assets and understatement of expenditures.

### Recommendations:

- A.1. The Public Administrator file annual settlements and inventory listings on a timely basis.

In addition, the Associate Circuit Division Judge should monitor cases assigned to the Public Administrator to ensure that settlements and inventory listings are being filed as required.



2. The Associate Circuit Judge ensure that adequate bond coverage is obtained promptly, when necessary and not allow the Public Administrator access to clients assets until adequate bonds have been posted.
  3. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100 and pay all bills when due.
  4. The Public Administrator ensure all required reports are submitted promptly.
- B. The Public Administrator report all fees received to the County Clerk.
- In addition, the Public Administrator and the County Commission should consider making different arrangements that would ensure all fees are properly handled and reported.
- C.1. The Associate Circuit Judge require adequate documentation to be filed or made available to support all settlement transactions.
2. The Public Administrator ensure that all claims for mileage contain sufficient detail as to the date of travel, destination, and total miles. In addition, the Associate Circuit Judge should require supporting documentation before approving mileage reimbursement claims.
- D. The Public Administrator ensure that all transactions are included in each annual settlement.

Status:

A.1,3,  
C.1,

&D. Not implemented. See MAR finding number 7.

A.2. Implemented. However, bond coverage for the Public Administrator's term beginning January 1, 2001, was not obtained until March 8, 2001. The effective date of the bond was January 1, 2001.

A.4,B,

&C.2. Implemented.

2. County Expenditures

A. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases.

- B. An assault rifle costing \$1,848 was purchased from the Law Enforcement Training Fund.

Recommendations:

The County Commission:

- A. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances. In addition, the Circuit Clerk should bid for services as required by statute.
- B. Ensure all expenditures of the Law Enforcement Training Fund meet statutory requirements. In addition, \$1,848 should be transferred from the General Revenue Fund to reimburse the Law Enforcement Training Fund.

Status:

- A. Partially implemented. While it appears bids were solicited and documentation was retained in accordance with state law, documentation for sole source procurement was not retained. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The Law Enforcement Training Fund expenditures reviewed appeared to meet statutory requirements; however, the County Commission did not transfer \$1,848 from the General Revenue Fund to the Law Enforcement Training Fund. Although not repeated in the current report, our recommendation remains as stated above.

3. Property Tax Controls

- A. The County Clerk did not maintain an account book with the County Collector.
- B. The County Clerk did not prepare the current or back tax books or verify the tax book totals.

Recommendations:

The County Clerk:

- A. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.

- B. Prepare the current and back tax books or review the tax books for accuracy and document the procedures performed.

Status:

A&B. Not implemented. See MAR finding number 3.

4. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 1997 and 1996.
- B. Actual expenditures exceeded budgeted amounts for the Mark Twain Reservoir Fund for the year ended December 31, 1996.
- C. The county's annual published financial statements presented no information for some county funds.
- D. See our audit report on Monroe County, Missouri, for the two years ended December 31, 1999 (report number 2000-54).

Recommendations:

The County Commission:

- A. Prepare and/or obtain budgets for all county funds as required by state law.
- B. Keep expenditures within the budgetary limits. If necessary, extenuating circumstances should be fully documented and budgets properly revised and filed with the State Auditor's office.
- C. Include all county funds in the published financial statements as required by law.

Status:

- A&C. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 1.

5. Payroll Records

- A. Time sheets submitted by county employees did not indicate the actual hours worked.
- B. The county did not maintain centralized leave records for all employees and the Sheriff's deputies did not report leave earned, taken, or accumulated to the county.

Recommendations:

The County Commission:

- A. Require all county employees to complete time sheets which report actual hours worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure a running balance of leave accumulated and taken for each employee is maintained by the County Clerk.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Partially implemented. Centralized leave records are maintained by the county; however, these records are not always accurate. See MAR finding number 5.

6. Circuit Clerk's Controls and Procedures

- A. Receipt slips did not indicate the mode of payment, receipts and disbursements were not recorded on a timely basis, and receipts were not deposited timely.
- B. As of December 31, 1997, the Circuit Clerk's monthly listings of open items contained fees for cases that dated back to 1994.

Recommendations:

The Circuit Clerk:

- A. 1. Record the mode of payment on receipt slips and reconcile the composition of receipts to bank deposits.
- 2. Record receipts and disbursements on a daily basis.
- 3. Deposit receipts daily or when accumulated receipts exceed \$100.

- B. Establish adequate procedures to ensure unpaid fees are billed on a monthly basis and to follow up and collect costs that are due to the court. He should also review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases.

Status:

A.1.&

A.3. Implemented.

A.2. Partially Implemented. Receipts and disbursements are posted to the case fee sheets daily. In addition, improvement has been made as receipts and disbursements are now posted to the cash control book semi-monthly as opposed to monthly. Although not repeated in the current report, our recommendation remains as stated above.

B. Partially implemented. While some of the unpaid fees due to the court have not been collected, improvement has been made and many of the older cases have been resolved. Although not repeated in the current report, our recommendation remains as stated above.

7. Sheriff's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated.

B. Receipts slips did not indicate the mode of payment, and receipts were not deposited on a timely basis.

Recommendations:

The Sheriff:

A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.

B. Record the mode of payment on receipt slips and reconcile the composition of receipts to bank deposits. Deposits should be made intact daily or when accumulated receipts exceed \$100.

Status:

A. Not implemented. See MAR finding number 8.

B. Partially implemented. Although the one-write does not include a column for cash or check, the bookkeeper tries to indicate the method of payment at the time of receipt.

However, when another deputy collects the money, the mode of payment may not be indicated. See MAR finding number 8.

8. Monroe County Board for the Handicapped

- A. The Monroe County Board for the Handicapped (MCBH) did not advertise for bids for a purchase totaling over \$3,000.
- B. The approved budget documents did not adequately reflect the MCBH's anticipated financial condition for the two years ended December 31, 1997.

Recommendations:

The Monroe County Board for the Handicapped:

- A. Solicit bids for purchases in accordance with statutory requirements.
- B. Estimate expenditures as closely as possible to the anticipated actual amounts and avoid budgeting a deficit balance so the budget documents present a reasonable estimate of the board's financial plan and ending cash balances.

Status:

- A. During the two years ended December 31, 2001, the MCBH did not make any purchases that were statutorily required to be bid.
- B. Not implemented. See MAR finding number 9.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



MONROE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1831, the county of Monroe was named after President James Monroe. Monroe County is a county-organized, third-class county and is part of the 10th Judicial Circuit. The county seat is Paris.

Monroe County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Monroe County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 437,730	18	402,676	16
Sales taxes	555,223	23	513,915	20
Federal and state aid	1,039,024	42	1,361,082	52
Fees, interest, and other	410,941	17	315,067	12
Total	\$ 2,442,918	100	2,592,740	100

The following chart shows how Monroe County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 720,796	31	677,792	27
Public safety	488,676	21	386,667	16
Highways and roads	1,107,055	48	1,401,875	57
Total	\$ 2,316,527	100	2,466,334	100

The county maintains approximately 157 county bridges and 650 miles of county roads.

The county's population was 9,542 in 1970 and 9,311 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	56.3	54.7	43.8	22.0	18.6
Personal property		24.3	24.7	10.5	8.3	4.8
Railroad and utilities		13.4	14.3	8.8	6.2	4.6
Total	\$	94.0	93.7	63.1	36.5	28.0

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Monroe County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.2700	.2700
Special Road and Bridge Fund*		.2738	.2700
Health Center Fund		.1000	.1000
Senate Bill 40 Board Fund		.0900	.0900

\* The county retains all tax proceeds from areas not within road districts. The county has 2 road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28,		
	2002	2001
State of Missouri	\$ 28,447	27,773
General Revenue Fund	263,685	259,316
Special Road and Bridge Fund	258,209	249,665
Assessment Fund	51,498	48,941
Health Center Fund	93,968	91,934
Handicapped Board Fund	83,331	81,314
School districts	3,339,442	3,182,677
Library district	170,360	124,660
Monroe County ambulance district	249,494	239,121
Monroe City ambulance district	90,851	89,956
Paris fire protection district	46,823	42,718
Shelbina fire protection district	10,422	11,780
Madison special road district	27,546	25,024
Monroe City special road district	89,755	93,310
Monroe County nursing home	106,735	101,787
Salt River nursing home	6,078	5,940
Cities	104,382	105,467
County Clerk	2,045	2,126
County Employees' Retirement	29,327	25,340
Commissions and fees:		
General Revenue Fund	82,451	76,713
Total	\$ <u>5,134,849</u>	<u>4,885,562</u>

Percentages of current taxes collected were as follows:

Year Ended February 28,		
	2002	2001
Real estate	96 %	96 %
Personal property	92	92
Railroad and utilities	98	98

Monroe County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
General (1/3 General, 1/3 bridges, 1/3 law enforcement)	.0050	March 31, 2008	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
<b>County-Paid Officials:</b>			
David Utterback, Presiding Commissioner	\$	23,906	19,990
Michael Whelan, Associate Commissioner		21,906	17,990
Glenn Turner, Associate Commissioner		21,906	17,990
Sandra Carter, County Clerk		30,892	28,892
Michael Wilson, Prosecuting Attorney		36,462	34,462
Gary Tawney, Sheriff		39,350	36,000
Martha Cullifer, County Treasurer		21,877	20,397
James Reinhard, County Coroner		8,350	6,500
Angela Fields, Public Administrator (1)		22,259	17,571
Ann Ragsdale, County Collector, year ended February 28 (29),	33,334	31,334	
Paul Quinn, County Assessor (2), year ended August 31,		34,900	34,900

(1) In addition to fees received from probate cases, a salary of \$10,000 was received in 2000 and a salary of \$20,000 was received in 2001.

(2) Includes \$900 annual compensation received from the state.

**State-Paid Officials:**

Gale Bierly, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Carroll Blackwell, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds (1)	2	1
County Clerk	2	0
Prosecuting Attorney	1	0
Sheriff (2)	12	0
County Collector (3)	4	0
County Assessor	2	0
Associate and Probate Division (4)	0	2
Road and Bridge (4)	13	0
Health Center (5)	12	0
Monroe County Board for the Handicapped (4)	1	0
911 Board (6)	12	0
Total	<u>62</u>	<u>3</u>

- (1) Includes two part-time employees
- (2) Includes five part-time employees
- (3) Includes three part-time employees
- (4) Includes one part-time employee
- (5) Includes four part-time employees
- (6) Includes six part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Monroe County's share of the 10th Judicial Circuit's expenses is 19.72 percent.

The county commission administers the Mark Twain Reservoir Fund which was established in 1980 with the county's share of an \$875,000 out-of-court settlement of lawsuits between the county and the U.S. Army Corps of Engineers. The unused balance of this fund is drawn upon by the county to help meet its obligation to maintain roads and bridges around the Mark Twain Lake created by the Cannon Dam project. During 2001, the county received approximately \$220,000 in grant proceeds through the Missouri Department of Transportation to fund road projects completed around the Mark Twain Lake.



**OZARK COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-92  
September 17, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ozark, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Ozark County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- In April 2000 the county separated its road and bridge operations into two districts, East and West. Road funds are split evenly between the two districts, and each district maintains separate records, separate employees, and separate equipment. In 2001, the Eastern District did not have an adequate cash balance to pay for rock and borrowed \$49,000 through a tax anticipation note, incurring interest expense of \$1,240.

The county's reasons for dividing the Special Road and Bridge Fund into two separate districts is not clear. In addition, the county's method of dividing the funds is questionable, as no consideration was given to road quality at the time of the split, assessed valuations of the two districts, etc. Further, if the county had not separated the Special Road and Bridge fund, it appears it would not have been necessary for the county to borrow funds and incur interest expense.

- The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Federal project monies were held for longer than the two day maximum allowed by the Cash Management Improvement Act.

(over)

YELLOW SHEET

- The county does not have procedures in place to track federal awards for preparation of the schedule of federal awards. The information presented by the County Clerk contained numerous errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Ozark County's Associate County Commissioners salaries were each increased.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$7,800 for the two years ended December 31, 2000, should be repaid.

- The County Commission does not maintain adequately detailed minutes of its meetings. Minutes do not reflect voting, abstaining from voting, phone bids solicited or sole source procurement. In addition, as of July 17, 2002, the last entry in the official record book was for July 1, 2002.

Also included in the audit are recommendations to the County Commission related to bidding and expenditure documentation, bonding county employees, budgetary procedures, and maintaining adequate general fixed asset records. In addition, recommendations were made to improve the accounting controls and procedures of the Recycling Center, County Treasurer, and Health Center.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



# OZARK COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-16
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-16
Notes to the Financial Statements .....	17-20
Supplementary Schedule: .....	21-24
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	22-24
Notes to the Supplementary Schedule .....	25-27
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
State Auditor's Report: .....	29-31
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	30-31

# OZARK COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	32-36
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	33-36
Section I - Summary of Auditor's Results .....	33-34
Section II - Financial Statement Findings .....	34
Section III - Federal Award Findings and Questioned Costs .....	34-36
01-1. Federal Awards .....	34
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-38
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	39-40
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	42-54
<u>Number</u>	
1. County Expenditures and Controls .....	44
2. Budgetary Procedures .....	48
3. County Officials' Compensation and Bonding.....	49
4. Commission Minutes .....	50
5. Recycling Center .....	51
6. General Fixed Assets .....	51
7. Bond Forfeitures .....	52
8. Health Center .....	53
Follow-Up on Prior Audit Findings .....	55-60
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	62-67

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Ozark County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ozark County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 25, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ozark County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

July 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Amy E. Fast
Audit Staff:	Ted Fugitt, CPA
	Troy Royer
	Curtis Gannon
	Monte Davault



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Ozark County, Missouri

We have audited the special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ozark County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ozark County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the

special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Ozark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

July 25, 2002 (fieldwork completion date)



## Financial Statements

Exhibit A-1

OZARK COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 61,766	1,261,220	1,079,953	243,033
Special Road and Bridge	49,593	967,233	925,239	91,587
Assessment	17	142,877	138,229	4,665
Law Enforcement Training	1,384	1,782	1,937	1,229
Prosecuting Attorney Training	1,093	378	976	495
Prosecuting Attorney Bad Check	3,847	3,015	2,520	4,342
Capital Improvement Sales Tax	180,301	238,040	205,640	212,701
Project #97 PF-21	1,363	244,074	244,074	1,363
Law Enforcement Sales Tax	45	268,582	252,516	16,111
Local Emergency Planning Commission	2,686	3,891	2,001	4,576
Peace Officer Standards Training	1,007	661	1,668	0
Election Services	1,237	1,553	719	2,071
Recorder User Fee	22,427	8,126	25,682	4,871
Health Center	89,180	467,889	471,678	85,391
Associate Circuit Court Interest	0	537	537	0
Circuit Clerk Interest	248	2,705	1,247	1,706
Law Library	3,833	1,834	242	5,425
Sheriff's Equipment	51	0	0	51
Children of Domestic Violence	265	415	0	680
Emerald City Shelter	0	5,000	5,000	0
War Memorial	369	0	0	369
Total	\$ 420,712	3,619,812	3,359,858	680,666

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OZARK COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 21,651	1,057,380	1,017,265	61,766
Special Road and Bridge	49,477	869,181	869,065	49,593
Assessment	80	114,298	114,361	17
Law Enforcement Training	2,378	1,477	2,471	1,384
Prosecuting Attorney Training	1,092	370	369	1,093
Prosecuting Attorney Bad Check	3,068	2,129	1,350	3,847
Capital Improvement Sales Tax	133,276	226,155	179,130	180,301
Project #97 PF-21	0	380,619	379,256	1,363
Law Enforcement Sales Tax	0	163,001	162,956	45
Local Emergency Planning Commission	0	3,038	352	2,686
Peace Officer Standards Training	0	1,654	647	1,007
Election Services	0	1,637	400	1,237
Recorder User Fee	20,245	5,914	3,732	22,427
Health Center	57,862	449,310	417,992	89,180
Associate Circuit Court Interest	0	367	367	0
Circuit Clerk Interest	813	820	1,385	248
Law Library	2,364	1,634	165	3,833
Sheriff's Equipment	51	0	0	51
Children of Domestic Violence	260	455	450	265
War Memorial	369	0	0	369
Total	\$ 292,986	3,279,439	3,151,713	420,712

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,485,066	3,614,397	129,331	3,481,572	3,277,330	(204,242)
DISBURSEMENTS	3,556,413	3,354,858	201,555	3,605,119	3,150,616	454,503
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,347)	259,539	330,886	(123,547)	126,714	250,261
CASH, JANUARY 1	449,679	420,027	(29,652)	292,736	292,306	(430)
CASH, DECEMBER 31	378,332	679,566	301,234	169,189	419,020	249,831
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	131,000	121,831	(9,169)	117,500	108,576	(8,924)
Sales taxes	465,000	494,759	29,759	450,000	467,432	17,432
Intergovernmental	221,406	318,674	97,268	209,150	258,221	49,071
Charges for services	143,800	155,793	11,993	125,650	179,934	54,284
Interest	3,000	3,784	784	2,050	3,083	1,033
Other	68,300	42,502	(25,798)	62,138	40,134	(22,004)
Transfers in	106,951	123,877	16,926	75,000	0	(75,000)
Total Receipts	1,139,457	1,261,220	121,763	1,041,488	1,057,380	15,892
DISBURSEMENTS						
County Commission	66,027	66,314	(287)	66,533	64,810	1,723
County Clerk	51,976	50,343	1,633	51,820	49,202	2,618
Elections	23,902	22,153	1,749	44,940	41,203	3,737
Buildings and grounds	75,152	56,357	18,795	52,384	50,341	2,043
Employee fringe benefits	142,800	146,406	(3,606)	127,955	120,264	7,691
County Treasurer	25,308	24,109	1,199	24,402	24,167	235
County Collector	56,486	49,822	6,664	50,973	48,148	2,825
Circuit Clerk/Ex Officio Recorder of Deeds	38,539	57,591	(19,052)	28,216	23,954	4,262
Associate Circuit Court	14,500	8,320	6,180	13,280	9,098	4,182
Court administration	0	0	0	5,034	4,797	237
Public Administrator	34,678	26,497	8,181	17,855	22,030	(4,175)
Sheriff	173,322	162,410	10,912	317,066	303,115	13,951
Jail	129,954	152,373	(22,419)	38,311	38,307	4
Prosecuting Attorney	61,598	62,316	(718)	21,107	26,618	(5,511)
Juvenile Officer	0	0	0	18,065	15,890	2,175
County Coroner	8,550	8,550	0	13,154	12,675	479
Recycling	43,062	44,918	(1,856)	39,772	39,971	(199)
IVD	22,000	22,332	(332)	17,040	17,015	25
Emergency Management	2,000	668	1,332	2,000	247	1,753
Other	75,834	70,761	5,073	71,732	51,787	19,945
Transfers out	46,040	47,713	(1,673)	43,574	53,626	(10,052)
Emergency Fund	34,184	0	34,184	31,244	0	31,244
Total Disbursements	1,125,912	1,079,953	45,959	1,096,457	1,017,265	79,192
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,545	181,267	167,722	(54,969)	40,115	95,084
CASH, JANUARY 1	61,766	61,766	0	21,651	21,651	0
CASH, DECEMBER 31	75,311	243,033	167,722	(33,318)	61,766	95,084

## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	168,000	170,412	2,412	160,700	162,296	1,596
Intergovernmental	731,200	733,963	2,763	660,880	689,922	29,042
Charges for services	10,000	3,442	(6,558)	5,000	12,130	7,130
Interest	3,500	2,507	(993)	3,000	4,056	1,056
Loan proceeds	0	49,000	49,000	0	0	0
Other	800	5,817	5,017	3,650	777	(2,873)
Transfers in	6,000	2,092	(3,908)	0	0	0
Total Receipts	919,500	967,233	47,733	833,230	869,181	35,951
<b>DISBURSEMENTS</b>						
Salaries	353,000	350,862	2,138	329,000	327,853	1,147
Employee fringe benefits	89,245	94,408	(5,163)	73,300	73,717	(417)
Supplies	65,500	70,238	(4,738)	55,500	81,510	(26,010)
Insurance	23,000	22,655	345	22,000	22,815	(815)
Road and bridge materials	74,000	76,643	(2,643)	107,000	52,843	54,157
Equipment repairs	90,500	95,743	(5,243)	94,000	68,652	25,348
Equipment purchases	87,169	86,819	350	100,345	99,864	481
Construction, repair, and maintenance	130,950	113,575	17,375	91,200	122,126	(30,926)
Other	17,183	14,296	2,887	16,333	19,685	(3,352)
Total Disbursements	930,547	925,239	5,308	888,678	869,065	19,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,047)	41,994	53,041	(55,448)	116	55,564
CASH, JANUARY 1	49,593	49,593	0	49,477	49,477	0
CASH, DECEMBER 31	38,546	91,587	53,041	(5,971)	49,593	55,564
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	105,630	97,898	(7,732)	83,286	83,823	537
Interest	250	232	(18)	250	254	4
Other	0	159	159	0	21	21
Transfers in	46,040	44,588	(1,452)	43,574	30,200	(13,374)
Total Receipts	151,920	142,877	(9,043)	127,110	114,298	(12,812)
<b>DISBURSEMENTS</b>						
Assessor	151,670	138,229	13,441	127,110	114,361	12,749
Total Disbursements	151,670	138,229	13,441	127,110	114,361	12,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	4,648	4,398	0	(63)	(63)
CASH, JANUARY 1	17	17	0	80	80	0
CASH, DECEMBER 31	267	4,665	4,398	80	17	(63)

## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,500	1,782	282	1,500	1,477	(23)
Total Receipts	1,500	1,782	282	1,500	1,477	(23)
DISBURSEMENTS						
Sheriff	2,000	1,937	63	1,800	2,471	(671)
Total Disbursements	2,000	1,937	63	1,800	2,471	(671)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(155)	345	(300)	(994)	(694)
CASH, JANUARY 1	1,384	1,384	0	2,378	2,378	0
CASH, DECEMBER 31	884	1,229	345	2,078	1,384	(694)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	400	378	(22)	400	370	(30)
Total Receipts	400	378	(22)	400	370	(30)
DISBURSEMENTS						
Prosecuting Attorney	450	976	(526)	550	369	181
Total Disbursements	450	976	(526)	550	369	181
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(598)	(548)	(150)	1	151
CASH, JANUARY 1	1,093	1,093	0	1,092	1,092	0
CASH, DECEMBER 31	1,043	495	(548)	942	1,093	151
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	2,300	3,015	715	2,600	2,129	(471)
Total Receipts	2,300	3,015	715	2,600	2,129	(471)
DISBURSEMENTS						
Prosecuting Attorney	5,650	2,520	3,130	2,800	1,350	1,450
Total Disbursements	5,650	2,520	3,130	2,800	1,350	1,450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	495	3,845	(200)	779	979
CASH, JANUARY 1	3,847	3,847	0	3,068	3,068	0
CASH, DECEMBER 31	497	4,342	3,845	2,868	3,847	979

## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales tax	220,000	232,782	12,782	225,000	222,446	(2,554)
Interest	3,000	5,258	2,258	3,000	3,709	709
Total Receipts	223,000	238,040	15,040	228,000	226,155	(1,845)
DISBURSEMENTS						
Payments on jail bonds	182,469	107,240	75,229	181,000	177,906	3,094
Jail	0	716	(716)	0	1,224	(1,224)
Transfers out	84,890	97,684	(12,794)	75,000	0	75,000
Total Disbursements	267,359	205,640	61,719	256,000	179,130	76,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,359)	32,400	76,759	(28,000)	47,025	75,025
CASH, JANUARY 1	180,301	180,301	0	133,276	133,276	0
CASH, DECEMBER 31	135,942	212,701	76,759	105,276	180,301	75,025
<b><u>PROJECT #97 PF-21 FUND</u></b>						
RECEIPTS						
Intergovernmental	292,356	244,074	(48,282)	630,609	380,619	(249,990)
Total Receipts	292,356	244,074	(48,282)	630,609	380,619	(249,990)
DISBURSEMENTS						
Bridge construction	293,719	241,982	51,737	630,609	379,256	251,353
Transfers out	0	2,092	(2,092)	0	0	0
Total Disbursements	293,719	244,074	49,645	630,609	379,256	251,353
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,363)	0	1,363	0	1,363	1,363
CASH, JANUARY 1	1,363	1,363	0	0	0	0
CASH, DECEMBER 31	0	1,363	1,363	0	1,363	1,363
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales tax	220,000	232,068	12,068	125,000	140,632	15,632
Intergovernmental	35,000	32,749	(2,251)	0	0	0
Interest	400	593	193	0	308	308
Other	0	47	47	0	0	0
Transfers in	0	3,125	3,125	0	22,061	22,061
Total Receipts	255,400	268,582	13,182	125,000	163,001	38,001
DISBURSEMENTS						
Employee benefits	35,940	36,624	(684)	0	20,710	(20,710)
Juvenile Officer	18,061	15,683	2,378	0	0	0
Jail	0	0	0	76,590	108,259	(31,669)
Prosecuting Attorney	0	0	0	40,435	33,987	6,448
Coroner	4,940	4,608	332	0	0	0
Sheriff	166,500	164,200	2,300	0	0	0
Court administration	7,056	6,215	841	0	0	0
Transfers out	22,061	25,186	(3,125)	0	0	0
Total Disbursements	254,558	252,516	2,042	117,025	162,956	(45,931)
RECEIPTS OVER (UNDER) DISBURSEMENTS	842	16,066	15,224	7,975	45	(7,930)
CASH, JANUARY 1	45	45	0	0	0	0
CASH, DECEMBER 31	887	16,111	15,224	7,975	45	(7,930)

## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	3,960	3,891	(69)	0	1,673	1,673
Transfers in	0	0	0	1,365	1,365	0
Total Receipts	3,960	3,891	(69)	1,365	3,038	1,673
DISBURSEMENTS						
Local emergency planning commission	4,251	2,001	2,250	1,365	352	1,013
Total Disbursements	4,251	2,001	2,250	1,365	352	1,013
RECEIPTS OVER (UNDER) DISBURSEMENTS	(291)	1,890	2,181	0	2,686	2,686
CASH, JANUARY 1	2,686	2,686	0	0	0	0
CASH, DECEMBER 31	2,395	4,576	2,181	0	2,686	2,686
<b><u>PEACE OFFICER STANDARDS TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	500	661	161			
Total Receipts	500	661	161			
DISBURSEMENTS						
Peace Officer Standards Training	650	661	(11)			
Transfers out	0	1,007	(1,007)			
Total Disbursements	650	1,668	(1,018)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(1,007)	(857)			
CASH, JANUARY 1	1,007	1,007	0			
CASH, DECEMBER 31	857	0	(857)			
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	150	1,504	1,354	800	1,626	826
Interest	0	49	49	0	11	11
Total Receipts	150	1,553	1,403	800	1,637	837
DISBURSEMENTS						
Elections	1,000	719	281	400	400	0
Total Disbursements	1,000	719	281	400	400	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	834	1,684	400	1,237	837
CASH, JANUARY 1	1,237	1,237	0	0	0	0
CASH, DECEMBER 31	387	2,071	1,684	400	1,237	837



## Exhibit B

## OZARK COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	5,400	7,896	2,496	5,850	5,425	(425)
Interest	0	230	230	0	489	489
Transfers in	8,173	0	(8,173)	0	0	0
Total Receipts	13,573	8,126	(5,447)	5,850	5,914	64
DISBURSEMENTS						
Ex Officio Recorder of Deeds	36,000	25,682	10,318	3,000	3,732	(732)
Total Disbursements	36,000	25,682	10,318	3,000	3,732	(732)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,427)	(17,556)	4,871	2,850	2,182	(668)
CASH, JANUARY 1	22,427	22,427	0	20,245	20,245	0
CASH, DECEMBER 31	0	4,871	4,871	23,095	22,427	(668)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	69,000	67,573	(1,427)	64,000	64,658	658
Intergovernmental	313,000	333,331	20,331	310,500	301,966	(8,534)
Charges for services	89,000	57,132	(31,868)	84,500	75,813	(8,687)
Interest	1,500	4,853	3,353	4,500	3,214	(1,286)
Other	6,000	5,000	(1,000)	18,000	3,659	(14,341)
Total Receipts	478,500	467,889	(10,611)	481,500	449,310	(32,190)
DISBURSEMENTS						
Salaries	294,000	295,025	(1,025)	297,400	282,243	15,157
Office expenditures	4,000	15,449	(11,449)	16,000	8,466	7,534
Supplies	4,500	15,755	(11,255)	16,000	4,242	11,758
Mileage and training	45,500	27,867	17,633	30,000	23,161	6,839
Contractual payments	91,000	96,366	(5,366)	100,000	90,676	9,324
Other	39,100	21,216	17,884	17,800	9,204	8,596
Total Disbursements	478,100	471,678	6,422	477,200	417,992	59,208
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	(3,789)	(4,189)	4,300	31,318	27,018
CASH, JANUARY 1	118,585	89,180	(29,405)	57,862	57,862	0
CASH, DECEMBER 31	118,985	85,391	(33,594)	62,162	89,180	27,018
<b><u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u></b>						
RECEIPTS						
Interest	500	537	37	500	367	(133)
Total Receipts	500	537	37	500	367	(133)
DISBURSEMENTS						
Associate Circuit Court	500	420	80	500	120	380
Remittances to General Revenue Fund	247	117	130	0	247	(247)
Total Disbursements	747	537	210	500	367	133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(247)	0	247	0	0	0
CASH, JANUARY 1	247	0	(247)	430	0	(430)
CASH, DECEMBER 31	0	0	0	430	0	(430)

Exhibit B

OZARK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,000	2,705	1,705	800	820	20
Total Receipts	1,000	2,705	1,705	800	820	20
DISBURSEMENTS						
Circuit Clerk	800	1,247	(447)	1,425	1,385	40
Total Disbursements	800	1,247	(447)	1,425	1,385	40
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	1,458	1,258	(625)	(565)	60
CASH, JANUARY 1	248	248	0	813	813	0
CASH, DECEMBER 31	448	1,706	1,258	188	248	60
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Other	1,050	1,743	693	820	1,568	748
Interest	0	91	91	0	66	66
Total Receipts	1,050	1,834	784	820	1,634	814
DISBURSEMENTS						
Law Library	3,000	242	2,758	200	165	35
Total Disbursements	3,000	242	2,758	200	165	35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,950)	1,592	3,542	620	1,469	849
CASH, JANUARY 1	3,833	3,833	0	2,364	2,364	0
CASH, DECEMBER 31	1,883	5,425	3,542	2,984	3,833	849

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

OZARK COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Equipment Fund	2001 and 2000
Children of Domestic Violence Fund	2001 and 2000
War Memorial Fund	2001 and 2000
Emerald City Shelter Fund	2001
Peace Officer Standards Training Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Peace Officer Standards Training Fund	2001
Circuit Clerk Interest Fund	2001
Law Enforcement Training Fund	2000
Law Enforcement Sales Tax Fund	2000
Recorder User Fee Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue and Special Road and Bridge Funds for the year ended December 31, 2000. However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2001 and 2000, did not include the Health Center Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance, by collateral securities held by the county's or board's custodial bank in the county's or board's name or by commercial insurance provided through a surety bond.

## Supplementary Schedule

## Schedule

OZARK COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-0177W	\$ 0	19,037
		ERS045-1177W	21,501	6,148
		ERS045-2177W	9,515	0
	Program Total		<u>31,016</u>	<u>25,185</u>
10.559	Summer Food Service Program for Children	ERS146-1177-I	240	0
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	32,184	54,714
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97-PF-21	57,354	71,521
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO164	1,661	2,857
		ERO1640477	4,303	0
	Program Total		<u>5,964</u>	<u>2,857</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	98-UM-WX-2306	24,352	32,782
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	97-NCD15B-123	0	3,738
		99-NCD15B-104	2,785	7,013
	Program Total		<u>2,785</u>	<u>10,751</u>
16.592	Local Law Enforcement Block Grants Program	2000-LBG-061	9,000	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,530	3,599



## Schedule

OZARK COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-077(7)	103,566	390,889
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,562	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,789	734
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1145L	1,787	0
93.268	Immunization Grants	N/A	14,288	9,685
Department of Social Services -				
93.563	Child Support Enforcement	N/A	14,668	4,095
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0177S	0	610
		PGA067-1177S	485	240
		PGA067-2177S	160	0
		PGA067-0177C	0	1,508
		PGA067-177C	1,280	220
		PGA067-2177C	1,125	0
	Program Total		3,050	2,578
Department of Health -				
93.940	HIV Prevention Activities - Health Department Based	N/A	0	5
93.991	Preventive Health and Health Services Block Grant	N/A	0	107

## Schedule

OZARK COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0177M	0	11,968
		ERS146-1177M	11,585	3,178
		ERS146-0145M	0	24,173
		ERS146-1145M	29,270	8,270
		ERO175-0177FP	0	2,139
		ERS175-1177F	2,795	518
		ERS175-2052F	759	0
		C100015054	0	65
		N/A	1,207	534
	Program Total		<u>45,616</u>	<u>50,845</u>
	Total Expenditures of Federal Awards		\$ <u><u>350,751</u></u>	<u><u>660,347</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OZARK COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ozark County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for the Preventative Health and Health Services Block Grant (CFDA number 93.991) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31,	
		2001	2000
14.231	Emergency Shelter Grants Program	5,964	2,857
93.197	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	1,787	0
93.994	Maternal and Child Health Services Block Grant to States	29,270	32,443

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Ozark County, Missouri

Compliance

We have audited the compliance of Ozark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ozark County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an



instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Ozark County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Ozark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

July 25, 2002 (fieldwork completion date)

Schedule

OZARK COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses?   x   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes    \_\_\_\_\_ no

Identification of major program(s):

CFDA or  
Other Identifying  
Number

Program Title

14.228

Community Development Block Grants/State's Program

20.205 Highway Planning and Construction

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      x   no

## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1. Federal Awards</b>
-----------------------------

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	97-PF-21
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-077(7)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

- A. During the two years ended December 31, 2001, the county participated in the Highway Planning and Construction Program and the Community Development Block Grant. Through these two programs, 100 percent of eligible expenses are reimbursed from federal funds passed through the Missouri Department of Transportation and the Missouri Department of Economic Development. During the two years, the county received and disbursed approximately \$623,000 through these programs.

The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. The County Commission maintains a separate fund for federal project monies, and makes payments to contractors subsequent to receiving the reimbursement from both federal grants. We noted several reimbursements which were held for an extended time period prior to being disbursed. Sixteen payments from both federal grants totaling \$337,322 were held for more than two days. Three of these payments totaling \$35,190 were held for more than twenty days.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received no more than two days prior to disbursement of a payment.

- B. Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, it contained numerous errors and omissions. For example, expenditures relating to several federal grants were not included on the schedules, and programs reported did not include the required pass-through grantor's number. The incorrect reporting of amounts appears to be the result of reporting receipts, rather than expenditures of federal program monies, and reporting some non-federal programs. In total, expenditures were overstated by approximately \$225,000 and \$26,000 for 2001 and 2000, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds of the county.

**WE RECOMMEND** the County Commission:

- A. Establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.
- B. And the County Clerk prepare a complete and accurate schedule of expenditures of federal awards

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission and County Clerk provided the following responses:*

- A. *On future programs, we will ensure disbursement is made within two days.*
- B. *On the 2003 budget, we will do our best to ensure all the numbers are reported.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

OZARK COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

OZARK COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

OZARK COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002. We also have audited the compliance of Ozark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Ozark County but do not meet

the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. County Expenditures and Controls</b>
--------------------------------------------

- A. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the county. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Items Purchased</u>	<u>Cost</u>
Rock (3 purchases)	\$196,271
Hot mix	17,455
Tires	6,790
Envelopes with postage	5,229

The County Commission indicated bids are sometimes solicited through telephone calls, direct contact with vendors, or the product or service was only available from one vendor in the area; however, documentation of these contacts and sole source procurement was not maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The County Commission approved some payments to vendors without requiring the office holder to acknowledge receipt of goods or services. For example, the County Commission purchased various road and bridge materials, such as concrete, rock, and culverts, during the two years ended December 31, 2001; however, these invoices did not indicate receipt of goods by the applicable party. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved.

To ensure the validity and propriety of expenditures, adequate supporting documentation, including acknowledgment that the specific goods and/or services were in fact received, should be maintained for all payments to vendors.

- C. In April 2000 the county separated its road and bridge operations into two districts, East and West. Each district maintains separate records, separate employees, and separate equipment. The April 1, 2000 Road and Bridge Fund cash balance was split 50/50, and subsequent revenues were split 58% for the West and 42% for the East based upon the number of miles of roads. Each district is responsible for their own expenditures. After the 2000 census results, Jackson township was moved from the West to the East which evenly distributed the miles of roads in each district and the revenues are now split 50/50.

In 2001 the Eastern District did not have an adequate cash balance to pay for rock and borrowed \$49,000 through a tax anticipation note. The note plus interest totaling \$50,240, was paid in January 2002. Financial information for the Eastern and Western District is as follows:

	Total Special Road & Bridge Fund	Eastern District	Western District
Balance, April 1, 2000	\$ 111,924	55,962	55,962
Receipts	627,407	301,442	325,966
Disbursements	689,738	353,151	336,587
Balance, December 31, 2000	49,593	4,252	45,341
Receipts	967,233 *	508,894	458,339
Disbursements	925,239	478,335	446,904
Balance, December 31, 2001	\$ 91,587	34,811	56,776

\*Includes \$49,000 from the tax anticipation note.

The county's reasons for dividing the Special Road and Bridge Fund into two separate districts is not clear. In addition, the county's method of dividing the funds is questionable, as no consideration was given to road quality at the time of the split, assessed valuations of the two districts, etc. Further, if the county had not separated the Special Road and Bridge fund, it appears it would not have been necessary for the county to borrow funds and incur interest expenses. The county should evaluate the need to keep the road and bridge operations as separate funds, and ensure all available resources are used efficiently to manage the county's road and bridge operations.

- D. Uniform allowances of \$40 and a carwash allowance of \$15 are paid monthly to

Sheriff's deputies. These allowances totaled approximately \$3,900 each year. The deputies are not required to submit an itemized report of expenditures and these amounts are not reported on the deputies' W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.340(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual uniform and carwash expenses as they are incurred.

- E. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

- F. The county grades personal driveways for county residents upon their request. For this service the county normally charges \$40 per hour; however, according to county officials, the county does not always charge for this service if the driveway is small. The County Commission indicated they also install culverts if adjacent to a county road at no charge to the resident, but discontinued selling culverts to residents in 2000. The County Clerk prepares the billings and payments are sent directly to the County Treasurer.

The county has not implemented a formal written policy regarding the grading of personal driveways or installing culverts. In addition, no record is kept by the road and bridge department to track which driveways were graded or where the culverts were installed. Furthermore, these services are provided without regard to the actual cost incurred by the county to provide such services.

The County Commission should develop formal written policies to document the provision of these services. In addition, the County Commission should ensure that the county is receiving adequate reimbursement for these services so as to recover any associated costs.

Conditions D. and F. were noted in prior reports.



**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Require acknowledgment of receipt of goods and/or services prior to payment.
- C. Evaluate the need to keep the road and bridge operations as separate funds, and ensure all available resources are used efficiently to manage the county's road and bridge operations.
- D. Require the Sheriff's employees to submit reports of uniform and carwash expenses or report these allowances as other income on the employee's W-2 forms. In addition, the prior years' W-2 forms should be amended for any reimbursements for which adequate accounting cannot be provided.
- E. Ensure the County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.
- F. Establish a formal written policy for providing grading services and installation of culverts, develop a system to track to whom these services have been provided and ensure that the county is receiving adequate reimbursement for such services.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will abide by the recommendation to solicit bids and document the bids in the minutes.*
- B. *We will now require acknowledgement of receipt of goods prior to payment.*
- C. *We will review our decision to separate these funds and ensure we document our reasons for keeping the funds separate. We will also evaluate how the property taxes are split and adjust the property taxes if necessary.*
- D. *Car wash expenses are now being tracked and in the future we will ensure the uniform expenses are documented.*
- E. *The County Clerk is currently in the process of starting this.*

- F. *We will look into adopting a written policy for grading services. These services are no longer performed as often as in the past. We no longer spend the amount of time grading private drives as we used to.*

<b>2. Budgetary Procedures</b>
--------------------------------

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. Chapter 50, RSMo 2000 requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission would be able to more effectively evaluate all county resources.
- B. Actual expenditures exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>For the years ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Law Enforcement Training	\$ N/A	671
Prosecuting Attorney Training	526	N/A
Law Enforcement Sales Tax	N/A	45,931
Peace Officer Standards Training	1,018	N/A
Recorder User Fee	N/A	732
Circuit Clerk Interest	447	N/A

It appears this situation occurred because the County Commission and County Officials do not effectively monitor the budgetary status of the various funds. It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Conditions A. and B. were noted in prior reports.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Not authorize warrants in excess of budgeted expenditures.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will ensure budgets are prepared for all funds in 2003.*
- B. *We compare budget amounts to actual amounts quarterly.*

<b>3. County Officials' Compensation and Bonding</b>
------------------------------------------------------

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Ozark County's Associate County Commissioners salaries were each increased approximately \$2,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, Bryant, Hambelton, and Robertson, totaling approximately \$1,700, \$2,100, and \$4,000, respectively, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

- B. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

### **WE RECOMMEND** the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

- B. Obtain bond coverage for all county employees with access to monies.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *Our decision to give raises to Associate County Commissioners was made in good faith based upon the statutes at that time. Since one of the Associate Commissioners who received this compensation is deceased, we will not pursue repayment.*
- B. *We will contact an insurance company about obtaining a blanket bond.*

<b>4. Commission Minutes</b>
------------------------------

The Presiding Commissioner makes notes of commission meetings, then uses these notes to type the commission minutes. These typed minutes are given to the County Clerk, who then retypes the minutes into the official minute book. These minutes do not provide adequate detail of the County Commission meetings. Also, as of July 17, 2002 the last entry in the minute book was July 1, 2002 and unofficial minutes were not available.

During the two years ended December 31, 2001, the minutes showed who was present, included a few sentences to document the discussions held, and documented the approval of the minutes by the County Commissioners. However, the minutes did not document voting, abstaining from voting, phone bids solicited or sole source procurement. For instance, Ozark County purchased concrete totaling \$16,680 and \$5,970 in 2001 and 2000, respectively, from a local concrete company owned by Associate Commissioner Robertson's brother-in-law. Although the County Commissioners indicate this is a sole source provider, this fact as well as the votes approving the purchase of concrete are not noted in the commission minutes. Abstentions from voting are also not documented.

Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

Section 610.020, RSMo, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions. In addition, discussions and decisions concerning situations where a potential conflict of interest exists should be clearly documented so that the public has assurance that no official has acted improperly. In addition, Section 610.023 (part of the Sunshine Law) prescribes that each public governmental body shall make that body's public records available for inspection and

copying by the public. The intent of the Sunshine Law is to ensure that public governmental bodies conduct their business in a manner that is open to public scrutiny. To comply with the Sunshine Law, each public governmental body must keep an accurate record of the business conducted.

**WE RECOMMEND** the County Commission ensure a complete record of meetings is prepared and approved on a timely basis.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will provide the County Clerk more detailed commission minutes in the future including bidding information.*

<b>5. Recycling Center</b>
----------------------------

The Recycling Center collected fees from selling recyclable materials totaling \$7,728 and \$7,416 in 2001 and 2000, respectively. Recyclable materials are periodically picked up from the recycling center by various vendors. These vendors periodically remit payment for these materials to the County Treasurer. No records of materials, including quantities and date picked up by the vendor, are maintained at the center and submitted to the County Treasurer to be reconciled to amounts received from the vendors. In addition, no billings are prepared and sent to the various vendors. Without adequate controls and records of recyclable materials, the county has little assurance it is receiving proper payment from these vendors. The County Commissioners responded in our prior report this was implemented; however, no improvements have been made.

**WE AGAIN RECOMMEND** the County Commission require appropriate records of sales and billings be prepared at the recycling center and copies forwarded to the County Treasurer. These records should then be reconciled to the County Treasurer's receipt records.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We now have a set of scales and we will maintain a log of the bales sold to reconcile to money received from the vendors.*

<b>6. General Fixed Assets</b>
--------------------------------

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Clerk maintains an inventory listing of

fixed assets held by county officials. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. However, during our review of equipment purchases, we noted five of the eleven items were not recorded on the county's fixed asset listing. These items included a communications tower (\$10,000), three vehicles (\$55,970) and a waste oil burner (\$4,090). Additions to the inventory are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. Also, quarterly inspections of county owned land and buildings are not performed and physical inventory counts are not compared to property records.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings.

Similar conditions were noted in prior reports.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and physical inventory counts should be compared to property records.

#### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will implement a policy by January 2003 to track fixed assets.*

**7.**

#### **Bond Forfeitures**

The County Treasurer has not distributed bond forfeiture monies in accordance with state statute. Section 166.300, RSMo 2000, requires all forfeitures to be transmitted to the state for deposit into the School Building Revolving Fund annually. The County Treasurer

indicated he was not familiar with this law. During the two years ending December 31, 2001, \$7,775 in bond forfeitures were transmitted to the County Treasurer, and as of December 31, 2001 the County Treasurer's Bond Forfeiture Fund had a balance of \$8,307.

**WE RECOMMEND** the County Treasurer distribute all bond forfeiture monies in accordance with state law.

### **AUDITEE'S RESPONSE**

*The County Treasurer provided the following response:*

*I have contacted the Department of Revenue and they are sending the necessary forms to distribute the bond forfeiture funds to the proper state agency. The distribution will be completed in the next five days. Procedures are now in place to distribute bond forfeiture funds in a timely manner.*

<b>8. Health Center</b>
-------------------------

A. Budgets prepared by the Health Center Board of Trustees were not accurate and complete as follows:

- The 2001 beginning cash balance was overstated by more than \$29,000 because the checking account bank balance was shown as the beginning balance instead of the reconciled bank balance.
- Actual revenues for 2000 did not include total interest earned for the year. In addition, actual revenues for 2001 and 2000 contained several classification errors. For instance, amounts reported as intergovernmental revenues were overstated by approximately \$67,000 and \$81,000 for 2001 and 2000, respectively.

For the budget documents to be of maximum assistance to the health center and to adequately inform county residents of the health center's operations and current financial position, the budget documents should be complete and accurate.

B. The Health Center did not publish annual financial statements. Section 50.800 and 50.810, RSMo, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the health center's financial activities, the board should publish annual financial statements of the Health Center Fund.

C. Health Center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services is not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal year ended September 30, 2001, we calculated an average cost of approximately \$136 per client excluding administrative costs. Failure to comply with provisions of the contract could result in decreased funding of future services.

**WE RECOMMEND** the Health Center Board of Trustees:

- A. Ensure budgets are accurate and complete.
- B. Publish annual information of the Health Center Fund in accordance with state law.
- C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

**AUDITEE'S RESPONSE**

*The Health Center Administrator provided the following responses:*

- A. *In 2002, we intend to use the reconciled cash balance and CD interest as the beginning balance. In 2002, budget line items are classified correctly. This will be implemented this year at budget time.*
- B. *We plan to publish the 2002 financial statement as required. This will be implemented at budget time.*
- C. *We will periodically calculate and monitor the cost per client so that we will comply with the contract. Starting August 2002 Health Center personnel will monitor amounts expended on Comprehensive Family Planning.*

This report is intended for the information of the management of Ozark County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



## Follow-Up on Prior Audit Findings

## OZARK COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ozark County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Recycling Center

Billing statements were not issued for the sales of recyclables nor was there any documentation of the quantity picked up or the date on which the recyclables were picked up.

#### Recommendation:

The County Commission:

Require appropriate records of sales and billings be prepared at the recycling center and copies forwarded to the County Treasurer. These records should then be reconciled to the County Treasurer's receipt records.

#### Status:

Not implemented. See MAR No. 5.

### 2. County Expenditures

A. Vendor invoices or other documentation were not available to support \$15,254 in expenditures that were approved for payment.

B. The Sheriff's deputies were not required to submit an itemized report of uniform and car wash expenditures to support allowances for these items nor were the allowances included on the employee's W-2 forms.

#### Recommendation:

The County Commission:

A. Ensure supporting documentation is maintained for all expenditures.

B. Require the Sheriff's employees to submit reports of uniform and carwash expenses

or report these allowances as other income on the employee's W-2 forms. In addition, the prior years' W-2 forms should be amended for any reimbursements for which adequate accounting cannot be provided.

Status:

- A. Implemented. Adequate supporting documentation was maintained for the expenditures reviewed during the audit.
- B. Not implemented. See MAR No. 1.

3. Budgets and Published Financial Statements

- A. Actual expenditures exceeded budgeted amounts in several county funds.
- B. Budgets were not prepared for some county funds.
- C. The published county financial statements did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And the Health Center Board of Trustees not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. The Health Center did not overspend its budget; however, expenditures exceeded amounts budgeted for several other county funds. See MAR No. 2.
- B. Not implemented. See MAR No. 2.
- C. Partially implemented. Financial statements were published for all county funds, except the Health Center. See MAR No. 8.

4. Road and Bridge Procedures

The county did not have formal written policies regarding the sale and installation of culverts and the grading of private driveways. No records were maintained to document the driveways graded and the culverts sold to ensure all amounts were billed to applicable residents.

Recommendation:

The County Commission:

Establish a formal written policy for providing grading services and the sale and installations of culverts, and develop a system to track to whom these services have been provided and ensure that the county is receiving adequate reimbursement for such services.

Status:

Partially implemented. The county discontinued selling culverts in 2000; however they still install culverts on private property that borders county roads and grade private driveways. See MAR No. 1.

5. Statutory Salaries

The county increased official's salaries without documentation that the Salary Commission had met and approved the increases.

Recommendation:

The County Commission:

Consult with legal counsel regarding the salary increases and pay only the authorized salary set by the salary commission.

Status:

Implemented. The County Commission obtained a written opinion from their Prosecuting Attorney regarding the salaries of county officials; however, mid term raises were given to Associate County Commissioners which appear to be unconstitutional. See MAR No. 3.

6. General Fixed Asset Records and Procedures

The county's property records were in need of improvement in the following areas:

- A. The County Clerk did not record some additions and retirements in the general fixed asset records.
- B. Property records were not maintained in a manner that allowed beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year.
- C. Complete information was not recorded for some assets.
- D. Property tags or other identification were not attached to some assets.
- E. Annual inspections and inventory of all county-owned personal property and quarterly inspections of county-owned land and buildings had not been conducted.

Recommendation:

The County Clerk:

- A. Record all property additions and retirements in general fixed asset records as they occur and periodically reconcile general fixed asset purchases to the general fixed asset additions.
- B. Maintain general fixed asset records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances.
- C. Maintain general fixed asset records with a detailed description of each item to include acquisition dates, make, model, serial number, tag number, acquisition by fund, and date and method of disposition.
- D. Identify all general fixed assets with a number, tag, or similar identifying device.
- E. Perform an annual inventory of the county's personal property items and quarterly inspections of all county-owned land and buildings, and file a written report of the inspections made in accordance with Section 51.155, RSMo 1994.

Status:

A-E. Not implemented. See MAR No. 6.

7. Circuit Clerk/Ex Officio Recorder of Deeds' Procedures

- A. The Ex Officio Recorder of Deeds maintained custody of the Recorder User Fee Fund.

- B. Monthly listings of liabilities were not prepared for the fee account. As of February 19, 1998, \$845 of unidentified monies existed in the account.

Recommendation:

The Circuit Clerk/Ex Officio Recorder of Deeds:

- A. Turn over custody of the Recorder User Fee Fund to the County Treasurer, as required by state law.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.

Status:

- A. Implemented. The Recorder User Fee Fund was turned over to the County Treasurer in June 2002.
- B. Partially implemented. The Circuit Clerk prepares a listing, but an unidentified amount of \$580 remains at May 31, 2002. Although not repeated in the current MAR, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



OZARK COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Ozark was named after the Ozark Mountains. Ozark County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Gainesville.

Ozark County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Ozark County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 292,243	13	270,872	14
Sales taxes	494,759	22	467,432	24
Federal and state aid	1,054,729	47	948,143	49
Fees, interest, and other	386,722	18	240,114	13
Total	\$ 2,228,453	100	1,926,561	100

The following chart shows how Ozark County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 694,304	35	620,660	33
Public safety	385,649	19	396,605	21
Highways and roads	925,239	46	869,065	46
Total	\$ 2,005,192	100	1,886,330	100

The county also received \$238,040 and \$226,155 of revenues in the Capital Improvement Sales Tax Fund, and expended \$205,640 and \$179,130 for bond payments and expenses related to constructing the jail, a sheriff's office, courthouse renovations, and a road and bridge maintenance building. In addition, Ozark County received \$268,582 and \$163,001 of revenues in the Law Enforcement Sales Tax Fund and expended \$252,516 and \$162,956 for the purpose of law enforcement in 2001 and 2000, respectively.

The county maintains approximately 386 county bridges and 750 miles of county roads.

The county's population was 6,226 in 1970 and 9,542 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	44.4	43.6	27.0	12.9	8.1
Personal property		18.4	16.6	6.9	4.3	2.6
Railroad and utilities		8.0	6.7	3.0	2.9	.9
Total	\$	70.8	66.9	36.9	20.1	11.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ozark County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1694	.1600
Special Road and Bridge Fund		.2500	.2500
Health Center Fund		.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	21,491	20,008
General Revenue Fund		124,124	110,073
Special Road and Bridge Fund		178,639	166,490
Assessment Fund		29,038	27,426
Health Center Fund		70,959	66,092
School districts		2,349,329	2,220,851
Ambulance district		93,825	86,169
Overplus		3,878	2,879
Cities		55,201	54,375
County Clerk		1,593	1,543
County Employees' Retirement		21,760	19,430
Commissions and fees:			
General Revenue Fund		49,035	45,667
Total	\$	<u>2,998,872</u>	<u>2,821,003</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate		93 %	92 %
Personal property		89	90
Railroad and utilities		100	100

Ozark County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50 %
General		.0050	None	None
Capital Improvements		.0050	2002	None
Law Enforcement		.0050	2008	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
David Morrison, Presiding Commissioner	\$	21,996	20,808
Gary Collins, Associate Commissioner		20,196	
Robert Bryant, Associate Commissioner			16,550
Gerald Hambelton, Associate Commissioner			1,329
Rex Robertson, Associate Commissioner		20,196	19,008
Kelly Maddox, County Clerk		30,600	28,800
Tom Cline, Prosecuting Attorney		36,900	35,100
Steve Bartlett, Sheriff		35,100	34,000
David Ford, County Treasurer		22,644	21,312
David Goodnight, County Coroner		8,550	
Charles R. Fish, County Coroner			9,000
Janet Haskins, Public Administrator		18,000	
Kay Campbell, Public Administrator (1)			18,524
Edna Jones, County Collector, year ended February 28 (29),	30,600	28,800	
Katherine Loftis, County Assessor (2), year ended August 31,		31,500	29,700
Tim Morgan, County Surveyor (3)		N/A	
Jerry Anderson, County Surveyor (3)			N/A

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
John Jacobs, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	2	0
Prosecuting Attorney	1	0
Sheriff *	15	0
County Assessor	1	0
Associate Division	0	1
Probate Division**	0	1
Road and Bridge	17	0
Health Center***	14	0
Recycling Center	2	0
Total	<u>53</u>	<u>3</u>

\* Includes two part-time employees

\*\* Includes one part-time employee

\*\*\*Includes seven part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Ozark County's share of the Forty-Fourth Judicial Circuit's expenses is 23.09 percent.

In 1995, the county entered into a \$1,340,000 certificate of participation for constructing a jail, sheriff's office, courthouse renovations, and a road and bridge maintenance building. Principal and interest payments are made from the Capital Improvement Sales Tax Fund. At December 31, 2001, the County owed \$475,000 in principal and \$30,263 in interest for a total of \$505,263. In addition to the funds presented in the financial statements, the county had approximately \$209,000 in reserve accounts held by the Bank of New York of which approximately \$74,800 was applied toward the county's principal payment in 2001. The remaining \$134,200 will be applied toward future principal and interest payments.



**LINCOLN COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-91  
September 16, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Lincoln, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Lincoln County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, some program expenditures were omitted, most notably, \$191,700 passed through the State Highway and Transportation Commission. In addition, expenditures reported for the Department of Social Services - Child Support Enforcement were understated by \$48,154 for the two year period.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, Lincoln County's Associate County Commissioners salaries were each increased approximately \$5,780 in January 1998 (\$7,100 in 1999 and 2000), according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,980 for the three years ended December 31, 2000, should be repaid.

(over)

YELLOW SHEET

- The County Collector does not have adequate procedures to monitor and ensure monies in his various bank accounts are sufficiently collateralized.
- The County Collector accepts partial payments from taxpayers who are unable to pay their bill in full. The Collector does not adequately monitor these partial payment accounts to ensure proceedings for the sale of land is properly commenced, and to ensure partial payments of personal property taxes are applied to the oldest amount due. In addition, the Collector does not perform a reconciliation between the partial payment ledger and the reconciled bank balance.

The County Collector did not correctly compute Proposition C commissions and fees withheld from property taxes for the Elsberry R-II School District. As a result, approximately \$10,000 was over withheld from this district and deposited to the General Revenue and Assessment Funds. This amount should be reimbursed to the Elsberry R-II School District and future Proposition C ratios should be computed correctly.

- Approximately \$600 and numerous accounting records could not be located for the Record Check account maintained by the former Sheriff. In addition, the Sheriff's office needs to improve controls over the commissary account.

Also included in the audit are recommendations related to budgetary procedures, fixed assets records and procedures, and computer operations and controls. The audit also suggested improvements in the accounting controls and procedures of the Circuit Clerk and Prosecuting Attorney.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



LINCOLN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures Of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-18
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001 .....
A-2	Year Ended December 31, 2000 .....
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....
Notes to the Financial Statements .....	19-22
Supplementary Schedule: .....	23-26
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	24-26
Notes to the Supplementary Schedule .....	27-29
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	31-33
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	32-33

LINCOLN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>		
Schedule:.....	34-37	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	35-37	
Section I - Summary of Auditor's Results .....	35-36	
Section II - Financial Statement Findings .....	36	
Section III - Federal Award Findings and Questioned Costs .....	36-37	
<u>Number</u>	<u>Description</u>	
01-1.	Schedule of Expenditures of Federal Awards.....36	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	38-39	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	40-41	
<u>MANAGEMENT ADVISORY REPORT SECTION</u>		
Management Advisory Report - State Auditor's Findings .....	43-59	
<u>Number</u>		
1.	Budgetary Practices.....45	
2.	County Officials' Compensation.....47	
3.	Protection of County Funds .....	48
4.	General Fixed Assets and Vehicle Records .....	48
5.	Computer Operations and Controls .....	50
6.	Circuit Clerk's Controls and Procedures .....	51
7.	County Collector's Controls and Procedures .....	53
8.	Prosecuting Attorney's Controls and Procedures .....	55
9.	Sheriff's Controls and Procedures .....	57
Follow-Up on Prior Audit Findings.....	60-68	
<u>STATISTICAL SECTION</u>		
History, Organization, and Statistical Information .....	70-75	

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Lincoln County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Lincoln County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Lincoln County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Lincoln County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lincoln County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 23, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Lincoln County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 23, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Michael J. Monia
Audit Staff:	Chris Vetter
	Carl E. Zilch, Jr.
	B. Simpson



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Lincoln County, Missouri

We have audited the special-purpose financial statements of various funds of Lincoln County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Lincoln County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Lincoln County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Lincoln County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 23, 2002 (fieldwork completion date)



## Financial Statements

Exhibit A-1

LINCOLN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 998,589	3,532,316	2,740,566	1,790,339
Special Road and Bridge	613,580	3,938,012	3,866,990	684,602
Assessment	67,007	375,088	322,894	119,201
Law Enforcement Trust	(27,255)	2,967,307	2,861,407	78,645
911 Communication	28,340	788,645	776,167	40,818
Law Enforcement Training	4,228	12,222	13,620	2,830
Prosecuting Attorney Training	1,155	2,520	3,641	34
Sheltercare	17,226	20,391	12,904	24,713
BRO	23,339	72,383	72,510	23,212
Jail Debt Service	702,012	961,412	1,327,040	336,384
Ridge Road Project One	97,996	29,361	34,674	92,683
Walker Road Community District	5,780	26,882	22,922	9,740
Hospice	643	1,095	1,738	0
Sheriff's Civil Fees	8,624	52,475	56,106	4,993
Prosecuting Attorney Bad Check Fees	692	19,458	17,763	2,387
Recorder's User Fee	23,433	31,073	44,666	9,840
Circuit Clerk Interest	31,342	4,959	14,634	21,667
Prosecuting Attorney Delinquent Tax	774	4,135	4,084	825
Law Library	41,477	16,970	10,466	47,981
Federal Drug Forfeiture	389	0	0	389
Associate Court Interest Division 2	4,917	3,051	3,051	4,917
Associate Court Interest Division 3	0	405	0	405
Election Service	0	9,905	2,776	7,129
Total	\$ 2,644,288	12,870,065	12,210,619	3,303,734

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LINCOLN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 546,341	3,634,933	3,182,685	998,589
Special Road and Bridge	534,483	3,638,859	3,559,762	613,580
Assessment	32,957	330,607	296,557	67,007
Law Enforcement Trust	(5,330)	2,762,915	2,784,840	(27,255)
Home Health	35,585	82,680	118,265	0
911 Communication	52,928	570,884	595,472	28,340
Law Enforcement Training	4,147	11,924	11,843	4,228
Prosecuting Attorney Training	1,511	2,034	2,390	1,155
Sheltercare	7,000	15,726	5,500	17,226
BRO	19,765	923,392	919,818	23,339
Jail Debt Service	522,210	870,270	690,468	702,012
Ridge Road Project One	94,695	37,072	33,771	97,996
Walker Road Community District	66,626	18,980	79,826	5,780
Hospice	2,761	102	2,220	643
Sheriff's Civil Fees	13,882	51,942	57,200	8,624
Prosecuting Attorney Bad Check Fees	1,026	15,775	16,109	692
Recorder's User Fee	26,033	19,672	22,272	23,433
Circuit Clerk Interest	24,588	8,910	2,156	31,342
Prosecuting Attorney Delinquent Tax	2,156	3,186	4,568	774
Law Library	28,661	18,195	5,379	41,477
Federal Drug Forfeiture	389	0	0	389
Associate Court Interest Division 2	3,290	4,127	2,500	4,917
Total	\$ 2,015,704	13,022,185	12,393,601	2,644,288

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 12,706,681	12,869,660	162,979	12,833,372	13,022,185	188,813
DISBURSEMENTS	12,670,264	12,210,619	(459,645)	13,366,841	12,393,601	(973,240)
RECEIPTS OVER (UNDER) DISBURSEMENTS	36,417	659,041	622,624	(533,469)	628,584	1,162,053
CASH, JANUARY 1	2,646,990	2,643,899	(3,091)	2,007,248	2,015,315	8,067
CASH, DECEMBER 31	2,683,407	3,302,940	619,533	1,473,779	2,643,899	1,170,120
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	478,161	505,912	27,751	460,300	443,469	(16,831)
Sales taxes	1,672,000	1,703,027	31,027	1,517,625	1,571,815	54,190
Intergovernmental	180,478	263,450	82,972	455,871	475,753	19,882
Charges for services	592,100	694,742	102,642	644,994	652,795	7,801
Interest	65,000	84,059	19,059	39,000	56,373	17,373
Lease receipts	60,000	60,000	0	60,000	60,000	0
Other	93,364	80,496	(12,868)	118,141	133,963	15,822
Transfers in	114,618	140,630	26,012	143,843	240,765	96,922
Total Receipts	3,255,721	3,532,316	276,595	3,439,774	3,634,933	195,159
DISBURSEMENTS						
County Commission	155,700	152,396	3,304	155,600	152,457	3,143
County Clerk	149,400	138,395	11,005	149,980	130,561	19,419
Elections	52,450	29,750	22,700	92,520	84,074	8,446
Buildings and grounds	205,400	132,862	72,538	178,840	122,051	56,789
Employee fringe benefits	242,800	205,360	37,440	307,600	315,114	(7,514)
County Treasurer	54,886	51,340	3,546	50,815	47,977	2,838
County Collector	193,962	158,214	35,748	181,713	170,653	11,060
Ex Officio Recorder of Deeds	131,050	129,401	1,649	124,336	110,100	14,236
Circuit Clerk	31,200	29,843	1,357	40,500	27,982	12,518
Associate Circuit Court	46,450	29,091	17,359	31,200	23,900	7,300
Court administration	97,400	54,016	43,384	106,780	57,399	49,381
Public Administrator	48,925	46,589	2,336	30,200	33,346	(3,146)
Prosecuting Attorney	319,653	323,882	(4,229)	249,785	265,015	(15,230)
Juvenile Officer	168,936	159,247	9,689	158,148	147,798	10,350
County Coroner	38,200	33,543	4,657	36,950	43,010	(6,060)
Surveyor	10,800	11,641	(841)	10,800	6,080	4,720
Emergency management	54,406	53,635	771	42,000	42,532	(532)
Public health and welfare services	0	0	0	640,609	638,297	2,312
Other	287,428	192,736	94,692	277,416	211,865	65,551
Transfers out	918,632	808,625	110,007	703,628	552,474	151,154
Emergency Fund	97,672	0	97,672	103,193	0	103,193
Total Disbursements	3,305,350	2,740,566	564,784	3,672,613	3,182,685	489,928
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,629)	791,750	841,379	(232,839)	452,248	685,087
CASH, JANUARY 1	998,589	998,589	0	546,341	546,341	0
CASH, DECEMBER 31	948,960	1,790,339	841,379	313,502	998,589	685,087

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	945,043	984,665	39,622	894,431	877,136	(17,295)
Sales taxes	1,674,000	1,705,497	31,497	1,552,900	1,574,590	21,690
Intergovernmental	1,000,000	992,019	(7,981)	927,200	962,440	35,240
Interest	42,500	49,288	6,788	30,000	53,719	23,719
Other	141,200	156,244	15,044	76,675	128,910	52,235
Transfers in	30,000	50,299	20,299	27,000	42,064	15,064
Total Receipts	3,832,743	3,938,012	105,269	3,508,206	3,638,859	130,653
<b>DISBURSEMENTS</b>						
Salaries	810,000	775,114	34,886	770,000	730,946	39,054
Employee fringe benefits	254,600	227,110	27,490	189,600	204,739	(15,139)
Supplies	264,000	241,784	22,216	219,000	259,497	(40,497)
Insurance	20,000	22,496	(2,496)	20,000	16,520	3,480
Road and bridge materials	269,000	261,899	7,101	267,000	95,329	171,671
Equipment repairs	200,000	172,103	27,897	200,000	176,554	23,446
Rentals	250,000	302,767	(52,767)	150,000	314,259	(164,259)
Equipment purchases	400,000	346,537	53,463	400,000	257,564	142,436
Construction, repair, and maintenance	895,000	897,720	(2,720)	885,000	925,965	(40,965)
Elsberry Special Road District	430,000	439,004	(9,004)	430,000	415,114	14,886
Other	78,000	67,826	10,174	78,000	63,275	14,725
Transfers out	114,618	112,630	1,988	108,258	100,000	8,258
Total Disbursements	3,985,218	3,866,990	118,228	3,716,858	3,559,762	157,096
RECEIPTS OVER (UNDER) DISBURSEMENTS	(152,475)	71,022	223,497	(208,652)	79,097	287,749
CASH, JANUARY 1	613,580	613,580	0	534,483	534,483	0
CASH, DECEMBER 31	461,105	684,602	223,497	325,831	613,580	287,749
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	317,274	362,887	45,613	298,424	319,160	20,736
Charges for services	4,500	4,993	493	4,600	4,540	(60)
Interest	5,000	6,848	1,848	3,400	6,521	3,121
Other	0	360	360	0	386	386
Transfers in	50,132	0	(50,132)	36,628	0	(36,628)
Total Receipts	376,906	375,088	(1,818)	343,052	330,607	(12,445)
<b>DISBURSEMENTS</b>						
Assessor	369,406	322,894	46,512	343,052	296,557	46,495
Total Disbursements	369,406	322,894	46,512	343,052	296,557	46,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,500	52,194	44,694	0	34,050	34,050
CASH, JANUARY 1	67,007	67,007	0	32,957	32,957	0
CASH, DECEMBER 31	74,507	119,201	44,694	32,957	67,007	34,050

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Sales tax	1,800,000	1,820,201	20,201	1,606,000	1,663,869	57,869
Intergovernmental	254,000	298,800	44,800	100,000	328,274	228,274
Charges for services	347,500	266,690	(80,810)	625,500	317,839	(307,661)
Interest	4,000	3,833	(167)	5,000	3,562	(1,438)
Other	75,500	77,783	2,283	38,415	60,022	21,607
Transfers in	500,000	500,000	0	388,000	389,349	1,349
Total Receipts	2,981,000	2,967,307	(13,693)	2,762,915	2,762,915	0
<b>DISBURSEMENTS</b>						
Salaries	1,722,600	1,699,923	22,677	1,692,819	1,689,995	2,824
Employee fringe benefits	523,000	467,717	55,283	395,522	449,845	(54,323)
Office expenditures	147,000	168,856	(21,856)	158,000	140,155	17,845
Equipment	20,000	19,659	341	20,000	13,849	6,151
Vehicles and maintenance	205,000	184,495	20,505	202,000	144,369	57,631
Jail	243,000	180,306	62,694	240,000	224,039	15,961
Other	91,500	90,152	1,348	76,500	80,524	(4,024)
Transfers out	0	50,299	(50,299)	0	42,064	(42,064)
Total Disbursements	2,952,100	2,861,407	90,693	2,784,841	2,784,840	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	28,900	105,900	77,000	(21,926)	(21,925)	1
CASH, JANUARY 1	(27,255)	(27,255)	0	(5,330)	(5,330)	0
CASH, DECEMBER 31	1,645	78,645	77,000	(27,256)	(27,255)	1
<b><u>HOME HEALTH FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental				79,907	79,907	0
Interest				2,773	2,773	0
Total Receipts				82,680	82,680	0
<b>DISBURSEMENTS</b>						
Transfers out				118,265	118,265	0
Total Disbursements				118,265	118,265	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(35,585)	(35,585)	0
CASH, JANUARY 1				35,585	35,585	0
CASH, DECEMBER 31				0	0	0

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 COMMUNICATION</u></b>						
<b>RECEIPTS</b>						
Charges for services	82,500	82,874	374	77,160	82,148	4,988
Interest	1,500	1,784	284	1,200	2,060	860
Telephone tax	350,030	394,874	44,844	305,000	335,695	30,695
Other	500	488	(12)	100	981	881
Transfers In	374,500	308,625	(65,875)	279,000	150,000	(129,000)
Total Receipts	809,030	788,645	(20,385)	662,460	570,884	(91,576)
<b>DISBURSEMENTS</b>						
Salaries	604,800	564,144	40,656	541,250	473,197	68,053
Office expenditures	89,416	61,354	28,062	83,725	65,759	17,966
Equipment	106,600	91,928	14,672	48,150	12,567	35,583
Mileage and training	13,300	9,940	3,360	9,500	5,604	3,896
Other	23,000	48,801	(25,801)	32,006	38,345	(6,339)
Total Disbursements	837,116	776,167	60,949	714,631	595,472	119,159
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,086)	12,478	40,564	(52,171)	(24,588)	27,583
CASH, JANUARY 1	28,340	28,340	0	52,928	52,928	0
CASH, DECEMBER 31	254	40,818	40,564	757	28,340	27,583
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	11,725	12,140	415	14,300	11,803	(2,497)
Interest	120	66	(54)	100	121	21
Other	0	16	16	0	0	0
Total Receipts	11,845	12,222	377	14,400	11,924	(2,476)
<b>DISBURSEMENTS</b>						
Sheriff	15,500	13,620	1,880	15,000	11,843	3,157
Total Disbursements	15,500	13,620	1,880	15,000	11,843	3,157
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,655)	(1,398)	2,257	(600)	81	681
CASH, JANUARY 1	4,228	4,228	0	4,147	4,147	0
CASH, DECEMBER 31	573	2,830	2,257	3,547	4,228	681
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,000	2,071	71	2,200	1,994	(206)
Interest	40	16	(24)	40	40	0
Transfers in	0	433	433	0	0	0
Total Receipts	2,040	2,520	480	2,240	2,034	(206)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,400	3,641	(1,241)	2,500	2,390	110
Total Disbursements	2,400	3,641	(1,241)	2,500	2,390	110
RECEIPTS OVER (UNDER) DISBURSEMENTS	(360)	(1,121)	(761)	(260)	(356)	(96)
CASH, JANUARY 1	1,155	1,155	0	1,511	1,511	0
CASH, DECEMBER 31	795	34	(761)	1,251	1,155	(96)

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHELTERCARE FUND</u></b>						
RECEIPTS						
Charges for services	16,000	19,727	3,727	5,500	15,317	9,817
Interest	400	597	197	200	409	209
Other	0	67	67	0	0	0
Total Receipts	16,400	20,391	3,991	5,700	15,726	10,026
DISBURSEMENTS						
Public health and welfare services	12,655	12,904	(249)	5,500	5,500	0
Total Disbursements	12,655	12,904	(249)	5,500	5,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,745	7,487	3,742	200	10,226	10,026
CASH, JANUARY 1	17,226	17,226	0	7,000	7,000	0
CASH, DECEMBER 31	20,971	24,713	3,742	7,200	17,226	10,026
<b><u>BRO FUND</u></b>						
RECEIPTS						
Intergovernmental	299,600	72,383	(227,217)	1,037,000	923,392	(113,608)
Total Receipts	299,600	72,383	(227,217)	1,037,000	923,392	(113,608)
DISBURSEMENTS						
Chain of Rocks	242,600	10,912	231,688	845,000	728,894	116,106
Elsberry Special Road District	57,000	61,598	(4,598)	202,000	190,924	11,076
Total Disbursements	299,600	72,510	227,090	1,047,000	919,818	127,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(127)	(127)	(10,000)	3,574	13,574
CASH, JANUARY 1	23,339	23,339	0	19,765	19,765	0
CASH, DECEMBER 31	23,339	23,212	(127)	9,765	23,339	13,574
<b><u>JAIL DEBT SERVICE FUND</u></b>						
RECEIPTS						
Sales taxes	900,000	909,966	9,966	766,000	831,901	65,901
Interest	35,000	51,446	16,446	20,000	38,369	18,369
Total Receipts	935,000	961,412	26,412	786,000	870,270	84,270
DISBURSEMENTS						
Lease payment	694,350	1,325,178	(630,828)	666,660	666,441	219
Administrative expense	3,015	1,862	1,153	23,903	24,027	(124)
Total Disbursements	697,365	1,327,040	(629,675)	690,563	690,468	95
RECEIPTS OVER (UNDER) DISBURSEMENTS	237,635	(365,628)	(603,263)	95,437	179,802	84,365
CASH, JANUARY 1	702,012	702,012	0	522,210	522,210	0
CASH, DECEMBER 31	939,647	336,384	(603,263)	617,647	702,012	84,365



## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RIDGE ROAD PROJECT ONE FUND</u></b>						
RECEIPTS						
Assessments	34,078	26,010	(8,068)	35,000	33,299	(1,701)
Interest	4,000	3,351	(649)	3,500	3,773	273
Total Receipts	38,078	29,361	(8,717)	38,500	37,072	(1,428)
DISBURSEMENTS						
Bond payments	34,700	34,674	26	34,200	33,771	429
Total Disbursements	34,700	34,674	26	34,200	33,771	429
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,378	(5,313)	(8,691)	4,300	3,301	(999)
CASH, JANUARY 1	97,996	97,996	0	94,695	94,695	0
CASH, DECEMBER 31	101,374	92,683	(8,691)	98,995	97,996	(999)
<b><u>WALKER ROAD COMMUNITY DISTRICT FUND</u></b>						
RECEIPTS						
Assessments	21,148	26,237	5,089	27,000	17,560	(9,440)
Interest	1,000	645	(355)	2,500	1,420	(1,080)
Total Receipts	22,148	26,882	4,734	29,500	18,980	(10,520)
DISBURSEMENTS						
Bond payments	21,624	22,922	(1,298)	21,404	21,404	0
Construction, repair, and maintenance	0	0	0	56,660	57,460	(800)
Other	1,300	0	1,300	800	962	(162)
Total Disbursements	22,924	22,922	2	78,864	79,826	(962)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(776)	3,960	4,736	(49,364)	(60,846)	(11,482)
CASH, JANUARY 1	5,780	5,780	0	66,626	66,626	0
CASH, DECEMBER 31	5,004	9,740	4,736	17,262	5,780	(11,482)
<b><u>HOSPICE FUND</u></b>						
RECEIPTS						
Donations	1,093	1,093	0	25	55	30
Interest	2	2	0	20	47	27
Total Receipts	1,095	1,095	0	45	102	57
DISBURSEMENTS						
Medical expense	0	0	0	2,806	2,220	586
Transfers out	1,738	1,738	0	0	0	0
Total Disbursements	1,738	1,738	0	2,806	2,220	586
RECEIPTS OVER (UNDER) DISBURSEMENTS	(643)	(643)	0	(2,761)	(2,118)	643
CASH, JANUARY 1	643	643	0	2,761	2,761	0
CASH, DECEMBER 31	0	0	0	0	643	643

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	50,000	45,812	(4,188)	50,000	51,349	1,349
Interest	350	161	(189)	400	344	(56)
Other	0	6,502	6,502	100	249	149
Total Receipts	50,350	52,475	2,125	50,500	51,942	1,442
DISBURSEMENTS						
Equipment	28,645	29,615	(970)	33,000	25,234	7,766
Supplies	18,352	21,703	(3,351)	22,000	18,264	3,736
Training	3,000	4,457	(1,457)	5,000	3,257	1,743
Inmate housing	0	0	0	0	9,096	(9,096)
Other	0	331	(331)	0	0	0
Transfers out	0	0	0	0	1,349	(1,349)
Total Disbursements	49,997	56,106	(6,109)	60,000	57,200	2,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	353	(3,631)	(3,984)	(9,500)	(5,258)	4,242
CASH, JANUARY 1	8,624	8,624	0	13,882	13,882	0
CASH, DECEMBER 31	8,977	4,993	(3,984)	4,382	8,624	4,242
<b><u>PROSECUTING ATTORNEY BAD CHECK FEES FUND</u></b>						
RECEIPTS						
Charges for services	15,775	19,416	3,641	20,000	15,731	(4,269)
Interest	45	42	(3)	100	44	(56)
Total Receipts	15,820	19,458	3,638	20,100	15,775	(4,325)
DISBURSEMENTS						
Salaries	2,400	5,387	(2,987)	7,500	6,790	710
Office expenditures	8,587	10,591	(2,004)	9,348	9,073	275
Mileage and training	120	134	(14)	200	96	104
Equipment	4,668	1,055	3,613	1,000	150	850
Other	0	596	(596)	0	0	0
Total Disbursements	15,775	17,763	(1,988)	18,048	16,109	1,939
RECEIPTS OVER (UNDER) DISBURSEMENTS	45	1,695	1,650	2,052	(334)	(2,386)
CASH, JANUARY 1	692	692	0	1,026	1,026	0
CASH, DECEMBER 31	737	2,387	1,650	3,078	692	(2,386)
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	22,000	30,633	8,633	22,500	19,116	(3,384)
Interest	500	440	(60)	500	556	56
Total Receipts	22,500	31,073	8,573	23,000	19,672	(3,328)
DISBURSEMENTS						
Office expense	15,000	29,666	(14,666)	17,000	0	17,000
Equipment	500	0	500	2,500	2,272	228
Transfers out	15,000	15,000	0	20,000	20,000	0
Total Disbursements	30,500	44,666	(14,166)	39,500	22,272	17,228
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,000)	(13,593)	(5,593)	(16,500)	(2,600)	13,900
CASH, JANUARY 1	23,433	23,433	0	26,033	26,033	0
CASH, DECEMBER 31	15,433	9,840	(5,593)	9,533	23,433	13,900

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	9,400	4,959	(4,441)	5,000	8,910	3,910
Total Receipts	9,400	4,959	(4,441)	5,000	8,910	3,910
DISBURSEMENTS						
Office expense	2,920	323	2,597	0	351	(351)
Equipment	2,000	3,867	(1,867)	2,500	1,269	1,231
Mileage and training	800	99	701	1,100	30	1,070
Other	0	345	(345)	0	506	(506)
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	15,720	14,634	1,086	3,600	2,156	1,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,320)	(9,675)	(3,355)	1,400	6,754	5,354
CASH, JANUARY 1	34,009	31,342	(2,667)	16,097	24,588	8,491
CASH, DECEMBER 31	27,689	21,667	(6,022)	17,497	31,342	13,845
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	2,600	3,829	1,229	3,700	2,678	(1,022)
Interest	31	18	(13)	40	32	(8)
Other	200	288	88	60	476	416
Total Receipts	2,831	4,135	1,304	3,800	3,186	(614)
DISBURSEMENTS						
Prosecuting Attorney	3,000	4,084	(1,084)	4,500	4,568	(68)
Total Disbursements	3,000	4,084	(1,084)	4,500	4,568	(68)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(169)	51	220	(700)	(1,382)	(682)
CASH, JANUARY 1	774	774	0	2,156	2,156	0
CASH, DECEMBER 31	605	825	220	1,456	774	(682)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	16,000	16,970	970	16,000	18,195	2,195
Total Receipts	16,000	16,970	970	16,000	18,195	2,195
DISBURSEMENTS						
Legal books	12,000	10,466	1,534	12,000	5,379	6,621
Total Disbursements	12,000	10,466	1,534	12,000	5,379	6,621
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	6,504	2,504	4,000	12,816	8,816
CASH, JANUARY 1	41,901	41,477	(424)	29,085	28,661	(424)
CASH, DECEMBER 31	45,901	47,981	2,080	33,085	41,477	8,392

## Exhibit B

## LINCOLN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE COURT INTEREST DIVISION 2 FUND</u></b>						
RECEIPTS						
Interest	2,500	3,051	551	2,500	4,127	1,627
Total Receipts	2,500	3,051	551	2,500	4,127	1,627
DISBURSEMENTS						
Transfers Out	3,000	3,051	(51)	2,500	2,500	0
Total Disbursements	3,000	3,051	(51)	2,500	2,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	0	500	0	1,627	1,627
CASH, JANUARY 1	4,917	4,917	0	3,290	3,290	0
CASH, DECEMBER 31	4,417	4,917	500	3,290	4,917	1,627
<b><u>ELECTION SERVICE FUND</u></b>						
RECEIPTS						
Charges for services	5,674	9,779	4,105			
Interest	0	126	126			
Total Receipts	5,674	9,905	4,231			
DISBURSEMENTS						
Equipment	4,200	2,776	1,424			
Total Disbursements	4,200	2,776	1,424			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,474	7,129	5,655			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	1,474	7,129	5,655			

## Notes to the Financial Statements

LINCOLN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Lincoln County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Federal Drug Forfeiture Fund	2001 and 2000
Associate Court Interest Division 3 Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Sheltercare Fund	2001
Jail Debt Service Fund	2001
Walker Road Community District Fund	2001 and 2000
Hospice Fund	2001
Sheriff's Civil Fees Fund	2001
Prosecuting Attorney Bad Check Fees Fund	2001
Recorder's User Fee Fund	2001
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Law Enforcement Trust Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the two years ended December 31, 2001, did not include the Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Associate Court Interest Division 2 Fund's cash balance at January 1, 2000, as previously stated has been increased by \$3,290 to reflect the actual cash balance. Prior to 2000 all interest monies were being recorded as part of the General Revenue Fund. As of January 2000, the Associate Division 2 is no longer turning interest monies over to the General Revenue Fund, instead reserving the monies for future procurements associated with the new judicial center being built.



## Supplementary Schedule

LINCOLN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 2,293	0
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451157W	68,177	66,230
U.S. DEPARTMENT OF JUSTICE				
	Direct program:			
16.710	Public Safety Partnership and Community Policing Grants	95CFWX2124	53,251	110,839
	Passed through state:			
	Department of Public Safety-			
16.588	Violence Against Women Formula Grants	2000-VAWA-0033	13,501	14,265
16.592	Local Law Enforcement Block Grants Program			
	Missouri Sheriff's Association-			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,035	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO 057(6)	11,522	656,093
		BRO 057(8)	60,861	191,661
	Program total		<u>72,383</u>	<u>847,754</u>
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP	2,552	2,351

LINCOLN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	795	819
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	LEPC	3,801	3,573
		SLA-50-50	10,646	0
		SLA-98-16	0	9,624
	Program total		14,447	13,197
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through:			
	State Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-057CLPP	0	5
	Missouri Family Health Council, Inc.-			
93.217	Family Planning - Services	N/A	37,126	49,350
	State Department of Health -			
93.268	Immunization Grants	N/A	49,290	48,012
		CCH704421-99	2,999	0
	Program total		52,289	48,012
	State Department of Social Services -			
93.563	Child Support Enforcement	N/A	23,986	24,168
	State Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-11575	1,429	640
	State Department of Social Services -			
93.667	Social Services Block Grant	ER0172091	0	16,729
		ER0172092	0	14,039
	Program total		0	30,768

LINCOLN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	State Department of Health -			
93.940	HIV Prevention Activities - Health Department Based	N/A	43	173
93.991	Preventive Health and Health Services Block Grant	N/A	0	527
93.994	Maternal and Child Health Services	ERS146-1157M	24,188	23,383
	Block Grant to the States	N/A	4,841	2,636
	Program total		29,029	26,019
	Total Expenditures of Federal Awards		\$ 372,336	1,235,117

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

LINCOLN COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lincoln County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550), represent the dollar value assigned to commodities based on prices provided by the State Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003), represent the estimated fair market value of property at the time of receipt.

Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for the Immunization Grants (CFDA number 93.268), and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Lincoln County, Missouri

Compliance

We have audited the compliance of Lincoln County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lincoln County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Lincoln County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Lincoln County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

May 23, 2002 (fieldwork completion date)

Schedule

LINCOLN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1.                      Schedule of Expenditures of Federal Awards</b>
------------------------------------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity:	
Identifying Number:	BRO-057 (8)
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable

Section .310(b) of circular A-133, *Audits of State and Local Government, and NonProfit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, some program expenditures were omitted, most notably, \$191,700 passed through the State Highway and Transportation Commission. In addition, expenditures reported for the Department of Social Services - Child Support Enforcement were understated by \$48,154 for the two year period.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk concurs, and indicated that the \$191,700 was an omission due to the project being conducted through a special road district.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



LINCOLN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lincoln County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

99-1    Capital Improvement Sales Tax

The county passed a Road and Bridge Capital Improvement sales tax of one-half of one percent that became effective April 1997. In addition, the county had another one-fourth of one percent Law Enforcement Capital Improvement sales tax levy imposed. Therefore, the county had levied three-fourths of one percent that apparently exceeded the statutory maximum allowed by state law.

Recommendation:

The County Commission review the overall capital improvement sales tax being levied in conjunction with Attorney General Opinion No. 97-99, 1999 to Neel and ensure they are in accordance with applicable state statutes.

Status:

Implemented. The County Commission along with the County's attorney have reviewed the overall capital improvement sales tax being levied and concluded based on *Hovies v. Daves*, 14 S. W. 3d 593, 595 (Mo 2000), that the people have already expressed their will by approval of the issue presented on the ballot; therefore, it is the Commission's duty to uphold that action.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

LINCOLN COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-2. Highway Planning and Construction

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction Program
Pass-Through Entity	
Identifying Number:	BRO-057 (6)(8)
Award Year:	1999 and 1998
Questioned Costs:	\$49,112

The county procured bridge replacement engineering services without documentation of consideration of other firms.

Recommendation:

The County Commission obtain information as required by law when contracting for professional services.

Status:

Implemented. The County Commission adopted a policy in January 1999, which provides that at least three firms must be considered.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

LINCOLN COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Lincoln County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 2002. We also have audited the compliance of Lincoln County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Communities Opportunities Board, Lincoln County Memorial Hospital, and the Lincoln County Health Center are audited and separately reported on by other independent auditors, the related funds are not presented in the special-purpose financial statements. However, we reviewed the audit reports and other applicable information for the Communities Opportunities Board and the Lincoln County Memorial Hospital. The audit of the Lincoln County Health Center was not complete as of May 23, 2002, and thus not available for our review.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Lincoln County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Budgetary Practices</b>
-------------------------------

The county did not adequately monitor budgeted amounts to actual results during the years ended December 31, 2001 and 2000.

- A. On December 19, 2000, the County Commission amended various county budgets to reflect increased expenditures made during the year. Our review indicated the following concerns related to these budget amendments:
- 1) Prior to the amendment of these budgets, expenditures had already exceeded the original budget.
  - 2) Valid reasons which necessitated excess disbursements were not provided to support these amendments as required by law. It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.
- B. Actual disbursements exceeded the original and/or amended budgeted amounts in the various funds as follows:

<u>Fund</u>	Years Ended December 31,	
	<u>2001</u>	<u>2000</u>
Prosecuting Attorney Training Fund	\$ 1,242	N/A
Sheltercare Fund	249	N/A
Jail Debt Service Fund	629,674	N/A
Walker Road Community District Fund	971	1,290
Hospice Fund	1,738	N/A
Sheriff's Civil Fees Fund	6,109	N/A
Prosecuting Attorney Bad Check Fees Fund	1,988	N/A
Prosecuting Attorney Delinquent Tax Fund	1,085	68
Recorder's User Fee Fund	14,166	N/A

In December, 2001, the County Clerk contacted our office regarding filing budget amendments for several funds which were over budget. The County Clerk indicated these funds are not monitored by her office since warrants are not issued and that she had just been made aware of the overage. We explained that the budget amendments should have been made prior to the incurrence of the expenditure, thus the County Clerk did not file the amendments.

It appears amendments were made just to attempt to present a balanced budget in accordance with state law. It does not appear as if the budget was used as a monitoring tool throughout the year. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

Similar conditions were noted in the prior two reports.

**WE AGAIN RECOMMEND** the County Commission implement procedures to ensure budgets are properly amended if necessary, expenditures are kept within budgetary limits, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.

#### **AUDITEE'S RESPONSE**

*The County Commission concurs, and indicated that these issues will be discussed with the County Treasurer to ensure these problems do not happen in the future.*



Salaries for elected county officials increased significantly in January 1998 and 1999. To evaluate these changes required reviewing the county's 1995 and 1997 salary commission meeting minutes and related Prosecuting Attorney opinions.

Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials and including increases to the statutory maximum salaries allowed. As part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

The Lincoln County Salary Commission met in August 1997 and voted to set the salaries for all county officials at the maximum allowable compensation per the schedules in Senate Bill 11. The salary commission requested and received a written legal opinion from the Prosecuting Attorney. The opinion indicated that Senate Bill 11 as written, authorizes the members of the salary commission to approve the county officials taking 100 percent of the schedules, and that these pay increases can take effect on January 1, 1998. Based on this opinion, Lincoln County's Associate County Commissioners salaries were each increased approximately \$5,780 in January 1998 (\$7,100 in 1999 and 2000), according to information from the County Clerk.

Salary commission meeting minutes indicated that the salary increases for county officials were based on increases in assessed valuations. However, by using the salary schedules from the 1998 statutes (those changed by SB11), mid-term raises were in effect granted to those officials that had been elected in 1996.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,980 for the three years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should be re-evaluated for propriety.

### **AUDITEE'S RESPONSE**

*The County Commission approves and defends the salaries of county elected officials as provided by state statute as revised under Senate Bill No. 11, effective August 8, 1997.*

#### **3. Protection of County Funds**

The County Collector does not have adequate procedures to monitor and ensure monies in his various bank accounts are sufficiently collateralized. While the Collector indicated he does monitor collateral securities pledged, our review determined some unsecured funds. In January 2001, the collateral securities pledged by one of the County Collector's seven depository banks was not sufficient to cover funds in excess of Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$189,000. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

A similar condition was noted in a previous report.

**WE AGAIN RECOMMEND** the County Collector develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

### **AUDITEE'S RESPONSE**

*The County Collector indicated that he does try to monitor the securities, but will try to look at them on a more regular basis in the future.*

#### **4. General Fixed Assets and Vehicle Records**

A. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk maintains a master listing of general fixed assets. Periodically, she sends each official her list of their fixed assets. Each official is supposed to do a physical inventory of their assets, and update the County Clerk's list. Our review of the general fixed asset records indicated the following areas where improvements are needed:

- 1) Property records do not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and tag number is not always recorded. This information was missing from the officials' inventory listing, and the County Clerk's master listing.

- 2) Some fixed assets are not properly numbered, tagged, or otherwise identified as county owned property. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.
- 3) Additions are not recorded on the officials' property records in a timely manner. In addition, additions to the records are not periodically reconciled to equipment purchases. Recording additions as they occur would allow for more complete and up-to-date records and would allow the physical inventory to be used as a check against the fixed asset records.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal controls over county property and provide a basis for determining proper insurance coverage of county property. Inventories and inspections of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Effective August 28, 1999, Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to the subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

- B. The county does not require logs to be maintained documenting fuel costs and vehicle usage for road and bridge pickups, the flood plain director's vehicle, or the County Commission's car. We noted that a road and bridge vehicle was bought new in 1998 and now has over 104,000 miles on it. Without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should indicate the date used, mileage driven, destination, and purpose of the trip and any associated fuel costs.

These records should be reviewed periodically to determine that the vehicles are being properly used and are cost efficient. Such procedures would help ensure the vehicles are not used for inappropriate purposes.

Similar conditions were noted in previous reports.

**WE AGAIN RECOMMEND** the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the

policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

- B. Require usage logs be maintained for all county assigned vehicles and perform a periodic review of such.

### **AUDITEE'S RESPONSE**

*The County Commission:*

- A. *Concurs, and indicated they will work on adopting a policy regarding the handling and accounting for fixed assets before year end.*
- B. *Concurs, and indicated they will work on adopting a policy pertaining to vehicle usage before year end.*

<b>5. Computer Operations and Controls</b>
--------------------------------------------

Our review of the computer operations and controls indicated the following areas where improvements are needed:

- A. Passwords are used on most systems within the offices of the various elected officials; however, the assessor, collector and the county clerk's passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The county does not have a formal emergency contingency plan for the computers within the offices of the Assessor, Collector, County Clerk, Prosecuting Attorney, Recorder, Treasurer, and Sheriff. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster. Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might

cause considerable loss or disruption to the county. Because of the official's degree of reliance on data processing, the need for contingency planning is evident.

**WE RECOMMEND** the County Commission work with the:

- A. Assessor, Collector, and County Clerk to ensure passwords are periodically changed and remain confidential.
- B. The Assessor, Collector, County Clerk, Prosecuting Attorney, Recorder, Treasurer, and Sheriff to develop a formal contingency plan for the various computer systems.

**AUDITEE'S RESPONSE**

*The County Commission:*

- A. *Concurs, and indicated they will immediately discuss this with the county officials to ensure passwords are being changed on a periodic basis.*
- B. *Concurs, and indicated they will discuss with the county officials the possibilities of developing a formal contingency plan before year end.*

<b>6. Circuit Clerk's Controls and Procedures</b>
---------------------------------------------------

The Circuit Clerk receives approximately \$400,000 a year from fines and costs for criminal cases, filing fees for civil cases, bonds and court costs. Our review of the Circuit Clerk's controls and procedures disclosed the following concerns:

- A. Receipts are not deposited on a timely basis. Our cash count on February 5, 2002, indicated that there were six days of receipts totaling over \$1,100 on hand. Also, checks and money orders received for county fees are not restrictively endorsed immediately upon receipt by the Circuit Clerk's Office. They are endorsed when the deposit is prepared. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and checks and money orders should be restrictively endorsed immediately upon receipt.
- B. The Circuit Court does not adequately follow up on bonds posted by defendants who fail to make the required court appearances. During our review of court case files, we noted instances where a bond was not forfeited when the defendant failed to appear on the court date. Based on discussions with court personnel, it appears few, if any, bonds were forfeited during the audit period. Section 544.665, RSMo 2000, provides that failure to appear results in forfeiture of any security which was given or pledged for a persons release. The Circuit Judge indicated it was not his usual practice to require bonds to be forfeited; however, he was not aware that this was a

significant problem. The Circuit Judge indicated he would discuss implementing forfeiture procedures with the Prosecuting Attorney.

While we did not quantify the number of cases in which bond forfeitures were not made, the court does not have an adequate procedure in place to require bond forfeitures. Section 166.131, RSMo 2000, provides for bond forfeiture monies to be distributed to the various school districts in the county. The court's procedure results in less revenue to the various school districts.

- C. A listing of accrued costs owed to the court is maintained by the Circuit Clerk but the monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. A second bill is sent at the end of the month when the disposition is known. A third bill is sent 30 days after the second bill if payment has not been received. If payment is still not received, the Circuit Clerk does not initiate any further collection procedures. As of February 13, 2002, accrued case costs were approximately \$419,600.

The Circuit Clerk indicated that the majority of the cases with accrued costs are owed by individuals on probation, and that she documents the court costs owed on their Probation Order. The Circuit Clerk indicated that since these individuals often move and have unstable employment, she expects Probation and Parole to monitor the payment of court costs. The Circuit Judge indicated that he did not realize they had a problem with accrued costs.

By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. To facilitate the collection of accrued costs, information regarding cases with delinquent payments and significant balances due should be provided to the Circuit Judge for review and assessment of the need for further collection efforts or other judicial action which may be necessary.

**WE RECOMMEND:**

- A. The Circuit Clerk deposit receipts intact daily or when accumulated receipts exceed \$100 and ensure all checks and money orders are restrictively endorsed immediately upon receipt.
- B. The Circuit Judge work with the Prosecuting Attorney to implement adequate procedures to forfeit bonds when appropriate.
- C. The Circuit Judge work with the Circuit Clerk and the Probation and Parole Office to establish adequate procedures to monitor and collect accrued costs. Procedures should include generating periodic reports of cases with delinquent payments and/or significant balances due for the Circuit Judge's review.

**AUDITEE'S RESPONSE**

A. *The Circuit Clerk indicated:*

*I acknowledge that in the past, timely deposits were not always made. My clerks are very busy and sometimes did not get to the bank each day. We believe that checks and money orders are restrictively endorsed immediately in most cases. The matter of timely deposits has been corrected since we started Judicial Information System (JIS). One account has been established for the entire court and a schedule has been created whereby Associate 2 deposits on Monday and Tuesday, Associate 3 deposits on Wednesday, and Circuit Court deposits on Thursday and Friday.*

B. *The Circuit Clerk indicated:*

*The Circuit Clerk's office has followed every bond forfeiture order. We issue checks on bond forfeiture in accordance with court orders and not at our own discretion.*

*The Circuit Judge indicated:*

*I have discussed your concerns regarding the limited number of bond forfeitures with the prosecuting attorney. Steps will be taken to implement procedures to forfeit bonds when appropriate.*

C. *The Circuit Clerk indicated:*

*We show the amount of court costs on the Probation Order and will periodically (approximately on a quarterly basis) notify Probation and Parole of unpaid costs. We do not know of any further action that would be appropriate for the Circuit Clerk to take regarding this matter.*

*The Circuit Judge indicated:*

*I believe the steps outlined by the Circuit Clerk's Office to be adequate. The Circuit Clerk and I will attempt to work more closely with Probation and Parole to ensure procedures are adequate as to monitoring and collecting accrued costs.*

<b>7. County Collector's Controls and Procedures</b>
------------------------------------------------------

A. The County Collector accepts partial payments from taxpayers who are unable to pay their tax bill in full. The County Collector holds these funds in escrow until the tax bill is fully paid, whereupon he marks the taxes as paid in the tax book. During our review of the County Collector's partial payment records, we noted the following:

- 1) As of February 28, 2002, one taxpayer owed real estate taxes which dated back to 1998, totaling over \$85,000 (including interest and penalties). The owner had paid partial payments totaling only \$1,000 on this piece of property. Delinquent real estate taxes constitute a lien on the property. Section 140.160, RSMo 2000, provides that proceedings for the sale of land must be commenced within three years after the taxes become delinquent.
- 2) We noted an instance where the collector accepted payment in full on April 29, 2002, for 2000 personal property taxes when the taxpayer still owed approximately \$540 (including interest and penalties) for 1999 personal property taxes.
- 3) The Collector does not perform a reconciliation between the partial payment ledger and the reconciled bank balance. As a result, there were several accounts that appeared to contain taxpayer overpayments, which should have been refunded. Per our request, the Collector prepared a reconciliation as of December 31, 2001, which noted a difference of approximately \$260 between the partial payment ledger balance of \$13,307 and the reconciled bank balance of \$13,045.

The practice of accepting partial payments, combined with the problems which presently exist, increase the opportunity of errors and the loss of funds. Further, there is no statutory authority authorizing the County Collector to accept partial payments.

- B. Section 50.338.2, RSMo 2000 (Proposition C), provides that if a reduction in a school district's operating levy causes a loss of revenue to any county official or county fund, that official or fund shall retain an additional amount from the school district's property tax collections to offset the loss.

For the years ended February 28, 2002 and 2001, the County Collector did not correctly compute commissions and fees withheld from property taxes for the Elsberry R-II School District. An incorrect ratio was used when computing commissions and fees for the effect of Proposition C. As a result, approximately \$10,000 was over withheld from this school district and deposited into the General Revenue and Assessment Funds. This amount should be reimbursed to the Elsberry R-II School District and future Proposition C ratios should be computed correctly.

**WE RECOMMEND** the County Collector:

- A. Take action to pay out or otherwise resolve all the old partial payment accounts. In addition, the partial payment ledger should be reconciled to the bank balance periodically. Furthermore, the County Collector should consider discontinuing the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.



- B. Withhold \$10,000 from the General Revenue and Assessment Funds to be distributed to the Elsberry R-II School District, and ensure future Proposition C commissions are computed correctly.

### **AUDITEE'S RESPONSE**

*The County Collector indicated:*

- A. *That they are in the process of reviewing the partial payment account book and working to reconcile the account book balance to the cash balance.*
- B. *That he will begin requesting the "Prop C" information from the County Clerk and will withhold the \$10,000 from the General Revenue and Assessment Funds beginning in November 2002 .*

<b>8. Prosecuting Attorney's Controls and Procedures</b>
----------------------------------------------------------

The Prosecuting Attorney collects monies for bad checks and restitution ordered by the courts. The Prosecuting Attorney normally requires bad check offenders to remit two money orders or cashier's checks, one payable to the merchant for restitution and bank fees, and one payable to the County Treasurer for bad check fees, although he does occasionally accept checks. The restitution monies ordered by the court are deposited into a bank account. Our review of the Prosecuting Attorney's accounting controls and procedures over these monies disclosed the following areas of concern:

- A. Checks and money orders received for county fees are not restrictively endorsed immediately upon receipt by the Prosecuting Attorney's Office. They are endorsed by the office when the payments are transmitted to the County Treasurer for deposit. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Bad check fees were only turned over to the Treasurer one or two times per month with most transmittals being over \$1,000 during the two years ended December 31, 2001. Our cash count on February 26, 2002, noted that there were eight days worth of receipts totaling \$2,667 on hand. The lack of timely transmittals increases the risk of loss, theft, or misuse of funds. To adequately safeguard assets, transmittals should be made daily or when accumulated receipts exceed \$100.
- C. Bank reconciliations for the restitution account are not performed on a timely basis. The December bank reconciliation was not completed until March when requested. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect errors on a timely basis.

- D. The Prosecuting Attorney does not reconcile the receipt slips issued to the restitution ledger. Monthly reconciliations between the receipt slips issued and the restitution ledger would provide assurance that the records are in balance.
- E. In March 2002, old outstanding checks written on the Prosecuting Attorney's account totaled \$751.

Outstanding checks should be investigated on a periodic basis. If the payees can be located, the old checks should be stopped and new checks issued. If payees cannot be located, the monies should be disbursed in accordance with Section 447.500 through 447.585, RSMo 2000, or other applicable statutes that allow for the disposition of unclaimed funds.

- F. The Prosecuting Attorney maintains an index card which shows the balance on hand for each case; however, we found no documentation that these cards are reconciled to the cash balance. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available to meet liabilities.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Ensure all checks and money orders are restrictively endorsed immediately upon receipt. In addition, documentation should be maintained for any noncheck disbursements.
- B. Transmit all monies received daily or when the accumulation of receipts exceeds \$100.
- C. Perform monthly bank reconciliations on the restitution bank account in a timely manner.
- D. Perform monthly reconciliations of the receipt book and the restitution ledger to ensure all records are in agreement.
- E. Investigate outstanding checks on a periodic basis. Any old outstanding checks, which remain unclaimed, should be disposed of in accordance with the applicable statutes.
- F. Ensure the open items are reconciled to the cash balance on a monthly basis.

## **AUDITEE'S RESPONSE**

*The Prosecuting Attorney:*

- A. *Concurs, and indicated that a stamp has been given to the clerk to restrictively endorse the checks immediately upon receipt.*
- B. *Indicated that he will begin making transmittals on a weekly basis starting in September 2002.*
- C. *Concurs, and indicated that he and his staff are currently working on the timeliness of performing bank reconciliations.*
- D. *Concurs, and indicated he will begin performing monthly reconciliations of the receipt book and the restitution ledger starting in December 2002.*
- E. *Indicated that they have already implemented this recommendation.*
- F. *Concurs, and indicated he will begin reconciling the open items to the cash balance on a monthly basis starting in September 2002.*

<b>9. Sheriff's Controls and Procedures</b>
---------------------------------------------

- A. The Sheriff's Department collects bonds and other monies related to court proceedings. During our review of the controls and procedures related to these monies, we noted the following concerns:
  - 1) Checks and money orders received for county fees are not restrictively endorsed immediately upon receipt by the Sheriff's Department. They are endorsed by the office when the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt. In addition, receipt slips issued do not always indicate the method of payment received. To ensure receipts are deposited intact, receipt slips should indicate the method of payment and be reconciled to the composition of deposits.
  - 2) Approximately \$600 and numerous accounting records could not be located for the Record Check account. The former Sheriff's handwritten ledgers for the first six months of 2000 could not be located. During this time, there was no activity in the Record Check bank account. However, based on receipt slips issued, approximately \$600 in Record Check money was collected during this time. The former Sheriff's other bank accounts were searched for this money, but it could not be located. It is unclear if additional monies are missing since receipt slips were not issued in numerical sequence.

Retention of accounting records is essential to establishing accountability for financial activity and in demonstrating compliance with state law. Effective control of records requires all documents and records be safeguarded against loss due to fire or theft, be accessible to the appropriate city officials/employees, and upon reasonable request, be accessible to the public.

B. The Sheriff's Department maintains personal monies for inmates in a bank account and operates a commissary from the same account. During our review of the controls and procedures related to these monies, we noted the following concerns:

- 1) The Sheriff's department receives a commission based on the amount of sales made by prisoners. The Sheriff's commissions from the commissary account should be deposited into the county treasury and the County Commission should authorize the use of these funds. Section 50.370, RSMO 2000, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.
- 2) Monthly bank reconciliations are not performed and the monthly listing of open items (liabilities) is not being reconciled to the book balance. In addition, the total amount of prisoner monies in the Sheriff's commissary account is not reconciled to the individual prisoner balances.

Monthly reconciliations of open items and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

**WE RECOMMEND** the Sheriff:

- A.1. Ensure all checks and money orders are restrictively endorsed immediately upon receipt. In addition, the method of payment should be indicated on all receipt slips issued.
  2. Consult with the Prosecuting Attorney to determine the county's options in relation to any possible investigation of the unaccounted for cash, and ensure all records are properly retained and available for review and all receipts can be accounted for properly.
- B. Prepare monthly bank reconciliations and listings of open items for the commissary account. In addition, reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

## **AUDITEE'S RESPONSE**

*The Sheriff:*

- A.1. Concurs, and indicated the practice of restrictively endorsing checks upon receipt and documenting method of payment on the receipt slip will be implemented into policy immediately.*
- A.2. Concurs, and indicated he has talked with the Prosecuting Attorney about the county's options in regards to the unaccountable monies and is awaiting a decision from the Prosecuting Attorney.*
- B. Indicated that they have already implemented this recommendation.*

This report is intended for the information of the management of Lincoln County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

LINCOLN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lincoln County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Federal Financial Assistance

A,B,

&D. See our audit report on Lincoln County, Missouri, for the two years ended December 31, 1999 (report number 2000-87).

C. The Sheriff's Department received funds from the U.S. Department of Justice, for the Community Policing (COPS) grant program. Reimbursement claims were not filed on a timely basis and follow-up was not performed to ensure amounts claimed were received.

E. The County Clerk maintained a bank account outside the county treasury for funding received from the Department of Economic Development (DED) under the Community Development Block Grant for the Industrial Development Authority.

F. The County Commission did not adequately monitor the flood plain program to ensure program receipts did not exceed program disbursements.

Recommendation:

The County Commission:

C. Work with the Sheriff's Department to ensure COPS reimbursement claims are submitted on a timely basis. In addition, all submitted requests should be monitored to ensure receipt.

E. Ensure all county funds are in the custody of the County Treasurer and disbursed through the county's disbursement system.

F. Establish records and procedures to properly account for flood plain program income and monitor program receipts and disbursements.

Status:

C,E,  
&F. Implemented.

2. County Disbursements and Contracts

- A. The county did not have documentation regarding the consideration of at least three engineering firms for an office complex remodeling project.
- B. In 1992, the county bid and contracted for courthouse cleaning services. The service had not been rebid, and while the rate paid differed from the original contract, no amendment to the contract had been made.

Recommendation:

The County Commission:

- A. Obtain the required statutory information for professional services.
- B. Periodically rebid for cleaning services.

Status:

A&B. Implemented.

3. Budgetary Procedures and Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. Actual disbursements exceeded the originally budgeted amounts in various funds.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared for all funds.
- B. Not authorize warrants in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.



Status:

- A. Partially implemented. The county has adopted a formal budget for all funds except the Federal Drug Forfeiture Fund. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR No. 1.

4. Protection of County Funds

- A. The County Collector did not have adequate procedures to monitor and ensure monies in his various bank accounts were sufficiently collateralized.
- B. Several county employees from various offices with access to money were not covered by an employee bond.

Recommendation:

- A. The County Collector develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.
- B. The County Commission evaluate obtaining adequate bond coverage for all employees with access to monies.

Status:

- A. Not implemented. See MAR No. 3.
- B. Implemented.

5. Flood Plain Receipts

- A. The duties of receiving, recording, and transmitting permits and lease income were not adequately segregated.
- B. Prenumbered permits were not issued for monies received.
- C. Receipts were not transmitted intact.

Recommendation:

The County Commission:

- A. Establish a documented review of flood plain records by an independent person.

B. Require the flood plain director to issue prenumbered permits for all monies received, and periodically account for the numerical sequence of permits issued. In addition, the County Commission should ensure that the composition of permits issued is reconciled to transmittals.

C. Require the flood plain director to transmit all receipts intact daily.

Status:

A. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.

B&C. Implemented.

6. County Highway Department Receipts

A. The county used standard written agreements for services, which serve as receipts for the resident. The agreements were not prenumbered.

B. Checks received were not restrictively endorsed by the County Highway Department until after they were transmitted to the County Treasurer.

C. Receipts were not transmitted intact by the County Highway Department.

D. Inventory records were not maintained for the culvert pipes.

Recommendation:

The County Commission:

A. Require the use of prenumbered agreements to serve as receipt records. In addition, the amount and composition of monies transmitted should be reconciled to receipt records.

B. Require all checks be restrictively endorsed immediately upon receipt.

C. Establish a change fund for the Highway Department and require it to be maintained on an imprest basis, and require all receipts from sales be transmitted intact.

D. Require the Highway Department to maintain a culvert pipe inventory record and periodically reconcile purchases, usage and culvert pipes on hand.

Status:

A,B,  
C&D. Implemented.

7. Property Taxes

The County Clerk did not recalculate, on a test basis, the tax book extensions, page totals, or grand total of the tax books to verify the amounts charged to the County Collector.

Recommendation:

The County Clerk review the tax books for accuracy, test individual tax bills and tax book page totals for accuracy, and document all procedures performed.

Status:

Implemented.

8. Capital Improvement Sales Tax

See our audit report on Lincoln County, Missouri, for the two years ended December 31, 1999 (report number 2000-87).

9. General Fixed Asset and Vehicle Records

A.1. Property records did not always include all information applicable to the item.

2. Some fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

3. Additions were not recorded on the property records in a timely manner.

B. The county did not require logs to be maintained documenting fuel costs and vehicle usage for road and bridge pickups, the flood plain director's vehicle, or the County Commission's car.

Recommendation:

The County Clerk and County Commission:

A.1. Maintain fixed asset records with a detailed description of each item to include acquisition/disposition dates, serial number, property tag numbers, and the method of disposition.

2. Properly number or tag all fixed asset items.
  3. Maintain the general fixed asset records on a current basis by recording all additions as they occur. Additions should be periodically reconciled to disbursements.
- B. Require usage logs be maintained for all county assigned vehicles and perform a periodic review of such.

Status:

A&B. Not implemented. See MAR No. 4.

10. Ex Officio Recorder's Controls and Procedures

- A. The fee books and other financial records did not contain sufficient documentation to agree individual recordings to related deposits.
- B. Checks were sometimes not restrictively endorsed immediately upon receipt.

Recommendation:

The Ex Officio Recorder:

- A. Record fees in the fee book in sufficient detail to agree individual recordings to the related deposits. This would include documenting the method of payment in the fee book and transferring sufficient details to the accounts receivable records for identification purposes. In addition, the composition (cash, checks, and money orders) noted in the fee book should be reconciled to the composition of bank deposits.
- B. Restrictively endorse checks immediately upon receipt.

Status:

A&B. Implemented.

11. Sheriff's Controls and Procedures

- A.1. The duties of receiving, recording, and depositing bond monies were not adequately segregated.
2. Monthly bank reconciliations were not performed.
  3. A monthly listing of open items (liabilities) was not prepared.

4. Receipt slips were not issued for some bond monies received.
  5. The Sheriff accepted cash, checks, and money orders for the payment of bonds. Although the method of payment was noted on the receipt slips, it was not reconciled to the composition of bank deposits.
  6. Monies were not deposited intact.
  7. Voided bond receipts slips were not retained by the Sheriff.
- B.1. The Sheriff's Commissary account profits were not being deposited into the county treasury and the County Commission did not authorize their use.
2. Monthly bank reconciliations were not being performed and a monthly listing of open items (liabilities) was not prepared for the commissary account.

Recommendation:

The Sheriff:

- A.1. Establish a documented periodic review of bond records by an independent person.
2. Perform monthly bank reconciliations.
  3. Prepare a monthly listing of open items and reconcile these listings to monies held in trust.
  4. Issue receipt slips for all bond monies received.
  5. Reconcile the composition of receipts slips issued to the composition of monies deposited.
  6. Deposit receipts intact.
  7. Retain all voided bond receipts.
- B.1. Discontinue the practice of maintaining commissary profits outside the county treasury. These profits should be turned over to the county treasury on a periodic basis.
2. Prepare monthly bank reconciliations and listings of open items for the commissary account. In addition, reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

Status:

A.1,2,  
5,6&7. Implemented.

A.3

&4. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.

B.1. Not implemented See MAR No. 9.

B.2. Partially implemented. An open items list is prepared monthly, but the list does not agree with the bank balance and is not reconciled with the account records. See MAR No. 9.

12. Prosecuting Attorney's Controls and Procedures

A. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints had not been established.

B. Checks and money orders received for county fees were not restrictively endorsed immediately upon receipt by the Prosecuting Attorney's Office.

Recommendation:

The Prosecuting Attorney:

A. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition.

B. Ensure all checks and money orders are restrictively endorsed immediately upon receipt.

Status:

A. Implemented.

B. Not implemented. See MAR No. 8.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



LINCOLN COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1818, the county of Lincoln was named after General Benjamin Lincoln of Massachusetts. Lincoln County is a county-organized, third-class county and is part of the 45th Judicial Circuit. The county seat is Troy.

Lincoln County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Lincoln County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,490,577	20	1,320,605	21
Sales taxes	3,408,524	46	3,146,405	33
Federal and state aid	1,255,469	17	1,438,193	23
Fees, interest, and other	1,315,758	17	1,368,589	23
Total	\$ 7,470,328	100	7,273,792	100

The following chart shows how Lincoln County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 2,223,894	34	2,088,565	31
Public safety	516,672	8	455,823	7
Health and welfare	0	0	638,297	9
Highways and roads	3,866,990	58	3,559,762	53
Total	\$ 6,607,556	100	6,742,447	100

The county received \$2,967,307 and \$2,762,915 for the Law Enforcement Trust Fund for the years ended December 2001 and 2000, respectively, to be used for public safety purposes.

The county maintains approximately 87 county bridges and has 600 miles of county roads

The county's population was 18,041 in 1970, and 38,944 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 241.3	222.6	88.7	45.8	25.8
Personal property	125.3	114.0	18.4	14.3	9.3
Railroad and utilities	42.4	41.2	39.1	14.6	10.4
Total	\$ 409.0	377.8	146.2	74.7	45.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Lincoln County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$ 0.14	0.13
Special Road and Bridge Fund*	0.26	0.26
Hospital Maintenance Fund	0.17	0.17
Hospital Debt Service Fund	0.23	0.23
Community Opportunities Board	0.10	0.10
Health Center	0.20	0.13

\* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and one-fifth is retained in the Special Road and Bridge Fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 121,954	111,501
General Revenue Fund	563,827	505,819
Road Funds	1,048,228	958,742
Assessment Fund	231,909	208,341
Health Center	772,256	447,312
Hospital	1,595,646	1,419,440
Communities Opportunities Board Fund	402,333	367,849
Schools	14,614,489	13,332,806
Fire Districts	959,646	828,757
Ambulance district	1,126,525	1,029,711
Surtax	116,714	105,194
Surplus Fund	10,953	10,964
Drainage Districts	102,230	83,879
Neighborhood Improvement Districts	43,494	42,130
Cities	558,105	500,916
County Clerk	512	430
County Employees' Retirement	93,150	69,737
Commissions and fees:		
Assessor	8,338	7,461
Collector	8,338	7,461
General Revenue Fund	437,147	380,003
	<u>\$ 22,815,794</u>	<u>20,418,453</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	93 %	92 %
Personal property	82	88
Railroad and utilities	99	100

Lincoln County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Road and Bridge Capital Improvement	.0050	2007	None
Law Enforcement	.0050	None	None
Law Enforcement Capital Improvement	.0025	2005	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Russell Cox, Presiding Commissioner	\$	31,700	31,700
Edward J. Huber, Jr., Associate Commissioner		29,700	29,700
Marvin Himmel, Associate Commissioner		29,700	
David E. Oney, Jr., Associate Commissioner			29,700
Elaine Luck, County Clerk		45,000	45,000
G. John Richards, Prosecuting Attorney		96,000	96,000
Daniel Torres, Sheriff		50,000	
James C. Johnson, Sheriff			50,000
Betty McClellan, Treasurer		33,300	33,300
John Lenk, County Coroner		16,000	16,000
Sarah Burkemper, Public Administrator (1)		45,000	30,716
Claude Cox, Collector, year ended February 28, (2)	55,784	54,453	
Gary L. Hoffmann, County Assessor, year ended August 31, (3)		53,134	51,856
William Shea, Jr., County Surveyor (4)			

(1) Includes fees received from probate cases in 2000.

(2) Includes commissions from drainage districts and cities totaling \$10,784 and \$9,453 in 2002 and 2001, respectively.

(3) Includes \$475 and \$900 in state salary and \$7,659 and \$5,956 for printing city taxes, in 2001 and 2000, respectively.

(4) Compensation on a fee basis

State-Paid Officials:

Melba J. Houston, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Patrick Flynn, Associate Circuit Judge	96,000	97,382
T. Bennett Burkemper, Associate Circuit Judge (5)	26,400	

(5) Sworn in on September 7, 2001

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex-Officio Recorder of Deeds (1)	4	6
County Clerk	4	0
Prosecuting Attorney	8	0
Sheriff (2)	76	0
County Treasurer (1)	1	0
County Collector (3)	8	0
County Assessor	7	0
Associate Division II and Probate (1)	0	6
Associate Division III	0	1
Road and Bridge	28	0
Industrial Development and Flood Plain Management	1	0
911 Communication	24	0
Juvenile	3	5
County Coroner (1)	1	0
Public Administrator	1	0
Total	<u>166</u>	<u>18</u>

(1) Includes one part-time employee

(2) Includes four part-time employees

(3) Includes six part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Lincoln County's share of the Forty-Fifth Judicial Circuit's expenses is 64 percent.

The county entered into two lease purchase agreements with Peoples Bank and Trust on December 20, 2001. The terms of the agreement call for the county to lease the buildings for the new Detention Facility and the Judicial Center from Peoples Bank and Trust with lease payments equal to the amount due to retire indebtedness. The lease for the Detention Facility is scheduled to be paid off in 2005, and the Judicial Center in 2022. The remaining principal due on the leases at December 31, 2001, was \$1,500,000 and \$2,500,000, respectively.



**TANEY COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-90  
September 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties which do not have a county auditor. Taney County became a first-class county with a County Auditor in 2001. The county contracted with the State Auditor's office to perform an audit of 2001 in addition to the statutory audit of 2000.**

-----  
This audit of Taney County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The approved budgets did not adequately project the anticipated financial condition of most major county funds for either of the two years ended December 31, 2001. The county budgeted expenditures to use substantially all available resources. In addition, the county does not adequately monitor the balances of the various special revenue funds and the transfers into these funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this statute, in 1999 Taney County's Associate County Commissioners salaries were each increased approximately \$3,480 yearly, according to information provided by the County Auditor.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,960 for the two years ended December 31, 2000, should be repaid.

- Bids were not solicited for several items purchased by the county and elected officials. Section 50.660 RSMO 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.
- The county paid \$71,500 to a programmer for his work to develop a property taxation program which he originally contracted to do for \$32,100. The programmer never produced a final product for the county. The county also paid the programmer an additional \$20,000 to provide assistance in addressing the county's Y2K concerns and other programming efforts. Bids were not solicited for any of these services.

(over)

YELLOW SHEET

- The Developmentally Disabled Board has accumulated a significant cash balance without any specific documented plans for its use. During the two years ended December 31, 2001 receipts exceeded disbursements by \$845,505, resulting in the cash balance of the Developmentally Disabled Board Fund increasing from \$1,071,222 at December 31, 1999 to \$1,916,727 at December 31, 2001. The board should determine its future needs, and consider such information when setting future property tax levies.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Circuit Clerk and Ex Officio Recorder of Deeds, Associate Circuit Court, and Sheriff. The audit also includes some matters related to budgets, county expenditures, contracts, and general fixed assets upon which the county should consider and take appropriate corrective action. Several of these issues had been noted in prior audits.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



# TANEY COUNTY, MISSOURI

## TABLE OF CONTENTS

Page

---

**FINANCIAL SECTION**

---

State Auditor's Reports: ..... 2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 5-6

Financial Statements: ..... 7-20

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000.....	10-18

Notes to the Financial Statements..... 19-22

Supplementary Schedule:..... 23-25

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 ..... 24-25

Notes to the Supplementary Schedule ..... 26-28

---

**FEDERAL AWARDS - SINGLE AUDIT SECTION**

---

State Auditor's Report: ..... 30-32

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133..... 31-32

# TANEY COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Schedule:.....	33-35
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	34-35
Section I - Summary of Auditor's Results .....	34
Section II - Financial Statement Findings .....	35
Section III - Federal Award Findings and Questioned Costs .....	35
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	36-37
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	38-39
<hr/> <b>MANAGEMENT ADVISORY REPORT SECTION</b> <hr/>	
Management Advisory Report - State Auditor's Findings .....	41-57
<u>Number</u>	<u>Description</u>
1.	Budgets .....
2.	County Expenditures and Written Agreements .....
3.	County Officials' Compensation .....
4.	Property Tax System Contract .....
5.	General Fixed Assets .....
6.	Circuit Clerk and Ex Officio Recorder of Deeds .....
7.	Associate Circuit Court.....
8.	Sheriff's Accounting Procedures .....
9.	Developmentally Disabled Board .....
Follow-Up on Prior Audit Findings .....	58-67
<hr/> <b>STATISTICAL SECTION</b> <hr/>	
History, Organization, and Statistical Information .....	69-74

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Taney County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Taney County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Taney County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Taney County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Taney County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 22, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Taney County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 22, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	Jody Vernon, CPA
Audit Staff:	Ted Fugitt, CPA
	Troy Royer
	Curtis Gannon



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Taney County, Missouri

We have audited the special-purpose financial statements of various funds of Taney County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Taney County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Taney County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Taney County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 22, 2002 (fieldwork completion date)



## Financial Statements

## Exhibit A-1

TANEY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 7,639,650	8,384,325	7,509,773	8,514,202
Special Road and Bridge	3,292,944	1,215,033	304,451	4,203,526
Assessment	188,935	525,702	513,332	201,305
Law Enforcement Training	5,124	7,843	9,178	3,789
Prosecuting Attorney Training	2,371	1,858	1,887	2,342
Road and Bridge Trust	6,876,286	5,626,120	4,213,200	8,289,206
Transfer Station	212,465	741,320	533,710	420,075
Emergency 911	1,246,385	579,882	432,581	1,393,686
Sewer	5,912,561	5,918,381	3,165,407	8,665,535
Use Tax	12,117	178	8,960	3,335
Prosecuting Attorney Delinquent Sales Tax	155	1,215	0	1,370
Special Children's Trust	5,041	3,934	7,574	1,401
Sheriff Civil Fees	49,616	73,583	75,744	47,455
Prosecuting Attorney Bad Check	26,191	35,187	21,673	39,705
Sheriff Drug Forfeiture	34,202	10,584	20,617	24,169
Local Emergency Planning Committee	7,397	5,060	3,877	8,580
Election Services	5,397	6,170	15	11,552
County Insured	368,795	50,675	38,763	380,707
Developmentally Disabled Board	1,515,943	660,696	259,912	1,916,727
Recorder User Fee	311,871	126,250	46,571	391,550
Associate Circuit Division Interest	7,501	1,643	2,689	6,455
Circuit Clerk Interest	160,944	8,035	2,702	166,277
Law Library	7,369	4,396	8,318	3,447
Total	\$ 27,889,260	23,988,070	17,180,934	34,696,396

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

TANEY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 6,255,886	7,912,941	6,529,177	7,639,650
Special Road and Bridge	2,067,872	1,344,425	119,353	3,292,944
Assessment	125,877	542,363	479,305	188,935
Law Enforcement Training	2,840	7,669	5,385	5,124
Prosecuting Attorney Training	1,489	1,876	994	2,371
Road and Bridge Trust	6,130,764	5,638,350	4,892,828	6,876,286
Transfer Station	37,525	598,382	423,442	212,465
Emergency 911	1,146,021	557,445	457,081	1,246,385
Sewer	4,695,270	5,562,349	4,345,058	5,912,561
Use Tax	89,829	2,369	80,081	12,117
Prosecuting Attorney Delinquent Sales Tax	10,680	468	10,993	155
Special Children's Trust	1,377	3,664	0	5,041
Sheriff Civil Fees	50,000	70,195	70,579	49,616
Prosecuting Attorney Bad Check	16,594	28,029	18,432	26,191
Sheriff Drug Forfeiture	38,406	2,562	6,766	34,202
Local Emergency Planning Committee	0	10,759	3,362	7,397
Election Services	0	5,397	0	5,397
County Insured	0	404,507	35,712	368,795
Developmentally Disabled Board	1,071,222	696,008	251,287	1,515,943
Recorder User Fee	333,028	110,760	131,917	311,871
Associate Circuit Division Interest	8,274	2,039	2,812	7,501
Circuit Clerk Interest	169,644	12,034	20,734	160,944
Law Library	14,546	4,092	11,269	7,369
Total	\$ 22,267,144	23,518,683	17,896,567	27,889,260

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 29,116,723	23,988,070	(5,128,653)	20,254,255	23,518,683	3,264,428
DISBURSEMENTS	44,628,569	17,180,934	27,447,635	35,976,305	17,896,567	18,079,738
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,511,846)	6,807,136	22,318,982	(15,722,050)	5,622,116	21,344,166
CASH, JANUARY 1	27,882,440	27,889,260	6,820	22,263,333	22,267,144	3,811
CASH, DECEMBER 31	12,370,594	34,696,396	22,325,802	6,541,283	27,889,260	21,347,977
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	6,000	9,200	3,200	4,500	20,535	16,035
Sales taxes	5,325,000	5,303,856	(21,144)	4,800,000	5,221,854	421,854
Intergovernmental	212,359	246,820	34,461	229,700	261,587	31,887
Charges for services	1,190,550	1,279,969	89,419	913,100	1,249,977	336,877
Interest	375,000	303,587	(71,413)	240,000	437,304	197,304
Other	355,350	537,203	181,853	254,100	378,828	124,728
Transfers in	709,607	703,690	(5,917)	287,249	342,856	55,607
Total Receipts	8,173,866	8,384,325	210,459	6,728,649	7,912,941	1,184,292
DISBURSEMENTS						
County Commission	292,000	272,409	19,591	263,700	248,042	15,658
County Clerk	158,025	140,789	17,236	152,465	152,741	(276)
Elections	161,980	101,931	60,049	207,150	191,783	15,367
Buildings and grounds	500,640	437,334	63,306	298,876	259,176	39,700
Employee fringe benefits	1,026,500	981,459	45,041	941,000	768,007	172,993
County Treasurer	74,760	71,636	3,124	54,820	53,693	1,127
County Collector	212,925	180,183	32,742	196,700	186,446	10,254
Ex Officio Recorder of Deeds	186,200	166,938	19,262	169,375	164,871	4,504
Circuit Clerk	80,800	33,857	46,943	47,800	45,250	2,550
Associate Circuit Court	53,800	43,560	10,240	26,600	28,092	(1,492)
Court administration	33,778	36,173	(2,395)	24,022	21,987	2,035
Public Administrator	53,285	58,470	(5,185)	51,428	48,953	2,475
Sheriff	1,510,526	1,560,220	(49,694)	1,095,085	1,170,940	(75,855)
Jail	406,895	539,849	(132,954)	315,618	369,856	(54,238)
Prosecuting Attorney	493,560	434,175	59,385	461,575	400,180	61,395
Juvenile Officer	88,138	55,361	32,777	85,946	59,720	26,226
County Coroner	37,900	33,003	4,897	24,525	16,973	7,552
County Auditor	89,900	71,841	18,059	0	0	0
Branson Meadows TIF	192,000	89,889	102,111	200,000	180,230	19,770
Capital improvements	8,100,000	929,514	7,170,486	6,230,980	765,926	5,465,054
Insurance	150,000	184,285	(34,285)	110,000	90,921	19,079
Computer room	159,883	154,671	5,212	195,073	198,853	(3,780)
Sewer District	145,425	139,701	5,724	162,360	140,611	21,749
Public health and welfare services	26,300	34,425	(8,125)	27,100	24,300	2,800
Other	736,143	408,744	327,399	770,101	453,126	316,975
Transfers out	342,153	342,153	0	482,700	482,700	0
Emergency Fund	500,000	7,203	492,797	389,536	5,800	383,736
Total Disbursements	15,813,516	7,509,773	8,303,743	12,984,535	6,529,177	6,455,358
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,639,650)	874,552	8,514,202	(6,255,886)	1,383,764	7,639,650
CASH, JANUARY 1	7,639,650	7,639,650	0	6,255,886	6,255,886	0
CASH, DECEMBER 31	0	8,514,202	8,514,202	0	7,639,650	7,639,650

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	0	0	0	1,000	1	(999)
Intergovernmental	1,073,500	1,068,707	(4,793)	982,000	1,135,409	153,409
Interest	125,000	145,399	20,399	75,000	170,031	95,031
Other	3,000	927	(2,073)	3,000	38,984	35,984
Transfers in	0	0	0	0	0	0
Total Receipts	1,201,500	1,215,033	13,533	1,061,000	1,344,425	283,425
DISBURSEMENTS						
Supplies	300	56	244	200	174	26
Road and bridge materials	0	0	0	1,000,000	0	1,000,000
Construction, repair, and maintenance	4,136,379	0	4,136,379	0	0	0
Other	79,000	25,630	53,370	2,053,623	44,130	2,009,493
Transfers out	278,765	278,765	0	75,049	75,049	0
Total Disbursements	4,494,444	304,451	4,189,993	3,128,872	119,353	3,009,519
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,292,944)	910,582	4,203,526	(2,067,872)	1,225,072	3,292,944
CASH, JANUARY 1	3,292,944	3,292,944	0	2,067,872	2,067,872	0
CASH, DECEMBER 31	0	4,203,526	4,203,526	0	3,292,944	3,292,944
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	490,000	507,495	17,495	490,000	518,741	28,741
Charges for services	10,000	7,834	(2,166)	10,000	10,801	801
Interest	12,000	10,241	(1,759)	9,000	12,522	3,522
Other	0	132	132	0	299	299
Total Receipts	512,000	525,702	13,702	509,000	542,363	33,363
DISBURSEMENTS						
Assessor	645,750	508,524	137,226	624,877	463,346	161,531
Transfers out	55,185	4,808	50,377	10,000	15,959	(5,959)
Total Disbursements	700,935	513,332	187,603	634,877	479,305	155,572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(188,935)	12,370	201,305	(125,877)	63,058	188,935
CASH, JANUARY 1	188,935	188,935	0	125,877	125,877	0
CASH, DECEMBER 31	0	201,305	201,305	0	188,935	188,935
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	3,730	7,230	3,500	4,500	7,006	2,506
Interest	100	109	9	100	277	177
Other	200	504	304	200	386	186
Total Receipts	4,030	7,843	3,813	4,800	7,669	2,869
DISBURSEMENTS						
Sheriff	9,154	9,178	(24)	7,640	5,385	2,255
Total Disbursements	9,154	9,178	(24)	7,640	5,385	2,255
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,124)	(1,335)	3,789	(2,840)	2,284	5,124
CASH, JANUARY 1	5,124	5,124	0	2,840	2,840	0
CASH, DECEMBER 31	0	3,789	3,789	0	5,124	5,124

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,691	1,771	80	2,180	1,691	(489)
Interest	186	87	(99)	55	185	130
Total Receipts	1,877	1,858	(19)	2,235	1,876	(359)
DISBURSEMENTS						
Prosecuting Attorney	4,000	1,887	2,113	2,000	994	1,006
Total Disbursements	4,000	1,887	2,113	2,000	994	1,006
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,123)	(29)	2,094	235	882	647
CASH, JANUARY 1	2,371	2,371	0	1,489	1,489	0
CASH, DECEMBER 31	248	2,342	2,094	1,724	2,371	647
<b><u>ROAD AND BRIDGE TRUST FUND</u></b>						
RECEIPTS						
Sales taxes	5,325,000	5,303,438	(21,562)	4,399,000	5,220,572	821,572
Interest	350,000	281,578	(68,422)	210,000	408,414	198,414
Other	28,000	17,873	(10,127)	6,000	9,364	3,364
Transfers in	23,231	23,231	0	0		0
Total Receipts	5,726,231	5,626,120	(100,111)	4,615,000	5,638,350	1,023,350
DISBURSEMENTS						
Salaries	1,500,000	1,250,190	249,810	1,400,000	1,203,891	196,109
Employee fringe benefits	609,000	590,753	18,247	538,000	354,405	183,595
Supplies	344,600	216,404	128,196	320,900	255,736	65,164
Insurance	65,000	106,255	(41,255)	56,000	51,438	4,562
Road and bridge materials	2,443,600	1,335,859	1,107,741	2,435,500	1,901,279	534,221
Rentals	30,000	2,896	27,104	30,000	1,100	28,900
Equipment purchases	551,000	448,578	102,422	1,257,800	823,366	434,434
Construction	6,621,873	57,466	6,564,407	4,228,264	25,226	4,203,038
Branson Meadows TIF	300,000	89,889	210,111	225,000	180,230	44,770
Other	35,300	12,766	22,534	166,800	8,657	158,143
Transfers out	102,144	102,144	0	87,500	87,500	0
Total Disbursements	12,602,517	4,213,200	8,389,317	10,745,764	4,892,828	5,852,936
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,876,286)	1,412,920	8,289,206	(6,130,764)	745,522	6,876,286
CASH, JANUARY 1	6,876,286	6,876,286	0	6,130,764	6,130,764	0
CASH, DECEMBER 31	0	8,289,206	8,289,206	0	6,876,286	6,876,286

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TRANSFER STATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	287,000	425,262	138,262	285,000	385,729	100,729
Interest	1,000	16,058	15,058	1,500	12,653	11,153
Transfers in	300,000	300,000	0	200,000	200,000	0
Total Receipts	588,000	741,320	153,320	486,500	598,382	111,882
<b>DISBURSEMENTS</b>						
Salaries	64,821	50,313	14,508	51,508	42,836	8,672
Employee fringe benefits	19,450	11,503	7,947	19,750	16,275	3,475
Office expenditures	3,150	12,822	(9,672)	3,950	3,371	579
Equipment	335,700	218,416	117,284	91,047	6,305	84,742
Mileage and training	0	0	0	100	0	100
Utilities	3,450	2,258	1,192	4,000	3,008	992
Landfill services	350,000	233,216	116,784	350,000	348,287	1,713
Other	5,385	4,874	511	670	360	310
Contingency fund	18,201	0	18,201	0	0	0
Transfers out	308	308	0	3,000	3,000	0
Total Disbursements	800,465	533,710	266,755	524,025	423,442	100,583
RECEIPTS OVER (UNDER) DISBURSEMENTS	(212,465)	207,610	420,075	(37,525)	174,940	212,465
CASH, JANUARY 1	212,465	212,465	0	37,525	37,525	0
CASH, DECEMBER 31	0	420,075	420,075	0	212,465	212,465
<b><u>EMERGENCY 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	476,000	529,900	53,900	450,000	487,182	37,182
Interest	53,000	48,550	(4,450)	38,500	67,906	29,406
Other	2,000	1,432	(568)	1,750	2,357	607
Total Receipts	531,000	579,882	48,882	490,250	557,445	67,195
<b>DISBURSEMENTS</b>						
Salaries	62,000	51,100	10,900	50,000	48,800	1,200
Employee fringe benefits	24,700	15,613	9,087	20,600	14,932	5,668
Office supplies	3,750	2,883	867	4,350	2,942	1,408
Equipment	12,800	5,706	7,094	2,500	40,267	(37,767)
Mileage and training	20,400	5,937	14,463	20,350	5,560	14,790
Service agreements	121,755	121,755	0	118,208	118,208	0
Networking	70,000	64,190	5,810	70,000	62,419	7,581
Other	59,500	14,334	45,166	175,508	12,396	163,112
Transfers out	151,063	151,063	0	125,700	151,557	(25,857)
Total Disbursements	525,968	432,581	93,387	587,216	457,081	130,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,032	147,301	142,269	(96,966)	100,364	197,330
CASH, JANUARY 1	1,246,385	1,246,385	0	1,146,021	1,146,021	0
CASH, DECEMBER 31	1,251,417	1,393,686	142,269	1,049,055	1,246,385	197,330

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SEWER FUND</u></b>						
RECEIPTS						
Sales taxes	5,324,000	5,302,950	(21,050)	4,800,000	5,220,046	420,046
Interest	182,000	293,833	111,833	186,000	318,709	132,709
Other	5,887,936	312,637	(5,575,299)	260,000	23,594	(236,406)
Transfers in	0	8,961	8,961	0	0	0
Total Receipts	11,393,936	5,918,381	(5,475,555)	5,246,000	5,562,349	316,349
DISBURSEMENTS						
Sewer construction	1,965,179	798,727	1,166,452	920,212	740,909	179,303
Distributions to incorporated areas	1,400,000	1,325,738	74,262	1,904,535	1,929,546	(25,011)
Debt principal and interest	3,464,039	861,158	2,602,881	2,411,618	1,613,980	797,638
Other	1,566,646	36,604	1,530,042	932,761	60,623	872,138
Transfers out	143,180	143,180	0	0	0	0
Total Disbursements	8,539,044	3,165,407	5,373,637	6,169,126	4,345,058	1,824,068
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,854,892	2,752,974	(101,918)	(923,126)	1,217,291	2,140,417
CASH, JANUARY 1	5,912,561	5,912,561	0	4,695,270	4,695,270	0
CASH, DECEMBER 31	8,767,453	8,665,535	(101,918)	3,772,144	5,912,561	2,140,417
<b><u>USE TAX FUND</u></b>						
RECEIPTS						
Interest	120	178	58	2,400	2,369	(31)
Total Receipts	120	178	58	2,400	2,369	(31)
DISBURSEMENTS						
State of Missouri	12,237	0	12,237	22,229	10,081	12,148
Transfers out	0	8,960	(8,960)	70,000	70,000	0
Total Disbursements	12,237	8,960	3,277	92,229	80,081	12,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,117)	(8,782)	3,335	(89,829)	(77,712)	12,117
CASH, JANUARY 1	12,117	12,117	0	89,829	89,829	0
CASH, DECEMBER 31	0	3,335	3,335	0	12,117	12,117
<b><u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,184	1,184	0	0	0
Interest	6	31	25	50	468	418
Total Receipts	6	1,215	1,209	50	468	418
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	10,000	10,993	(993)
Total Disbursements	0	0	0	10,000	10,993	(993)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6	1,215	1,209	(9,950)	(10,525)	(575)
CASH, JANUARY 1	188	155	(33)	10,680	10,680	0
CASH, DECEMBER 31	194	1,370	1,176	730	155	(575)



## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL CHILDREN'S TRUST FUND</u></b>						
RECEIPTS						
Charges for services	3,200	3,782	582	3,700	3,440	(260)
Interest	175	152	(23)	100	224	124
Total Receipts	3,375	3,934	559	3,800	3,664	(136)
DISBURSEMENTS						
Domestic violence shelter	7,574	7,574	0	0	0	0
Total Disbursements	7,574	7,574	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,199)	(3,640)	559	3,800	3,664	(136)
CASH, JANUARY 1	5,041	5,041	0	1,377	1,377	0
CASH, DECEMBER 31	842	1,401	559	5,177	5,041	(136)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	62,500	71,901	9,401	50,000	67,309	17,309
Interest	2,500	1,682	(818)	2,000	2,691	691
Other	0	0	0	0	195	195
Total Receipts	65,000	73,583	8,583	52,000	70,195	18,195
DISBURSEMENTS						
Sheriff	95,116	56,244	38,872	101,500	39,289	62,211
Transfers out	19,500	19,500	0	500	31,290	(30,790)
Total Disbursements	114,616	75,744	38,872	102,000	70,579	31,421
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,616)	(2,161)	47,455	(50,000)	(384)	49,616
CASH, JANUARY 1	49,616	49,616	0	50,000	50,000	0
CASH, DECEMBER 31	0	47,455	47,455	0	49,616	49,616
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	20,000	33,764	13,764	14,867	26,525	11,658
Interest	750	1,423	673	400	1,504	1,104
Total Receipts	20,750	35,187	14,437	15,267	28,029	12,762
DISBURSEMENTS						
Prosecuting Attorney	25,000	4,173	20,827	0	1,932	(1,932)
Transfers out	17,750	17,500	250	23,500	16,500	7,000
Total Disbursements	42,750	21,673	21,077	23,500	18,432	5,068
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,000)	13,514	35,514	(8,233)	9,597	17,830
CASH, JANUARY 1	26,211	26,191	(20)	16,594	16,594	0
CASH, DECEMBER 31	4,211	39,705	35,494	8,361	26,191	17,830

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF DRUG FORFEITURE FUND</u></b>						
RECEIPTS						
Intergovernmental	0	8,600	8,600	0	0	0
Interest	1,952	1,074	(878)	1,054	2,110	1,056
Other	0	910	910	0	452	452
Total Receipts	1,952	10,584	8,632	1,054	2,562	1,508
DISBURSEMENTS						
Sheriff	31,096	20,617	10,479	37,745	6,766	30,979
Total Disbursements	31,096	20,617	10,479	37,745	6,766	30,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,144)	(10,033)	19,111	(36,691)	(4,204)	32,487
CASH, JANUARY 1	31,096	34,202	3,106	37,745	38,406	661
CASH, DECEMBER 31	1,952	24,169	22,217	1,054	34,202	33,148
<b><u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u></b>						
RECEIPTS						
Intergovernmental	3,000	4,735	1,735	0	2,694	2,694
Interest	0	325	325	200	365	165
Other	0	0	0	2,500	0	(2,500)
Transfers in	0	0	0	7,700	7,700	0
Total Receipts	3,000	5,060	2,060	10,400	10,759	359
DISBURSEMENTS						
Local emergency planning	6,375	3,877	2,498	10,400	3,362	7,038
Total Disbursements	6,375	3,877	2,498	10,400	3,362	7,038
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,375)	1,183	4,558	0	7,397	7,397
CASH, JANUARY 1	7,397	7,397	0	0	0	0
CASH, DECEMBER 31	4,022	8,580	4,558	0	7,397	7,397
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	1,200	5,838	4,638	1,200	5,286	4,086
Interest	30	332	302	0	111	111
Total Receipts	1,230	6,170	4,940	1,200	5,397	4,197
DISBURSEMENTS						
Election services	6,627	15	6,612	1,200	0	1,200
Total Disbursements	6,627	15	6,612	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,397)	6,155	11,552	0	5,397	5,397
CASH, JANUARY 1	5,397	5,397	0	0	0	0
CASH, DECEMBER 31	0	11,552	11,552	0	5,397	5,397

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>COUNTY INSURED FUND</b>						
<b>RECEIPTS</b>						
Interest	15,000	14,650	(350)	3,000	20,325	17,325
Other	600	3,525	2,925	1,400	1,182	(218)
Transfers in	32,500	32,500	0	383,000	383,000	0
Total Receipts	48,100	50,675	2,575	387,400	404,507	17,107
<b>DISBURSEMENTS</b>						
Insurance premiums	384,188	38,763	345,425	387,400	35,712	351,688
Total Disbursements	384,188	38,763	345,425	387,400	35,712	351,688
RECEIPTS OVER (UNDER) DISBURSEMENTS	(336,088)	11,912	348,000	0	368,795	368,795
CASH, JANUARY 1	368,795	368,795	0	0	0	0
CASH, DECEMBER 31	32,707	380,707	348,000	0	368,795	368,795
<b>DEVELOPMENTALLY DISABLED BOARD FUND</b>						
<b>RECEIPTS</b>						
Property taxes	625,000	572,343	(52,657)	500,000	616,047	116,047
Interest	100,000	88,353	(11,647)	50,000	73,557	23,557
Other	0	0	0	0	6,404	6,404
Total Receipts	725,000	660,696	(64,304)	550,000	696,008	146,008
<b>DISBURSEMENTS</b>						
Contractual services	310,000	164,966	145,034	220,000	152,606	67,394
Transportation	100,000	84,587	15,413	90,000	86,804	3,196
Buildings and grounds	20,000	400	19,600	20,000	4,200	15,800
Insurance	10,000	6,081	3,919	10,000	4,570	5,430
Other	5,000	3,878	1,122	5,000	3,107	1,893
Emergency Fund	20,000	0	20,000	20,000	0	20,000
Total Disbursements	465,000	259,912	205,088	365,000	251,287	113,713
RECEIPTS OVER (UNDER) DISBURSEMENTS	260,000	400,784	140,784	185,000	444,721	259,721
CASH, JANUARY 1	1,515,943	1,515,943	0	1,071,222	1,071,222	0
CASH, DECEMBER 31	1,775,943	1,916,727	140,784	1,256,222	1,515,943	259,721
<b>RECORDER USER FEE FUND</b>						
<b>RECEIPTS</b>						
Charges for services	100,000	116,223	16,223	75,000	95,024	20,024
Interest	0	10,027	10,027	0	15,736	15,736
Total Receipts	100,000	126,250	26,250	75,000	110,760	35,760
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deeds	40,800	46,571	(5,771)	144,026	131,917	12,109
Total Disbursements	40,800	46,571	(5,771)	144,026	131,917	12,109
RECEIPTS OVER (UNDER) DISBURSEMENTS	59,200	79,679	20,479	(69,026)	(21,157)	47,869
CASH, JANUARY 1	311,871	311,871	0	331,774	333,028	1,254
CASH, DECEMBER 31	371,071	391,550	20,479	262,748	311,871	49,123

## Exhibit B

## TANEY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,800	1,229	(571)	1,000	2,039	1,039
Other	0	414	414	0	0	0
Total Receipts	1,800	1,643	(157)	1,000	2,039	1,039
DISBURSEMENTS						
Associate Circuit Division	9,263	2,689	6,574	1,750	2,812	(1,062)
Total Disbursements	9,263	2,689	6,574	1,750	2,812	(1,062)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,463)	(1,046)	6,417	(750)	(773)	(23)
CASH, JANUARY 1	7,463	7,501	38	7,882	8,274	392
CASH, DECEMBER 31	0	6,455	6,455	7,132	7,501	369
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	9,550	8,035	(1,515)	7,450	12,034	4,584
Total Receipts	9,550	8,035	(1,515)	7,450	12,034	4,584
DISBURSEMENTS						
Circuit Clerk	10,000	2,702	7,298	10,000	20,734	(10,734)
Total Disbursements	10,000	2,702	7,298	10,000	20,734	(10,734)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(450)	5,333	5,783	(2,550)	(8,700)	(6,150)
CASH, JANUARY 1	157,004	160,944	3,940	168,870	169,644	774
CASH, DECEMBER 31	156,554	166,277	9,723	166,320	160,944	(5,376)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	4,400	4,396	(4)	3,800	4,092	292
Total Receipts	4,400	4,396	(4)	3,800	4,092	292
DISBURSEMENTS						
Law Library	8,000	8,318	(318)	7,000	11,269	(4,269)
Total Disbursements	8,000	8,318	(318)	7,000	11,269	(4,269)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,600)	(3,922)	(322)	(3,200)	(7,177)	(3,977)
CASH, JANUARY 1	7,580	7,369	(211)	13,816	14,546	730
CASH, DECEMBER 31	\$ 3,980	3,447	(533)	10,616	7,369	(3,247)

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

TANEY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Taney County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2001
Prosecuting Attorney Delinquent Sales Tax Fund	2000
Recorder User Fee Fund	2001
Associate Circuit Division Interest Fund	2000
Circuit Clerk Interest Fund	2000
Law Library Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2000, did not include the Special Children's Trust Fund and the Sheriff Drug Forfeiture Fund. In addition, for the Developmentally Disabled Board Fund, the county's published financial statement for the year ended December 31, 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy. The policy permits investment in securities having principal and interest guaranteed by the United States government, collateralized repurchase agreements, and collateralized time and demand deposits.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Developmentally Disabled Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

### Investments

The only investments of the various funds at December 31, 2001 were a repurchase agreement with a reported amount of \$11,395,448 (which approximates fair market value) and debt securities with reported amounts of \$11,888,522 (which approximates fair market value).

The \$11,888,522 represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name, and \$11,395,448 represents uninsured and unregistered investments for which the securities were held by the dealer bank, or by its trust department or agent but not in the county's name.

The only investment of the various funds at December 31, 2000 was a repurchase agreement with a reported amount of \$12,179,507 (which approximates fair market value). This amount at December 31, 2000, \$12,179,507 represents uninsured and unregistered investments for which the securities were held by the dealer bank, or by its trust department or agent but not in the county's name.

### 3. Prior Period Adjustment

The Sheriff Drug Forfeiture Fund's cash balance at January 1, 2000, as previously stated has been increased by \$35,425 to reflect the actual combined cash balance of both the County Treasurer's Sheriff Drug Forfeiture Fund and the monies held in the Sheriff's bank account. The prior report noted only the monies held in the Sheriff's bank account.



## Supplementary Schedule

## Schedule

TANEY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0207 ERS0451-207W ERS045-2207	\$ 0 135,105 40,359	123,020 40,365 0
	Program Total		<u>175,464</u>	<u>163,385</u>
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	20,263	92,774
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,005	2,082
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,877	3,362
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	0	3,210
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	3,000	2,917

## Schedule

TANEY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1207L	1,094	0
93.268	Immunization Grants	N/A	87,277	73,191
Department of Social Services -				
93.563	Child Support Enforcement	N/A	23,171	16,309
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-02078	0	3,395
		PGA067-12078	3,125	955
		PGA067-22078	525	0
	Program Total		<u>3,650</u>	<u>4,350</u>
93.778	Medical Assistance Program	N/A	18	0
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00050	0	9,733
		ERS161-10010	11,224	6,860
		ERS161-20050	6,591	0
	Program Total		<u>17,815</u>	<u>16,593</u>
93.991	Preventive Health and Health Services Block Grant	N/A	0	805
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0207M	0	14,456
		ERS146-1207M	16,817	5,278
		ERS146-2207M	5,801	0
		ERS175-0207F	0	14,870
		ERS175-1207F	15,560	5,279
		ERS175-2075F	3,416	0
		C100015074	65	0
		C000164001	0	13,000
		N/A	7,892	4,025
	Program Total		<u>49,551</u>	<u>56,908</u>
Social Security Administration -				
96.001	Social Security--Disability Insurance	623396 S034061	56	0
	Total Expenditures of Federal Awards		<u>\$ 386,241</u>	<u>435,886</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

TANEY COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Taney County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) include both cash disbursements and the original acquisition cost of vaccines during the year ended December 31, 2000.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Taney County, Missouri

Compliance

We have audited the compliance of Taney County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Taney County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

### Internal Control Over Compliance

The management of Taney County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Taney County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 22, 2002 (fieldwork completion date)

Schedule

TANEY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Type of auditor's report issued on compliance for  
major program(s): Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?        yes   x   no

Identification of major program(s):

CFDA or  
Other Identifying  
Number

Program Title

10.557                      Special Supplemental Nutrition Program for Women, Infants, and Children

10.665                      Schools and Roads – Grants to States

Dollar threshold used to distinguish between Type A  
and Type B programs:                      \$300,000

Auditee qualified as a low-risk auditee?                      \_\_\_\_\_ yes                        x   no

**Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

TANEY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



TANEY COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

TANEY COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Taney County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 22, 2002. We also have audited the compliance of Taney County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 22, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Health Center Board of Trustees is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Taney County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.</b>	<b>Budgets</b>
-----------	----------------

- A. As noted in a previous audit report, the approved budgets did not adequately project the anticipated financial condition of most major county funds for either of the two years ended December 31, 2001. Expenditures were budgeted to use substantially all available resources. This approach has resulted in significant over-budgeting of disbursements and inaccurate projections of ending cash balances. The following are estimated cash balances compared to actual cash balances at December 31, 2001 and 2000:

<u>Year Ended</u> <u>December 31,</u>	<u>Cash Balance</u>	
	<u>Budget</u>	<u>Actual</u>
General Revenue Fund		
2001	\$ 0	8,514,202
2000	0	7,639,650
Special Road and Bridge Fund		
2001	0	4,203,526
2000	0	3,292,944
Assessment Fund		
2001	0	201,305
2000	0	188,935
Road and Bridge Trust Fund		
2001	0	8,289,206
2000	0	6,876,286
Transfer Station Fund		
2001	0	420,075
2000	0	212,465
County Insured Fund		
2001	32,707	380,707
2000	0	368,795

Similar problems were noted with the county's 2002 budget. Prudent fiscal

management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies. While it appears the County Commission's intent is to accumulate funds for future projects in several of the major county funds, the current budgets do not effectively inform county residents of this intent. For instance, the 2001 Special Road and Bridge Fund and Road and Bridge Trust Fund budgets included more than \$10.5 million budgeted for contingencies; however, the county did not have specific plans for these funds, and historically has not spent these funds. As a result, the county's current budgeting procedures do not provide an adequate tool for monitoring and comparing actual results with estimated amounts or for monitoring the overall fund balances.

In addition, the county does not adequately monitor the balances of the various special revenue funds and the transfers into these funds. For example, \$275,000 was transferred from the General Revenue Fund to the County Insured Fund in 2000, but only \$35,712 was expended, and the county has no documented plans for the remaining fund balance. Further, during 2001 and 2000 the General Revenue fund transferred a total of \$500,000 to the Transfer Station Fund, and as of December 31, 2001, the Transfer Station Fund had a cash balance of over \$420,000 for which the county has no documented plans. To ensure all transfers of funds into the county's special revenue funds are necessary, the county should adequately monitor the balances of these funds.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures. In addition, the county should adequately monitor transfers to special revenue funds to ensure all transfers are necessary.

- B. Although formal budgets were adopted as required by law, the budgets for the year ended December 31, 2002, did not include the two previous years' actual revenues and expenditures for the following funds:

Fund

Prosecuting Attorney Bad Check Fund  
Developmentally Disabled Board Fund  
Recorder User Fee Fund  
Associate Circuit Division Interest Fund  
Circuit Clerk Interest Fund  
Law Library Fund

The amounts shown on Exhibit B of the audited special purpose financial statements were obtained from the receipt and disbursements records of various county officials.

Budgets for 2001 and 2000 included this information. Section 50.590, RSMo 2000, requires budgets to include information for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

**WE RECOMMEND** the County Commission:

- A. Estimate receipts and disbursements to closely reflect anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending balances.
- B. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *Taney County implemented a self-funded dental program, which required the creation of a \$275,000 budget. The county must be prepared to pay the maximum amount for each employee within a fiscal year, and the maximum amount is \$1,500 per employee.*

*One of the major haulers in Taney County took its services elsewhere creating approximately a 60% revenue deficit. This deficit required that the Transfer Station Fund be subsidized from General County Revenue. However, in October the machinery broke down causing the facility to close for approximately three months.*

*The county will implement the State Auditor's recommendation regarding the ending balances of each budgetary fund, and the county will in the future note the anticipated purpose for any surplus listed in the budget.*

- B. *The county will continue to request the extra budget reports as required and keep the necessary documents in the budget file regarding any requests or responses thereto.*

<b>2. County Expenditures and Written Agreements</b>
------------------------------------------------------

- A. A review of expenditures indicated that the county generally made efforts to seek competitive bids for most major purchases; however, several items purchased by the county and elected officials were noted in which bids were not solicited. In addition, we noted instances in which purchases exceeding \$4,500 were made from a single entity within a period of ninety days without the solicitation of bids. Purchases reviewed for which bids were not solicited are as follows:

<u>Item purchased</u>	<u>Cost</u>
Airline tickets to transport prisoners (one month)	\$9,946
Supplies for repairs at the road and bridge department	5,771
Supplies for remodeling and repair of the courthouse	5,955
Vehicle parts and supplies	7,758

Most of these purchases were made by more than one department or over a period of time. The county typically does not bid these type of purchases unless the initial purchase made by one of the departments exceeds the \$4,500 limit.

Section 50.660, RSMO 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. The designation of an employee as the county's purchasing agent, or the development of a written procurement policy for employees to follow, could help the county achieve these goals and also help ensure compliance with applicable state laws.

- B. In addition to the items discussed in Part A., the county paid Silver Dollar City, a company that Associate County Commissioner Herschend has a direct financial interest in, \$5,965 for eight desks. The county indicated that this amount represents the wholesale cost of the desks, and the same amount was paid by Silver Dollar City to the wholesaler. While the county provided documentation of price comparison for similar types of desks, the county did not advertise the purchase of the desks. This transaction appears to violate state law. Sections 105.454 and 105.458, RSMo 2000, prohibit financial transactions between the county and a business in which an elected official has a direct financial interest in excess of \$500 per transaction or \$1,500 per year unless there has been public notice to solicit proposals and (except for real property) competitive bidding.
- C. In the summer of 2001, the county held an employee recognition picnic which all county officials and employees, their spouses, and children were invited to attend. The county paid costs related to the picnic totaling \$1,127. These expenditures included food, rental of a pavilion at the park, as well as outdoor recreational items and insulated mugs.

Although the County Commission indicated they believe such expenditures benefited employee morale, the expenditures do not appear to be a proper use of county funds. The County Commission should ensure county funds are spent only on items which are necessary and beneficial to county residents.



- D. The County Collector provides property tax collection services to cities. Commissions are withheld from all city tax collections and paid to the General Revenue Fund. Section 50.332, RSMo 2000, allows county officials, with the approval of the county commission, to perform services for cities that they normally provide to the county. Section 432.070, RSMo 2000, requires contracts of political subdivisions be in writing. A written contract signed by the city, the County Collector, and the County Commission should be prepared.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law. In addition, the Commission should consider designating an employee as the purchasing agent for the county or develop a written procurement policy for employees to follow.
- B. Review the related party transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest.
- C. Ensure all expenditures of county monies are necessary and prudent uses of public funds.
- D. Obtain a written agreement with all cities for tax collections.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *Airfare varies depending upon day of the week, destination and many other factors. While Taney County has always priced tickets to obtain the best value, annual bidding is not helpful. However, Taney County has bid its travel agent fees for 2002.*

*Taney County has solicited for all reasonable foreseeable items. The use of the preferred vendors who were awarded the bids should avoid this problem during 2002. Further, the county has implemented a new purchasing policy to help ensure that the various county departments combined do not expend more than \$4,500 on any unbid items from any one entity during any 90-day period.*

- B. *The desks were purchased at wholesale from the manufacturer, Winners. Winners is neither owned by nor affiliated with Silver Dollar City. Taney County merely purchased the desks through Silver Dollar City to obtain the wholesale price which otherwise would have been unavailable to the county. Silver Dollar City did not charge Taney County anything for providing this service, nor did Silver Dollar City receive any consideration for the desk transactions.*

*A service provided at no cost does not violate Section 105.454.1 RSMo. Further, a transaction involving no consideration violates neither Section 105.454 RSMo nor Section 105.458 RSMo.*

*The Taney County Commission does agree with the State Auditor that the appearance of impropriety should be avoided, even when a transaction greatly benefits the county.*

- C. Taney County viewed the employee picnic as beneficial to county employee morale, and therefore beneficial to Taney County taxpayers. County employees' satisfaction with their jobs contributes to a decreased turnover rate. Excessive turnover is costly to Taney County taxpayers. The county would also note that happy/satisfied employees are more productive and create more value to the taxpayers.*
- D. Section 50.332 RSMo states counties may contract with cities. The Taney County Collector states her understanding of the law is that she is required to collect municipal taxes without any contract pursuant to RSMo 137.115, 137.290, 139.090 & 100 and 140.170.1 2 et al; and she does not intend to seek any such contracts for the commission to approve.*

*The Commission agrees that any proposed contract should be in writing. However, the county's consideration for providing tax collection services to municipalities is provided for by Missouri Statute. Therefore, the County Commission condones the current tax collection process, because it generates more revenue to the county than it costs, and is good for both the county and the cities.*

<b>3. County Officials' Compensation</b>
------------------------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Taney County's Associate County Commissioners salaries were each increased approximately \$3,480 yearly, according to information provided by the County Auditor.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case against the Laclede County Associate Commissioners that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,960 for the two years ended December 31, 2000, should be repaid.

**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*There has been no judicial determination finding that the raises given to two former Taney County Associate Commissioners elected during 1996 were improper or illegal. Clearly, there is no existing judgment which permits the present commission to forcibly collect repayment of the raises, which the now retired Associate Commissioners accepted in good faith.*

<b>4. Property Tax System Contract</b>
----------------------------------------

In February 1999, the County Commission entered into a contract with an individual for the development of a computerized property tax system. The Commission did not solicit bids for these services prior to entering into the contract. The original contract with the programmer was for \$32,100 (\$15,100 for computer hardware and software and \$17,000 for the programmer's services in developing the system). In September 1999, the Commission approved the extension of the contract with the programmer for an additional \$32,000 because he needed additional time to complete the project. The Commission's decision to contract with the programmer was based largely on the recommendation of officials from a local municipality for which the programmer was then providing computer services; however, the services provided to the municipality did not include the development of a property tax system.

The County Commission ended their relationship with the programmer in February 2000, at which time he had still not produced a completed property tax program for the county.

The county paid \$71,500 (including a termination payment of \$4,500 and \$2,900 additional software and hardware related costs) to the programmer for his work to develop a property taxation program which he originally contracted to do for \$32,100. The programmer never produced a final product for the county. The county also paid the programmer an additional \$20,000 to provide assistance in addressing the county's Y2K concerns and other programming efforts which was also not bid.

Without soliciting proposals from qualified providers, the County Commission had no assurance that the property tax system was being obtained from the best source. Given the fact there were property tax system computer programs already in use by Missouri counties which had been proven successful, the decision to hire this programmer to develop the new program appears questionable. The county's residents have placed a fiduciary trust in their public officials to expend public funds in a prudent manner.

In February 2000, after receiving bids and seeking the input of applicable county personnel, the Commission accepted a bid for a new taxation system. As of June 5, 2002, the county had disbursed a total of \$49,820 to this programmer.

**WE RECOMMEND** the County Commission solicit bids in all applicable situations in accordance with state law. We further recommend that in the future, before entering into major contracts, the Commission give careful consideration to various alternatives and evaluate the qualifications of potential service providers to ensure all expenditures represent a prudent use of public funds.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*As most in business know, the process of hiring computer programmers to develop the right software for a specialized need is a difficult task. Taney County has learned this lesson the hard way. Taney County is now on its fifth tax collection computer hardware and software system in 15 years.*

*During 1997, Taney County hired a programmer pursuant to an extensive request for proposals and interview process. The programmer had an M.A. in the pertinent subject area and also taught the discipline at the college level. However, the programming did not progress as expected. After nearly two years and after an expenditure of more than \$100,000, Taney County was still without a workable computerized property tax system.*

*Since the Taney County Commission had already reviewed the other proposals and had interviewed other candidates, the commission decided to retain a professional programmer who was finishing some work for the City of Branson. This programmer is the one referred to in the State Audit. This programmer came highly recommended, with impressive credentials, and assurances that he was eminently capable of designing a program that would fit the county's needs.*

*During the time this programmer was working for Taney County, he provided valuable training for the county's technical staff, upgraded our network system, converted, purged and cleaned our existing database, and fully protected the county's entire system from Y2K problems for much less than other counties paid.*

*Regrettably, this programmer, like his predecessor, was not successful in providing Taney County with an effective computerized property tax system. Currently, the county has a marginally satisfactory (albeit antiquated) software program. In retrospect, (hindsight being 20/20) the county would have proceeded differently.*

*In the future, the county intends to follow the State Auditor's recommendations by publishing requests for qualifications, and by being much more careful when hiring computer professionals.*

**5.****General Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Auditor maintains a computerized inventory listing of fixed assets held by county officials. However, during our review of equipment purchases, we noted fourteen of sixteen items were not recorded on the county's general fixed asset listing. These items were purchased for approximately \$631,200. Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. In addition, a complete inventory of county assets has not been completed since 2000.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 55.160, RSMo 2000, provides the County Auditor shall keep an inventory of all county property and shall annually take an inventory of all county property with an original value of \$250 or more.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, annual inventories of all county property should be performed.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*Taney County has implemented a portion of the policies and procedures recommended by the State Auditor, and are currently working on the remainder.*

**6.****Circuit Clerk and Ex Officio Recorder of Deeds**

- A. The Circuit Clerk Interest Fund and Recorder User Fee Fund under the Circuit Clerk's authority have accumulated substantial balances. During 2000 and 2001, over \$200,000 was spent from these funds combined, but as of December 31, 2001, the balance of the Circuit Clerk Interest Fund and Recorder User Fee Fund still totaled \$166,277 and \$391,550, respectively. While the Circuit Clerk has indicated some of these monies will be utilized on new equipment when a new facility is completed,

there are no formal documented plans on how the funds will be utilized. The Circuit Clerk/Ex Officio Recorder of Deeds should work with the County Commission to review the fund balance and develop a plan to utilize the funds as allowed by Section 483.310 and 59.319, RSMo 2000, and reduce the accumulated balance.

- B. The Ex Officio Recorder of Deeds serves as the custodian of the Recorder User Fee Fund although there is no authority to allow this. Section 59.319, RSMo 2000, requires the Recorder User Fee Fund to be maintained by the County Treasurer.
- C. A listing of accrued costs due the court is not maintained by the Circuit Clerk, nor are monitoring procedures adequate. When a case is closed, a bill is sent requesting payment and a copy is filed in the case file. The Circuit Clerk indicated that her deputies periodically review case files to follow up on amounts due. If a listing of accrued costs was periodically prepared, the Circuit Clerk could review the amounts owed the court and take appropriate steps to ensure all amounts owed are collected on a timely basis. By not adequately monitoring accrued costs, these outstanding costs remain uncollected and might eventually result in lost revenue.

Similar conditions were noted in previous audit reports.

**WE AGAIN RECOMMEND** the Circuit Clerk/Ex Officio Recorder of Deeds:

- A. Work with the County Commission to review the balance of the Circuit Clerk Interest Fund and the Recorder User Fee Fund and prepare a formal plan to utilize the funds and reduce the accumulated balance.
- B. Turn custody of the Recorder User Fee Fund to the County Treasurer, as required by state law.
- C. Maintain a list of uncollected fees for collection purposes and establish procedures to follow up on all amounts due.

**AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following responses:*

- A. *I believe the County Commission is aware of my plans and the balance in the accounts.*
- B. *I will be turning the fund over to the County Treasurer prior to leaving office at the end of the year.*
- C. *We will keep pursuing the uncollected amounts and attempt to generate a report of uncollected amounts from the computer system.*

The Associate Circuit Court is divided into two Divisions. Division I processes receipts for criminal cases, traffic tickets, and bonds. Division II processes receipts for civil cases. We noted the following concerns regarding the Associate Divisions' operations:

- A. Accounting and bookkeeping duties are not adequately segregated in Division II. Currently, the responsibilities of collecting monies, recording and depositing receipts, month-end reconciliations, and preparing and signing checks are assigned to one employee. There is no documented independent review of the accounting records and reconciliations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, the Associate Circuit Judge should at least compare bank deposits with recorded receipts and review monthly reconciliations. Proper supervision and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

- B. An open-items list is prepared for Division I; however, the open items listing exceeded the reconciled cash balance by \$1,145 at December 31, 2001. The Associate Court Clerk informed us that the open items listing is not correct. The listing contained errors, including items with negative balances, and \$1,213 that could not be related to specific cases.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. The Associate Court Clerk should attempt to determine the reason for any unidentified liabilities that are determined to exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

- C. An accurate listing of accrued costs owed to the court is not maintained for Division I. The Associate Court Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Associate Court Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

**WE RECOMMEND** the Associate Circuit Judges:

- A. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of the receipts and deposits and monthly bank reconciliations should be performed and documented.
- B. Conduct a case by case review to determine the accuracy of each entry on the open items listing. Once an accurate open items listing is established, reconcile it to the cash balance to ensure records are in balance, and sufficient funds are available for the payment of all liabilities. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

**AUDITEE'S RESPONSE**

*The Division II Associate Judge provided the following response:*

- A. *I will review and initial the month-end bank statements and open items list.*

*The Division I Associate Clerk provided the following response:*

*B&C. In April 1999 I requested an auditor from the Office of State Court Administrator to assist with creating an open item list and assist with updating the books, since the books had not been completed for 6 months and I was taking over the office as clerk. \$1,213.00 was the amount of unidentified open items, to date that is the same amount we have on record. As to Section C on the report, every month we issue warrants and suspend licenses for not paying court costs. I do create a monthly report of outstanding court costs, at this time we do not have the staff to adequately monitor all cases.*

*In discussing the concerns from the Auditor with Judge Tony Williams, our intention is to attempt to find and correct any errors on our open items list. Also, with regards to outstanding court costs we will be reviewing the monthly report and follow-up with collection.*

<b>8. Sheriff's Accounting Procedures</b>
-------------------------------------------

The Sheriff's office collects approximately \$300,000 annually in fees, bonds, and other miscellaneous receipts. Six bank accounts are maintained: one for fees, one for bonds, one for prisoner transportation reimbursements, one for drug forfeitures, and two for inmate monies. Our review noted the following concerns regarding the accounting records, controls, and procedures of the Sheriff's office.



- A. In January 2002, the Sheriff's office was holding approximately \$1,700 in a bank account previously used for inmate monies. Due to problems reconciling the balance of this account to known liabilities, the office opened a new account for inmate monies in June 2001. The office also instituted improved procedures for accounting for inmate monies at that time.

The balance of the old inmate account should be reviewed in an attempt to identify whom the monies are owed and whether the monies can be distributed. Any remaining unidentified monies should be distributed in accordance with state law.

- B. The Sheriff's office uses a computerized accounting system to perform monthly bank reconciliations for all of their bank accounts. Bank reconciliations performed for December 2001 for two of the bank accounts were inaccurate. Outstanding check lists for these reconciliations were not complete. Some checks which were issued were not posted to the computerized check register at the time the reconciliations were performed. This resulted in cash balances being misstated on the reconciliations.

Complete and accurate bank reconciliations are necessary to ensure accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected timely.

- C. Checks received are not always restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Sheriff:

- A. Review the balance of the old inmate account in an attempt to identify whom the monies are owed and whether the monies can be distributed. Any remaining unidentified monies should be distributed in accordance with state law.
- B. Ensure all activity is posted to the accounting records in a timely manner to ensure monthly bank reconciliations are complete and accurate.
- C. Restrictively endorse all checks immediately upon receipt.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following response:*

- A. *As your staff recommended at the exit interview, after attempting to distribute the monies in the account, we closed the amount on May 22, 2002 and transferred the balance to the Taney County Treasurer for deposit in the Unclaimed Fees account in accordance with state law.*

- B. *Beginning in June of 2002, all bank activity is posted in a timely manner to accurately reflect current cash balances.*
- C. *Beginning in June of 2002, all checks have been restrictively endorsed upon receipt.*

## 9. Developmentally Disabled Board

- A. The Developmentally Disabled Board has accumulated a significant cash balance without any specific documented plans for its use. The board receives over \$550,000 in property taxes each year and only expends approximately \$250,000 on contractual services. During the two years ended December 31, 2001 total receipts exceeded total disbursements by \$845,505, resulting in the cash balance of the Developmentally Disabled Board Fund increasing from \$1,071,222 at December 31, 1999 to \$1,916,727 at December 31, 2001. While the board has indicated their intent to construct a new building, the scope of the project and the estimated cost for the new facility have not been formally documented in the annual budget. As a result, it is not clear whether the board has properly set their property tax levy to support their regular efforts and the planned facility costs. The board should determine its future needs, and consider such information when setting future property tax levies.
- B. The Developmentally Disabled Board's funds were not fully covered by collateral securities at times during the year. The collateral securities pledged by the board's depository bank to cover deposits were insufficient by \$4,285 at January 29, 2002. The board apparently did not monitor collateral securities pledged against bank account balances. Monitoring Federal Deposit Insurance Corporation (FDIC) and collateral securities coverage becomes even more critical if the board's available monies continue to increase as they have in recent years.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure county funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the Developmentally Disabled Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.

## **AUDITEE'S RESPONSE**

*The Developmentally Disabled Board provided the following responses:*

- A. The Taney County Board for the Developmentally Disabled concurs that its annual budget should include documentation of the scope and estimated cost of proposed future construction projects. The Board is currently working to identify the scope and potential uses of the proposed facility for submission to an architect for development of a site plan and accurate estimates of construction and operation. Future annual budgets and periodic amendments will contain such documentation as soon as it is available. This information will also be considered by the Board in determining its future needs and establishment of future property tax levies.*
- B. The Treasurer of the Taney County Board for the Developmentally Disabled has obtained written documentation of collateral securities pledged by the depositary bank to cover deposits over the FDIC insured maximum of \$100,000, and has determined that such securities currently held by the depositary bank are sufficient to fully secure all Board deposits. The Treasurer and Executive Director will monitor the bank balance on a regular basis and will inform the depositary bank when deposits are anticipated to exceed the current level of collateral securities, so that all Board deposits remain fully secured.*

This report is intended for the information of the management of Taney County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## TANEY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Taney County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Expenditures

- A. Additional bids or proposals were not solicited for a change order to a sewer project in the amount of \$368,200.
- B. The county did not obtain an independent appraisal to value property prior to purchase and apparently negotiated with the owner for the final purchase price.
- C. Fees for outside attorney services increased substantially during the audit period. The county did not evaluate the cost effectiveness of employing a salaried attorney to perform regular on-going duties handled by outside attorneys.
- D. The county spent over \$8,700 for publication and postage on an information flyer concerning a sales tax ballot issue.
- E. Supporting documentation was not adequate to ensure the validity and propriety of an expenditure for sponsorship fees.
- F. The county spent monies for the benefit of a local volunteer organization without having a written contract with this organization.
- G. The County Commission was not properly reviewing and controlling expenditures made for prisoner transportation.

### Recommendation:

The County Commission:

- A. Obtain additional bids or proposals when making substantial changes to sewer projects.
- B. Ensure justification of the selection process is thoroughly documented and independent appraisals are obtained for land purchases.

- C. Analyze whether employing a salaried attorney would be cost beneficial to the county.
- D. Ensure public funds are not expended to advocate, support, or oppose any ballot measure.
- E. Maintain adequate supporting documentation indicating services provided, and ensure all expenditures are necessary to conduct county business.
- F. Refrain from making contributions of public funds unless it is pursuant to written contracts which specifically state what services are to be provided to the county and provide a means of monitoring the expenditures.
- G. Periodically review supporting documentation for all expenditures made from the Sheriff's transportation account.

Status:

A,B,  
D-G. Implemented.

C. Implemented. The county has employed a salaried attorney.

2. Budgets and Published Financial Statements

- A. The approved budgets did not adequately project the anticipated financial condition of most major county funds for either of the two years ended December 31, 1997.
- B. The county's annual published financial statements did not include the financial activity of several county funds.

Recommendation:

The County Commission:

- A. Estimate receipts and disbursements more reasonably so that projected reserves are presented in the various county funds and amounts can be more appropriately monitored.
- B. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

A. Not implemented. See MAR No. 1.

- B. Partially implemented. The county's published financial statements included all county funds except the Special Children's Trust Fund and the Sheriff Drug Forfeiture Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Vehicle Usage

- A. Logs which document vehicle usage were not maintained for the county's law enforcement vehicles.
- B. The emergency management director did not maintain adequate usage logs for his county-owned vehicle. In addition, the director utilized the county vehicle for commuting purposes.

Recommendation:

The County Commission require detailed vehicle usage logs for all county vehicles and adopt a written policy which prohibits personal use of county vehicles. If the county continues to allow the emergency management director to use the vehicle for commuting purposes, the county should report the commuting value on the director's W-2 forms as required by IRS regulations.

Status:

Implemented. The county now requires detailed vehicle usage logs and has a written policy regarding vehicle usage. The county no longer provides a vehicle to the emergency management director to use for commuting purposes.

4. Federal Financial Assistance

- A. The Sheriff's department did not retain copies of the claim forms which were sent to the Department of Agriculture to receive reimbursement for applicable expenditures for the cooperative cannabis agreement.
- B. The Sheriff's department did not have documentation that the designated deputy sheriff received some of the training required by the grant terms.
- C. Fringe benefit amounts were under-reported on most claims filed for 1997 and 1996 for the Child Support Enforcement (Title IV-D) Program.

Recommendation:

The County Commission:

- A. And the Sheriff ensure copies of reimbursement claim forms are maintained.

- B. And the Sheriff ensure compliance with all federal grant terms and ensure the deputy receives all required training.
- C. And the Prosecuting Attorney ensure Title IV-D reimbursement claims include accurate computations of fringe benefits.

Status:

A-C. Implemented.

5. Transfer Station

- A. The method of payments received was not indicated on the receipt slips.
- B. The computer did not have a password system or procedures to restrict access to the data.

Recommendation:

The County Commission:

- A. Ensure the method of payment is recorded on the transfer station receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
- B. Establish a password system which will identify each user of the system and restrict access to the system to only those individuals who need to use the information.

Status:

- A. Implemented.
- B. Partially implemented. A password system for the editing functions has been established. However, there is no password required to log on the system, issue invoices, or record receipts. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Circuit Clerk and Ex Officio Recorder of Deeds

- A. A listing of accrued costs due the court was not maintained by the Circuit Clerk, nor were monitoring procedures adequate.
- B. The Circuit Clerk had accumulated a significant interest balance as of December 31, 1997. In addition, the budget prepared for the Circuit Clerk Interest Fund did not include interest monies in some bank accounts in the beginning cash balances.



- C. The Ex Officio Recorder of Deeds served as custodian of the Recorder User Fee Fund although there was not authority to allow this.
- D. The Recorder User Fee Fund balance increased significantly during the two years ended December 31, 1997. A budget was prepared for 1997 but no budget was prepared for 1998 and there were no documented plans for the use of this fund.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Maintain a list of uncollected fees for collection purposes and establish procedures to follow up on all amounts due.
- B. Review the balance of the accumulated interest and turn over any excess funds to the General Revenue Fund which are not needed for current operations. Future budgets of the Circuit Clerk Interest Fund should include all beginning available cash.
- C. Turn custody of the Recorder User Fee Fund to the County Treasurer, as required by state law.
- D. Review the balance of the Recorder User Fee Fund and prepare a budget or formal plan to utilize the funds and reduce the accumulated balance.

Status:

A-D. Not implemented. See MAR No. 6.

7. Associate Circuit Court

- A. Receipt slips were not always issued immediately upon receipt.
- B. Checks and money orders were not always restrictively endorsed immediately upon receipt.
- C. The court did not have an adequate password system or procedures to restrict access to the computer system. In addition, user identification codes (IDs) were not used.

Recommendation:

The Associate Circuit Judge:

- A. Ensure receipts are issued for all monies immediately upon receipt.
- B. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

- C. Implement a password system which requires each user be assigned a unique user ID and password, and require passwords to be changed periodically.

Status:

A&B. Implemented.

- C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Prosecuting Attorney's Accounting Controls and Procedures

- A. The Prosecuting Attorney sometimes waived the administration fee on bad check cases; however, authorization of the fee waiver was not always maintained. In addition, changes could be made to computerized case file information after it had been entered into the system.
- B. The Prosecuting Attorney had not established effective procedures to periodically review the bad check case files.
- C.1. Voided receipt slips were not retained.
  - 2. Money orders were not always restrictively endorsed immediately upon receipt.
- D. The Prosecuting Attorney maintained possession of an old inactive bank account totaling \$7,851 that should have been turned over to the state Unclaimed Property Section.
- E. The Prosecuting Attorney served as custodian of one of the Prosecuting Attorney Bad Check Funds although there was no statutory authority to allow this.

Recommendation:

The Prosecuting Attorney:

- A. Ensure bad check case files include authorization to waive the administrative fee. In addition, the computer system should be modified to generate change reports which should be reviewed by the Prosecuting Attorney.
- B. Periodically review all bad check cases to ensure the proper disposition has been recorded and to follow-up on all unpaid bad checks.
- C.1. Retain all copies of voided receipt slips.
  - 2. Ensure money orders are restrictively endorsed immediately upon receipt.

- D. Distribute the balance of the old bank account to the Unclaimed Property Section and close the account.
- E. Turn over the remaining proceeds of the Prosecuting Attorney Bad Check Fund to the County Treasurer.

Status:

A. Implemented. The Prosecuting Attorney no longer waives the administrative fees.

B&E. Implemented.

C.1-2

&D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Sheriff's Accounting Controls and Procedures

- A. At least \$1,656 of gun permit fees, prisoner transportation reimbursements and employee collections were received and not deposited during the two years ended December 31, 1997.
- B. Accounting duties were not adequately segregated or supervised.
- C.1. Bond forms were not prenumbered, and receipt slips were not issued for some bond receipts.
  - 2. Bond receipts were occasionally turned directly over to the court in cash rather than being processed through the bank account. Receipt slips were not always retained to document the turnover of these cash bonds.
- D. The original copies of voided receipt slips were not always retained.
- E. The Sheriff maintained custody of the Drug Forfeiture Fund instead of turning these monies over to the County Treasurer.
- F. Employees responsible for collecting monies were not bonded.
- G. The duties related to seized property were not adequately segregated.

Recommendation:

The Sheriff:

- A. Continue to work with law enforcement officials regarding any criminal prosecution and to obtain restitution of the misappropriated funds.
- B. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and the reconciliations prepared.
- C.1. Require prenumbered bond forms or receipt slips to be issued for all bond receipts and the numerical sequence to be properly accounted for.
- 2. Deposit all bond monies into the bank account, or, if bond monies must be transmitted directly to the court, ensure that receipt slips are obtained and attached to the receipt book.
- D. Ensure all copies of voided receipt slips are properly retained.
- E. Turn over custody of the Drug Forfeiture Fund and all future revenues of this fund to the County Treasurer.
- F. Consider bonding all employees handling monies.
- G. Segregate the duties of custody and record-keeping related to seized property.

Status:

- A. Implemented. The former deputy was convicted and paid court-ordered restitution of approximately \$1,200.
- B,C.1-2,  
D,F&  
G. Implemented.
- E. Partially implemented. The Drug Forfeiture Fund is currently held by the County Treasurer. However, the Sheriff has retained a balance in the bank account for miscellaneous expenditures such as drug buys. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Developmentally Disabled Board

- A. The approved budgets did not adequately project the anticipated financial condition of the Developmentally Disabled Board for the two years ended December 31, 1997.

In addition, the cash balance at December 31, 1997 appeared excessive compared to prior years' annual disbursements.

- B. Collateral securities pledged by the board's depository bank were held by the pledging bank's agent, but the securities were not in the board's name.

Recommendation:

The Developmentally Disabled Board:

- A. Estimate disbursements as closely as possible to the anticipated actual amounts so that reasonable estimates of the board's financial position are presented in the budgets. In addition, the board should document its plans for the use of the accumulated cash balance or take steps to reduce its balance.
- B. Ensure collateral securities pledged to cover the board's deposits are pledged in the board's name.

Status:

- A. Partially implemented. The board's estimates of its financial position were more reasonable than in the prior audit. However, the board did not document its plans for the use of the accumulated cash balance or take steps to reduce its balance. See MAR No. 9.
- B. Implemented.

11. County Clerk

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlement.

Status:

Partially implemented. The County Clerk is currently in the process of developing an account book. Given the numerous problems encountered with the county's property tax system, it is essential that the County Clerk develop and maintain an account book to verify the County Collector's annual settlement. Although not repeated in the current MAR, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# TANEY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1837, the county of Taney was named after Chief Justice Roger B. Taney of the U.S. Supreme Court. Taney County was a county-organized, third-class county in 2000. The county became a first-class county in 2001 in accordance with Section 48.020, RSMo 2000. Taney County is part of the 38th Judicial Circuit. The county seat is Forsyth.

Taney County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Taney County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 9,200	0	20,536	1
Sales taxes	5,303,856	55	5,221,854	56
Federal and state aid	1,315,527	14	1,396,996	15
Fees, interest, and other	2,970,775	31	2,617,980	28
Total	\$ 9,599,358	100	9,257,366	100

The following chart shows how Taney County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 4,887,165	63	4,511,508	68
Public safety	2,622,608	33	2,017,669	30
Highways and roads	304,451	4	119,353	2
Total	\$ 7,814,224	100	6,648,530	100



In addition, Taney County received \$5,626,120 and \$5,638,350 of revenues in the Road and Bridge Trust Fund and expended \$4,213,200 and \$4,892,828 for the purpose of highways and roads in 2001 and 2000, respectively.

The county maintains approximately 36 county bridges and 497 miles of county roads.

The county's population was 13,023 in 1970 and 39,703 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	517.6	499.7	146.2	49.8	18.3
Personal property		105.7	99.6	17.0	9.6	4.6
Railroad and utilities		20.9	18.7	6.3	4.8	2.7
Total	\$	644.2	618.0	169.5	64.2	25.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Taney County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
Health Center Fund	\$	.0904	.0904
Developmentally Disabled Board Fund		.0900	.0900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	146,996	147,713
General Revenue Fund		31,943	39,535
Assessment Fund		244,347	275,957
Health Center Fund		463,355	441,213
Developmentally Disabled Board Fund		437,717	437,180
School districts		16,958,082	16,876,022
Ambulance district		947,273	973,523
Fire protection district		924,765	880,547
Cities		7,463,301	8,237,743
County Clerk		1,287	1,258
County Employees' Retirement		171,885	226,809
Tax sales surplus		2,522	333
Commissions and fees:			
General Revenue Fund		360,641	511,518
Total	\$	<u>28,154,114</u>	<u>29,049,351</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate	84 %		84 %
Personal property	83		83
Railroad and utilities	99		100

Taney County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50 %
Road and bridge capital improvements		.0050	2008	None
Sewer improvements*		.0050	2003	None

\* This sales tax has been extended for 20 years until 2023.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Joe Chowning, Presiding Commissioner	\$	49,000	31,700
Ron Herschend, Associate Commissioner		47,000	
Don Swan, Associate Commissioner		47,000	
Wade Meadows, Associate Commissioner			29,700
E.F. Gann, Associate Commissioner			29,700
Deborah Clark, County Clerk		49,000	45,000
Minnie I. Stottle, County Auditor		40,833	
Rodney Daniels, Prosecuting Attorney		55,000	55,000
Jim Russell, Sheriff		54,000	
Theron Jenkins, Sheriff			49,450
Rebecca (Becky) Roberts, County Treasurer		49,000	33,000
David Rozell, County Coroner		16,000	
Dr. Charles A. Spears, County Coroner			8,625
Rita G. Housman, Public Administrator (1)		38,976	30,963
Sheila Wyatt, County Collector ,			
year ended February 28 (29),	65,525	65,525	
James Strahan, County Assessor (2), year ended			
August 31,		47,667	45,000
Larry A. Gardner, County Surveyor (3)		25,025	24,693

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Katherine (Katy) Clarkson, Circuit Clerk and			
Ex Officio Recorder of Deeds		60,330	46,127
Tony Williams, Associate Circuit Judge		96,000	97,382
Michael E. Merrell, Associate Circuit Judge		30,500	

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	3	
Circuit Clerk and Ex Officio Recorder of Deeds	7 *	7
County Clerk	5	
Prosecuting Attorney	12	
Sheriff	58 **	
County Treasurer	1 *	
Public Administrator	1 *	
County Collector	5 *	
County Assessor	13 *	
County Auditor	2	
Associate Division	0	6
Probate Division	0	1
Road and Bridge	55	
Building and Grounds	5 *	
Planning and Zoning	5 *	
Mechanics	2	
Emergency Management	1 *	
University Extension	2 *	
Sewer District	5	
EDP Department	4	
Transfer Station	3	
Emergency 911	2	
Juvenile Officer	2	
Animal Control	2	
Total	<u>195</u>	<u>14</u>

\* Includes one part-time employee.

\*\* Includes five part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Taney County's share of the Thirty-Eighth Judicial Circuit's expenses is 44 percent.

In 1996, the county entered into a direct loan program with the Missouri Department of Natural Resources and borrowed \$3 million for the design and construction of sewer systems in the county. All debt service payments are from the county's one-half cent sales tax for sewer capital improvements. At December 31, 2001, the principal balance outstanding totaled \$446,954. The direct loan is scheduled to be paid off by January 1, 2004.

\* \* \* \* \*



**COUNTY EMPLOYEES' RETIREMENT SYSTEM**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-89  
September 12, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**The following report is our review of the County Employees Retirement System.**

---

As noted in our prior audit, the County Employees' Retirement System (CERS) did not solicit proposals before entering into a contract with a firm to provide actuarial and consulting services in October 1998. During 1999, 2000, and 2001, the CERS entered into several more contracts with the same firm, all without soliciting proposals. The additional contracts entailed actuarial valuations and special analyses, general consulting services, retirement plan and computer system database redesigns and enhancements, and additional ongoing systems support.

During 1999, 2000, and 2001, the CERS paid the firm approximately \$2,716,000 through these various contracts, including approximately \$506,000 for actuarial services, \$2,021,000 for other consulting and system design services, and \$189,000 in related out-of-pocket expenses. In addition, in January 2002, the CERS contracted with a new firm for actuarial services, also without soliciting proposals.

As noted above, the CERS reimbursed expenses totaling \$189,000 to its prior actuarial/consulting firm during 1999, 2000, and 2001. While invoices submitted by the company grouped the expenses into various categories such as general administrative expenses, airfare, transportation, lodging and meals, no supporting documentation was requested or received to substantiate the expenses claimed.

The CERS authorized and/or paid for some services prior to, or without, signing a valid contract. To ensure each party's rights, responsibilities, and obligations are clearly understood and enforceable, signed contracts should be in place before the CERS authorizes commencement of, or pays for, future services.

After soliciting proposals, in December 1999 the CERS entered into an agreement with a law firm to serve as the system's legal counsel for an annual retainer of \$75,000 (paid monthly) with any litigation services billed separately on an hourly basis. While the law firm submitted detailed billings for litigation services, the CERS neither requested nor received detailed invoices to document the services provided under the retainer fee. In October 2000, the CERS approved the law firm's request to raise the annual retainer to \$150,000 effective December 2000. An additional annual increase of 3 to 5 percent, not to exceed \$7,500 annually, was approved by the CERS in February 2002.

To allow the CERS to monitor the matters being referred to the legal counsel and the services being provided, and to ensure the contract is fair to both parties, the CERS should require the law firm to submit monthly invoices detailing the dates, work performed, attorneys involved and time incurred for matters covered under the retainer agreement. Previous law firms used by the CERS did submit such detailed invoices.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

# COUNTY EMPLOYEES' RETIREMENT SYSTEM

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-8
<u>Number</u>	<u>Description</u>
1.	Actuarial and Consulting Services .....
2.	Legal Fees .....
FOLLOW-UP ON PRIOR AUDIT FINDINGS .....	9-10
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	11-17

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Board of Directors  
and  
Sarah J. Maxwell, Executive Director  
County Employees' Retirement System  
Jefferson City, MO 65102

The State Auditor is required under Section 50.1030.5, RSMo 2000, to audit the County Employees' Retirement System and the operations of the board. The system engaged Williams Keepers, LLC, Certified Public Accountants (CPAs), and Evers and Company, LLC, Certified Public Accountants, to audit the system's financial statements for the years ended December 31, 2001 and 2000, and 1999, respectively. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPAs. We reviewed the reports and substantiating working papers of the CPAs to satisfy ourselves as to the appropriateness of using the reports, and we accept them in partial fulfillment of our responsibility under Section 50.1030.5. The additional objectives of this audit were to:

1. Review compliance with certain legal provisions.
2. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents, and interviewed various personnel of the system.

As a part of our audit, we assessed the system's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This background information was obtained from the system's management and was not subjected to the procedures applied in our audit system.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Employees' Retirement System.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

August 28, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Rosemarie Edwards

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

COUNTY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR'S FINDINGS

<b>1. Actuarial and Consulting Services</b>
---------------------------------------------

- A. As noted in our prior audit, the County Employees' Retirement System (CERS) did not solicit proposals before entering into a contract with a firm to provide actuarial and consulting services in October 1998. During 1999, 2000, and 2001, the CERS entered into several more contracts with the same firm, all without soliciting proposals. The additional contracts entailed actuarial valuations and special analyses, general consulting services, retirement plan and computer system database redesigns and enhancements, and additional ongoing systems support.

During 1999, 2000, and 2001, the CERS paid the firm approximately \$2,716,000 through these various contracts, including approximately \$506,000 for actuarial services, \$2,021,000 for other consulting and system design services, and \$189,000 in related out-of-pocket expenses. In addition, in January 2002, the CERS contracted with a new firm for actuarial services, also without soliciting proposals. Without requesting competitive proposals for such services, the CERS has not ensured it is receiving these services at a fair price.

- B. As noted above, the CERS reimbursed expenses totaling \$189,000 to its prior actuarial/consulting firm during 1999, 2000, and 2001. While invoices submitted by the company grouped the expenses into various categories such as general administrative expenses, airfare, transportation, lodging and meals, no supporting documentation was requested or received to substantiate the expenses claimed.

To ensure that expenses for which reimbursement is sought are valid, reasonable and necessary, the CERS should require and review adequate supporting documentation prior to payment.

- C. The CERS authorized and/or paid for some services prior to, or without, signing a valid contract.

1. The CERS signed a contract with the prior actuary/consultant in December 1999 for general consulting services related to plan changes. However, the firm actually began performing the contracted services in May 1999 and had completed and billed approximately 70% of the work before the contract was signed. Another contract was signed with the firm in February 2000 to begin modifications and enhancements of the system's proprietary software. Again, the firm had actually worked for several months and had performed and completed approximately 81% of the contracted services before the contract was ever signed. An addendum to

the contract was necessary two months later to support an additional \$56,000 in services provided between the signing of the original contract in February 2000 and completion of the contract in April 2000.

2. To help fulfill its contracts for retirement plan software and database analysis and updates, the prior actuarial/consulting firm subcontracted some of the computer analysis and programming functions to another vendor. Approximately \$308,000 for the subcontractor's services was billed and paid through the consulting firm and was counted against the consultant's contracted cap on fees. However, after the consultant's contractual limit was reached, an additional \$128,000 in fees for the subcontractor was billed to and paid by the CERS in June, July and August 2001, even though the CERS had no contract with the subcontractor and had no involvement in selecting the subcontractor.

To ensure each party's rights, responsibilities, and obligations are clearly understood and enforceable, signed contracts should be in place before the CERS authorizes commencement of, or pays for, future services.

**WE RECOMMEND** the CERS Board of Directors:

- A. Solicit proposals for all professional services.
- B. Require and review adequate supporting documentation prior to reimbursing contractors' expenses.
- C. Ensure written contracts are signed with all vendors before work commences and before paying for such work.

**AUDITEE'S RESPONSE**

- A. *The Board does seek proposals for most services when time constraints allow for a meaningful solicitation and review process. In a few instances, when a vendor has established a proven track record with CERS or when time is of the essence, CERS has continued its relationship with those vendors without solicitations. This process has allowed CERS to continue delivering services to its members in a timely fashion. CERS understands the benefits of soliciting proposals and will continue to solicit proposals from vendors as appropriate. However, CERS does note that its legal counsel has advised that it is not legally required to solicit proposals for professional services.*
- B. *CERS has required documentation of expenses from its vendors. Vendors have provided detailed expenses, and CERS can verify items such as travel expenses by its own records of when vendors traveled on behalf of CERS. CERS will continue requiring documentation of expenses from its vendors and will request more detail on major expenses.*

- C. *CERS generally requires written contracts of all its vendors. The matters noted in this report occurred in 1999 and 2000 and due to time constraints of the work involved, some work began before contracts were finalized. Subsequently, CERS has required written contracts prior to the commencement of work.*

<b>2. Legal Fees</b>
----------------------

After soliciting proposals, in December 1999 the CERS entered into an agreement with a law firm to serve as the system's legal counsel for an annual retainer of \$75,000 (paid monthly) with any litigation services billed separately on an hourly basis. While the law firm submitted detailed billings for litigation services, the CERS neither requested nor received detailed invoices to document the services provided under the retainer fee. In October 2000, the CERS approved the law firm's request to raise the annual retainer to \$150,000 effective December 2000. An additional annual increase of 3 to 5 percent, not to exceed \$7,500 annually, was approved by the CERS in February 2002. Legal fees incurred by the CERS with this firm and prior firms for the four years ended December 31, 2001, were approximately as follows:

Year Ended December 31,			
2001	2000	1999	1998
\$ 150,644	109,296	215,692	200,284

To allow the CERS to monitor the matters being referred to the legal counsel and the services being provided, and to ensure the contract is fair to both parties, the CERS should require the law firm to submit monthly invoices detailing the dates, work performed, attorneys involved and time incurred for matters covered under the retainer agreement. Previous law firms used by the CERS did submit such detailed invoices. In addition, upon request, the current law firm provided the State Auditor's Office with a statement of service dates and hours incurred.

**WE RECOMMEND** the CERS Board of Directors require its legal counsel to provide detailed invoices to document work performed under the retainer agreement.

**AUDITEE'S RESPONSE**

*CERS's legal counsel will provide detailed invoices when requested. CERS's legal counsel is retained on a flat rate basis. Certain matters referred to legal counsel are potential subjects of litigation. All are privileged attorney-client communications. Documenting some of these matters by way of a detailed bill that could be the subject of a discovery request would not serve CERS's legal interests. However, CERS will explore with its legal counsel how it can obtain additional detail on billings while protecting the confidentiality of sensitive issues.*

This report is intended for the information of the management of the County Employees' Retirement System and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## FOLLOW-UP ON PRIOR AUDIT FINDINGS



## COUNTY EMPLOYEES' RETIREMENT SYSTEM FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the County Employees' Retirement System on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1998.

### Professional Services Contracts

The County Employees' Retirement System (CERS) did not solicit proposals for an actuarial consulting service and plan design contract or a legislative consulting contract.

### Recommendation:

The CERS Board of Directors request proposals for all professional services.

### Status:

Partially implemented. While the CERS did solicit proposals for some professional services, additional contracts were signed for plan design and consulting services without requesting proposals. See MAR finding number 1.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

# COUNTY EMPLOYEES' RETIREMENT SYSTEM HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The County Employees' Retirement System (CERS) was created under an act of the 87<sup>th</sup> General Assembly, commenced actual operations on August 28, 1994, and is governed by Sections 50.1000 to 50.1300 of the Revised Statutes of Missouri. The CERS is a mandatory cost-sharing multiple-employer, statewide public employee retirement system for certain employees in each county of the state, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. The System is a defined benefit plan providing retirement and death benefits to its members.

The responsibility for the operation and administration of the retirement system is vested in the CERS Board of Directors, consisting of nine elected CERS members representing different, elective county offices, and two directors, who have no beneficiary interest in the system, appointed by the governor. All board members serve four year terms. As of December 31, 2001, the members of the Board of Directors were:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Kay Murray (1)	Chairperson	December 31, 2001
Dick Jones (2)	Vice Chairperson	December 31, 2003
Elaine Luck	Secretary	December 31, 2002
Jerry Reynolds (3)	Member	December 31, 2004
Rosemary Gannaway (4)	Member	December 31, 2004
Bettie Johnson	Member	December 31, 2002
Wayne Scharnhorst (1)	Member	December 31, 2001
Frank Sifford	Member	December 31, 2002
Fred Ward (1)	Member	December 31, 2001
Conny Dover	Appointed Member	January 1, 2004
Don Cupps	Appointed Member	January 1, 2004

- (1) Reelected January 1, 2002.
- (2) Secretary for 2002.
- (3) Chairperson for 2002.
- (4) Vice-Chairperson for 2002.

Sarah J. Maxwell has served as Executive Director since her appointment on February 26, 1998. The Executive Director coordinates the daily operation of the retirement system and with the approval of the board, contracts for professional services needed to operate the system.

The Board of Directors appointed Aon Consulting, Inc., of Atlanta, Georgia as actuarial and plan design consultants. Effective January 25, 2002, Northern Trust Retirement Consultants, L.L.C., of Atlanta, Georgia, was appointed actuarial consultant. As of December 31, 2001, the following investment managers held investments for the CERS: Boone County National Bank of Columbia, Missouri; Zurich Scudder of New York City, New York; Roxbury Capital

Management, LLC of Minnetonka, Minnesota; Brandes Investment Partners, LP of San Diego, California; Loomis, Sayles & Co., LP of Chicago, Illinois; Rockwood Capital Advisers, LLC of St. Louis, Missouri; and Dalton, Greiner, Hartman, Maher & Co., of New York City, New York. Key Trust Company of Cleveland, Ohio serves as the system's investment custodian. Bryan Cave of Jefferson City, Missouri serves as the system's legal counsel. Asset Consulting Group, Inc. of St. Louis, Missouri serves as the system's investment consultant. Madsen and Wright, Inc. of Jefferson City, Missouri serves as the system's legislative consultant. Williams Keepers, CPAs, LLC of Columbia, Missouri serves as the system's independent auditor.

As of December 31, 2001, there were 111 contributing employers to the fund which includes 9,780 active members, 316 inactive members, 855 terminated vested members, and 1,358 retired members and beneficiaries.

As of December 31, 2001, membership, required contributions, and benefits provided under the CERS are generally as follows:

#### Eligibility

Membership is provided for any county elective or appointive officer or employee who is hired and fired by the county, or by the circuit court located in a county of the first classification without a charter form of government which is not participating in LAGERS, and whose work responsibilities are directed and controlled by the county, or by the circuit court of such counties noted above, and who is compensated directly from county funds whose position requires the actual performance of duties of not less than one thousand hours per calendar year, with the exception of any city not within a county and any county of the first classification having a charter form of government. Individuals who are specifically excluded from CERS include county prosecuting attorneys, covered under the Prosecuting Attorneys' and Circuit Attorneys' Retirement System; circuit clerks and deputy circuit clerks, covered under the Missouri State Employees Retirement System; and county sheriffs, covered under the Sheriff's Retirement System. Prior to January 1, 2000, eligible county employees could opt out of the retirement system. Since January 1, 2000, any county employees who were members as of that date, and all eligible employees hired since that date, no longer have the right to opt out of the system. Eligible county employees who previously opted out of the system may, under certain conditions, become members of the system again.

#### County Contributions

Funding is provided in accordance with Section 50.1020, RSMo. In all counties, except first class counties having a charter form of government and any city not within a county, the retirement system receives a portion of delinquent property tax penalties, late assessment penalties, a portion of document recording fees, a portion of merchants licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The office of Secretary of State also collects and remits fees to the system for certain filing transactions.

## Employee Contributions

In all counties except counties of the first class having a charter form of government and any city not within a county, the retirement system receives a 2 percent payroll deduction from the compensation of all covered county employees who are not members of the Local Government Employees' Retirement System (LAGERS). Employees who qualify for membership in LAGERS are not subject to any payroll deductions in connection with their membership in the CERS.

## Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements.

### NORMAL RETIREMENT

A member may retire with a full benefit at age sixty-two with eight or more years of creditable service.

The monthly service retirement benefit for members retiring on or after January 1, 2000, who do not belong to LAGERS, is the greater of 1) twenty-four dollars multiplied by years of creditable service, up to a maximum of twenty-five years, or 2) an amount determined according to a statutory formula taking into account the member's "targeted replacement ratio", average final compensation, years of creditable service up to a maximum of twenty five years, and monthly primary Social Security benefit. For persons who were members of the system as of December 31, 1999, the normal annuity may not be less than the annuity the member had earned under the terms of the retirement system in effect on that date.

The service retirement benefit for LAGERS members are calculated at sixty-six and two-thirds percent of the normal annuity determined above.

### EARLY RETIREMENT

A member with eight or more years of creditable service may elect to receive a retirement annuity after reaching age fifty-five. The normal annuity shall be reduced by four-tenths of one percent for each month the commencement date of the annuity precedes age sixty-two, and an additional three-tenths of one percent for each month the commencement date of the annuity precedes age sixty.

### PAYMENT OPTIONS

A retiring member may select the form of payment of the retirement benefit from among several options. These options include 1) a life income annuity whereby the retiree receives a full benefit until the retiree's death with no survivor option, 2) a life income annuity with 10 years certain whereby the retiree receives a full benefit until the retiree's

death with 120 monthly payments guaranteed, or 3) one of three (50 percent, 75 percent or 100 percent) joint and survivor options to provide survivor benefit coverage in varying degrees after the retiree's death. Under the joint and survivor options, the retiree would receive a lesser monthly payment during the retiree's lifetime than if the member had chosen the single life annuity. However, after the retiree's death, the surviving spouse will continue to receive a benefit for the survivor's lifetime in the amount of the percentage elected by the member times the monthly payment the retiree received. In the event a retiree has elected one of the survivorship options of payment and the death of the beneficiary precedes the death of the retiree, the retiree's benefit shall revert to an amount equal to the retiree's normal annuity at the time of retirement plus any cost-of-living (COLA) or other increases.

An additional option, the level-income option, is available to those retiring prior to age sixty-two and allows their income to remain level throughout retirement. Prior to age sixty-two, the CERS benefit will be inflated and, at age sixty-two, the benefit will decrease as social security benefit income is added, keeping the income level. This option is also available coupled with the 50 percent, 75 percent, or 100 percent joint and survivor options noted above.

#### Cost-of-Living Adjustments

All retired members are eligible for an annual post-retirement cost-of-living adjustment provided they are presently drawing a retirement benefit, have been doing so for at least one year and have not waived their right to receive the COLA increase. The adjustment, approved annually by the Board of Directors, may increase retirement benefits up to one percent per year, based on the increase in the Consumer Price Index and subject to a maximum lifetime increase of fifty percent of the initial benefit.

#### Termination of Employment

Members who terminate employment, other than by death, prior to attaining eight years of service forfeit all rights in the system, but may receive a refund of the member's accumulated contributions. Members who terminate employment with at least eight years of service shall be entitled to an annuity from the system calculated according to the normal annuity shown above, once the terminated member reaches the required age. A former member who has forfeited creditable service may have the creditable service restored by again becoming an employee and meeting certain other criteria, including purchase of the forfeited service.

#### Death Benefit

Active members' beneficiaries are eligible to receive a \$10,000 death benefit if the member dies while actively employed by the county or on recognized medical or military leave. The benefit will be paid to beneficiaries named by the member or the active member's estate.

### Survivor's Benefits

If a fully vested member dies prior to retirement, the surviving spouse may apply to receive survivorship benefits under the fifty percent annuity option commencing the first day of the month following the member's death if the member was age sixty-two or older at death. If the member was under age sixty-two at death, the surviving spouse's benefit will commence on the first day of the month following the date the member would have been sixty-two. Alternatively, if the member was not aged sixty-two or older at time of death, the surviving spouse may elect to receive the actuarial equivalent benefit, reduced for early commencement, payable on the first day of any month following the date of the member's death and prior to the date the member would have turned age sixty-two.

### Special Consultants

Any person who was a full time county employee, ended county employment between January 1, 1990 and August 28, 1994, and who had prior service as a county employee for at least eight years may apply to the board as a special consultant. Special consultants may be allowed to join the system and purchase prior service at a rate of three percent of the retiring member's (non-LAGERS) average final compensation times the number of years purchased or two percent of the retiring member's (LAGERS) average final compensation times the number of years purchased. Special consultants must make, at least, fifty percent of the purchase of their prior service prior to receiving a benefit, with the option of paying the other fifty percent in full at the time they begin drawing an annuity or through monthly deduction from the retirement benefit not to exceed four years.

### Defined Contribution Accounts

Effective with calendar years ending after December 31, 1999, a defined contribution account will be established by the board, if actuarially feasible, on behalf of each eligible and active member of the retirement system.

Employees who are not members of LAGERS shall make contributions of seven-tenths of one percent of their compensation to the defined contribution account established on each employee's behalf. In addition, all members may make additional voluntary contributions up to certain statutory maximums, and if certain conditions are met the board shall make a matching contribution. The board's match shall be made from certain revenue sources only if it is determined that the entire amount of such revenues need not be contributed to the defined benefit retirement system in order to keep the retirement system actuarially sound. In addition to the matching contributions made by the board, counties shall also be entitled to make matching contributions to the defined contribution accounts of members employed by the county in accordance with rules and regulations formulated and adopted by the board.

Members are eligible to receive a distribution from their defined contribution account as soon as administratively feasible following termination of employment, or may choose to receive the account balance at a later time. The account balance shall be paid in a single sum. Terminating members may also elect to have any portion of the distribution, greater than \$200, rolled over to an eligible retirement plan specified by the member.

### ***Subsequent Events***

House Bill 1455, effective July 11, 2002 contained provisions that affect CERS. The legislation provides that every county employee hired on or after February 25, 2002, is subject to a 4 percent payroll contribution beginning January 1, 2003. The payroll contribution may be treated as a pretax employee contribution or some or all of it may be paid by the county as an employer contribution. The contribution is in addition to other payroll contributions already in effect.

\* \* \* \* \*





**METROPOLITAN ST. LOUIS SEWER DISTRICT  
TWO YEARS ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-88  
September 12, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**The following problems were discovered as a result of an audit conducted by our office of the Metropolitan St. Louis Sewer District.**

---

Significant weaknesses were noted in the district's billing and collection policies, procedures and records. At June 30, 2001, the district had over 38,000 accounts with a total amount delinquent of approximately \$34 million, including delinquencies dating as far back as 1981. In addition, the district wrote-off over \$2.7 million in delinquent charges deemed not to be collectable during fiscal year 2001. Written policies and procedures outlining specific steps and criteria to be followed for billing and collection activities have not been developed. Adjustments to customer accounts are not always properly authorized, the supporting documentation for adjustments is not sufficient, and controls over adjustment authorization forms need to be improved. In addition, significant adjustments are not reported to the Board of Trustees.

The district had significant problems with the management of its Real Property Acquisition and Relocation Assistance (buyout) Program for the Ashland Abner neighborhood in the City of St. Louis. The district needs to improve its procedures for managing the buyout program because in July 2001 and January 2002, the Board approved approximately \$3.7 million and \$2.8 million, respectively, for two additional buyout programs.

The district did not adequately evaluate and/or monitor the cost of legal services, and the district did not prepare Request for Proposals (RFP) for its legal services. Also, legal service arrangements were not approved by the Board of Trustees, nor were written agreements always prepared. In addition, the law firms did not always provide adequate supporting documentation, and the payments to these firms were not always in accordance with district guidelines. The district's legal expenses increased from \$732,056 in fiscal year 1999 to \$1,903,002 in fiscal year 2000.

The district needs to improve its process of procuring and monitoring most of its professional services (excluding engineering services). In addition, the district could not always provide information to support the benefits it was receiving from each contract. It appears the procurement and management of professional services is not consistent on a districtwide basis partially because the policies and procedures are general and allow various interpretations by each department. The district uses professional services for areas such as real estate appraisal, public relations, training programs, general investment and advisory services, computer programming, financial audits, pension consulting, and rates consulting.

Some disbursements did not appear to be a prudent, reasonable, or a necessary use of district funds, including:

- The district provided over \$15,000 in fiscal year 2001 and over \$10,000 in fiscal year 2000 to organizations for which the supporting documentation did not always indicate the business purpose and/or identify those people attending.
- In January 2002, the district spent over \$12,000 for its Diverse Universe Award Celebration luncheon and for promotional and informational material.

- In November and December 1999, the district spent almost \$4,500 for three networking breakfast meetings, one for construction vendors, one for goods/services vendors, and one for professional service vendors.
- An annual Years of Service Awards banquet is held each year for employees who have been with the district for a significant amount of years. The district spent approximately \$19,800, \$26,800, and \$20,000 in January 2000, 2001, 2002 respectively. The majority of these funds were for the employee gifts, such as watches, clocks, jewelry, golf clubs, DVD players, and digital cameras.
- The district spent over \$46,000 and \$24,000 in fiscal years 2001 and 2000, respectively, on its employee incentive program, called Excellence in Action. Employees receive points (each point is worth \$5) for activities involving customer satisfaction, teamwork, and community relations and involvement. The dollar value of the points is transferred to a debit card, and the debit card can be used at the employee's discretion.

The district needs to improve its construction reports to provide more accountability to the public. The district does not compare and report cost estimates (budgeted amounts) to actual award (contract) cost of a project, nor does the district compare the award cost to the completed project cost.

The supporting documentation for the district's business expense reports (particularly for business meals and credit card charges) is not always adequate. Airline tickets are not always attached to expense reports, and a business reason for flight upgrades is not documented. In addition, some lodging appeared excessive.

The district has not established a limit on the amount of unused accrued sick leave paid employees. One employee received over \$119,000 for his unused sick leave. A districtwide policy on record retention and document destruction has not been established. Also, a current list of related employees and employees with secondary employment is not maintained and monitored by the Office of Human Resources.

The district compensated employees \$76,250 for turning in district vehicles the employees were using primarily for personal commuting purposes which does not appear to be a necessary or appropriate use of district funds. In addition, vehicle usage logs are not maintained for many vehicles.

Formal written minutes were not prepared for closed meetings. The minutes, ordinances, and resolutions are not being signed on a timely basis.

The district is not conducting a physical inventory of its fixed assets on a timely basis. In addition, the individual performing the physical inventory is also responsible for recording and accounting for the fixed assets. The district's financial statements, as of June 30, 2001, show an investment in general plant and equipment of over \$48 million.

Some employees are allowed to use district property for personal use. The district's inventory records are not accurate, periodic physical inventories are not conducted on a regular basis, and the inventory control function is not adequately segregated.

Our previous audit, issued in August 1988, made 92 management recommendations to the Metropolitan St. Louis Sewer District. Of those recommendations, 66% have been implemented, 19% have been partially implemented and 13% have not been implemented by the district. The final 2% were informational recommendations and required no action by the district.

METROPOLITAN ST. LOUIS SEWER DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-48
<u>Number</u>	<u>Description</u>
1.	Billing and Collection Policies, Procedures, and Records.....5
2.	Real Property Acquisition and Relocation Assistance Program .....15
3.	Legal Services .....18
4.	Professional Services .....22
5.	Expenditures .....27
6.	Construction Projects .....31
7.	Expense Reimbursements .....33
8.	District Policies and Procedures .....35
9.	Vehicle Fleet .....38
10.	Meetings and Ordinances.....41
11.	Fixed Asset Records and Procedures .....43
12.	Inventory Records and Procedures.....44
FOLLOW-UP ON PRIOR AUDIT FINDINGS .....	49-73
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	74-78

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Board of Trustees  
Metropolitan St. Louis Sewer District  
2000 Hampton Avenue  
St. Louis, MO 63139

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the Metropolitan St. Louis Sewer District. The district had engaged Rubin, Brown, Gornstein (RBG) and Company LLP, Certified Public Accountants (CPA), and KPMG LLP, CPA, to audit the district for the years ended June 30, 2001 and 2000, respectively. To minimize any duplication of effort, we reviewed the report and substantiating working papers of RBG and Company LLP. The scope of our audit of the district included, but was not necessarily limited to, the two years ended June 30, 2001. The objectives of this audit were to:

1. Review certain expenditures of the district.
2. Review certain personnel practices and procedures.
3. Review internal control procedures over certain financial areas.
4. Review compliance with certain constitutional provisions, statutes, attorney general's opinions, and board policies as we deemed necessary or appropriate in the circumstances.
5. Follow-up on recommendations made in our previous report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the district as deemed appropriate.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Metropolitan St. Louis Sewer District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Toni M. Crabtree, CPA
Audit Staff:	Monique Williams, CPA
	Brenda Simpson
	Cindy Elliott
	Kate Petschonek

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



METROPOLITAN ST. LOUIS SEWER DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the Metropolitan St. Louis Sewer District (district).

The district is organized pursuant to Article VI, Section 30 of the Missouri Constitution and is a political subdivision of the state. The district was created in 1954 to provide a metropolitan-wide integrated sewer system to serve the city of St. Louis and parts of the county of St. Louis. In 1977, the district annexed most of the county of St. Louis, not already part of the system. The district service area now includes a system of sanitary, storm water and combined sewers totaling more than 8,700 miles of pipes and channels covering more than 524 miles, serving approximately 1.4 million customers.

The district is governed by a six-member Board of Trustees with equal representation from the city and the county. A three-member Civil Service commission serves in an advisory position on problems concerning personnel administration. The Charter (Plan) which established the district was amended by voters in 2000. The amended Plan established an independent fifteen-member rate commission to review adjustments to the district's user charges before the Board of Trustees acts on them. Another major change in the Plan gave the district the authority to issue revenue bonds on a districtwide basis.

The following recommendations resulted from our audit of the district.

<b>1.</b>	<b>Billing and Collection Policies, Procedures, and Records</b>
-----------	-----------------------------------------------------------------

We noted significant weaknesses in the district's billing and collection policies, procedures and records. Written policies and procedures outlining specific steps and criteria to be followed for billing and collection activities have not been developed. Adjustments to customer accounts are not always properly authorized, the supporting documentation for adjustments is not sufficient, and controls over adjustment authorization forms need to be improved. In addition, significant adjustments are not reported to the Board of Trustees. Delinquent account balances are not written-off on a timely basis. Liens are not placed on customer accounts in a consistent manner. The district's Disadvantaged Business Enterprise (DBE) collection agency may not meet the qualifications of a DBE and the district does not adequately monitor the collection agencies.

The primary source of funding for the district is a wastewater user charge. In fiscal year 2001, the district billed approximately \$127 million in sewer service charges. At June 30, 2001, the district had over 38,000 accounts with a total amount delinquent of approximately \$34 million, including delinquencies dating as far back as 1981. In addition, the district wrote-off over \$2.7 million in delinquent charges deemed not to be collectable during fiscal year 2001.

- A. The district has not developed formal written policies and procedures outlining specific steps and criteria to be followed for its billing and collection activities, such as adjusting customer accounts, refunding, adding and/or deactivating accounts, establishing a lien, writing-off delinquent accounts receivables, and forwarding accounts to collection agencies. In addition, billing and collection employees only receive on-the-job training.

Formal written procedures are necessary to ensure that all accounts are accurately and uniformly processed. In addition, periodic formal training would help ensure consistent treatment of the billing and collection activities by all employees.

The lack of detailed written policies, procedures, and adequate training contributed to the other problems we noted with billings and collections.

- B. Adjustments to customer accounts, including writing-off delinquent account balances, are not always properly authorized and the supporting documentation for adjustments/write-offs is generally not sufficient.

According to district policy, adjustments under \$100 only need to be approved by a supervisor. Adjustments between \$100 and \$1,000 are approved by the manager of billing and/or collection, and adjustments in excess of \$1,000 must be approved by a majority of the members of the Adjustment Review (Credit) Committee. The Director of Administration, Director of Finance, Secretary-Treasurer, and Assistant General Counsel comprise this committee.

Our review of adjustments/write-offs revealed the following significant problems:

1. In July of each year, sewer rates are recalculated by the computerized billing system based upon the previous winter quarter usage, for metered residential customers. Incorrect meter readings supplied by the water entities and other problems require an investigation and adjustment of rates by the billing section.

Our review of ten of the rate adjustments posted in September 2001 indicated that none of the account comments adequately justified the rate change and the rate calculation was not supported. Thus, there is little assurance that rate adjustments were properly calculated and posted to customer accounts. In addition, billing personnel indicated that the documentation of approval (adjustment card) for adjustments between \$100 and \$1,000 is not retained after the adjustment is posted.

2. Adjustments are also posted to accounts for various reasons such as write-offs for delinquent charges that are not collectable, incorrect water readings, settlements on past due amounts, and sheriff sales. Our review of thirty-four of these adjustments revealed the following problems:

- ▶ The Executive Director, who is not a member of the credit committee, authorized the collection manager to write-off over \$4,000 of delinquent interest and penalty charges on an account in March 2000. The outstanding balance for this account was approximately \$7,700. A payment of approximately \$3,700 was made with the remainder being written off without adequate supporting documentation for the settlement of the delinquent balance. This write-off was never approved by the credit committee as required by district procedures.
- ▶ In April 2000, a settlement to write-off delinquent charges, totaling over \$1,400 was only approved by two members of the credit committee. The only supporting documentation for the settlement was a written notation to contact the collection manager for questions.
- ▶ In December 2001, a settlement to write-off over \$5,400 in delinquent charges was approved by the credit committee. The explanation for the write-off indicated erroneous billing; however, there was no supporting documentation to identify the erroneous billing.
- ▶ In April 2001, an adjustment which resulted in a refund of \$1,579 was not supported by the charges and payments to the account.
- ▶ Three adjustments which resulted in refunds, totaling over \$10,000, were not approved by the credit committee.

Since adjustments reduce the total amount due to the district, proper approval/authorization and adequate documentation which fully explains the reason for the adjustments are necessary to ensure only the proper accounts and amounts are adjusted and to reduce the risk of misstatement or misappropriation.

3. The authorization forms for adjustments are not being retained and/or accounted for properly. In addition, documentation of review/approval of adjustments needs to be improved.

The authorization forms for adjustments in excess of \$1,000 are prenumbered. However, the forms are not accounted for and the form number is not recorded in the customer account. The adjustment cards indicating approval of adjustments between \$100 and \$1,000, are not prenumbered and accounted for properly. In addition, the card is not retained after the adjustment is posted to the customer account. Although a daily report of all adjustments was prepared, documentation of review/approval for adjustments less than \$1,000 was not maintained.

To ensure that all adjustments are properly posted to customer accounts, adjustment forms/cards should be prenumbered, the numbers accounted for, and forms/cards retained. In addition, the adjustment number should be posted to the customer account to provide an audit trail. Also, the daily adjustment report should be approved by the Director or Assistant Director of Finance.

4. The district has not established any computer access limits for adjustments made by billing/collection personnel. Currently, employees can post adjustments (authorized or not) up to an unlimited amount. Given the inadequate controls over adjustments, unauthorized adjustments could go undetected.

Establishing computer access limits, such as limiting specific employees to a dollar range, would help ensure better control over adjustments.

5. The accounts and amounts adjusted and/or written-off which are approved by the credit committee are not reported to the Board of Trustees.

To help the management and oversight of the district, the Board of Trustees should be informed periodically about significant adjustments and write-offs to customer accounts.

6. The district's user fee ordinance provides that the district may shut-off water and/or close the sewer connection when charges have not been paid and are delinquent for one year. As of September 2001, the time period was reduced to allow for water to be shut off on an account that is delinquent more than three months. The district contacts customers prior to water shut-off to establish a repayment schedule. Water shut-off is used as a last attempt to collect the account. The district must coordinate the water shut-off with either the city or county water entities.

During the review of thirty write-offs of delinquent account balances we noted thirteen accounts for which the water was not shut-off after being delinquent for a period of time ranging from over 1 year to over 12 years.

Allowing customers to receive service for long periods of time without paying reduces the incentive to make payments. The district should ensure that water is shut-off on a timely basis.

7. The district is not always writing-off delinquent account balances in a timely manner. The district cannot always collect a delinquent balance due to legal actions such as the property being sold at a sheriff's sale or foreclosure on the property. We noted five instances where it was in excess of one year before the district wrote-off a delinquent balance due to a sheriff's sale and/or foreclosure.

To help ensure that the district's collection efforts are spent on collectable accounts and to help ensure the accounts receivable records are accurate, delinquent charges should be written-off in a timely manner.

C. Liens are not placed on customer accounts in a consistent manner.

At June 30, 2001, over 4,000 of the delinquent accounts placed with collection agencies, totaling more than \$6 million, did not have liens. In addition, the district was trying to collect on approximately 20,000 delinquent accounts, totaling over \$6 million, which did not have liens.

The district's user fee ordinance provides that when a charge is delinquent after 90 days, the amount due can be collected by a lien or by lawsuit. The district's policy for delinquent accounts provides that liens should be placed on commercial and multi-family properties when a delinquent charge is greater than \$500 and is 360 days delinquent. For single dwellings, liens are to be filed at the discretion of the Director or Assistant Director of Finance, and lawsuits should be filed when practical to help the collection activity.

According to collection personnel, generally liens are placed on accounts when the delinquent amount is greater than \$100 and 90 days delinquent. Accounts are to be placed with a collection agency if delinquent for one year.

During our review of adjustments and twenty-one delinquent accounts, we noted that inconsistencies between the district's ordinance, policy, and general practices contributed to the following problems:

- ▶ Liens were not filed on eight accounts for which the delinquent balance was written-off due to a sheriff sale, foreclosure, or settlement. Two of these delinquent accounts, totaling approximately \$130,000 and \$108,000, respectively, consisted of apartment complexes with multiple units. The total amount written-off for the eight accounts was over \$267,000.
- ▶ A lien was not filed for two accounts, both with a delinquent balance over \$1,700. These accounts have been delinquent since 1998, and have been placed with a collection agency.
- ▶ It was over one year before a lien was filed for three accounts, with delinquent balances of \$608; \$1,422; and \$1,827. Two of these accounts have been placed with a collection agency.
- ▶ Five other accounts were placed with a collection agency without a lien, and four of the accounts, with delinquent balances of \$2,137; \$808; \$155; and \$111 were delinquent for over 90 days.

Liens help ensure that the district's interest in collecting delinquent charges is properly secured. The district should ensure that the policies and procedures for filing liens are clearly defined and followed by district personnel.

D. The collection agency selected as a DBE firm as required by the Request for Proposals (RFP), does not appear to meet the qualifications of a DBE. In addition, the district is not adequately monitoring the collection agencies' activities.

1. Penn Credit of Missouri was selected as a DBE for collection services in June 1995; however, the firm does not appear to meet the qualifications of a DBE. Penn Credit of Missouri is one of three collection services used by the district.

DBE firms must be either a Minority Business Enterprise (MBE) or a Women's Business Enterprise (WBE) firm in which at least 51 percent of the firm is owned and controlled by a minority group member and/or a woman.

Penn Credit of Missouri does not perform any collection activities for the district. Rather, Penn Credit of Missouri acts as an outside sales person, limited to acquiring clients in St. Louis, for Penn Credit Corporation (Harrisburg, Pennsylvania) which is not a DBE. Penn Credit of Missouri does not appear to have any ownership and/or control of Penn Credit Corporation and Penn Credit Corporation actually performs the collection activities for the district.

The district should determine the status of Penn Credit of Missouri and terminate the agreement with the firm, if necessary.

2. The district is not adequately monitoring its collection agencies. Generally, the only reports provided by the collection agencies are the weekly invoices for services, which include basic information such as the account number, name, amount collected, date collected, amount due the district and agency. According to the collection manager, other information such as court judgments, garnishments, and settlements, are available to the district upon request.

To help ensure that the collection agencies' efforts are sufficient and effective, the district should routinely receive status reports of activities such as legal activities, settlements, customer payment histories, and length of time an account has been with the agency.

**WE RECOMMEND** the Board of Trustees:

- A. Develop written policies and procedures outlining specific steps and criteria to be followed for billing and collection activities.
- B.1&
  - 2. Ensure that all adjustments are properly authorized. In addition, adequate documentation which fully explains the reason for the adjustment should be retained.
  - 3. Ensure that adjustment authorization forms are prenumbered, accounted for properly, and retained. In addition, the authorization number should be posted to the customer account for an audit trail. Also, the Director or Assistant Director of Finance should review/approve the daily adjustment report.
  - 4. Establish computer access limits for district personnel who post adjustments to customer accounts.
  - 5. Ensure that significant adjustments and write-offs of delinquent charges are periodically reported to the Board.
  - 6. Coordinate with the appropriate water entity to ensure that water is shut-off and/or the sewer connection is closed in accordance with district ordinance.
  - 7. Ensure delinquent charges are written-off in a timely manner.
- C. Ensure that policies and procedures for filing liens are clearly defined and followed by district personnel.
- D.1. Determine the status of the DBE collection agency, and terminate the agreement with the firm, if necessary.
  - 2. Require the collection agencies to provide periodic status reports. In addition, these reports should be monitored to ensure the agencies' efforts are sufficient and effective.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*The development of specific written policies and procedures began June 25, 2002 upon completion of the internal audit of Billing and Collections areas performed by KPMG, L.L.P.*

*Targeted Completion: January 2003*

*B.1&*

- 2. The District agrees with the State Auditor's recommendation.*

*All adjustments regardless of dollar amount are now being reviewed daily by the Billing Manager, Collection Manager, Assistant Director of Finance and Director of Finance. These adjustments are reported to the Adjustment Review Committee and entered into its official record each month.*

*Completed: July 15, 2002*

*The development of a process to more thoroughly document adjustments is currently underway. Electronic adjustment authorization forms and database tracking have been implemented. Performance metrics to reduce the number of adjustments are in development and will be incorporated into the adjustment process.*

*Targeted Completion: January 2003*

- B.3. The District agrees with the State Auditor's recommendation.*

*All daily adjustments now undergo a four-layer approval review (see response to Recommendation B1& 2 above).*

*Completed: July 15, 2002*

*Adjustment authorization forms have been computerized, assigned tracking numbers and stored via a newly designed database. Assigned numbers are now entered as a comment line in the customer account screen.*

*Completed: August 13, 2002*

*It is anticipated this process will become even more automated with the implementation of a new billing and collection system. The exact system and date of implementation is currently under review.*

*Targeted Completion: To be determined*

- B.4. The District agrees with the State Auditor's recommendation.*

*The District agrees with the need to establish more refined access limits for posting adjustment to customer accounts, however, the District's current, 20+ year old legacy billing and collection system is unable to provide this flexibility. The District anticipates replacing the current technology through either an outsourcing solution or the implementation of a new billing and collection system. The exact system solution is contingent on the outcome of the Outsourcing Study targeted for completion by January 17, 2003.*



*Targeted Completion: To be determined*

*B.5. The District agrees with the State Auditor's recommendation.*

*A monthly report for review by the Board's Finance Committee is currently under development. The report will draw on information presented and discussed at each monthly meeting of the Adjustment Review Committee. The chair of the Finance Committee will forward this information to the full Board as part of his/her Committee report. Monthly reporting to the Finance Committee is targeted to begin October 2002.*

*Targeted Completion: October 2002*

*B.6. The District agrees with the State Auditor's recommendation.*

*Management agrees the collection leverage provided by discontinuing water and/or sewer service is essential to improving the District's collection rate, however water shut-off involves the voluntary cooperation of the County and City water providers. In the past this cooperation has encountered political resistance making the implementation of a consistent shut-off program very difficult. Efforts are now underway with both the County and City water providers to address the issue of cooperative water shut-off in the hopes of eliminating prior political hurdles. In addition, a District driven process to block sewers in response to chronically delinquent ratepayers is also being explored. Such a process, however, will need to strike a delicate balance between effective collection efforts and the protection of communities' health and safety since sewer disconnection without simultaneous water shut-off risks generating unsanitary sewer backups.*

*Targeted Completion: June 2003*

*B.7. The District partially agrees with the State Auditor's recommendation.*

*For financial statement purposes all delinquent charges are "written-off" after 360 days, which has found to be a timely basis by both the District's external auditors Ruben, Brown and Gornstein & Co. L.L.P. and KPMG L.L.P. These delinquent accounts, however, remain in the District's collection portfolio, which reflects accounts dating back to the inception of the District in 1954. Management agrees, however, that the timely maintenance of this collection portfolio and its associated database warrants a more timely process.*

*To this end and as a result of the June 24, 2002 KPMG audit of the District's billing and collections operations, management is currently redesigning its entire collection process. For example, the District's current approach does not begin collection efforts until an account is \$100 delinquent and 90 days past due. Given an average MSD customer's monthly bill is approximately \$14.00, an account must be over 7 months delinquent before collection efforts begin. A study of collection industry statistics indicates a strong correlation between length of delinquency and collection probability (i.e. the longer the*

*delinquency, the less likely the account will be collected). As a result the District is in the process of redesigning its collection operations to tie activity triggers to length of days delinquent rather than dollars. Collection activity will begin once an account is 30 days delinquent regardless of dollar amount thereby increasing the probability of collection on accounts that would have previously gone unattended.*

*More extensive collection aging reports are also being developed in order to track collection efforts. The new days-based collection process will trigger assignment of delinquent accounts to collection agencies at 120 days, thereby making in-house staff available to more effectively concentrate on the high probability delinquent accounts.*

*Collection industry statistics also indicate that 90% of the value of a delinquent account is lost at a two year maturity. Based on these statistics, the Finance Department is embarking upon a comprehensive review of its entire outstanding collections portfolio dating back to the District inception in 1954 to identify realistically salvageable accounts with the intent to purge all accounts determined to have lost 90% or more of its value and collection probability. This effort should result in more accurate reporting of the District's collection status and more effective collection efforts.*

*It should be noted the actual implementation of such an extensive process redesign will take time as it involves the retraining of the entire billing and collection staff; coordination of water shut-offs with County and City water providers and sewer disconnections with the District's Operation Department; the development of accompanying performance metrics and tracking reports, and technology enhancements.*

*Targeted Completion: June 2003*

*C. The District agrees with the State Auditor's recommendation.*

*In conjunction with the collection process redesign discussed in management's response to Recommendation B above, the policies and procedures associated with the filing of liens will also be examined and clarified. Training of the collection staff on the resulting procedures will be conducted prior to full implementation.*

*Targeted Completion: March 2003*

*D.1. The District agrees with the State Auditor's recommendation.*

*The agreement with said DBE collection agency was officially terminated via written notice. Investigation of the company's operations determined that the company did not meet the "commercially useful function" standard of a disadvantaged business enterprise. These findings were reported to local and state agencies, which the District utilizes for certification verification.*

*Completed: June 13, 2002*

D.2. *The District agrees with the State Auditor's recommendation.*

*The following reports are currently in development to monitor collection performance:*

- *Dollars Collected – Monitors the dollars collected on delinquent accounts and dollars collected from current accounts. Report will also reflect 1) collection levels as a percent of total delinquents, 2) as a percent of total billings and 3) provide a collection rate for ongoing tracking.*
- *Account Assignment Aging – Monitors the length of time an account is worked by each collection agency and status of collection efforts.*
- *Outstanding Pending Legal Action – Monitors the outstanding legal action pending on all delinquent accounts. Provides a breakdown of suits handled by in-house legal staff and collection agency attorneys.*

*Targeted Completion: January 1, 2003*

*In addition to these reports, the District issued an RFP on August 16, 2002 to conduct a comprehensive outsourcing feasibility study of its billing and collection areas.*

*Targeted Completion: January 17, 2003*

*Additional process and procedure changes will be considered upon completion of the Outsourcing Study. Should it be determined that a RFP for Collection Services be issued, said RFP will include specific performance reporting requirements for each collection agency engaged.*

<b>2. Real Property Acquisition and Relocation Assistance Program</b>
-----------------------------------------------------------------------

The district had significant problems with the management of its Real Property Acquisition and Relocation Assistance (buyout) Program for the Ashland Abner neighborhood in the City of St. Louis.

The Board approved over \$1.3 million for the purchase of real property and relocation assistance for residents in the Ashland Abner neighborhood in the spring of 2000. According to district personnel, this was the first time that the district was involved in a large scale purchase of real property and in providing monetary assistance to help residents find new housing.

The district needs to improve its procedures for managing the buyout program because in July 2001 and January 2002, the Board approved approximately \$3.7 million and \$2.8 million, respectively, for two additional buyout programs. As part of our audit, we noted the district was revising its policies and procedures for future buy-out programs.

However, these programs had not progressed sufficiently to allow us to fully review the implementation of the new policies and procedures.

As the district implements the new policies and procedures, it should consider the following factors which effected the management of the Ashland Abner neighborhood buyout program:

- A. A RFP was not used by the district to procure the firm which was used for negotiation and relocation services. The district paid this firm over \$95,000 for these services. In late 2000, the district issued a RFP for real property acquisition services for subsequent projects and received over five responses which demonstrates that several firms can provide this type of service.

Soliciting proposals for professional services helps provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, the district's policies and procedures provide that RFP's be issued and that every attempt be made to secure at least three responses.

- B. The contract for the negotiation and relocation services was not approved by the Board and was not signed by the Executive Director. The contract was signed by the Director of Public Affairs. The district's policies and procedures related to the procurement of professional services provides that these services be approved by the Board and the contract be signed by the Executive Director.
- C. The district paid the invoices for the negotiation and relocation services without requiring adequate supporting documentation. The contract provided that one-third of \$95,000 be paid after initial personal contacts with all owners, after making offers for fair market value and relocation or rental subsidy, and after acquisition by deed or preparation for condemnation.

One invoice did not include any detail information to support the payment. The supporting documentation for the other two invoices did not include sufficient detail to support the payment.

Sufficient supporting documentation is needed to ensure the completeness and propriety of the expenditure.

- D. It appears that neither the district nor the firm handling the negotiation and relocation services maintained a detailed and complete status report of the activity for each piece of property. Such a report might include date of appraisal, date of offer and acceptance for purchase of property, offer amount, date of closing, date of asbestos inspection, and date of demolition of property. Such a status report would help the district ensure that all required activity is performed on a timely basis.

Since the district is planning several more buyout programs, it is imperative that it improve its procedures when managing these future buyout programs. In May 2001, the district's Internal Auditor issued a report regarding the buyout program which also made suggestions for improving the operations and controls over this program.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure that proposals are solicited for professional services related to future buyout programs.
- B. Ensure all contracts for professional services related to future buyout programs are approved by the Board and signed by the Executive Director.
- C. Require adequate supporting documentation to be obtained for all disbursements and that the documentation is reviewed for completeness and propriety.
- D. Require that a complete and detailed status report is maintained for each piece of property in future buyouts.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*During the later stages of the Ashland-Abner acquisition/relocation project, the various activities related to that project were evaluated. Based on that evaluation, a Request for Proposal (RFP) for professional services for acquisition/relocation activities was developed and finalized in early summer of 2000. This RFP has been used for solicitation of proposals for all acquisitions and relocations conducted since the Ashland-Abner project. Additionally, in the summer of 2000, the Director of Administration was put in charge of all acquisition/relocation programs.*

*Acquisition/relocation projects undertaken by the District since late 2000 have been managed by consultants selected through an RFP process requiring firms with expertise, experience, and personnel conversant in all aspects of real property acquisition/relocation with specific knowledge of federal requirements for these types of activities.*

*Completed: January 2001*

- B. *The District agrees with the State Auditor's recommendation. Authorization to enter into a contract for real property acquisition/relocation services subsequent to the Ashland-Abner project have been approved by the Board of Trustees and those contracts have been signed by the Executive Director.*

*Completed: January 2001*

- C. *The District agrees with the State Auditor's recommendation.*

*Acquisition/relocation consultants engaged by the District for acquisition/relocation services are maintaining a comprehensive file on each parcel, which is in the process of being acquired or has been acquired. These files are in compliance with federally funded acquisition/relocation recordkeeping provisions. Additionally, the District is maintaining a general working file for each parcel. All disbursements for activities of acquisition, relocation, moving expenses, etc., are processed through the District's accounting division based on a multi-leveled approval process and all invoices submitted for acquisition/relocation consultant services are reviewed and approved by the Director of Administration and the Director of Engineering before any payments are made.*

*Completed: January 2001*

- D. *The District agrees with the State Auditor's recommendation.*

*Each property slated for acquisition by the District has, as a requirement, a comprehensive and detailed status on every aspect of the acquisition/relocation process in compliance with recordkeeping provisions as set forth in the federal Uniform Relocation and Real Property Assistance Act (49 C.F.R. Part 24, as amended). Even though no federal funds have been used for the District's acquisition/relocation projects to date, federal provisions have been utilized for all phases of acquisition and recordkeeping in order to make the District potentially eligible if federal reimbursement would become available.*

*Completed: January 2001*

<b>3. Legal Services</b>
--------------------------

The district did not adequately evaluate and/or monitor the cost of legal services, and the district did not prepare Request for Proposals (RFP) for its legal services. Also, legal service arrangements were not approved by the Board of Trustees, nor were written agreements always prepared. In addition, the law firms did not always provide adequate supporting documentation, and the payments to these firms were not always in accordance with district guidelines.

Generally, the district obtains legal services to supplement its legal staff when the work load for the district's staff is high and/or when specific areas of expertise are needed in areas such as general litigation, workers' compensation, pension issues, charter issues, and bonding issues.

Our concerns regarding legal services include the following:

- A. It appears the district did not prepare a cost comparison of the estimated costs of in-house counsel versus outsourcing. In addition, the cost of legal services was

not evaluated on a periodic basis. The following table shows the legal cost over the five year period from fiscal year 1997 through 2001.

Type of service	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001
District legal staff	\$530,089	556,892	645,328	653,065	409,227
DKW				977,445	857,555
Other firms	\$129,613	72,698	86,728	272,492	79,425
Totals	\$659,702	629,590	732,056	1,903,002	1,346,207

The increase in legal services in fiscal years 2000 and 2001 appears primarily due to the Executive Director hiring an individual and his law firm, Doeppen, Keevican and Weiss (DKW) to act as the district's Special Counsel. The duties of the special counsel included advising, consulting, and representing the district on an as needed basis, as determined by the Executive Director.

As noted in the table above the district paid DKW over \$1.8 million for services between November 1999 to February 2001. In addition to serving as special counsel, DKW served as the district's general counsel from March 2000 to August 2000, when the district's general counsel position was vacant. The district did not have adequate documentation to justify the need to employ a special counsel and to incur the additional cost associated with this arrangement.

When outsourcing services the district should ensure its needs justify the cost of the proposed services, and periodically review this cost to ensure the outsourcing continues to be cost effective.

- B. For fiscal years 2001, 2000 and prior years, the district did not prepare RFPs when procuring legal services, nor did the district request approval of the legal service arrangements from the Board of Trustees. In addition, written agreements were generally not prepared.

Soliciting proposals and subjecting legal services to a competitive selection process helps the district select the vendor or individual best suited to provide the service required. Such a practice will provide a range of possible choices and allow the district to make a better-informed decision to ensure legal services are obtained from the best qualified vendor at the lowest and best costs. Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. Furthermore, Section 432.070, RSMo 2000, requires all contracts to be in writing. In addition, legal service arrangements should be approved by the Board of Trustees.

Currently, RFPs have been prepared for some legal services. These services were approved by the Board of Trustees and the agreements were in writing.

C. The following problems were noted with the invoices and supporting documentation for legal services received during fiscal years 2000 and 2001:

- ▶ The hourly rate for each attorney was not always listed on the invoices.
- ▶ The invoices did not always include the time spent on each task.
- ▶ The invoices did not always include a summary of the total hours by each attorney.
- ▶ In several instances a summary of various tasks was listed with an amount due; however, the time period, or hours spent were not identified by attorney.
- ▶ No supporting documentation was submitted for expenses such as airfare, travel expenses, and other costs.
- ▶ No supporting documentation was submitted for work performed by other professionals hired by the law firm. In addition, some checks payable to DKW were endorsed to other professional entities; however, the amounts of the endorsed checks did not always agree to the amounts included in the DKW invoices for these other professional services. There was also no documentation to indicate that the district approved the use of the other professionals.

The district needs to ensure that adequate supporting documentation is submitted for legal services. Invoices should include a detailed list of tasks along with the name of the attorney and time spent on each task, and a summary should include the total hours by each attorney and the attorney's hourly rate. Receipts should be submitted for expense reimbursements. In addition, the district should approve the use of other professional services used by attorneys and require supporting documentation for these services.

D. Many manual checks were written to law firms. It appears the law firms requested manual checks to facilitate their cash flow needs when the law firms failed to bill on a timely basis and provided the district with several months invoices at one time. One firm received ten manual checks totaling over \$274,000, during the two years ended June 30, 2001. Payments by the district are usually made by computer generated checks.

The district's policy discourages the writing of manual checks and there was no documentation justifying the need for these manual checks.



It appears that preferential treatment of law firms was taking place and that standard uniform procedures were circumvented to benefit the firms rather than the district as a whole. Compliance with standard payment procedures is necessary to provide assurance that payments are for bona fide liabilities of the district and to keep processing time for payments to a minimum.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure the district needs justify the cost of outsourcing legal services and periodically review this cost to ensure the outsourcing continues to be cost effective.
- B. Ensure RFP's are prepared for legal services. The agreement should be in writing and approved by the Board of Trustees.
- C. Obtain adequate supporting documentation for legal service invoices.
- D. Ensure that the district's check policy is strictly followed.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*As a general rule, the Office of General Counsel obtains the services of outside legal services only when needed based upon manpower limitations or the need for legal expertise in a specific area of the law. As a standard practice, all bills presented to the Office of General Counsel by outside legal services are continuously reviewed for accuracy in a routine and timely manner. A procedure will be developed so that the Office of General Counsel's files contain documentation indicating the specific need for the legal service provided by outside counsel.*

*During fiscal years 2000 and 2001, the law firm of Doepken, Keevican and Weiss, P.C. ("DKW") was hired by the District to act as the District's special counsel. It is important to note that during a substantial period of that time, the Office of General Counsel operated at a significantly lower staffing level. Legal staffing for the Office of General Counsel was down by three and then subsequently, two attorneys; resulting with a daily operating District staff of two out of five attorneys. Currently, the Office of General Counsel is fully staffed.*

*Targeted Completion: October 1, 2002*

- B. *The District agrees with the State Auditor's recommendation.*

*As of October 18, 2001, legal services are obtained through the Request for Proposal ("RFP") process, ordinances are prepared and presented to the Board of Trustees for their approval. Upon the Board's approval, contracts are properly executed.*

*Completed: October 18, 2001*

- C. *The District agrees with the State Auditor's recommendation.*

*The development of a process to more thoroughly gather and review supporting documentation for legal services is currently underway. To best safeguard the District's interests, written policies are being drafted requiring the routine submittal of, including, but not limited to, airfare, travel expenses, and other costs.*

*Section 3(c) of the State Auditor's report suggests concerns regarding the presentation of legal bills, more specifically, with a focus being on information contained in the invoices involving billing rates, time spent on tasks, and the use of a summary of various tasks with an amount due rather than an individual listing of tasks completed.*

*It is important to note that the hourly rate for each attorney was a pertinent part of the law firm's contract with the District. While in the case of DKW, the time spent by an attorney on an individual project was in some cases not indicated with specificity, the billings did in fact note the attorney and the relevant subject matter and tasks completed by the attorney. Moreover, bills contained a "Timekeeper Summary" which listed the attorney's total number of work hours represented in the bill and their hourly rate. With this information, the reviewer readily knows an attorney's hourly rate and what portion his work represents of the total bill presented.*

*Targeted Completion: October 1, 2002*

- D. *The District agrees with the State Auditor's recommendation.*

*The District recognizes the value of keeping the number of manual checks to an absolute minimum number, and will take immediate action to implement this recommendation. It should be noted that during the audit time frame only 31 manual checks were issued out of approximately 51,000 total checks issued.*

*Targeted Completion: Current & Ongoing*

<b>4. Professional Services</b>
---------------------------------

The district needs to improve its process of procuring and monitoring most of its professional services (excluding engineering services). In addition, the district could not always provide information to support the benefits it was receiving from each contract. It

appears the procurement and management of professional services is not consistent on a districtwide basis partially because the policies and procedures are general and allow various interpretations by each department. The district uses professional services for areas such as real estate appraisal, public relations, training programs, general investment and advisory services, computer programming, financial audits, pension consulting, and rates consulting.

- A. The district did not seek the Board's approval for an amendment, totaling \$437,581, to a consulting contract, even though this amendment was almost double the original contract price, and the original contract was approved by the Board.

In February 2000, the Board approved a consulting contract, totaling \$245,000, for professional services to implement a program for organizational change throughout the district. It appears the district decided to expand the scope of the services. But, instead of requesting Board approval for the increase in the consultant's services, the Director of Finance approved the amended contract with a purchase order.

Substantial changes to a contract that drastically increases the contract price should be approved by the Board.

- B. It is unclear that the district's television advertisements, "The More You Know", are a reasonable or necessary use of district funds. The district spent \$120,000 and \$48,000 in fiscal years 2001 and 2000, respectively. According to district personnel, these advertisements will also be shown through fiscal year 2002.

These advertisements do not inform, educate, or convey any relevant information about the district and/or its operations. We could not determine and the district could not provide any documentation of how these advertisements benefited the district.

- C.1. The district procured some services without issuing Request for Proposals (RFP) and evaluating the proposals. We noted agreements, totaling over \$400,000, where the consultant was chosen because the district was satisfied with the consultant's previous work for the district. The district's policy provides that proposals are needed for professional services and that every attempt should be made to obtain at least three responses.
- 2. The district has not reissued RFPs for its collection services in a timely manner, and the district could not provide any documentation of written consent to extend these contracts for over five years. The RFPs for two of the collection service contracts were last issued in 1993. The RFP for the third contractor was issued in 1995. The district's policy provides that professional service contracts should not be extended beyond five years.

3. Written evaluations of the proposals are not always prepared and/or retained. In addition, written contracts are not always prepared.

The district did not retain the written evaluation of the proposals received for state legislative services provided during fiscal year 2001 and 2000. In addition, the agreement was oral. The ordinance, approved in November 2001, for this service provides for a fee of \$48,000 a year.

In fiscal year 2001, the district orally evaluated firms responses to RFPs to develop and implement a training program for employees, for a fee of \$60,000.

The district did not retain its evaluation of the proposals for the actuarial and consulting services for its pension plan. The contract, dated January 1999, provides for a fee of \$18,600 for actuarial services and per hour rates for other services.

The evaluation of proposals received in response to RFPs should be in writing and retained to support the vendor chosen. In addition, the district's policy provides that a written contract is required for professional services.

The district should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the district from selecting the vendor or individual best suited to provide the services required. Such practices help provide a range of possible choices and allow the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

- D. The supporting documentation for invoices is not always adequate and the supporting documentation and invoices are not always sufficiently reviewed before payment of the invoice.

Most district contracts provide for the reimbursement of reasonable expenses such as mileage, copying, postage, telephone, etc. However, the district usually does not request and/or receive supporting documentation for these expenses. In addition, we noted instances where the hourly rates did not agree with the district fee schedule, or where the invoice was not mathematically correct.

The district should ensure that adequate supporting documentation is provided for any professional services paid, and that charges agree to contract fee schedules. Lack of adequate documentation prevents the district from evaluating the appropriateness of the professional services being billed.

- E. The district is not consistently coding similar expenditures to the same object code in its accounting system, and it appears that some expenditures should be charged to a more appropriate object code.

For example, the payments to the consultant involved in the program for organizational change throughout the district were charged to professional services, construction and engineering, and training programs/seminar fees. The payments to the consultant used in property acquisition and relocation services, were charged to construction and engineering.

The district should ensure that disbursements are charged to the correct and/or most appropriate object code in its accounting system. This is necessary for evaluating costs and for budget purposes.

Conditions C. was also noted in our prior report.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure contract amendments are approved by the Board for contracts which were originally approved by the Board.
- B. Ensure that advertisements are necessary, reasonable, and benefit the district.
- C. Solicit proposals for professional services on a timely basis to the extent practical. The proposals should be formally evaluated and retained. In addition, written contracts should be prepared to formalize these agreements.
- D. Ensure that supporting documentation is received for all charges and reviewed for propriety before payment.
- E. Ensure expenditures are charged to appropriate object codes.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*The Taking Action to Stay Competitive initiative was originally envisioned as a project involving approximately 100 employees on 8 teams. The original \$245,000 professional service contract reflected this scope. Employee interest in the project was significant with over 300 of our staff wanting to participate. Management decided that with more staff involved additional areas of the district could be reviewed and in greater detail. The project scope was expanded to 300 employees on 24 teams. Since the project costs are directly related to the number of facilitators needed to guide teams, tripling the effort greatly increased the cost. Since the expected payback on the additional investment was less than one year, the Operations Department funded the additional cost out of it's 1999-2000 budget.*

*Funding scope changes for additional professional service contracts from the operating budget, can no longer occur. Board Ordinances now include maximum monetary values*

*associated with the various projects. In order to increase the value of a contract approved by the Board, additional Board action is required.*

*Completed: September 13, 2001*

- B. The District agrees with the State Auditor's recommendation.*

*The sponsorship of the "More You Know" was utilized to increase the awareness of the District being associated with clean water and as a public service promoting diversity, literacy, and education.*

*The sponsorship ended June 30, 2002.*

- C. The District agrees with the State Auditor's recommendation.*

*The Purchasing Department, under the direction of the Director of Finance, will evaluate and expand the District policy providing guidelines for the solicitation and award of all non-engineering professional services. Said policy will be expanded to outline acceptable contract lengths, timely RFP cycles, evaluation and contract development processes. Upon modification of the policy and the completion of training of all appropriate District personnel, the Finance Department will begin reviewing all non-engineering professional services contracts for compliance with the resulting policy and provide central filing for future reference. In addition, the Assistant Director of Finance will conduct, at minimum, two reviews a year of random samplings of non-engineering professional services contracts to monitor accuracy of procedures.*

*Targeted Completion: March 2003*

- D. The District agrees with the State Auditor's recommendation.*

*The Accounting Department, under the direction of the Director of Finance will develop District guidelines for the payment and documentation of invoices associated with all non-engineering professional services. Said policy will outline minimum documentation requirements, contract-to-actual pricing review procedures and payment approval processes. The day-to-day payment approval of professional services related invoices will remain with its respective Director, however, the Assistant Director of Finance will conduct, at minimum, two reviews a year of random samplings of invoices and payments to monitor accuracy of procedures.*

*Targeted Completion: March 2003*

E. *The District agrees with the State Auditor's recommendation.*

*All efforts will be made to ensure dollars spent are charged to the object codes most reflective of the expenditure's use. The Assistant Director of Finance will conduct, at minimum, two reviews a year of random samplings of object codes entries to monitor accuracy of procedures.*

*Targeted Completion: January 2003*

<b>5. Expenditures</b>
------------------------

We noted some disbursements which do not appear to be a prudent, reasonable, or a necessary use of district funds. In addition, the district needs to strengthen the controls over adding vendors to the computerized accounting system.

A. We noted disbursements which do not appear to be prudent, reasonable, or a necessary use of district funds. In addition, the supporting documentation for these disbursements did not always indicate the business purpose and/or identify those people attending. Examples of some of these disbursements which we viewed as questionable are as follows:

Disbursements to other entities:

Name	Fiscal Year		Purpose
	2001	2000	
Abundant Life Ministry	\$ 0	480	Not documented
Annie Malone Children & Family Service Center	2,000	550	Tables-dinners
Anti-Defamation League	400	0	Not documented
Beaumont Neighborhood	0	250	Not documented
Benefit luncheon/fashion show	400	0	Not documented
Black Family Week parade	0	50	Not documented
Downtown St. Louis Partnership	500	0	Not documented
Herbert Hoover Boys & Girls Club of St. Louis	1,500	1,500	Not documented
Inroads St. Louis, Inc.	600	0	Not documented
Kwanzaa	1,875	550	Not documented
Multimedia Services and Companies, Inc. (formerly St. Louis American Foundation)	3,500	1,705	Not documented
NAACP	950	500	Tables-dinners
Regional Commerce Growth Association	1,000	2,750	Not documented
Unity Ball	650	1,200	Tables-dinners
Urban League of Metro St. Louis	550	350	Not documented
Walks for Women (AMC Cancer Research Center)	1,000	0	Rally luncheon & registration
Yes, I Can banquet	900	450	Tables-dinners

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, association, or corporations except as provided in the constitution. Without a written contract that clearly indicates the public services being provided by these organizations, these uses could be considered to be in violation of the constitution. In addition, some of these expenditures were to organizations and/or charities associated with some trustees. There is an appearance of a conflict of interest for Trustees when district funds are paid to organizations and/or charities they are affiliated with.

Disbursements for employees and vendors:

- ▶ In January 2002, the district spent over \$12,000 for its Diverse Universe Award Celebration luncheon and for promotional and informational material. According to the Director of Diversity, the luncheon was an awards and recognition program to suppliers, contractors, and consultants for outstanding service in support of the district's diversity program.
- ▶ In November and December 1999, the district spent almost \$4,500 for three networking breakfast meetings, one for construction vendors, one for goods/services vendors, and one for professional service vendors.
- ▶ An annual Years of Service Awards banquet is held each year for employees who have been with the district for a significant amount of years. The district spent approximately \$19,800, \$26,800, and \$20,000 in January 2000, 2001, 2002 respectively.

The majority of these funds were for the employee gifts, such as watches, clocks, jewelry, golf clubs, DVD players, and digital cameras. These gifts may represent extra compensation or bonuses to public officials or employees, which would be a violation of Article III, Section 39(3), of the Missouri Constitution.

- ▶ The district spent over \$46,000 and \$24,000 in fiscal years 2001 and 2000, respectively, on its employee incentive program, called Excellence in Action. Employees receive points (each point is worth \$5) for activities involving customer satisfaction, teamwork, and community relations and involvement. The dollar value of the points is transferred to a debit card, and the debit card can be used at the employee's discretion.

These expenditures do not appear necessary or essential to the operation of the district. The district has a fiduciary duty to the taxpayers to ensure district funds are expended in a manner that provides the greatest benefit to the district. It is unclear what, if any, benefit these expenditures provided.

- B. The district had routinely provided an open bar at its annual Years of Service banquet (part A.) which is not appropriate. For banquets held in January 2002,



2001, and 2000, the district spent in total approximately \$2,500 in liquor purchases. The purchase of alcoholic beverages by a political subdivision is not appropriate.

- C. The district uses a computerized accounting system to process bills paid by the district. To receive payment, vendors must be entered in the system with a vendor number. Personnel in three departments have the computer capability to add vendors to the system. This capability could allow unauthorized payments to be processed. Greater controls should be established to ensure only valid vendors are entered on the payment system. Ways to enhance controls would be to reduce the number of employees with the computer capability to add vendor records, and initiate a supervisory review of new vendor codes.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure disbursements are necessary and prudent uses of public funds, provide a benefit to the district and do not violate state law or the state constitution.
- B. Discontinue the practice of providing an open bar at district sponsored events.
- C. Evaluate the controls over vendor records and consider reducing the number of people with access to these computer records. New vendor codes should be periodically reviewed by someone in a supervisory position.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*The District will review all disbursements to entities for necessity, prudent use of funds, District benefit, and lawfulness.*

*The District will continue to review the prudence, reasonableness and necessity of its disadvantaged business outreach efforts along with investigating alternative funding sources. The District's current initiatives comply with and support the consistent Supreme Court rulings and disparity study recommendations regarding race and gender neutral measures in an effective program to provide equal access and opportunity to all businesses. The community outreach sponsorship, activity, and promotional expenses highlighted in this audit are comparable to those of other public agencies including the State of Missouri's Office of Equal Opportunity and Departments of Economic Development, Natural Resources, Transportation and the Missouri Lottery.*

*The General Counsel department has reviewed Article III, Section 39(3), of the Missouri Constitution, and has rendered a legal opinion that the Service Award program and the Excellence in Action program are not in violation.*

*The Service Award program was designed more than 20 years ago to recognize District employees for continued service with the District and the value that is added through their dedication. The longevity of these employees has allowed the District to benefit from their commitment to serve the organization for an extended period of time. Their commitment to serve the District, and the ratepayers has substantially reduced the cost that would have been incurred to continue training new employees. This expenditure far outweighs the cost of continued turnover.*

*Employees are recognized at an annual banquet at 20, 30, 35, and 40 years of service. The average cost of the gifts, per employee, is within the guidelines established by the Internal Revenue Service. In years past, the gifts that were part of the Service Awards Program were traditional gift. At the request of the employees, non-traditional gifts were added to the program. The District honored the request of the employees.*

*The Excellence in Action Program was developed to solicit the assistance of District employees to identify and reward employees for exceptional actions. This is not a program to reward employees for doing their jobs, but performing at a level that goes beyond. Employees are charged with improving customer satisfaction, teamwork, community relations, and identify cost saving opportunities for the District.*

*All District employees with the exception of senior management are able to participate in this program and make a difference.*

*Employees are rewarded with points that are worth \$5.00 per point for their recognizable involvement. Since the inception of this program, employees have reduced expenses with their cost saving recommendations. Listed below are just some of the savings that have been recognized as part of this program:*

- *Saved the District and Ratepayers approximately \$2 million. A Construction Inspector allowed the District to use his experience in tunneling, geotechnology and contract administration on a major project. The project was not outsourced because of this employee's willingness to go beyond the duties defined in his job description. He saw an opportunity to help the District save valuable funds, and acted upon it. His expertise also helped the contractors building the tunnel, to adhere to the original price specifications and avoid cost overruns.*
- *Realized \$156,000 cost savings to the District and Ratepayers. An employee at the Lemay Treatment Plant performed a systems network upgrade on the computer system that originally was scheduled to be outsourced. In addition, he trained his co-workers on the new software.*
- *Savings for the District and Ratepayers in the range of \$5,000 to \$7,000 annually. An employee identified a site to deposit unusable construction materials at no cost to the District. Prior to this time, the District had to pay for this service.*

- *The District and Ratepayers saved \$20,000. A District employee identified a design flaw in an engineering plan that was developed by another governmental agency and modified the plan. By identifying this flaw, the District did not perform additional unnecessary work on this project.*
- *The District and Ratepayers received \$12 million. An Engineering Manager worked with the State of Missouri on the Revolving Fund Program to secure funding for the District to fund various construction projects to help the community.*

*These are just a few examples of the cost savings opportunities identified by District employees. The recognized savings considerably outweigh the cost of the Excellence in Action Program.*

*B. The District agrees with the State Auditor's recommendation.*

*There will be no open bars at any District funded functions.*

*Completed: August 2002*

*C. The District agrees with the State Auditor's recommendation.*

*Vendor code access is currently controlled by the Accounting Department and grouped by department, rather than individual. The District's current financial system allows for the assigning of vendor code access by individual, however this approach would increase the complexity of maintaining the system's associated security tables. Management will examine the benefits of the recommended shift from individual access against the increased maintenance requirements and determine the best course of action. The necessary system adjustments will be made if the benefits are found to outweigh the increased maintenance.*

*Targeted Completion: December 2002*

*The Accounting Department, under the direction of the Director of Finance will develop a procedure by which vendor codes are reviewed at least annually, by all appropriate departments.*

*Targeted Completion: June 2003*

<b>6.</b>	<b>Construction Projects</b>
-----------	------------------------------

The district needs to improve its construction reports to provide more accountability to the public. The district does not compare and report cost estimates (budgeted amounts) to actual award (contract) cost of a project, nor does the district compare the award cost to the completed project cost.

Upon our request, the district accumulated and provided us a list of all construction projects awarded and construction projects completed, for the two years ended June 30, 2001.

Our review of these construction projects revealed the following:

- A. The district does not routinely track and compare construction projects and their estimated cost to awarded cost. In addition, the reasons for the variances are not documented.

For the two years ended June 30, 2001, the district awarded 64 construction projects with an estimated construction cost of \$64.9 million; however, the awarded costs totaled \$55.8 million. The total construction contracts awarded were about 14% less than the estimated amount.

As noted above, the district's construction estimates are generally significantly higher than the awarded amounts. Cost estimates should be as accurate as possible because the district uses these estimates in conjunction with estimated revenues to plan its annual Capital Improvement and Replacement Program, and to budget future projects in its annual budget.

The district should update its cost estimates as new information, such as change in scope, and new material costs become available. In addition, the district should routinely track and compare construction projects and their estimated amount to awarded cost, and document the reasons for the variances. This will help the district to better estimate its project costs.

- B. The district does not prepare reports which track and compare the awarded construction costs with the actual costs incurred. It is not possible to contain or justify cost overruns unless the reasons they occurred are analyzed and documented.

For the two years ended June 30, 2001, 92 construction projects, totaling approximately \$93 million, were completed. Once a contract is awarded it may take several years to complete. The award date for these completed projects ranged from 1995 to 2000. The contract award costs for these projects totaled approximately \$89 million. This resulted in cost overruns of approximately \$4 million, or 4.7 percent.

The district should track and periodically compare construction contract cost with the actual cost incurred to effectively manage its cost overruns.

**WE RECOMMEND** the Board of Trustees require the preparation of construction reports to better monitor its construction projects and to provide greater accountability to the public. Project cost estimates should be updated as new information becomes available. The district should track and periodically compare cost estimates to contract

amounts and compare the contract amounts with the actual costs incurred. In addition, the reasons for the variances should be documented.

### **AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*The District reviews its unit prices annually. The actual construction values are compared to estimated prices in this review. The construction market has varied because of influence by economic conditions of the industry and the impacts of workload of the contracting community as opposed to labor and material cost escalation or reductions. Because of many unknowns in underground construction, accurate estimating is difficult.*

*Although it would be desirable to be within a 5 to 10 percent variance, the District believes that the 14 percent above estimate is not significant but reasonable when considering underground construction with unknown conditions and is more acceptable than falling short of anticipated project costs.*

*However, the District is developing a report that monitors this information on a regular basis in addition to its policy of annual review of unit prices.*

*Targeted Completion: January 2003*

- B. *The District agrees with the State Auditor's recommendation.*

*All additional project costs or "cost overruns" are documented, signed by the Assistant Director of Program Management and the Director of Engineering, recorded in the project cost and tracking system and included in the project file. This practice has been in place since the 1980's. Each change order states the specifics of the change and the cost of the change. The 4.7 percent over original bid price is within the 5 to 10 percent contingency allowance provided for each project in the Capital Improvement Program. The District's ability to control project risks such as changed conditions and scope adjustments have allowed us to stay within the Capital Program budget and provide for the completion of all planned projects. The District does not have a report that lists all projects with change orders (cost variances from the original bid.) The District concurs that these reports should be generated and reviewed on a regular basis, and will implement these reports immediately.*

*Targeted Completion: January 2003*

<b>7. Expense Reimbursements</b>
----------------------------------

The supporting documentation for the district's business expense reports (particularly for business meals and credit card charges) is not always adequate. Airline tickets are not

always attached to expense reports, and a business reason for flight upgrades is not documented. In addition, some lodging appeared excessive.

- A. The supporting documentation for business meals for non-district personnel recorded on expense reports does not always include the specific business purpose and/or guest(s). The district's business expense policy requires the business purpose of meals purchased for non-district personnel to be documented. It appears that business meals are generally purchased by senior level management, mainly the executive director.

Accountability over business expenses is reduced without a business purpose, and the purpose is needed to evaluate necessity and reasonableness.

- B. Documentation supporting credit card charges is not adequate. The district provides the executive director and assistant executive director credit cards to be used in paying business expenses. Charges to these cards included expenses for hotels, meals, and car rentals.

Generally, only the credit card statement and the signed charge slip are submitted for reimbursement. The actual charge receipt needs to be submitted to support charges in order to evaluate whether the expenses are for official district business.

- C. Generally, a copy of the airline ticket was not attached to the expense report to support air travel. In addition, we noted some upgrade charges, totaling \$225, charged to the district's credit card by the Executive Director. Upgrade charges are additional fees added to airline tickets to convert coach fare to first class. The business reason, if any, for these upgrades was not documented.

The district's business expense policy requires coach fares and requires ticket stubs to be attached to the expense report. In addition, a clear business reason should be documented for flight upgrades.

- D. Some lodging appeared excessive. We noted three instances when lodging was over the federal per diem and/or Runzheimer lodging rate. The charges for one night's lodging in Washington D.C., Indianapolis, and Colorado Springs were between \$190 and \$330, which exceeded the federal per diem and/or Runzheimer rate by \$100 to \$200. In addition, there was no documentation to indicate if these charges were government/conference rates or why it was necessary to pay these rates.

The district's business expense policy states that employees should utilize reasonable priced accommodations and ask for government or conference rates, when applicable. The district should adopt the federal per diem rate and/or another reasonable lodging rate and require a business reason and a written explanation of why it is necessary for lodging costs to exceed these rates.

Similar conditions to A. & B. were also noted in our prior report.

**WE RECOMMEND** the Board of Trustees:

- A. Require all employees to submit proper documentation for meal expenses for non-employees, including the name(s) of the guest(s) and the business purpose for meals.
- B. Require credit card charges be supported by the actual charge receipts.
- C. Require a copy of the flight ticket stub be attached to the expense report. In addition, the business reason and necessity for flight upgrades should be documented.
- D. Adopt the federal per diem rate and/or another reasonable lodging rate and require a business reason and written explanation as to the reason it was necessary to incur lodging which exceed these rates.

**AUDITEE'S RESPONSE**

*The District agrees with all four of the State Auditor's recommendations.*

*The District's current policy governing expense reimbursement and business expense reporting requires all employees to submit the documentation noted in Recommendation A. The policy will be revised to incorporate the remaining three recommendations as listed above. No reimbursement of expenses will be processed without proper documentation and approval.*

*Targeted Completion: December 2002*

<b>8. District Policies and Procedures</b>
--------------------------------------------

The district has not established a limit on the amount of unused accrued sick leave paid employees. A districtwide policy on record retention and document destruction has not been established. Also, a current list of related employees and employees with secondary employment is not maintained and monitored by the Office of Human Resources.

- A. The district has not established a limit on the amount of unused accrued sick leave paid when an employee leaves the district.

As part of the district's Compensation Plan, the district pays a vested employee who retires, dies, or leaves the district a portion of his/her unused accrued sick leave at the rate of 1.25 percent for each year of employment. It appears this policy is intended to reduce the amount of sick leave used by district employees.

In fiscal years 2000 and 2001, the district paid approximately \$332,000 and \$402,000, respectively, for unused sick leave. Seven employees received payments over \$30,000, and one additional employee received over \$119,000 (approximately 123 percent of his annual salary) for his unused sick leave.

To help control costs, the district should consider establishing a limit on the amount of unused accrued sick leave paid when an employee leaves the district.

- B. The district has not established a formal written districtwide policy on record retention and document destruction.

Although district personnel indicated that they follow the state law regarding record retention, the district has no written guidelines for district departments and it appears that some departments have established their own policy regarding record retention.

The district normally destroyed its documents through shredding and the shredding was usually performed in-house. But, starting in February 2001, the district retained a vendor to perform its paper shredding. From February 2001 to December 2001, the district paid \$1,746 for these services.

The district's informal shredding policy only describes the type of material allowed, such as office paper, computer paper, envelopes, computer disk, etc., not the type of records which should be shredded such as confidential payroll records, and personnel records. Also, a log for confidential records is not maintained to document the records being shredded, the date of destruction, or authorization/approval.

The district should establish a formal written policy for record retention and destruction. The district should follow the Secretary of State's retention policy and federal guidelines, as applicable. In addition, a destruction log for confidential records should be maintained to document the records being destroyed, the date of destruction, and authorization/approval.

- C. A current list of related employees and employees with secondary employment is not maintained and monitored by the Office of Human Resources.

The district's employee manual provides that employees are not to supervise or deal with the payroll of an immediate family member or a person with whom the employee resides. Also, an individual may not be employed by the personnel department if an immediate family member works for the district. Although the employment application requires the applicant to disclose relatives already employed at the district, the Office of Human Resources does not review for conflicts when an employee moves to a different job and/or location. Rather, this is left to the individual department. In addition, employees who engage in



secondary employment only request and receive prior approval from their respective department.

To aid the monitoring of related employees, the district could have each employee complete an annual questionnaire to identify relatives working for the district. Also, to ensure secondary employment activity is properly monitored, the Office of Human Resources should be notified when secondary employment is approved by the various departments.

**WE RECOMMEND** the Board of Trustees:

- A. Consider establishing a limit on the amount of unused accrued sick leave paid when a vested employee leaves the district.
- B. Establish a formal written policy for record retention and destruction. In addition, a destruction log for confidential records should be maintained to document the records being destroyed, the date of destruction, and authorization/approval.
- C. Establish policies and procedures to identify and monitor instances where employees are related to each other and ensure those individuals are not working in conflicting employment capacities. Each employee should complete an annual questionnaire identifying relatives working for the district. In addition, the Office of Human Resources should be notified when secondary employment is approved by the various departments. This information could also be requested using the same annual questionnaire as the questionnaire regarding relatives working at the district.

**AUDITEE'S RESPONSE**

- A. *The District will consider the State Auditor's recommendation.*

*Employees vested in the pension plan are paid a percentage of their sick leave at retirement and termination. This benefit saves the District and ratepayers money because of the incentive not to abuse the sick leave benefit. On an annual basis, the District compares their benefits offered to their employees with those offered by St. Louis City, St. Louis County and the State of Missouri. Based on the comparison, the one benefit all of the governmental agencies have in common is no maximum sick leave accrual.*

*At retirement, the District, St. Louis City, and St. Louis County pay a percentage of sick leave balances. There is no limit on the amount paid by any of these entities.*

*The individual employee referenced in the discussion, was an extreme case, where the employee had 40 years of service with almost no sick leave usage throughout his career. In the same fiscal year, 35 other employees with an average of approximately 20 years of service averaged a sick leave payout of approximately \$6,000. Since the payout is 1 ¼*

*percent per year of service, the District is paying on average 25 percent of the value of the sick leave if it had been utilized by the employee.*

*The sick leave payout is part of the District's Memorandums of Understanding with the unions representing District employees. The current Memorandums do not expire until June 30, 2004.*

**B. *The District partially agrees with the State Auditor's recommendation.***

*The District recognizes the need for a formal records retention and document destruction policy. Accordingly, a task force has been formed to assess this issue. This task force has determined that it appears that the District does keep records for at least the time frame required by law. We anticipate that this task force will recommend a comprehensive records retention and destruction policy that is consistent with all applicable laws and regulations.*

*Targeted Completion: February 2003*

*Management disagrees, however, with the need to maintain a formal destruction log. During the audit, the District was advised to contact the State's Office of Administration and consider utilizing its procedures for the destruction of documents. The advised contact was made and material was received regarding recommended records destruction procedures. Review of these procedure revealed the District is currently handling the destruction of its documents in the same manner as the State's Office of Administration. Discussions with representatives from the State Office of Administration also indicated they do not maintain a destruction log.*

*Targeted Completion: Current & Ongoing*

**C. *The District agrees with the State Auditor's recommendation.***

*The District is in compliance with Civil Service Rules and Regulations, 8.3 "Conflicting Employment" and 8.5 "Relatives." To strengthen procedures, the Office of Human Resources will annually require all employees to complete a questionnaire identifying relatives working at the District and any secondary employment.*

*Targeted Completion: January 2003*

**9.**

**Vehicle Fleet**

The district compensated employees \$76,250 for turning in district vehicles the employees were using primarily for personal commuting purposes which does not appear to be a necessary or appropriate use of district funds. In addition, vehicle usage logs are not maintained for many vehicles.

- A. It does not appear necessary and/or appropriate that the district compensate employees for turning in district vehicles used solely for commuting purposes. The district paid a total of \$76,250 to thirty-one employees who turned in district vehicles used for commuting prior to July 2002.

The district provided district-owned vehicles to selected employees for commuting purposes. These vehicles were to be used exclusively for driving between home and work. As part of a cost savings program, the district decided to eliminate the practice of providing commuting vehicles to most district employees. To help offset the loss of this benefit to employees, the district offered the employees three options:

- a payment of \$2,500, if the vehicle was turned in by July 2001,
- a payment of \$1,250, if the vehicle was turned in by January 2002,
- no payment if the vehicle was driven until July 2002.

Thirty employees received \$2,500, one employee received \$1,250, and twelve employees did not receive a payment.

It is not clear why the district believed it was necessary to compensate employees for the loss of their commuting vehicle. Normally, employees use personal vehicles to commute to and from work and are reimbursed for business use of a personal vehicle. In addition, these individuals could use the district's pool vehicles for travel on district business.

- B. Vehicle usage logs are not maintained for many vehicles. The district maintains a fleet of cars, trucks, and vans, with over 50 used as pool vehicles and over 90 assigned to employees. These vehicles do not include specialized vehicles such as dump trucks and step vans.

We reviewed the policies and procedures regarding vehicles at the Sulphur, Grand Glaize and Minert yards, and determined that no vehicle usage logs for pool vehicles and for vehicles assigned to specific individuals were maintained at Grand Glaize or Minert. Although the Sulphur yard maintained vehicle usage logs for pooled vehicles, these logs were not always properly completed, including the odometer readings, destination, and purpose. In addition, vehicle usage logs were not maintained for vehicles assigned to specific individuals.

Vehicle usage logs documenting the date, destination, purpose of the trip, and mileage should be maintained for all vehicles and periodically reviewed to ensure vehicles are properly used for business purposes. The district should establish standard and consistent documentation for recording vehicle usage throughout the district.

Condition B. was noted in our prior report.

**WE RECOMMEND** the Board of Trustees:

- A. Document its analysis and calculation to support its justification and the benefit to the district for payments to employees due to revisions of district policies.
- B. Require standard usage logs be completed and maintained for all district vehicles. The logs should include beginning and ending odometer readings, purpose of the trip, person making the trip, destination and date of travel. The ending mileage reported should be reconciled on a periodic basis to the vehicle odometer readings.

**AUDITEE'S RESPONSE**

- A. *The District accepts the State Auditor's recommendation.*

*As a result of the previous state audit, District vehicles assigned to directors were almost entirely eliminated. District practice was to consider the use of a vehicle for commuting as part of the employee's compensation. This benefit was included when employees were hired into or promoted to certain management positions. When the Directors cars were eliminated, compensation was included to cover a portion of the expense the employee incurred.*

*When the District decided to stop the practice of using District vehicles for commuting for 31 additional employees, who are on 24-hour call, it was felt that a similar approach was appropriate. In all cases the employees had been told that the vehicle came with the position they accepted when hired or promoted. The one-time payments employees received were small compared to the long-term loss of the commuting benefit. The long terms savings to the district includes the cumulative commuting costs for 31 employees and reduction of vehicles through consolidation.*

*Targeted Completion: N/A*

- B. *The District partially agrees with the State Auditor's recommendation.*

*The District continues to require vehicle usage logs on pool vehicles that are checked out by employees. Additional emphasis will be placed on assuring that these vehicles usage logs are completed and periodically reviewed. Mileage records will continue to be logged for each district vehicle when they receive periodic maintenance. Management will review the need for certain vehicles to be retained or replaced based on their usage from mileage records. The District is currently opting to eliminate several vehicles that do not have sufficient annual mileage to justify their cost. Presently the District has 44 cars, 61 pickups and 51 service vans in the fleet. All service vans are assigned to field personnel in the same manner as the dump trucks, step vans, sewer cleaning trucks, etc.*

*Usage logs for vehicles assigned to specific individuals, maintenance yards, pump stations or plants are not an efficient way of determining the proper use of District assets.*

*These vehicles are assigned to individuals at various sites for transporting employees, equipment and materials related to District business. The mileage on these vehicles is accumulated during the workday traveling between various worksites. Vehicle logs that detail the use of these vehicles create considerable paperwork with questionable value. If an employee were to use an assigned vehicle in an inappropriate manner it is unlikely that it would be recorded in a vehicle log.*

*Improvements in the data from the gas pumping system, mileage records on each vehicle coupled with the reduction of vehicles to the lowest practical level are considered sufficient measures with the greatest value in managing the District's fleet.*

*Targeted Completion: Ongoing*

<b>10. Meetings and Ordinances</b>
------------------------------------

Formal written minutes were not prepared for closed meetings. The minutes, ordinances, and resolutions are not being signed on a timely basis. In addition, the district needs to codify its ordinances and resolutions related to the policies and procedures of the district.

- A. Formal written minutes were not prepared for closed meetings during fiscal year 2001 and 2000. However, the board's decisions and votes were recorded in open session minutes. Currently, minutes are prepared for closed meetings.

Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Trustees. Formal written minutes for closed meetings result in a better record of district transactions, proceedings, and decisions. In addition, such minutes provide evidence that any discussion or business conducted in closed meetings pertain to matters authorized by the Sunshine Law, Chapter 610, RSMo.

- B. The board minutes, ordinances and resolutions maintained by the Secretary-Treasurer are not being signed by the Secretary-Treasurer and/or Chairman of the Board of Trustees on a timely basis. Although the Chairman of the Board of Trustees signs ordinances and resolutions, the Chairman does not sign the minutes. In addition, the district's Charter provides that the Secretary-Treasurer maintain a record of the board meetings, ordinances, resolutions, etc. and that these records be authenticated by his signature.

The Secretary-Treasurer has not signed the minutes since August 1999 and ordinances and resolutions since December 1999. Ordinances and resolutions have not been signed by the Chairman since March 2000.

The minutes, ordinances, and resolutions should be signed by the Secretary-Treasurer as preparer as provided by the Charter and by the Chairman of the Board of Trustees to provide an independent attestation the minutes, ordinances, resolutions are a correct record of the matters discussed and actions taken during the board meetings.

- C. The district needs to codify its ordinances and resolutions related to the policies and procedures of the district. Individual ordinances and resolutions date back to when the district was originally established, and include issues unrelated to the policies and procedures of the district, such as approval of construction contracts, and acknowledgement of retirements. As a result, it is difficult to determine which ordinances and resolutions are currently in effect regarding district policies and procedures.

Since the ordinances/resolutions represent legislation passed by the Board of Trustees to govern the district, its employees, and its customers, it is important that the district's ordinances and resolutions be maintained in a well-organized and up-to-date manner.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure minutes are prepared for all closed meetings.
- B. Require the Secretary-Treasurer and Chairman of the Board of Trustees to sign board minutes, ordinances, and resolutions to attest to their accuracy and completeness, in a timely manner.
- C. Consider the codification of the district's ordinances and resolutions.

**AUDITEE'S RESPONSE**

- A. *The District agrees with the State Auditor's recommendation.*

*The Missouri Sunshine Law does not specifically require that detailed minutes of closed sessions be maintained. However, the Attorney General's Office recommends that minutes of closed sessions be maintained for business reasons and to demonstrate compliance with the Sunshine Law. The District acknowledges the need for these minutes and has already taken steps to assure that they are maintained in the future.*

*Targeted Completion: Current & Ongoing*

- B. *The District agrees with the State Auditor's recommendation.*

*The District's governing charter requires the authentication of all ordinances, resolutions, regulations, rules and orders. Due to timing and staff constraints these*

*documents were authenticated on an as needed basis to satisfy specific legal needs. Every effort will be made to assure that these records are signed on a timelier basis.*

*Targeted Completion: December 2002*

- C. *The District agrees with the State Auditor's recommendation.*

*While it is the District's position that the District's ordinances and resolutions are maintained in a professional and proper manner, in both hard copy in our legal library and on the computer which is well organized and user friendly, we will investigate the use of more efficient computer search engines to assist in the researching process.*

*Target Completion: January 2003*

<b>11. Fixed Asset Records and Procedures</b>
-----------------------------------------------

The district is not conducting a physical inventory of its fixed assets on a timely basis. In addition, the individual performing the physical inventory is also responsible for recording and accounting for the fixed assets. The district's financial statements, as of June 30, 2001, show an investment in general plant and equipment of over \$48 million.

As of March 2001, a physical count for 9 of 15 (60 percent) locations had not been performed for over two years. During our review of fixed assets, we noted that some items, including a digital camera, VCR, and laptop computer, were not numbered, tagged, or otherwise identified as district property. In addition, some items were tagged, including a VHS recorder and VCR; however, the items were not recorded on the property records. Performing an annual inventory would help ensure discrepancies are identified and investigated on a timely basis.

An annual inventory is necessary to ensure all district assets can be accounted for properly. The results of the physical inventory should be compared to the property records and any discrepancies investigated. Property control tags should be affixed to all fixed asset items to help improve accountability and to reduce the loss or theft of assets. In addition, proper internal control requires physical inventories be conducted by persons who do not have record-keeping or custodial duties.

Similar conditions were noted in our prior report.

**WE RECOMMEND** the Board of Trustees ensure an annual physical inventory is conducted of all fixed assets and the results of the inventory be reconciled to the detailed property records. Property control tags should be affixed to all fixed asset items. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties.

## **AUDITEE'S RESPONSE**

*The District agrees with the State Auditor's recommendation.*

*Steps have already been taken to improve the fixed assets inventory process. Bar coding software was purchased in May 2002, which will streamline the inventory process, provide a system for scheduling inventories, and generate discrepancy reports. Full implementation of the software is expected by end of calendar year 2002.*

*Targeted Completion: December 2002*

*Currently, the District has one individual assigned the task of tracking general plant and equipment fixed assets. In order to allow for proper segregation of duties and complete annual inventories, additional staff will be needed. The 2002-03 budget does not currently include this addition in staff, but will consider it for the 2003-04 fiscal year.*

<b>12. Inventory Records and Procedures</b>
---------------------------------------------

Some employees are allowed to use district property for personal use. The district's inventory records are not accurate, periodic physical inventories are not conducted on a regular basis, and the inventory control function is not adequately segregated.

The district maintains a variety of inventory at over ten locations, including the treatment plants, pump stations, yards, and the Sulphur garage/shop. The district manages its inventory through a computerized plant information management system, in which items are automatically added to the inventory as purchases are made and usage is recorded as items are requested by district personnel. The district's inventory contains over 7,000 commodity codes for items such as automotive parts, tools, lubricants, pipes, electric motors, tires, etc.

Our review of the district's inventory records and procedures revealed the following weaknesses:

- A. The district routinely allows employees to use district property (i.e. compressors, chain saws, electric jack hammers) for personal use. A check out list for the equipment is maintained and includes the employee name, type of equipment, date and time checked out and date and time returned. However, the list was not always completed for the date and time returned. It does not appear appropriate for employees to use district property for personal use.
- B. The district's inventory records are not accurate and the value of the inventory cannot be readily determined. The cost of numerous items is not recorded in the inventory records, and some items show a negative number as on-hand. Also, district personnel indicated that sometimes employees use and/or return items



without informing the inventory control personnel. In addition, district personnel indicated there may be many obsolete items in inventory.

Accurate inventory records are necessary to ensure overall inventory balances are properly valued. Additionally, accurate inventory records are an essential tool for ensuring inventory levels are appropriate, economic order points are accurately applied, and storage and handling costs are minimized. We noted the district had identified some problem with the inventory records and was reviewing procedures to improve the records.

- C. The district does not conduct periodic physical inventories on a regular basis to identify the difference between the physical count and inventory records. Each location has established its own system. Some locations conduct physical counts on a sporadic basis, or when verifying reorder quantities, or as errors are discovered.

During a comparison of inventory records to items on hand, we noted 25 of 46 items (54 percent) where the count on hand did not agree to the amount recorded on the inventory records. Inaccurate inventory records may be the result of not recording all additions to and uses of inventory or possibly, unauthorized use of district inventory.

Periodic inventories on a regular basis and investigation of discrepancies in inventory counts is necessary to safeguard assets against loss, theft, or misuse and to ensure transactions are being properly recorded.

- D. The inventory control function is not adequately segregated. The inventory control personnel at each location generally perform all functions associated with the district's inventory at that location.

Proper segregation of duties would help to ensure that all transactions are accounted for properly and assets are properly safeguarded. At a minimum, a person(s) independent of the inventory control functions should perform the periodic physical inventory counts and supervisory review of any reconciliations and/or adjustments should be performed.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure district property is used only for district business.
- B,C,  
&D. Ensure inventory records are accurately maintained. To help accomplish this, the district should conduct periodic physical inventories on a regular basis and

investigate discrepancies in inventory counts. In addition, inventory duties should be segregated, there should be a supervisory review of reconciliations and/or adjustments, and someone independent of the inventory function should perform annual inventory counts.

### **AUDITEE'S RESPONSE**

A. *The District agrees with the State Auditor's recommendation.*

*For years the District has allowed its employees to check out certain equipment for personal use. Limitations were in place including the type of equipment, employees experience with the equipment, the time it could be offsite, etc. This practice is similar to allowances many private sector companies make for their employees. A policy is being developed that eliminates the practice of equipment and tool checkout.*

*Targeted Completion: January 2003*

B,C

&D. *The District agrees with the State Auditor's recommendation.*

*The District has always used an accounting approach that expenses inventory to the various departments as it is purchased. This practice eliminated the need to maintain an inventory for auditing purposes. The Taking Action to Stay Competitive project developed 35 specific recommendations regarding the District's inventory. For over a year a project has been underway to consolidate the various storage areas of the District into three warehousing hubs.*

*Upon completion, inventory items will be expensed when it is removed from the hub location. The value of the inventory will be identified as a district asset in future financial audits. The goals of the materials management project along with key deliverables are shown below.*

1. *Consolidate the number of storage locations within the organization.*
  - *Identify locations of hubs*
  - *Electronically consolidate parts*
  - *Evaluate hub/stores facilities*
  - *Physically consolidate parts*
  - *Determine feasibility and project plan to utilize single storage location for distribution*
2. *Form a work group to manage the supply needs throughout the organization.*
  - *Determine staffing requirements for hubs and satellites*
  - *Review/change positions and organizational structure*
  - *Re-assign/organize existing personnel to compliment staffing plan*
  - *Establish consistent Maximo user signature profiles for staff*
  - *Initiate staff development and training program*

3. *Reduce the total value of assets maintained on site.*
  - *Determine MSD's carrying costs*
  - *Determine MSD's replenishment costs*
  - *Determine MSD's overhead rates for materials management functions*
  - *Make units of measure (order & issue) consistent between hubs/sites*
  - *Review Price Agreements and identify opportunities for vendor stored inventory, automated releases against a blank order, economic order quantities, bulk buying/leveraging*
  - *Cost Accounting/General Ledger accounts—asset values and shrinkage control*
  - *Develop budgeting strategy to better forecast needs and determine necessary cash flow to support*
  - *Identify opportunities to get rid of obsolete (dead) stock and “break even”*
  - *Institute consistent purchase practices throughout the company*
  - *Automate reorder of the routine supply needs*
4. *Develop organization-wide standards and specifications for supplies.*
  - *MSD's organization—maintain MSD's information in a coordinated approach with Risk Management and Information Systems*
  - *Drawings and prints*
  - *Asset catalog*
  - *Develop organization-wide specifications and standards for materials*
  - *Coordinate these efforts with the Purchasing Group—equip Purchasing Group with access to this information to assist the purchasing consistency*
5. *Improve the accuracy of the Inventory Control Program.*
  - *Review item information and purge duplication in system*
  - *Integration with other District systems (AMS, Hanson, etc.)*
  - *Edit inventory item information*
  - *Review security measures for hubs/stores*
  - *Establish audit function for warehousing*
  - *Evaluate storage locations for ease of use*
  - *Investigate packaging options that assist accuracy objectives*
  - *Establish accuracy/tolerance expectations and align business practices to support these efforts*
  - *PDA usage and other technology*
  - *Institute receipt schedule with vendor shipments*
  - *Develop internal distribution/logistics strategy*

6. *Establish business practices for Materials Management.*
  - *Procedure and practice manual(s)*
  - *Implement procedures*

*All of the audit points will be covered by the completion of the project. The District's Internal Auditor, Finance and Operations Departments are partnering on this project to assure that the result is a materials management system that meets the organizations needs and has the proper financial controls.*

*Targeted Completion: July 2003*

This report is intended for the information of the management of the Metropolitan St. Louis Sewer District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## FOLLOW-UP ON PRIOR AUDIT FINDINGS

METROPOLITAN ST. LOUIS SEWER DISTRICT  
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Metropolitan St. Louis Sewer District on recommendations made in the Management Advisory Report (MAR) on our report issued for the year ended June 30, 1986.

The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the board of trustees should consider implementing these recommendations.

1. Districtwide Capital Charges

Starting in fiscal year 1986, the district collected a capital charge which was defined by ordinance as that portion of the total charge which was included for debt retirement, construction, or reconstruction of the sewerage system, and any other lawful purpose of the district, and was considered part of the user charge.

- A. In fiscal year 1986, the district did not collect the capital charge applicable to the commercial and industrial surcharge customers within the Mississippi River Subdistrict in order to minimize the impact of implementing for the first time, a surcharge for biochemical oxygen demand (BOD).

However, the surcharge capital charge was implemented on a districtwide basis during fiscal year 1987 where it remained in effect until fiscal year 1998 when the courts ruled that the April 1985 \$8.6 million of voter approved revenue bonds were invalid due to a district charter restriction. The revenue bonds were redeemed from the escrowed proceeds and the districtwide capital charge was discontinued on July 1, 1987.

- B. Pending the outcome of litigation which questioned the district's authority to issue districtwide revenue bonds, the bond proceeds from the April 1985, \$8.6 million issue were held in escrow. At the same time, the district collected capital charges for debt service from its users in fiscal years 1986 and 1987. The district levied the capital charge anticipating that the bonds would be declared legal, released from escrow and used for their intended purpose.

Recommendation:

- A. This had been provided for information only. No recommendation was made.
- B. The district discontinue the collection of the districtwide capital charges and reserve the previously collected amounts until final settlement of outstanding

litigation concerning the possible refunding of amounts collected is reached. We also recommend the district adjust appropriate user charges for all appropriate classes if refunds are not required.

Status:

Implemented. The district established uniform user charges on a districtwide basis, effective December 1987, and previously collected capital charges were refunded to customers in March 1988.

2. Specific Subdistrict Capital Charges

In May 1977, the voters in St. Louis County, who resided outside the boundaries of the district, voted to be annexed to the district. In the following years, the district acquired the investor and publicly owned sewage systems in the area and merged them into an overall regional system of sewage collection and treatment.

- A. From fiscal year 1978 through 1985, it was the policy of the district to maintain the same user charge rates that were established by the investor and publicly owned systems prior to their acquisition by the district. This practice was modified by ordinance, (The Districtwide Revenue Bond Ordinance) in March 1985. The ordinance provided that all revenues, including excess revenues over and above the cost of operation and maintenance, be deposited into a districtwide revenue fund. Several subdistricts (Forest Ridge, Riverside, South County, Terri-Robyn, Twin Oaks, Missouri Bottoms, Spanish Lake watershed, and Valley sewage) paid excess revenues into the fund.

However, the practice of maintaining a higher user charge was discontinued in July 1986 when the charges for all subdistricts were set to equal the districtwide cost of operation, maintenance, and debt service.

- B. In addition to the subdistricts listed above, the district levied a higher user charge in other subdistricts (Fee Fee, Fenton, Martigney, and St. Louis County) for various reasons during fiscal year 1987 and 1988. In July 1987, the Court of Appeals ruled that the districtwide bonds and districtwide revenue bond ordinances were invalid.

As a result, all excess revenues collected over and above the cost of operation, maintenance, and debt service remained in each of the subdistricts to be used to fund improvements within each of the respective subdistricts.

- C. Prior to March 1988, the district charged residential customers in various subdistricts (Fenton, Martigney, and St. Louis County Sewer Company) a higher charge if the customer was serviced by a lift station.

Recommendation:

- A. This had been provided for information only. No recommendation was made.

The district:

- B. Adjust fiscal year 1988 user rates as necessary to prevent the recognition of excess capital revenues in the Fee Fee, Fenton, Martigney, and St. Louis County service areas.
- C. Discontinue charging a higher rate for customers serviced by lift stations in the Fenton, Martigney, and St. Louis County service areas.

Status:

Implemented. The district adopted a uniform districtwide user charge rate.

3. Storm Water Charges

Storm water charges for commercial-industrial customers for fiscal years 1986 and 1987 were developed using estimates of land area and imperviousness. However, the district charged these customers only the minimum storm water charge because the district's billing system did not have the information necessary to bill commercial-industrial customers on a land area basis. As a result, storm water revenue shortfalls occurred which were covered by rounding up the commercial-industrial volume charges. However, customers in the annexed area, who did not receive storm water service should not be subsidizing the costs for those customers who did receive storm water service.

The district indicated that funds were allocated in the 1988 budget to obtain information necessary to bill on the weighted land area basis, and for the implementation of such a billing system.

Recommendation:

The district charge all storm water customers on a flat-rate basis sufficient to recover storm water costs until such time as the weighted land area billing system has been established.

Status:

Implemented. Effective May 1988, the district adopted an ordinance to charge 24 cents per month for only customers who the district operated and maintained storm water drainage facilities. This ordinance was amended in February 1989 to include all customers.



4. Construction Improvement Program and Financial Condition of the District

In July 1987, the district entered into a consent decree with the state of Missouri. The consent decree obligated the district to undertake a program of modification for certain sewer and drainage facilities within the district to achieve and maintain compliance with the certain federal and state laws and the district's discharge permits. In addition, the district identified other capital improvement projects that needed to be completed between 1987 and 1994.

The district had originally planned to finance construction through the use of federal grants and local funds, with the local funds to be generated through the issuance of districtwide revenue bonds. However, districtwide revenue bonds were eventually declared illegal. Thus, the district needed to implement one or more alternate financing plans.

Recommendation:

The district evaluate the advantages and disadvantages of the available options under current circumstances and determine which option or combination of options would best meet its current and future financial needs. Once a financial plan has been chosen, we recommend the district act quickly in implementing this plan so that the construction schedules as set forth in the consent decree can be met.

Status:

Implemented. The district has satisfied its obligations related to the July 1987 consent decree. However, the district has not been released from the decree due to problems with the Baumgartner Lagoon. According to district personnel, the district has an oral agreement with the Department of Natural Resources to be released from the July 1987 consent decree and to enter into a new agreement for the Baumgartner Lagoon.

5. Operating Losses

The district did not use depreciation expense when setting sewer service rates. Rather, budgeted replacements of various equipment was used as replacement costs in 1986.

Recommendation:

The district consider using depreciation expense in addition to replacement costs in calculating sewer service charges.

Status:

Implemented. The consultant who is currently updating user rates indicated that depreciation is considered in the replacement costs used in the user rate calculation.

6. Interfund Transfers

- A. In fiscal year 1986, the district failed to record and report an \$80,000 transfer to the General Fund from various subdistrict funds.
- B. The district recorded a loan of approximately \$2.4 million authorized by an ordinance in April 1986 as an operating transfer.

Recommendation:

The district:

- A. Record this transfer in the applicable funds as indicated.
- B. Record this transfer as a loan, and follow the ordinances as adopted.

Status:

Implemented. Operating transfers for fiscal year 2000 and 2001 were properly recorded, and there were no loans authorized between funds.

7. Storm Water Responsibilities

When the district annexed additional areas in St. Louis County in 1977, it only assumed responsibility for sanitary controls in the annexed area. However, the charter as adopted in 1954 which required the district to take over the existing sewer facilities specifically included storm water systems. In addition, the Water Quality Act of 1987 appeared to require the management and control of discharges from storm sewers by October 1992. Also, studies of storm water problems concluded that the district would eventually have to assume storm water responsibility.

Since the increased regulations and compliance requirements of the Water Quality Act would cause a financial burden, the district needed to consider various financing options so that appropriate action could be taken in time to assure compliance with the act.

Recommendation:

The district take responsibility for storm water control in the annexed area. We further recommend the district evaluate available financing options and implement a sound financial plan whereby compliance regarding storm water control under the Water Quality Act of 1987 can be obtained on a timely basis.

Status:

Partially implemented. The district accepted responsibility for storm water control in the annexed area in April 1989. Although the district collects 24 cents per month from

all customers, this relatively small amount of funds has not allowed the district to finish any material storm water projects in the annexed area. According to district personnel, the district plans to ask voters, in the near future (after solving the more critical waste water issues), to approve a districtwide bond issue for storm water and sewer projects and to approve an impervious charge for storm water in order to address storm water problems on a districtwide basis.

8. Mississippi River Subdistrict Tax Levy

The district did not levy an operation and maintenance tax in 1980 for the Mississippi River Subdistrict. During 1980, the voters of the state of Missouri adopted Article X, Section 22(a) of the Missouri Constitution (Hancock Amendment). It appeared that the district might need voter approval to reimpose an operation and maintenance tax levy. In 1987, the district authorized a 6 cent tax levy without voter approval.

Recommendation:

The Board of Trustees review with legal counsel the question of reimposing the Mississippi River subdistrict's operation and maintenance levy, considering the present court decisions and the requirements of the Hancock Amendment.

Status:

Implemented. The district does not currently levy an ad valorem tax in the Mississippi River subdistrict.

9. Charter Revisions

Several provisions of the district's charter, adopted in 1954, appeared outdated.

- A. The district was unable to issue revenue bonds on a districtwide basis. In addition, the charter provided that the construction, reconstruction, or improvements be financed by individual subdistricts. Thus, the district's accounting system was designed to identify revenue and expenditures to specific subdistrict. However, the district's annual financial statements were issued under an enterprise accounting concept.
- B. The charter gave the district the power to levy taxes provided that the rate did not exceed ten cents on the hundred dollars assessed valuation. The charter provision conflicted with the Environmental Protection Agency regulation that forbid the use of ad valorem taxes to cover the costs of operation and maintenance of the sanitary sewer system. Operation and maintenance included general administration.

Recommendation:

The district propose the following charter revisions:

- A. Revise charter Section 3.020 subdivision (15) and (24) so that districtwide revenue bonds can be used for financing and construction. We also recommend the district account for the operations as a single enterprise.
- B. Specify in Section 3.020(20) that taxes cannot be levied for operation and maintenance of the sanitary sewer system.

Status:

- A. Partially implemented. The district revised its charter in November 2000 to allow districtwide revenue bonds for financing and construction. However, the district has not changed its accounting system.
- B. Not implemented. Although not repeated in the current MAR, the Board of Trustees should consider implementing this recommendation.

10. Charter Compliance

- A. The Circuit Court judges determined the qualifications and appointed the Board of Trustees. However, the courts did not provide the district evidence that board members met the charter provisions, including the provision that not more than two trustees from the city or county be affiliated with the same political party.
- B. The members of the Board of Trustees and the Chairman of the Board of Trustees received a monthly flat-fee expense reimbursement of \$50 and \$75 per month, respectively. No documentation of actual expenses incurred was maintained by the trustees.
- C. Nominees to the Civil Service Commission, appointed by the Board of Trustees, were not asked to confirm their qualifications. Commission member qualifications were the same qualifications as the trustees.
- D. District management did not periodically monitor collateral security pledged by depositaries for propriety and adequacy.
- E. The district budgeted a negative fund balance in a subdistrict for fiscal year 1986. Section 7.090 of the charter provided for a balanced budget in all funds.

Recommendation:

- A. The Presiding Circuit Court Judge follow the district charter when qualifying candidates.

The district comply with provisions of the charter by:

- B. Requiring the members of the Board of Trustees to maintain records of actual reimbursable expense.
- C. Complying with all requirements for membership on the Civil Service Commission prior to appointment by the Board of Trustees.
- D. Monitoring collateral security pledged by depositaries for compliance with Section 30.270, RSMo.
- E. Discontinuing the practice of budgeting negative fund balances.

Status:

- A. Implemented. The Mayor of the City of St. Louis and the St. Louis County Executive each appoint three trustees.
- B,D,  
&E. Implemented
- C. Not implemented. Although not repeated in the current MAR, the Board of Trustees should consider implementing this recommendation.

11. Civil Service Rules and Regulations Compliance

- A. One director had not met the district's residency requirement regarding residence in the State of Missouri.
- B. One employee ran for an elective office while employed full-time with the district. Personnel regulations prohibited employees from being a candidate for political office.

Recommendation:

The district:

- A. Require all employees to comply with the Missouri residency requirement.
- B. Take appropriate measures to inform all employees of the Civil Service Rules and Regulations' restrictions on political activity and enforce the policy.

Status:

- A. The district no longer has a Missouri residency requirement.

B. Implemented.

12. Personnel Practices

- A. The district implemented a policy in 1986 which allowed funds to be withheld from employees' paychecks to satisfy delinquent sewer charges. State law suggested that the district had no authority to withhold a portion of their employee's earning to satisfy overdue sewer charges. However, the district could have sought formal judgments against delinquent employees through the judicial system.
- B. The district did not have an adequate system of tracking and recording compensatory time.
- C. The district did not have a policy requiring key financial personnel to take a specified vacation each year.
- D. Personnel files did not always contain performance evaluations for all employees. The district procedures required salary adjustments to be determined by reviewing employee performance evaluations and other relevant information.

Recommendation:

The district:

- A. Discontinue the practice of withholding funds from employees paychecks to satisfy delinquent sewer charges until proper legal procedures have been pursued.
- B. Develop an adequate system for recording compensatory time earned by managerial and unclassified employees.
- C. Require all key financial personnel to take vacations each year.
- D. Implement procedures to ensure that employee performance evaluations are included in personnel files prior to salary adjustment.

Status:

- A. Implemented. The district no longer withholds funds from employees' paychecks for delinquent sewer charges.
- B. Implemented.
- C. Partially implemented. Although a leave policy was established for financial personnel, leave was not always taken as required by the policy.

- D. Not implemented. Three of fifteen (20 percent) of personnel files reviewed did not include the annual performance evaluations for 2001. Although not repeated in the current MAR, the Board of Trustees should consider implementing this recommendation. In addition, the Board's evaluation of the Executive Director for the year ended August 2000 was not filed in his personnel file.

13. Policies and Procedures Manual

The district was developing a districtwide policies and procedures manual. We noted the following areas where guidance or procedures were not present or not adequate in the manual:

- A. The manual did not have a provision requiring compliance with the district's policies regarding conflict of interest. In addition, contractors doing business with the district on occasion gave small gifts to employees.
- B. Several members of management were reimbursed expenses related to various civic organizations. It was not appropriate for governmental entities to pay personal costs related to civic organizations.
- C. Many manual checks were regularly written to contractors and management employees for expense checks. It appeared that standard uniform procedures were being circumvented to benefit individuals or contractors rather than the district as a whole.
- D. There were several questionable uses of the district's petty cash funds, as well as apparent problems with security of the funds. Purchases were made for alcoholic beverages, cigarettes, and cigars. Lunch for the county health inspector was routinely paid. Due to the lack of physical security, thefts from various funds were reported. Postage stamps were purchased for the convenience of employees. In addition, some expenses did not have adequate documentation.

Recommendation:

The district continue to review and formalize policies and operating procedures and to include provisions as noted below:

- A. Within the "Conflict-of-Interest" policy:
  - 1) Require all officers and employees to periodically disclose all interest and official relationships they or their immediate family have with the various vendors and contractors with which the district does business.
  - 2) Require all members of the Board of Trustees and senior level management to comply with Sections 105.452 and 105.454, RSMo 1986.

- 3) Prohibit the acceptance of gifts from contractors and to provide guidance to employees when conducting formal or informal business with contractors.

In addition, we recommend the district enforce established disciplinary actions for violation of policies.

- B. Establish a policy which forbids the reimbursement of expenses related to involvement in civic organizations.
- C. Establish formal policy and procedures on the issuance of manual checks. This policy should allow the issuance of manual checks only when beneficial to the district.
- D. Revise the current petty cash policy, so that petty cash funds are restricted solely for the purchase of items relating to the operation of the district. Purchase of alcoholic beverages and tobacco products should be specifically prohibited.
  - 1) Prohibit the use of petty cash funds to provide lunches to the county health inspectors.
  - 2) Require improved physical security over petty cash funds when not in immediate use.
  - 3) Require adequate documentation for all petty cash expenditures.

Status:

- A. Partially implemented. By ordinances, the Board of Trustees adopted the conflict-of-interest provisions and the filing of financial interest statements with the Missouri Ethics Commission, as provided by Chapter 105, RSMo. However, the district has not directly addressed the issue of accepting gifts from contractors.
- B. Partially implemented. The district adopted a policy related to memberships in professional organizations. However, the district has continued to support certain civic organizations. See MAR No. 5.
- C. Implemented. The district adopted a policy related to the issuance of manual checks. However, manual checks are still issued to certain entities. See MAR No. 3.
- D. Implemented.



14. Deferred Compensation Plan

- A. The district did not have contracts with the investment companies providing various plan options.
- B. The district's deferred compensation plan committee, as the plan administrator, was not adequately performing its duties. The participant files did not contain salary information. Basic investment information, such as balances and rates of return, for one plan option was not sent to the district. In addition, information for other plan options was not monitored for accuracy or propriety.

Recommendation:

The district:

- A. Obtain a signed agreement with all companies handling deferred compensation accounts to include the companies with common stock and certificate of deposit options.
- B.1. Require the committee to monitor the amount of total contributions from each employee at least annually to ensure compliance with the Internal Revenue Code and Ordinance No. 6265.
- 2. Require all companies investing participant's funds to send basic information to the district and the committee as administrator, monitor performance of these companies, and to take a more active role in the administration of this plan.

Status:

Implemented.

15. Pension Plan

- A. The district had no written general investment policy establishing investment objectives, such as asset mix, expected rates of return, risk exposure, and degree of liquidity.
- B. The district did not enter into written contracts with all of the money managers who provided investment advisory services to the pension fund.
- C. There was no documentation that investment performance of the pension plan money managers were adequately reviewed.
- D. The district did not maintain adequate records of pension fund investment activity.

- E. The district had invested in a mutual fund operated by one of the money managers.

Recommendation:

The district:

- A. Develop a formal investment policy that is binding upon all fund managers.
- B. Establish written contracts with all financial consultants.
- C. Require written periodic performance evaluations to be prepared for all fund managers.
- D.1. Maintain detailed records of pension fund investment transactions and monitor those transactions.
- 2. Enforce investment activity reporting requirements for fund managers and retain all reports received.
- E. Evaluate alternative mutual fund investments.

Status:

Implemented.

16. Connection Fees

- A. Connection fee rates differed between sewer service areas, with three areas having no connection fees at all.
- B. Ordinances could not be located which adopted the connection fees assessed in several service areas.
- C. The existing connection fee ordinances were in conflict with the revenue bond ordinance, adopted in March 1985.

Recommendation:

The district:

- A. Develop a basis for establishing districtwide connection fees and adjust current and/or implement new rates accordingly.
- B. Adopt all connection fees by ordinance.

- C. Revise ordinances as necessary to resolve all conflicts and establish reserves as necessary in the Revenue or General Fund to ensure connection fees are spent as intended.

Status:

Implemented. The connection fee ordinance is applied on a districtwide basis. The connection fees are deposited in the Improvement Fund, and are used for capital improvements and replacements of the wastewater system.

17. Accounts Receivable

- A. No written procedures existed for the processing of overdue accounts receivable, or for accounts with a credit (negative) balance. As a result, 1) collection cases sent to the Legal Section were not adequately tracked, and 2) documentation of action taken (normally documented in the comments section for the applicable account) was not required by written procedures nor were written guidelines available for credit balances.
- B.1. The district did not have a formal written and signed agreement with its collection agency.
  - 2. The district did not bid out its collection agency agreement.
  - 3. The district did not perform a cost-benefit analysis of hiring additional employees as collectors versus using the collection agency for all the delinquent accounts.

Recommendation:

The district:

- A. Prepare a collection procedures manual. This manual should include procedures to:
  - 1. Track cases that are sent to the Legal Department and follow up on cases where appropriate.
  - 2. Provide guidelines related to the documentation and payment of refunds for overpayments or credit balances.
- B.1. Obtain formal written agreement with the collection agency.
  - 2. Establish a formal bidding policy regarding collection services.

3. Evaluate the current collection effort and costs and perform a cost-benefit analysis of hiring additional collections personnel versus using the collection agency.

Status:

A. Not implemented. See MAR No. 1.

B.1

&2. Partially implemented. Although the district has written agreements for its debt collection services, these services have not been bid for over five years. See MAR No. 4.

3. Not implemented. Although not repeated in the current MAR, the Board of Trustees should consider implementing this recommendation.

18. Bank Accounts

- A. The district did not have formal written contracts (depository agreement) with its depository banks.
- B. One bank did not have adequate collateral pledged to secure deposits. In addition, the district did not monitor pledged collateral security.
- C. The district did not bid out its banking services.
- D. The district had excessive bank accounts, fifteen accounts with five different banks. However, during the audit, nine of the fifteen accounts were closed.

Recommendation:

The district:

A&

C.1. Establish a formal bidding policy for banking services.

2. Request proposals for banking services.

3. Develop a formal contract(s), signed by both the district and the institution, upon selection of a banking institution or institutions.

B. Monitor to ensure the banks pledge sufficient collateral securities at all times.

D. Close all unnecessary bank accounts.

Status:

A&C. Implemented. Although the district had not fully implemented the recommendations during the two years ended June 30, 2001, we noted the district was in the process of completing the implementation of these recommendations.

B. Implemented.

D. Partially implemented. Although the district has numerous bank accounts, the district appeared to have adequate reasons for these accounts.

19. Cash Receipt Procedures

A.1. Mail receipts were not listed on a mail log.

2. All checks were not immediately restrictively endorsed when received.

3. The duties in the handling of mail receipts in the Secretary-Treasurer's office were not properly segregated.

B.1. Applications for connection permits were not numbered.

2. Permit refunds were sometimes made in cash when the application fee was not deposited.

3. The receipts for connection permits and inspections were not deposited timely.

C. The district did not have a centralized location where all over the counter monies are received.

Recommendation:

The district:

A.1. Prepare mail listings of receipts and independently reconcile the mail listings with reported receipts on a periodic basis.

2. Endorse all checks immediately upon receipt.

3. Establish a proper segregation of duties within the Secretary-Treasurer's office.

B. Revise current procedures with regard to the connection, construction, and machine tap permits in the Engineering Department to require:

1. Application permits be prenumbered.

2. Refunds be made by check and through standard procedures.
  3. Deposit of all receipts on a daily basis as required by the district charter.
- C. Establish the function of a centralized cashier within the office of the Secretary-Treasurer to collect and process all receipts of the district.

Status:

- A.1. Not implemented. A mail log is not prepared; however, all checks are forwarded to the Cashier's Office for processing.
2. Partially implemented. Checks are not restrictively endorsed when received by the engineering department
  3. Implemented.
- B.1. Not implemented. The computerized receipt for the connection fess and permits are not prenumbered.
- 2
  - &3. Implemented.
- C. Implemented. The district established a Cashier's office for the processing of all receipts received by the district.

20. Emergency Contracts

- A. The selection process for emergency contracts with construction and engineering firms and the specific considerations used in awarding these contracts were not formally (written) documented.
- B. Although required by district policy, the agreements with the engineering firms were not written contracts.

Recommendation:

The district:

- A. Amend the emergency procedures policy to include a provision to require adequate documentation of the considerations used in the selection of engineering and construction firms.
- B. Comply with the emergency procedure policy that requires a signed contract for emergency engineering work.

Status:

Partially implemented. There were no emergency contracts during the two years ended June 30, 2001. However, an emergency contract was issued in January 2002. Although district policy requires that the selection process for the contractor be documented, the selection process was not documented in this case. However, a written agreement was prepared.

21. Engineering and Consultant Contracts

- A. The district did not have an organizationwide policy for the acquisition or monitoring of consulting services, except for the engineering department's procedures for the selection and monitoring of consultant contracts.
- B. The requests for proposals to engineering firms were not always made in writing.
- C. The selection procedure for awarding engineering contracts were not well documented.
- D. The engineering firms did not always present a certificate of insurance for professional liability.

Recommendation:

The district:

- A. Establish an organizationwide policy for the acquisition of consulting services to include an analysis of the need. Competitive bidding should be used when appropriate. We also recommend binding contracts with monitoring and evaluating of consultants.
- B. Require that all requests for proposals for district projects be in writing and maintained in the contract files.
- C. Formalize and document the procedures used in selecting engineering firms.
- D. Enforce the standard engineering contract provision relating to insurance by requiring the presentation or proof of insurance.

Status:

- A. Partially implemented. See MAR No. 4.
- B,C  
&D. Implemented.

22. Expense Reimbursements

- A. There was a high degree of noncompliance by senior level management with the district's policy on claiming reimbursement for business expense.
- B. There was questionable reimbursements which appeared to be for the benefit of the employee/official instead of for the conduct of official business of the district.
- C. The monthly flat rate expense provided to four members of senior level management was not included on the applicable employees W-2 form as required by the Internal Revenue Service.

Recommendation:

The district:

- A. Require compliance by all employees with the proper documentation of and timely submission of expense claim forms as provided by the "Official Business Expense Reporting" policy.
- B. Reject expense claims containing personal or nonbusiness expenditures and require all claimed expenditures to be necessary for the official business of the district.
- C. Eliminate the flat rate allowance paid to these employees or establish a policy delineating the exact expenditures for which this allowance is to be used.

Status

A

&B. Partially implemented. See MAR No. 7.

C. Implemented. The district eliminated the flat rate allowance.

23. Purchasing Manual

- A. The release of a purchase order for purchases greater than \$100 was changed to \$250 without the approval of the Board of Trustees.
- B. The guidelines and procedures required by the purchasing manual and the applicable ordinance was not being followed. 1) The emergency purchasing policies were not being enforced. 2) Price checks were not being done by district personnel for blanket purchase orders. 3) Price quotes for various purchases were not documented. 4) Not all newspapers used to publish notices inviting bids met the legal definition of general circulation.



Recommendation:

The district:

- A. Amend the purchasing manual in formal written manner when necessary and obtain Board of Trustee authorization when required.
- B. Comply with established purchasing guidelines and procedures. Specifically, we recommend the district:
  - 1. Limit emergency purchases to those items which are required to return a piece of equipment or system to operational status, or to cases where the immediate procurement of supplies, equipment, or contractual service is essential to prevent delays in the work of any agency which may vitally affect the life, health, welfare, or convenience of citizens.
  - 2. Ensure that items purchased under a blanket purchase order are only paid for at the bid price.
  - 3. Obtain and maintain the required documentation of price quotes on applicable purchases.
  - 4. Publish notices inviting bids on purchases of \$10,000 or more in at least one newspaper of general circulation in the district. In order to meet this requirement and minority purchasing requirements, the district may want to simultaneously place notices in one newspaper of general circulation and in one newspaper directed at minority readership.

Status:

A,B2,

&4. Implemented.

- B.1. The purchasing department cannot readily identify emergency purchases. However, purchasing department personnel stated that there were no emergency purchases over \$25,000 during the two years ended June 30, 2001. None of the expenditures we reviewed were emergency purchases.
- 3. Not implemented. We noted that documentation of quotes and justification for sole source was not always documented and forwarded to the purchasing department in accordance with district policy. Although not repeated in the current MAR, the Board of Trustees should consider fully implementing this recommendation.

24. Property, Plant, and Equipment

- A. The district did not have a complete and accurate real property record. In addition, the land book (prepared from record searches) did not agree to the computerized listing of properties of land and land rights.
- B. The Division of Finance did not receive adequate information from the Legal Department in order to properly record real property acquisitions.
- C. The district did not conduct an annual inventory of fixed assets.
- D. The Division of Finance did not handle the record-keeping (accounting) function for real property lease arrangements, and the Office of Secretary-Treasurer was not responsible for collecting the lease payments.

Recommendation:

The district:

- A. Establish and maintain a complete and accurate real property record.
- B. Establish a reliable mechanism to inform the Division of Finance of all real property acquisitions and include appropriate costs information.
- C. Conduct an annual inventory of high-risk and high-cost items, and a regular inventory on a less frequent basis of other items.
- D. Transfer record-keeping responsibility and cash receipt function for real property lease arrangements to the accounting and the Secretary-Treasurer's office respectively.

Status:

A,B,  
&D. Implemented.

C. Partially implemented. See MAR No. 11.

25. Vehicle Fleet

- A. The district provided all directors (twenty) unmarked automobiles with regular state license plates and nineteen of the twenty directors with gasoline credit cards. Personal use of these vehicles was allowed.

1. The mileage logs maintained by the directors to account for the business and personal use were not standardized and generally did not contain adequate documentation for the destination and purpose of the trip.
2. The use of state license plates served no apparent valid business purpose.
3. It appeared that the district could save money if the directors were reimbursed for the business use of their personal car.
4. a. It appeared that fuel credit cards were provided as a convenience and were not a necessity.
  - b. Fuel purchases made by credit cards were more costly than fuel available at the district fuel pumps.
  - c. Fuel purchases made by credit card were not incorporated into the vehicle usage reports used to monitor fuel usage and maintenance requirements.
  - d. Although items such as antifreeze, oil, car wash and wax were available at the district maintenance garages, many of these items were purchased by credit card.
- B. It appeared that the vehicles assigned to full-time employees (other than directors) were not being fully utilized. In addition, many of these employees did not appear to have a reasonable need for a vehicle.
- C.1. Vehicle mileage logs, other than vehicles provided directors, were not maintained. In addition, the directors' mileage logs did not include the destination or purpose of the business travel.
2. Many erroneous odometer readings were entered into the district's fuel pump computerized system.

Recommendation:

The district:

- A. Discontinue the practice of providing a personal car and a gasoline credit card to directors and reimburse the directors at the same rate as other employees for the use of their personal cars when the use of a district car would not be appropriate. If the practice of providing vehicles continues the district should increase accountability over the use of these cars and credit cards by:
  1. Requiring each director to submit a standardized monthly log of automobile usage which includes the destination and purpose for each business trip recorded.

2. Providing automobiles with district logos and license plates, rather than unmarked automobiles with state license plates to directors.
3. Instituting gasoline credit card policies and procedures that:
  - a. Restrict usage to stations outside of the metropolitan St. Louis area.
  - b. Require fueling at the district fuel pumps when possible.
  - c. Require the incorporation of credit card purchases in the fuel monitoring and maintenance monitoring reports.
  - d. Restrict the purchases of vehicle accessory items to emergencies.
- B. Perform an in-house, vehicle-by-vehicle analysis of the current vehicle fleet and eliminate those vehicles not necessary to the cost-effective administration of the district.
- C. Institute vehicle policies and procedures that:
  1. Require a vehicle log for all automobiles and require the log to be completely filled out including odometer readings, destination, and purpose.
  2. Establish limits or reasonableness checks in the reporting system itself that would ensure accurate or near accurate recording of odometer readings when refueling.

Status:

- A. Implemented. The district discontinued the practice of providing a personal car and gasoline credit card to directors. Instead, directors are assigned commuting vehicles and/or use a pool vehicle. See MAR No. 9.
- B. Partially implemented. See MAR No. 9.
- C. Not implemented. See MAR No. 9.

26. Waste Discharge Controls

- A.1. Samples, taken to test the content of waste being dumped at the treatment plants, were taken by the driver of the truck hauling the waste, often without the supervision of a district employee. In addition, the district did not test all samples submitted.

2. Samples taken before discharge were not matched with samples discharged, and oral approval was given to discharge the waste.
- B. Waste discharge procedures varied at the three discharge sites.

Recommendation:

The district require:

- A.1.
- a. All waste samples taken during discharge be taken by the site operator or be directly observed by the site operator.
  - b. All samples taken be tested prior to allowing the discharge.
2. All waste samples submitted by the haulers be matched to those samples taken during discharge and for discharge approval to be in writing.
- B. Standard written procedures concerning waste discharge for all sites.

Status:

Implemented.

27. Internal Audit Function

The district had not established an internal audit function.

Recommendation:

The district establish an internal audit function that will report directly to the Board of Trustees.

Status:

Implemented.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## METROPOLITAN ST. LOUIS SEWER DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Metropolitan St. Louis Sewer District was created in 1954 to provide a metropolitan-wide, integrated sewer system to serve the city of St. Louis and parts of the county of St. Louis. Prior to the creation of the district, various municipalities and private sewer companies provided sewer service that primarily included only collecting and transporting sewage from small geographic areas to nearby rivers and streams with little or no treatment. Most of the municipalities or private sewer companies serving the area did not have the jurisdictional authority or financial resources needed to eliminate health hazards from untreated sewage.

When the district began operations, it took over the publicly owned wastewater and stormwater drainage facilities within its jurisdiction and began the construction of an extensive system of collector and interceptor sewers and treatment facilities. In 1977, the district annexed a 270 square mile area of the lower Missouri River basin and Meramec River basin watersheds, thereby doubling its service area. The district purchased the Fee Fee Trunk Sewer Company and the Missouri Bottoms Sewer Company in 1978, and acquired other systems since that time.

The district's service area now includes a system of sanitary, stormwater and combined sewers totaling more than 8,700 miles of pipes and channels covering more than 524 miles, serving approximately 1.4 million customers.

The district is governed by a six-member Board of Trustees with equal representation from the city and the county. A three-member Civil Service Commission serves in an advisory position on problems concerning personnel administration. The Charter (Plan) which established the district was amended by voters in 2000. The amended Plan established an independent fifteen-member rate commission to review adjustments to the district's user charges before the Board of Trustees acts on them. Delegates on the rate commission represent various organizations. Another major change in the Plan gave the district the authority to issue revenue bonds on a districtwide basis.

The Board of Trustees enacts district ordinances, determines policies, and appoints the Executive Director, the Secretary-Treasurer, and the Internal Auditor. The Executive Director appoints all other district officials and employees.

The Board of Trustees and other principal officials at June 30, 2001, were:

Board of Trustees	Term Expires	Actual Compensation for the Year Ended June 30, 2001
Mary Gassmann Reichert, Chairman	March 2004 (1) \$	325
Carolyn D. Seward, Vice Chairman	March 2005	350
Thomas W. Purcell, Member	March 2004	250
John W. Siscel, Member	March 2002 (2)	325
Anthony J. Soukenik, Member	March 2005	0 (3)
Michael C. Williams, Member	March 2002 (4)	325
<hr/> Other Principal Officials <hr/>		
Willie Horton, Executive Director		209,544 (5)
Karl Tyminski, Secretary-Treasurer		109,717
Terry Follmer, Internal Auditor		1,923 (6)
Randy Hayman, General Counsel		108,689 (7)
Bernardine Rivers, Director of Diversity		67,331
Charles Etwert, Assistant Executive Director		159,018
Vicki Edwards, Director of Human Resources		75,691
Terry Briggs, Director of Public Affairs		85,673
Don Moschenross, Director of Administration		118,097
Janice Zimmerman, Director of Finance		17,369 (8)
Larry Carpenter, Director of Information Systems		99,303
Bernie Rains, Director of Environmental Compliance		104,214
Not Filled, Director of Risk Management		0 (9)
Robert Butchko, Director of Engineering		123,176
Roger Wieting, Director of Operations		123,200

The amounts presented for the Board of Trustees represent compensation for attending meetings. These trustees receive compensation of \$25 for each day on which he/she attends a regular or special meeting. Trustees are paid in December each year for that years' compensation. In addition, trustees are reimbursed for their necessary and reasonable expenses incurred in the discharge of their duties.

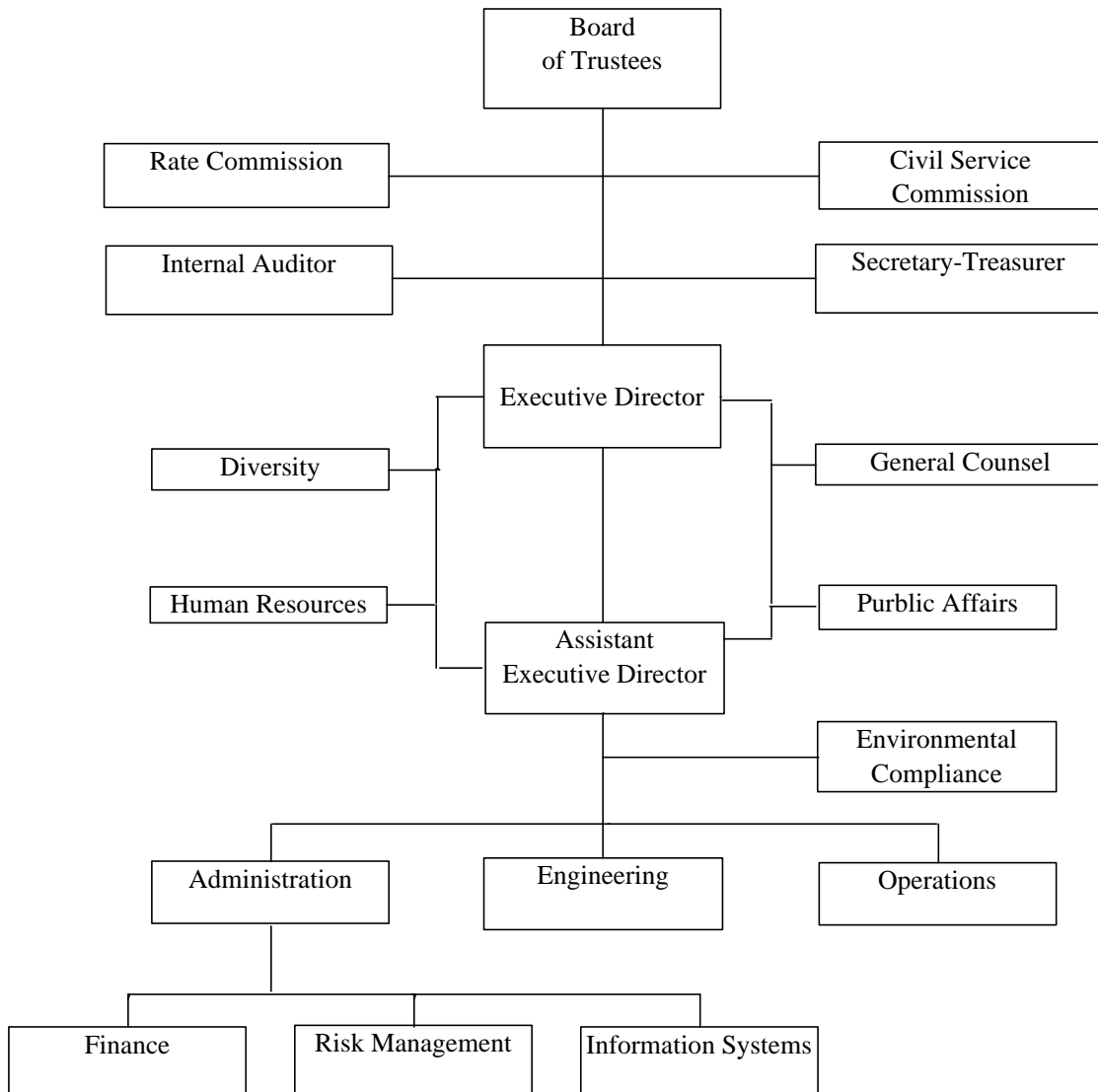
- (1) Ms. Reichert resigned from the Board effective July 31, 2002.
- (2) Mr. Siscel was reappointed to the Board until March 2006.
- (3) Mr. Soukenik directed his 2001 compensation totaling \$475 to charity.



- (4) Mr. Williams will continue to serve until a replacement is named.
- (5) The Executive Director's annual salary is \$183,750. This amount includes vacation buy-back. Mr. Horton's contract was not renewed by the Board. The contract terminated September 6, 2002.
- (6) The Internal Auditor was hired in June 2001. His annual salary is \$100,000.
- (7) The General Counsel was hired in August 2000. His annual salary is \$134,567.
- (8) The Director of Finance was hired in April 2001. Her annual salary is \$105,082.
- (9) Bruce Kozozenski was hired as the Director of Risk Management in August 2001. His annual salary is \$69,327.

An organization chart follows.

METROPOLITAN ST. LOUIS SEWER DISTRICT  
ORGANIZATION CHART



\* \* \* \* \*



**DEPARTMENT OF HIGHER EDUCATION**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-87  
September 12, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**The following areas of concern were noted in our audit of the Department of Higher Education.**

During the two years ended June 30, 2001, the Department of Higher Education (DHE) awarded approximately \$83.5 million in student financial assistance to college students through eight programs. The majority of this funding, approximately \$82.2 million, was state monies. During our review of the student financial assistance programs, we noted the following concerns:

- The DHE does not perform any monitoring regarding the validity of data provided by colleges and universities to support student eligibility determinations.
- The DHE did not adequately monitor available funding to ensure monies were sufficient to fund scholarships in the same fiscal year as the scholarship was awarded.

During the two years ended June 30, 2001, the DHE awarded approximately \$5.8 million in student financial assistance through the Advantage Missouri program. This program, established in 1999, utilizes state monies to provide loans to students in certain undergraduate programs. Timely tracking and follow-up action on some outstanding loans has not taken place. Additionally, at the time of our review, the computer program component to be used for tracking amounts of loan repayments, loans forgiven, and loan balances of the Advantage Missouri program was not operational.

The DHE has ten state-owned vehicles including five fleet vehicles, four permanently assigned vehicles, and one vehicle used for mail delivery. A vehicle usage log was not maintained for one vehicle, which was permanently assigned to the Commissioner of Higher Education. The lack of a vehicle usage log does not allow for the identification and proper reporting of commuting mileage, nor the identification of business mileage as a basis for determining whether the need for the permanent assignment for business purposes is justified. The Commissioner's employment contract authorizes the use of a state car for official business; however, some commuting was noted.

The DHE paid \$1,520 for dinners in February 2000 and April 2001 to recognize "Women in Public Service". These two dinners were held at the Commissioner's home and were attended by women legislators and selected high-ranking female officials of other state agencies. Of the approximately 40 individuals which attended only 5 were DHE employees. These dinners cost approximately \$18 - \$20 per person. No agenda was provided for either meeting and the compelling business purpose and necessity of these expenditures was not clear. In addition, the DHE does not have a formal written policy

(over)

YELLOW SHEET

regarding food provided by the agency for conferences and meetings. Expenditures for agency-provided food and food services totaled approximately \$53,500 for the two years ended June 30, 2001. Instances were noted where food was provided at meetings scheduled during or beginning at the lunch hour and at meetings where all or a majority of the attendees were DHE employees (many of whom were in their official domicile).

The DHE does not have a formal policy regarding meal expense allowances, has set no dollar limits on meal reimbursements, and has allowed employees to be reimbursed for meals within their official domicile.

The DHE has hired consultants to perform various professional services. During our review of the consulting expenditures, we noted the DHE contracted with several different computer programming vendors between July 1999 and June 2002 to develop software to administer the Advantage Missouri Loan Program, as well as providing other programming services including the Missouri Student Assistance Resource Services integration project and the Automated Transfer of Money system. While the DHE has contracted with three different vendors over this time, the actual computer programmer has been the same individual for all three vendors. Between July 1999 and April 2002, the DHE has paid the three vendors over \$240,000 for the services of this programmer. The contracts for these services did not document the specific project assignments, tasks, and completion milestones to be used in monitoring the vendors' progress, nor did the DHE provide the vendors with clear written guidelines regarding these issues through subsequent written communications.

The DHE paid some consulting services invoices without obtaining adequate supporting documentation. One consultant did not include adequate supporting documentation for consulting service fees, totaling \$9,000, billed to the DHE. While DHE personnel indicated the consultant was paid a daily rate, neither the contracts nor the invoices indicated the method of determining the compensation or any daily rate. In addition, documentation to support reimbursable out-of pocket expenses claimed by another consultant was not adequate.

The DHE has not developed a written policy regarding appropriate cellular telephone usage and does not regularly review monthly cellular telephone bills for billing errors and personal telephone calls. Some of the DHE's fourteen cellular telephones were not enrolled in the most cost-effective plan or may not have been necessary.

The DHE did not obtain bids, or maintain bid documentation, for several purchases. We noted bids were not obtained for promotional items purchased for various conferences, including pens costing \$3,821, zippered portfolios costing \$5,023, and backpacks costing \$3,594. Bids were also not obtained for one consulting contract totaling \$22,700. In addition, while the DHE indicated bids were obtained for another consulting contract totaling \$9,756, no documentation was maintained of the other bidders, the amounts of their bids, or of the justification for selecting the chosen vendor.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF HIGHER EDUCATION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-18

<u>Number</u>	<u>Description</u>	
1.	Student Financial Assistance Programs .....	5
2.	Advantage Missouri Program .....	7
3.	Consulting Contracts .....	9
4.	Cellular Telephone Services .....	11
5.	Vehicle Procedures and Usage .....	13
6.	Travel Expenditures and Meal Reimbursements .....	15
7.	Agency-Provided Food Expenditures .....	16
8.	Bidding Procedures .....	17
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....		19-26

Appendix

A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000 .....	23-24
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000 .....	25
C	Comparative Statement of Expenditures for the Student Financial Assistance Programs Years Ended June 30, 2001 and 2000 .....	26

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
The Coordinating Board for Higher Education  
and  
Dr. Kala M. Stroup, Commissioner  
Department of Higher Education  
Jefferson City, MO 65109

We have audited the Department of Higher Education. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. This audit did not review the appropriations made to the state's colleges and universities and to the community colleges. This audit also did not review the appropriations for the Common Library Platform project and the Guaranty Student Loan program. The objectives of this audit were to:

1. Review certain financial activity and related procedures, and compliance with certain legal provisions.
2. Review certain internal control procedures and management practices.
3. Review student financial assistance programs.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies and applicable state laws, financial records, and other pertinent documents, and interviewed various personnel of the department.

As part of our audit, we assessed the department's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.



Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Higher Education.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 30, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Randall Gordon, CPA
Audit Staff:	Stephen M. Garner
	Nicki E. Russell, CPA
	Julie Tomlinson

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF HIGHER EDUCATION  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Student Financial Assistance Programs</b>
-----------	----------------------------------------------

During the two years ended June 30, 2001, the Department of Higher Education (DHE) awarded approximately \$83.5 million in student financial assistance to college students through eight programs. The majority of this funding, approximately \$82.2 million, was state monies. Student financial assistance programs include the Higher Education Academic Scholarship (Bright Flight), Charles Gallagher Student Financial Assistance, Bridge Scholarship, Marguerite Ross Barnett Memorial Scholarship, Advantage Missouri, Missouri College Guarantee, Public Service Officer or Employees' Child Survivor Grant, and Vietnam Veterans' Survivor Grant. Each financial assistance program has different eligibility criteria. During our review of the student financial assistance programs, we noted the following concerns:

- A. The DHE does not perform any monitoring regarding the validity of data provided by colleges and universities to support student eligibility determinations. Every semester the DHE sends listings of students identified as potentially eligible for applicable assistance programs to each college and university and relies on the schools to review and certify that certain criteria have been met to ensure students are in fact eligible for the related student financial assistance programs. The schools make the determinations and return the listings indicating whether each student has met the eligibility criteria or not, though specific reasons for ineligibility are not noted. The eligibility status is entered from these listings into a computer database which is then used to make the actual awards of financial assistance.

Where applicable many of the eligibility criteria, such as continued enrollment, satisfactory academic progress, demonstrated financial need (when considering other scholarships or resources known only to the school), etc. can only be determined from the colleges' and universities' records. While the involvement of the schools is necessary to make these determinations, the DHE does not periodically test these determinations and related documentation or review the procedures used by the colleges and universities to make the determinations. To ensure effective management and accurate awarding of these state financial assistance programs, the DHE should perform on-site monitoring procedures and sampling at the colleges and universities. Such procedures can help ensure data supporting the eligibility status of students is being properly verified and that ineligible students do not receive student financial assistance.

- B. The DHE did not adequately monitor available funding to ensure monies were sufficient to fund scholarships in the same fiscal year as the scholarship was awarded. During the year ended June 30, 2001, the DHE underestimated the

amount of scholarships that would be awarded for the Charles Gallagher Student Financial Assistance Program and awarded scholarships in excess of available funding. As a result, \$70,000 of scholarship awards had to be paid from the next year's appropriation, thereby reducing the amount of monies available to award scholarships for the year ended June 30, 2002. Although the Comparative Statement of Appropriations and Expenditures, in Appendix A of this report, indicates lapsed balances for this program, actual federal funds available were less than the amount initially budgeted.

For this program, funding has historically not been adequate to provide a scholarship to all eligible applicants. As a result, the DHE estimates the percentage (based on previous years' information) of applicants that are expected to be found eligible based on information provided by the colleges and universities. This percentage is then used in estimating the financial need level that will serve as the cut-off amount, below which scholarships will not be awarded. Periodically throughout the semester, as the eligibility listings are returned by the schools, the DHE issues scholarship monies to eligible students above the pre-determined cut-off level. However, prior to beginning payouts the DHE does not ensure all eligibility listings are returned and the responses analyzed to determine if sufficient funds are available to award scholarships to all eligible applicants above the initial estimated cut-off level. In the Spring of 2001, one school returned the eligibility listing to the DHE after almost all available funding had already been spent. Awards to the 140 students on the listing, totaling approximately \$70,000, had to be paid with monies from the following fiscal year. Had the DHE better monitored listings due from the schools, the cut-off level could have been adjusted prior to disbursing the awards.

**WE RECOMMEND** the DHE:

- A. Implement procedures to periodically review procedures used, and sample student eligibility determinations made, by colleges and universities for financial assistance programs administered by the DHE.
- B. Monitor the eligibility listings due from the schools and adjust the award cut-off levels when necessary to ensure adequate funding is available to pay scholarships awarded.

**AUDITEE'S RESPONSE**

- A. *We agree. DHE performed limited reviews of student eligibility determinations at certain institutions in 1999 and 2000. However, staff and funding reductions for Grants and Scholarships Administration have limited the resources available to perform thorough and consistent reviews. Reductions in core funding have reduced staffing from 7.6 FTE in fiscal year 2000 to 5.0 FTE in fiscal year 2003 - a reduction of 34%.*

*DHE will develop a plan to implement a more thorough and comprehensive compliance review process for state programs based on the current resources available. The plan will be developed and tested during the 2002-2003 academic year and become operational in the 2003-2004 academic year.*

- B. *We agree. DHE will develop and implement procedures during the 2002-2003 academic year to ensure all institutions return student eligibility files for payment by the same due date.*

*DHE will request the General Assembly restore 1 FTE to the Grants and Scholarship Administration core budget in fiscal year 2004 to facilitate the review and processing of state financial assistance programs.*

<b>2. Advantage Missouri Program</b>
--------------------------------------

During the two years ended June 30, 2001, the DHE awarded approximately \$5.8 million in student financial assistance through the Advantage Missouri program. The program, established in 1999, utilizes state monies to provide loans to students in undergraduate programs of study leading to employment by Missouri businesses and industries in pre-established high-demand occupational fields, such as biomedical/biotechnical, advanced manufacturing, and computer technology. Through the program, a student enrolled in an academic program related to one of the designated high-demand fields may apply for a loan. The student has one year after graduation to obtain employment in the designated high-demand occupation in Missouri. Upon documentation of such employment, the student will have one year of loans forgiven for each full year of qualifying employment. If the student does not complete the appropriate classes or if the employment obligation is not fulfilled, the student must repay the loan with interest. During our review of the Advantage Missouri program, we noted the following concerns:

- A. The computer system intended to help DHE personnel monitor the accounts of program participants is not fully operational. As a result, timely tracking and follow-up action on some outstanding loans has not taken place.
- 1) The DHE verifies each student's enrollment status with the schools twice a year. When the student is no longer enrolled in school due to graduation, withdrawal from classes, or withdrawal from the approved coursework, a letter and employment verification form is to be sent to the student for completion. If graduated and employed in a designated high-demand occupation, the student can complete the paperwork requesting loan forgiveness; otherwise the student must begin repayment on the loan. Graduates are given a twelve-month grace period to find employment in a qualifying occupational field. Students who no longer meet the program criteria are given a similar twelve-month grace period to repay the loans interest free.

Letters for the first cycle of loan recipients, enrolled during the 1999-2000 school year, should have been sent in 2000 to start the twelve month grace period in which to find qualifying employment or to begin loan repayment. However, the component of the Advantage Missouri computer program that was supposed to automatically generate these letters was not fully functional at the time and the letters were not sent. Even though the DHE knew the system could not generate the letters, no alternative procedures were developed to ensure letters were sent to applicable students timely. While the DHE has focused on ensuring the appropriate letters were sent to the second cycle of recipients, at the time of our review in the Spring of 2002, these 617 first cycle students, representing approximately \$1.3 million in program loans, still had not received letters and employment verification forms. As a result, the DHE does not know which of these loans should be in repayment or be forgiven.

- 2) At the time of our review, the computer program component to be used for tracking amounts of loan repayments, loans forgiven, and loan balances of the Advantage Missouri program was also not operational. A computer consultant has been working on development of the computer program since August 1999. Until this portion of the computer software program is functional the DHE is using a simple Excel spreadsheet to track the few repayments, totaling \$5,377, received through April 17, 2002. Of the amount collected, \$5,000 was received during the period February 2000 to August 2000.

The failure to send letters timely to participants no longer in school, combined with the lack of a system to track loan repayments, loans forgiven, and balances has hindered the DHE's ability to adequately monitor this program. No loans have been forgiven and the DHE may not be obtaining repayments for some loans as required by law.

- B. The employment certification form used by the Advantage Missouri program does not provide for an adequate job description of the work being performed. The employment certification form merely asks the employer to indicate the type of field (job) in which the employee is working. The DHE should obtain a detailed job description of the work being performed to ensure the actual job satisfies the intent of the program's loan forgiveness criteria.

**WE RECOMMEND** the DHE:

- A. Ensure notification letters and employment verification forms are sent timely to applicable students and implement as soon as possible a system to track the status of each loan.

- B. Require a written description of the job being performed as part of the employment certification form to ensure the employment meets the criteria for loan forgiveness.

### **AUDITEE'S RESPONSE**

- A. *We agree. All previously outstanding notification letters and employment verification forms have been sent and DHE is currently up-to-date. The Advantage Missouri payment system is now fully developed and testing is currently underway. Upon completion of the testing, DHE anticipates the system to be fully operational by December 31, 2002.*
- B. *We agree. The employment certification form will be revised to include a job title and a brief written description of the job performed by the employee.*

<b>3. Consulting Contracts</b>
--------------------------------

The DHE has hired consultants to perform various professional services for the DHE. During our review of the consulting expenditures, we noted the following concerns:

- A. The DHE contracted with several different computer programming vendors between July 1999 and June 2002 to develop software to administer the Advantage Missouri Loan Program, as well as providing other programming services including the Missouri Student Assistance Resource Services (MOSTARS) integration project and the Automated Transfer of Money (ATOM) system. While the DHE has contracted with three different vendors over this time, the actual computer programmer has been the same individual for all three vendors. Between July 1999 and April 2002, the DHE had paid the three vendors over \$240,000 for the services of this programmer.

Our review indicated the contracts for these services did not document the specific project assignments, tasks, and completion milestones to be used in monitoring the vendors' progress, nor did the DHE provide the vendors with clear, written guidelines for the modification, development, and implementation of the systems via subsequent written communications. The information technology director indicated the assignment of tasks and monitoring of the vendors' progress were communicated informally, mainly through discussions with the vendors. In addition, although the programmer is working on several different projects, the DHE does not require the programmer to track time spent by project. Thus, the DHE does not know the costs associated with each project. Even though the DHE did begin requiring bi-weekly progress reports for work performed under the fiscal year 2002 contract, these reports also do not indicate the amount of time spent on the different projects.

As noted above, the terms of the contracts between the DHE and the vendors did not contain any performance controls such as minimum or maximum performance

criteria and also did not specify any details of the system requirements. The terms of the contracts generally indicate the vendor agrees to provide computer programming services at a specified hourly rate to the DHE as requested and directed by the DHE and its representatives. In addition, the DHE did not have documentation related to the planned scope of each of the projects, such as estimated cost or estimated time for completion for each project. As a result, the successful outcome and costs of the projects appear to be highly dependent on the DHE's ability to communicate system needs to the vendor and to monitor the ongoing projects for satisfactory results.

To ensure the most effective use of resources and to establish accountability and expectations, the DHE should clearly document all pertinent assignments, tasks, and completion milestones for system development contracts, either through the contracts or subsequent written communications. The DHE should document formal monitoring of the related performance of such contractors to ensure the product received meets the needs of the DHE and will be delivered in a timely and cost effective manner.

B. The DHE paid some consulting services invoices without obtaining adequate supporting documentation, as follows:

- 1) Supporting documentation for reimbursable expenses claimed by one consultant was inadequate. While the contract indicated that expenses billed to the DHE for items such as travel costs and other out-of-pocket expenses would not exceed a set dollar amount, the vendor did not submit supporting documentation of the actual expenses incurred. Our review of two invoices, which included claims for approximately \$4,400 in reimbursable expenses, noted simply the total amount of expenses claimed. The invoices contained no descriptions of the expenses or documentation of when they were incurred. As a result, the DHE has little assurance the consultant was reimbursed for actual expenses incurred.
- 2) One consultant did not include adequate supporting documentation for consulting service fees, totaling \$9,000, billed to the DHE. While DHE personnel indicated the consultant was paid a daily rate, neither the contracts nor the invoices indicated the method for determining the compensation or any daily rate. In addition, the invoice included no information regarding the number of days worked. The invoices only included a total amount related to consulting services and a brief narrative of activities performed. Due to the lack of sufficient detail in the contract and related invoices, the DHE had little assurance as to the propriety of the consulting service fees billed.

The DHE should ensure all consulting contracts adequately detail the method in which contract fees are calculated. Invoices should include adequate documentation to show the fees are valid and calculated in accordance with the



contract terms. In addition, any reimbursable expenses claimed should be accompanied by adequate supporting documentation.

**WE RECOMMEND** the DHE:

- A. Clearly document contract assignments, tasks, and completion milestones and document formal monitoring of the progress of contractors to ensure the effective use of state resources and the timely delivery of a satisfactory product.
- B. Ensure fee provisions of consulting contracts are adequately detailed and invoices for fees and expenses are supported by adequate documentation of validity and accuracy.

**AUDITEE'S RESPONSE**

*We agree. New procedures will be implemented by December 31, 2002 to address these issues.*

<b>4. Cellular Telephone Services</b>
---------------------------------------

The DHE's policies and controls over the use of cellular telephone services were not adequate. The DHE utilized fourteen cellular telephones, with some being assigned to specific individuals while other pooled cellular telephones could be checked out as needed. Expenditures related to cellular telephones totaled approximately \$16,500 for the two years ended June 30, 2001 (including administrative funds related to the Guaranty Student Loan Program). During our review, we noted the following concerns:

- A. The DHE has not developed a written policy regarding appropriate cellular telephone usage and does not regularly review monthly cellular telephone bills for billing errors and personal telephone calls.

Based on staff concerns of abnormal usage, the DHE analyzed the billing detail for one cellular telephone for a two-month period, identifying all calls made to out-of-state numbers or outside of normal working hours. While the DHE required the employee to reimburse the state \$564 for apparent personal calls made during the period, the DHE did not review any other cellular telephone bills for this person or other employees. We reviewed the other cellular telephone bills of the individual indicated above and noted seven other months during which apparent personal telephone calls were made totaling approximately \$575. Most of these calls occurred in months prior to those reviewed by the DHE. We also reviewed two months of cellular telephone bills for various other employees and noted similar apparent personal calls for several personnel. Such calls for these other employees for the two months totaled approximately 1,600 minutes and cost the state almost \$300. One individual had 600 minutes in apparent personal calls

during one month. Our review also noted one cellular telephone number that was not billed as tax-exempt and two cellular telephone numbers where the detail of telephone calls made was not indicated on the invoice, making any usage analysis impossible.

By not developing a formal policy regarding appropriate use and not reviewing cellular telephone bills periodically, the DHE incurred unnecessary costs by allowing individuals to use the state's cellular telephones for personal use at the state's expense. The DHE should develop a formal policy identifying appropriate use and ensure cellular telephone bills are adequately reviewed for billing errors and unallowable calls. In this policy, the DHE may want to consider prohibiting the personal use of the cellular telephones, except in cases of emergency.

- B. The DHE did not routinely analyze cellular telephone usage patterns to ensure each user was enrolled in the most cost-effective service plan or whether some of the telephones were even necessary. As a result, the DHE incurred additional costs which could have been avoided if cellular telephone plans had been reviewed and changed. The DHE used at least six different cellular telephone plans, enrolling the telephones into the various plans based on the anticipated usage. We analyzed all cellular telephone bills from July 2000 to December 2001 to determine the reasonableness of the applicable plan for each cellular telephone. Our review indicated the following:

- One cellular telephone, enrolled in a plan allowing 150 minutes per month for \$28, was not used in 14 of 16 months reviewed. Usage in the other two months totaled 67 minutes. Another cellular telephone enrolled in the same plan had no usage in 12 of 15 months reviewed. Usage in the other three months totaled 209 minutes, with most of that occurring in just one month. It appears these cellular telephones were not needed.
- One cellular telephone, enrolled in a plan allowing 350 minutes per month for \$50, had significantly higher than allowed usage. For 8 of 9 months reviewed, the cellular telephone was used from 900 to 1275 minutes per month resulting in additional average monthly charges of approximately \$250. Another cellular telephone enrolled in the same plan had usage of 550 to 1275 minutes per month for 8 of 9 months reviewed, resulting in additional average monthly charges of approximately \$216. It appears these cellular telephone services could have been obtained more economically in the statewide plan that included 1,440 minutes for \$100.
- One cellular telephone, enrolled in a plan allowing 150 minutes per month for \$28 only had average usage of 26 minutes for 12 of 15 months reviewed. It appears this cellular telephone was possibly not needed or the service could have been obtained more economically in the statewide plan that included 30 minutes per month for \$12.

In addition to the above examples, usage of some other cellular telephones reviewed fluctuated significantly each month. Usage patterns of all phones should be monitored periodically to ensure that each phone is enrolled in the most economical plan necessary to meet business purposes.

**WE RECOMMEND** the DHE:

- A. Develop a written policy regarding the appropriate use of state cellular telephones, including a provision prohibiting personal use. In addition, ensure cellular telephone bills are periodically reviewed for billing errors and personal telephone calls and request reimbursement from employees when appropriate.
- B. Establish procedures to ensure personnel are placed in the most cost-effective cellular telephone plans to meet business purposes and properly monitor telephone usage patterns.

**AUDITEE'S RESPONSE**

- A. *We agree. DHE completed a review of cellular telephone usage on April 4, 2002, and as a result, supervisory personnel review all cellular telephone bills for errors and personal telephone calls prior to payment. Pursuant to the audit finding, a more thorough review of previous cellular telephone bills will be completed by December 31, 2002. A policy relating to cellular telephone usage has been drafted and awaits final approval.*
- B. *We agree. As a result of the DHE review of cellular phone usage completed on April 4, 2002, service for one cellular telephone was discontinued and the remaining telephones were switched to the most cost-effective state contracts.*

<b>5. Vehicle Procedures and Usage</b>
----------------------------------------

The DHE has ten state-owned vehicles including five fleet vehicles, four permanently assigned vehicles, and one vehicle used for mail delivery. During our review of vehicle procedures and usage, we noted the following concerns:

- A. A vehicle usage log was not maintained for one vehicle, which was permanently assigned to the Commissioner of Higher Education. The lack of a vehicle usage log does not allow for the identification and proper reporting of commuting mileage, nor the identification of business mileage as a basis for determining whether the need for the permanent assignment for business purposes is justified. The Commissioner's employment contract authorizes the use of a state car for official business. Based on our analysis of Voyager credit card expenditures (gas purchases) for this vehicle, it appears there were several trips taken to the Commissioner's personal residence in Kansas, which would be commuting mileage.

To facilitate the reporting of commuting mileage as a fringe benefit on the employee's form W-2, vehicle usage logs documenting the date used, beginning and ending odometer readings, and the destination and purpose of each trip should be maintained for all vehicles. In addition, the logs should be reviewed to identify business mileage as a basis for determining whether the vehicle assignment is justified for business purposes.

- B. The DHE does not have a written vehicle policy to address issues relating to maintenance and repair or vehicle replacement. These policies are necessary to provide guidance to users of the fleet and, ultimately, to aid in preventing fleet mismanagement.

Vehicle maintenance is a critical element for any vehicle management system. Without a policy, the fleet's condition is left in the hands of various vehicle operators and the cost of owning, operating, and repairing vehicles may increase. A written policy can set schedules for preventative maintenance and periodic inspections of the operational condition of the vehicles or to assign such responsibilities and oversight to specific personnel.

A vehicle replacement policy is also important for maintaining efficiency in fleet costs. Without a vehicle replacement policy, the DHE cannot assess the appropriate break-even point for deciding to maintain and repair a vehicle or to purchase a new vehicle. Replacing vehicles at the appropriate time is also important to obtain a substantial return on the state's investment and prevent excessive maintenance and operating costs which may occur as vehicles age.

**WE RECOMMEND** the DHE:

- A. Require vehicle usage logs be maintained for all vehicles. The logs should be reviewed to identify commuting mileage for proper reporting and to review business usage to determine whether permanent assignment is justified.
- B. Develop and maintain written policies and procedures relating to vehicle maintenance and repair and vehicle replacement.

**AUDITEE'S RESPONSE**

- A. *We agree. Effective July 1, 2002, a vehicle log has been implemented for all state vehicles including the vehicle assigned to the Commissioner.*

*Gas purchased in Kansas was for those times when the Commissioner had state higher education business in Topeka with the Kansas Board of Regents and/or when the business visits to Kansas City required an overnight stay. Kansas and Missouri have a number of cooperative agreements and partnerships in higher education, such as life sciences and program exchanges.*

*When business trips to Kansas City required an overnight stay, the Commissioner would drive to Lawrence, Kansas (30 minutes away) to save overnight expenses. These choices were not related to personal time with family, but in the interests of reducing expenditures for lodging and meals.*

*Each quarter the Commissioner submits to the Coordinating Board for Higher Education a detailed calendar of meetings and trips, along with the purpose of each.*

- B. We agree. A policy relating to state vehicle maintenance and repair and vehicle replacement has been drafted and awaits final approval.*

<b>6. Travel Expenditures and Meal Reimbursements</b>
-------------------------------------------------------

The DHE does not have a formal policy regarding meal expense allowances, has set no dollar limits on meal reimbursements, and has allowed employees to be reimbursed for meals within their official domicile. We reviewed various meal reimbursements claimed on expense accounts from July 1999 to February 2002. For expediency, we limited our review to identifying breakfasts and lunches exceeding \$30 and dinners exceeding \$40 or meals which were provided within an employee's official domicile. During this review, we noted twenty-five such reimbursements totaling approximately \$1,400 which appeared excessive and/or included meals within an employee's official domicile. Following are examples of these items:

- One breakfast expenditure of \$60 which was for four individuals.
- One lunch expenditure of \$87 which was for two individuals and another of \$47 which was for one individual.
- One dinner expenditure of \$133 which was for three individuals, another of \$104 which was for two individuals, and a third of \$60 which was for one individual.
- One program coordinator, when meeting in Jefferson City with staff from satellite offices, would purchase lunch for the staff and himself. The DHE would then reimburse the coordinator for all meals even though the coordinator's official domicile is Jefferson City. We noted four of these instances totaling \$219. Due to a lack of adequate detail, it is not possible to identify the portion of this cost that relates to the program coordinator's meals.

Although the DHE has indicated that the expenditures for some meals indicated above were for more than one individual, there was no documentation to support the statement. Rule 11 of the Missouri State travel regulations allows for reimbursement of travel expenditures incurred for other employees or non-employees provided the specific business reason necessary for doing so is indicated along with the names of those involved. In addition, there was no justification documented as to why reimbursement was appropriate or necessary for meals within an employee's official domicile.

To ensure meal reimbursements are reasonable, the DHE should develop a policy regarding meal expense allowances, including reasonable dollar limits, restrictions regarding meal reimbursement within an employee's official domicile, and required levels of supporting documentation.

**WE RECOMMEND** the DHE develop a written policy regarding meal expense allowances and ensure adequate documentation is maintained.

### **AUDITEE'S RESPONSE**

*We agree. Effective September 10, 2001, new procedures were implemented to review and limit such expenditures. A policy relating to meal expense allowances and reimbursement has been drafted and awaits final approval.*

<b>7. Agency-Provided Food Expenditures</b>
---------------------------------------------

During our review of agency-provided food and food services, we noted the following concerns:

- A. The DHE paid \$1,520 for dinners in February 2000 and April 2001 to recognize "Women in Public Service". These two dinners were held at the Commissioner's home and were attended by women legislators and selected high-ranking female officials of other state agencies. Of the approximately 40 individuals which attended, only 5 were DHE employees. These dinners cost approximately \$18 - \$20 per person.

According to the list of invitees attached to the invoice for the April 2001 dinner, the meeting's purpose was to introduce the new director of Missouri Student Assistance Resource Services (MOSTARS) to the higher education community, and to welcome and introduce the new department directors, Governor's office staff, and other higher education leaders. Although a list of attendees was available for the February 2000 dinner, it did not provide a reason for the meeting. In addition, there was no agenda, etc., provided for either meeting. While the Commissioner indicated that higher education issues were discussed, the compelling business purpose and necessity of these expenditures is not clear.

- B. The DHE does not have a formal written policy regarding food provided by the agency for conferences and meetings. Expenditures for agency-provided food and food services (including those related to the Guaranty Student Loan Program) totaled approximately \$53,500 for the two years ended June 30, 2001.

During our review of invoices, we noted instances where food was provided at meetings scheduled during or beginning at the lunch hour and at meetings where all or a majority of the attendees were DHE employees (many of whom were in their official domicile). One meeting was held from 11:30 - 1:00 for which lunch

was provided at a cost of \$48. Other examples include \$345 for a staff retreat held in Jefferson City, \$171 for lunch where 11 of the 13 attendees were DHE employees, \$132 for lunch where 11 of the 14 attendees were DHE employees and the meeting started at noon, and \$42 for lunch at a daylong meeting in Jefferson City where 6 of the 7 attendees were DHE employees. We also noted instances, including luncheons costing \$167 and \$154, of meals for which no business purpose was documented.

To ensure expenditures are proper, the DHE should develop a written policy to define when it is appropriate and allowable for the agency to provide food, including to employees within their official domicile. Documentation for such expenditures should include the business purpose of the meeting, a list of participants, and a clear compelling reason as to the necessity for providing the meals.

**WE RECOMMEND** the DHE adopt a policy regarding agency-provided food and ensure related documentation is adequate to identify the participants and to show the clear business purpose and the necessity for providing the meal.

#### **AUDITEE'S RESPONSE**

*We agree. Effective September 10, 2001, new procedures were implemented to review and limit such expenditures. As a result, agency-provided food expenditures in fiscal year 2002 were reduced by 45 percent compared to fiscal year 2000. In addition, a policy relating to agency-provided food has been drafted and awaits final approval.*

*The purpose of the event in February 2000 was to introduce the women college and university presidents to women legislators, and high-ranking women in state government. Missouri women leaders address public policy issues and college presidents were encouraged to become more engaged with other women in public service as they addressed issues pertaining to Missouri women. The Commissioner's home was used to reduce the costs of renting a facility.*

*The event in April 2001 was to introduce the new director of MOSTARS to the department directors, Governor's staff, and higher education leaders. The explanation of the reorganization of MOSTARS to better serve Missourians was the purpose of the gathering. Again, the Commissioner's home was used to reduce costs related to rental of space. Over 75 people were invited to each event and approximately 40 to 50 attended each event.*

*Again, all events and functions of the Commissioner are documented and provided in a quarterly report to the Coordinating Board of Higher Education.*

<b>8. Bidding Procedures</b>
------------------------------

The DHE did not obtain bids, or maintain bid documentation, for several purchases. We noted bids were not obtained for promotional items purchased for various conferences, including pens costing \$3,821, zippered portfolios costing \$5,023, and backpacks costing

\$3,594. Bids were also not obtained for one consulting contract totaling \$22,700. In addition, while the DHE indicated bids were obtained for another consulting contract totaling \$9,756, no documentation was maintained of the other bidders, the amounts of their bids, or of the justification for selecting the chosen vendor.

Section 34.040 RSMo 2000 requires bids be obtained for purchases over \$3,000. Competitive bidding helps ensure the department receives fair value by contracting with the lowest and best bidders. To demonstrate compliance with the bidding requirements, complete documentation should be maintained of all vendors solicited and all bids received. If other than the lowest bid is selected, the reasons should be adequately documented.

**WE RECOMMEND** the DHE obtain competitive bids on all applicable purchases and ensure complete bid documentation is maintained.

### **AUDITEE'S RESPONSE**

*We agree. Effective September 10, 2001, new procedures were implemented as a result of a Quality Assurance Review conducted by the Division of Purchasing and Materials Management (DPMM) during May - November 2001. DHE continues to coordinate applicable purchases through DPMM.*

This report is intended for the information of the management of the Department of Higher Education and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



## HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

## DEPARTMENT OF HIGHER EDUCATION HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Omnibus State Reorganization Act of 1974 abolished the Commission on Higher Education and the Division of Higher Education of the Department of Education and created the Department of Higher Education (DHE), headed by a nine-member Coordinating Board for Higher Education.

Officers and members of the board at June 30, 2002, were:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Marie Carmichael, Springfield	Chair	June 2006
Sandra D. Kauffman, Kansas City	Vice Chair **	June 2004
James F. Summers, Jr., St. Joseph	Secretary	June 2002*
John F. Bass, St. Louis	Member	June 2000*
Diana M. Bourisaw, Imperial	Member	June 2006
Mary K. Findley, Poplar Bluff	Member	June 2004
Adam B. Fischer, Sedalia	Member ***	June 2002*
Dudley R. Grove, St. Louis	Member	June 2004
Mary Joan Wood, Cairo	Member ****	June 2002*

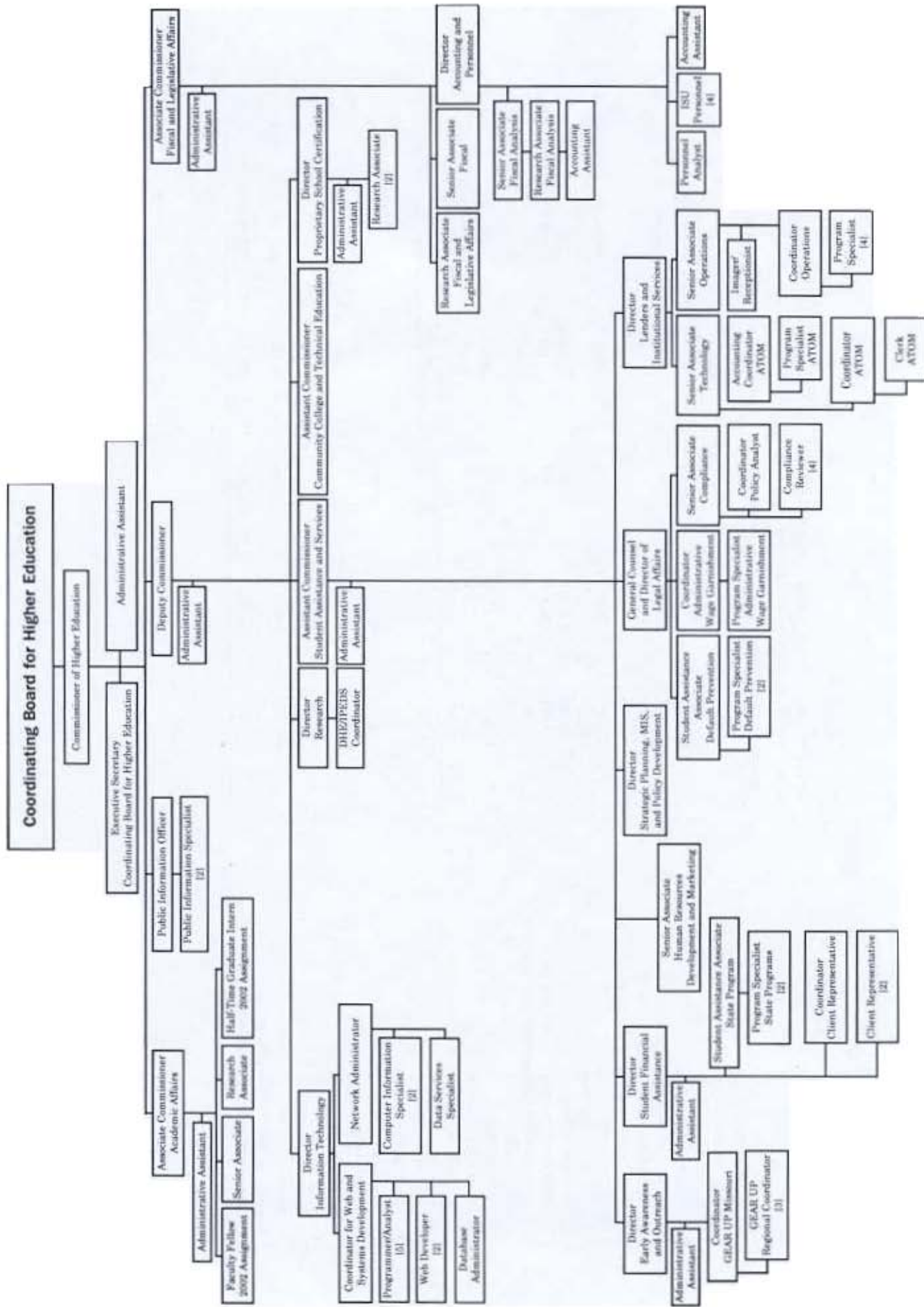
- \* Continues to serve in official capacity
- \*\* Appointed Board Chair effective July 1, 2002
- \*\*\* Appointed Board Vice Chair effective July 1, 2002
- \*\*\*\* Appointed Board Secretary effective July 1, 2002

The board members serve without compensation, but are reimbursed for expenses. The nine members of the board, one from each congressional district, are appointed for six-year terms by the Governor and confirmed by the Senate. The term of three members expires every two years and no more than five of the nine members may be affiliated with the same political party.

The DHE's functions include identification of statewide needs for higher education, statewide planning for higher education, evaluation of student and institutional performance, review of institutional missions, development of effective and economical specialization among institutions, and administration of a performance funding program encouraging the achievement of statewide priorities. The functions also include submission of a unified budget request for public higher education to the Governor and the Missouri General Assembly, administration of a statewide postsecondary technical education program, approval of new degree programs offered at the public colleges and universities, policy setting for student financial assistance programs, and administration of the Proprietary School Certification Program. The DHE's planning activities include the state's independent institutions as well as the public institutions. In addition, the DHE has statutory responsibility for the administration of several state student financial assistance programs, is the state's designated guaranty agency for the Missouri Student Loan Program which administers the Federal Family Education Loan Program, has administrative responsibility for several additional federal programs, as well as organizational responsibility for the Missouri State Anatomical Board.

The commissioner of higher education is appointed by the Coordinating Board and serves as its chief executive officer in carrying out the goals and administrative responsibilities for the state system of higher education, with 13 public four-year college and university campuses, 18 public community college campuses, 1 public two-year technical college, 25 independent colleges and universities, and 120 proprietary schools serving more than 340,000 students. Dr. Kala M. Stroup was appointed Commissioner, effective September 1995, and she continues in that position. Dr. Stroup tendered her resignation to be effective September 30, 2002.

The DHE had approximately 79 employees at June 30, 2001, funded via several state and federal funding sources. An organization chart follows:



Appendix A

DEPARTMENT OF HIGHER EDUCATION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2001			2000			
Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND						
Coordination administration:						
Personal service	\$ 1,050,059	939,892	110,167	1,286,816	1,262,727	24,089
Expense and equipment	275,890	266,359	9,531	0	0	0
Midwestern Higher Education Commission	75,000	75,000	0	75,000	75,000	0
Managed by Facilities Management	92,694	92,694	0	112,712	112,712	0
Grant and scholarship program administration:						
Personal service	307,691	270,970	36,721	480,890	466,464	14,426
Expense and equipment	184,962	169,325	15,637	0	0	0
State Anatomical Board	3,069	2,558	511	3,069	2,739	330
Vietnam veterans' survivor scholarship program	15,000	10,049	4,951	15,000	7,308	7,692
Loan program administration expense and equipment	5,720	0	5,720	5,720	3,345	2,375
Proprietary schools:						
Personal service	163,059	151,715	11,344	156,732	135,673	21,059
Expense and equipment	61,029	58,966	2,063	61,029	61,029	0
Public service officer or employees' child survivor grant program	45,000	29,498	15,502	45,000	26,669	18,331
Total General Revenue Fund	2,279,173	2,067,026	212,147	2,241,968	2,153,666	88,302
DEPARTMENT OF HIGHER EDUCATION FUND						
Statewide initiatives:						
Personal service	132,804	102,820	29,984	168,673	19,423	149,250
Expense and equipment	242,105	92,778	149,327	125,000	1,728	123,272
Eisenhower professional development grants:						
Personal service	56,615	25,884	30,731	54,731	27,437	27,294
Expense and equipment	20,400	8,531	11,869	20,000	10,881	9,119
Grants	1,698,000	946,222	751,778	1,698,000	1,086,611	611,389
Managed by Facilities Management	4,476	4,311	165	4,476	4,311	165
Total Department of Higher Education Fund	2,154,400	1,180,546	973,854	2,070,880	1,150,391	920,489

Appendix A

DEPARTMENT OF HIGHER EDUCATION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
MARGUERITE ROSS BARNETT SCHOLARSHIP FUND						
Marguerite Ross Barnett memorial scholarship program	537,515	536,964	551	500,000	488,981	11,019
DEBT OFFSET ESCROW FUND						
Loan program refund offset	750,000	120,043	629,957	750,000	147,405	602,595
STUDENT GRANT FUND						
Charles Gallagher student financial assistance program	17,070,025	16,966,294	103,731	16,378,436	16,247,270	131,166
ACADEMIC SCHOLARSHIP FUND						
Higher education academic scholarship program	16,059,842	16,059,000	842	15,780,239	15,659,000	121,239
BRIDGE SCHOLARSHIP FUND						
Bridge scholarship program	0	0	0	2,200,000	1,046,734	1,153,266
ADVANTAGE MISSOURI TRUST FUND						
Advantage Missouri program	3,399,729	3,395,678	4,051	3,244,167	3,226,750	17,417
MISSOURI COLLEGE GUARANTEE FUND						
Missouri college guarantee program	8,460,000	8,459,415	585	4,000,000	3,998,575	1,425
Total All Funds	\$ 50,710,684	48,784,966	1,925,718	47,165,690	44,118,772	3,046,918

Note: This schedule does not include appropriations made to colleges and universities as those appropriations were not part of this review. This schedule does not include appropriations made to community colleges as these appropriations were reviewed in a different audit. Appropriations made to community colleges included the community colleges core budget amounts, capital improvement projects, regional technical education centers, workforce preparation, and other miscellaneous appropriations. This schedule does not include appropriations regarding the Common Library Platform project. The Missouri Bibliographic Information User System (MOBIUS) is a consortium of academic libraries with member colleges and universities in the state of Missouri and one of MOBIUS projects is the Common Library Platform. This schedule does not include appropriations for the guaranty student loan program as these appropriations were reviewed in a different audit.

## Appendix B

### DEPARTMENT OF HIGHER EDUCATION COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Salaries and wages	\$ 1,491,281	1,410,490
Travel:		
In-state	45,031	56,884
Out-of-state	28,957	36,777
Fuel and utilities	16,256	14,653
Supplies:		
Administrative	69,845	60,055
Merchandising	2,988	31,192
Repair, maintenance, and usage	2,949	977
Other	40	152
Professional development	119,561	121,024
Services:		
Communications	41,551	37,157
Business	82,101	85,760
Professional	163,608	106,483
Housekeeping and janitorial	10,637	6,353
Equipment maintenance and repair	20,323	20,539
Transportation maintenance and repair	110	1,763
Equipment:		
Computer	33,768	34,322
Electronic and photo	578	2,314
Motorized	0	15,455
Office	11,808	17,772
Rentals and leases:		
Real property	97,760	117,518
Equipment leases	16,907	0
Building and equipment rentals	1,618	417
Miscellaneous	4,127	5,412
Refunds	120,043	147,405
Program distributions	46,403,119	41,787,898
Total Expenditures	\$ 48,784,966	44,118,772

Note: This schedule presents expenditures only for those appropriations included on Appendix A.

# Appendix C

## DEPARTMENT OF HIGHER EDUCATION COMPARATIVE STATEMENT OF EXPENDITURES FOR THE STUDENT FINANCIAL ASSISTANCE PROGRAMS

	Year Ended June 30,			
	2001		2000	
	Amount*	Number of Students	Amount*	Number of Students
Higher Education Academic Scholarship (Bright Flight)	\$ 15,784,159	8,326	\$ 15,372,432	8,104
Charles Gallagher Student Financial Assistance	16,506,369	12,843	15,833,450	12,820
Bridge Scholarship	0	0	1,029,466	1,665 (1)
Marguerite Ross Barnett Memorial Scholarship	461,628	361	461,810	379
Advantage Missouri	2,903,329	1,344	2,876,836	1,322
Missouri College Guarantee	8,271,375	3,840	3,934,353	1,953
Public Service Officer or Employees' Child Survivor Grant	29,498	11	24,089	8
Vietnam Veterans' Survivor Scholarship	10,049	4	7,308	3
Higher Education Scholarship	0	0	0	0 (2)
Higher Education Artistic Scholarship	0	0	0	0 (2)
Total Student Financial Assistance Programs	<u>\$ 43,966,407</u>	<u>26,729</u>	<u>\$ 39,539,744</u>	<u>26,254</u>

\* The amounts indicated in this column do not agree to the amounts indicated in Appendix A for these programs. Amounts noted on Appendix A include all expenditures charged to the applicable appropriations while expenditures presented on this schedule are net of refunds and returned awards.

(1) Funding for this program was discontinued.

(2) These programs have been established by statute but have not been funded.

\* \* \* \* \*





**DEKALB COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-86  
September 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like DeKalb, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of DeKalb County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund is in poor financial condition. The cash balance of the General Revenue Fund decreased from \$124,622 at January 1, 1999, to \$17,367 at December 31, 2001. In 2001, the county borrowed \$60,000 in tax anticipation notes which will be repaid in 2002.

A significant factor in the decline of the financial condition was the addition of a courthouse elevator and other handicapped-accessible improvements. The project, when totally completed, will cost approximately \$250,000, but the county received grant funding for only \$106,700. Due to elevator construction bids being higher than the original cost estimates and that the lowest bidder could not complete the project, the county spent approximately \$75,000 more on elevator construction than originally estimated. It appears the county's decision not to re-bid the elevator construction and/or re-apply for grant funding may have resulted in significant additional costs to the county.

The County Commission needs to closely monitor revenues and expenditures and take steps to increase the balance of the General Revenue Fund. The county could do a better job of maximizing certain revenues.

(over)

YELLOW SHEET

- The Multi-County (ACCD) 911 Board needs to make significant improvements to better account for 911 funds. The board advanced monies to the various counties for mapping expenses; however, the board did not require the counties to submit documentation of actual mapping expenses incurred. As a result, the counties received \$239,507 more advances than actual amounts incurred for mapping expenses. The board should discontinue providing advances to counties and require refunds of amounts paid which were not spent for allowable mapping purposes.

The balance of the Multi-County (ACCD) 911 Fund has grown significantly over the past four years from \$356,261 to \$600,549. The board needs to review its operations and attempt to reduce the large accumulated balance. The board indicated it is considering centralizing its operations which could significantly increase its operating costs.

The board also needs to improve its controls and procedures for preparing more accurate budgets, proper expenditure documentation, required training for dispatchers, and adequate records of general fixed assets.

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 DeKalb County's former Associate County Commissioners salaries were each increased approximately \$9,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the former Associate Commissioners, totaling approximately \$18,000 for the two years ended December 31, 2000, should be repaid. In light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

Also included in the audit are recommendations to improve procurement policies and procedures, budgetary practices, and matters relating to the Assessment Fund, Ex Officio County Collector, Circuit Clerk, Associate Circuit Division, Senate Bill 40 Board, and Senior Citizens Services Board. Several of these issues had been noted in prior audits.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-18
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-18
Notes to the Financial Statements .....	19-22
Supplementary Schedule: .....	23-25
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	24-25
Notes to the Supplementary Schedule .....	26-28
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	30-32
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	31-32

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>		
Schedule:.....	33-36	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	34	
Section I - Summary of Auditor's Results .....	34	
Section II - Financial Statement Findings .....	35	
Section III - Federal Award Findings and Questioned Costs .....	35	
<u>Number</u>	<u>Description</u>	
01-1.	Schedule of Expenditures of Federal Awards.....35	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-38	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	39-40	
<u>MANAGEMENT ADVISORY REPORT SECTION</u>		
Management Advisory Report - State Auditor's Findings .....	42-63	
<u>Number</u>		
1.	Financial Condition.....44	
2.	Procurement Policies and Expenditures.....45	
3.	Budgetary Practices.....47	
4.	Associate County Commissioners' Salaries .....	49
5.	Assessment Fund .....	49
6.	Ex Officio County Collector's Controls and Procedures .....	50
7.	Circuit Clerk's Controls and Procedures .....	52
8.	Associate Circuit Division's Controls and Procedures.....	54
9.	Multi-County (ACCD) 911 Board .....	55
10.	Senate Bill 40 Board .....	60
11.	Senior Citizens Services Board.....	62
Follow-Up on Prior Audit Findings .....	64-72	

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	74-79

## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of DeKalb County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of DeKalb County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 18, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of DeKalb County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 18, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Terese Summers, CPA
	Mark Rodabaugh



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of DeKalb County, Missouri

We have audited the special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of DeKalb County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of DeKalb County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 18, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DEKALB COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 72,340	1,178,974	1,233,947	17,367
Special Road and Bridge	722,308	853,719	889,001	687,026
Assessment	1,694	154,312	145,764	10,242
Law Enforcement Training	12,861	3,468	3,294	13,035
Prosecuting Attorney Training	406	495	795	106
Prosecuting Attorney Delinquent Tax	31	2,810	0	2,841
Capital Improvement Sales Tax	167,074	549,762	701,873	14,963
Nursing Home Sales Tax	274,587	11,722	3,668	282,641
Victims of Domestic Violence	0	476	476	0
Recorders	2,192	4,786	3,923	3,055
Bad Check	1,974	10,948	7,089	5,833
Local Emergency Planning Committee	4,643	3,680	2,454	5,869
Cemetary Trust	69,386	4,101	2,777	70,710
Sheriff Civil Fees	20	11,971	4,705	7,286
Election Fees	696	2,725	2,922	499
Multi-County (ACCD) 911 Board	572,453	521,909	493,813	600,549
Senate Bill 40 Board	112,148	74,415	93,283	93,280
Senior Citizens Services Board	0	25,060	24,776	284
Law Library	7,946	3,084	290	10,740
Circuit Clerk Interest	12,577	3,055	8,305	7,327
Associate Circuit Division Interest	45	898	0	943
Recorder Technical Assistance	0	1,310	0	1,310
Total	\$ 2,035,381	3,423,680	3,623,155	1,835,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEKALB COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 88,682	1,006,356	1,022,698	72,340
Special Road and Bridge	748,293	1,148,211	1,174,196	722,308
Assessment	2,509	172,356	173,171	1,694
Law Enforcement Training	10,574	4,092	1,805	12,861
Prosecuting Attorney Training	822	667	1,083	406
Prosecuting Attorney Delinquent Tax	1,074	84	1,127	31
Capital Improvement Sales Tax	288,954	554,217	676,097	167,074
Nursing Home Sales Tax	256,631	18,216	260	274,587
Victims of Domestic Violence	0	521	521	0
Recorders	5,011	4,468	7,287	2,192
Bad Check	4,477	9,997	12,500	1,974
Local Emergency Planning Committee	2,509	2,262	128	4,643
Cemetery Trust	69,174	3,549	3,337	69,386
Sheriff Civil Fees	4,704	11,774	16,458	20
Sheriff Calendar	419	7	426	0
Election Fees	265	1,487	1,056	696
Multi-County (ACCD) 911 Board	572,630	445,370	445,547	572,453
Senate Bill 40 Board	114,117	67,816	69,785	112,148
Law Library	6,121	2,670	845	7,946
Circuit Clerk Interest	8,884	7,286	3,593	12,577
Associate Circuit Division Interest	0	45	0	45
Total	\$ 2,185,850	3,461,451	3,611,920	2,035,381

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,608,124	3,421,472	(186,652)	3,140,294	3,461,406	321,112
DISBURSEMENTS	4,974,234	3,623,155	1,351,079	4,449,655	3,611,920	837,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,366,110)	(201,683)	1,164,427	(1,309,361)	(150,514)	1,158,847
CASH, JANUARY 1	2,035,885	2,035,336	(549)	2,187,157	2,185,850	(1,307)
CASH, DECEMBER 31	669,775	1,833,653	1,163,878	877,796	2,035,336	1,157,540
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	48,100	44,413	(3,687)	47,300	39,970	(7,330)
Sales taxes	582,000	538,408	(43,592)	530,000	533,921	3,921
Intergovernmental	49,407	39,615	(9,792)	49,119	65,874	16,755
Charges for services	225,735	201,362	(24,373)	198,700	204,657	5,957
Interest	10,000	6,589	(3,411)	10,000	10,976	976
Tax anticipation note	0	60,000	60,000	0	0	0
Nursing home lease	78,000	78,000	0	78,000	78,000	0
Elevator grant	106,700	104,500	(2,200)	0	0	0
Other	19,435	72,923	53,488	46,918	32,065	(14,853)
Transfers in	55,308	33,164	(22,144)	57,950	40,893	(17,057)
Total Receipts	1,174,685	1,178,974	4,289	1,017,987	1,006,356	(11,631)
DISBURSEMENTS						
County Commission	74,780	74,829	(49)	78,720	75,933	2,787
County Clerk	71,225	71,498	(273)	78,364	71,834	6,530
Elections	2,000	50	1,950	20,000	21,799	(1,799)
Buildings and grounds	103,716	102,967	749	72,116	62,627	9,489
Employee fringe benefits	106,750	101,684	5,066	112,750	97,021	15,729
County Treasurer	40,248	38,597	1,651	35,423	33,003	2,420
Ex Officio County Collector	12,000	5,205	6,795	11,500	11,650	(150)
Circuit Clerk and Ex Officio Recorder of Deeds	42,748	46,435	(3,687)	43,598	43,878	(280)
Associate Circuit Court	17,682	17,296	386	18,179	16,587	1,592
Court administration	1,600	841	759	1,000	1,174	(174)
Public Administrator	15,500	15,527	(27)	5,000	4,934	66
Sheriff	251,138	256,692	(5,554)	281,956	266,199	15,757
Prosecuting Attorney	95,917	94,079	1,838	91,867	85,685	6,182
Juvenile Officer	13,232	8,118	5,114	13,485	7,630	5,855
County Coroner	12,450	12,790	(340)	13,335	11,328	2,007
University Extension Council	25,885	25,976	(91)	25,885	26,320	(435)
Tax Increment Financing District	105,000	102,125	2,875	85,000	104,241	(19,241)
Elevator	168,700	186,533	(17,833)	0	101	(101)
Child support enforcement	1,500	1,250	250	1,250	1,800	(550)
Public health and welfare services	1,500	1,468	32	500	332	168
Other	35,160	34,987	173	40,210	43,622	(3,412)
Transfers out	10,000	35,000	(25,000)	45,247	35,000	10,247
Emergency Fund	34,000	0	34,000	30,539	0	30,539
Total Disbursements	1,242,731	1,233,947	8,784	1,105,924	1,022,698	83,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,046)	(54,973)	13,073	(87,937)	(16,342)	71,595
CASH, JANUARY 1	72,340	72,340	0	88,682	88,682	0
CASH, DECEMBER 31	4,294	17,367	13,073	745	72,340	71,595



## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	946,000	801,616	(144,384)	766,000	1,070,009	304,009
Charges for services	4,000	2,709	(1,291)	5,000	3,644	(1,356)
Interest	55,000	30,273	(24,727)	38,000	54,204	16,204
Other	17,900	19,121	1,221	27,700	20,354	(7,346)
Total Receipts	1,022,900	853,719	(169,181)	836,700	1,148,211	311,511
<b>DISBURSEMENTS</b>						
Salaries	150,000	129,213	20,787	150,000	125,988	24,012
Employee fringe benefits	44,000	27,602	16,398	38,500	27,175	11,325
Supplies	38,500	21,353	17,147	25,500	21,617	3,883
Insurance	20,000	7,188	12,812	20,000	7,214	12,786
Road and bridge materials	325,000	196,025	128,975	303,000	231,274	71,726
Equipment repairs	10,000	3,986	6,014	10,000	6,504	3,496
Rentals	1,000	150	850	1,000	0	1,000
Equipment purchases	162,500	22,094	140,406	230,000	53,421	176,579
Construction, repair, and maintenance	876,000	453,052	422,948	566,500	663,945	(97,445)
Other	6,000	2,458	3,542	35,500	2,859	32,641
Transfers out	48,900	25,880	23,020	37,950	34,199	3,751
Total Disbursements	1,681,900	889,001	792,899	1,417,950	1,174,196	243,754
RECEIPTS OVER (UNDER) DISBURSEMENTS	(659,000)	(35,282)	623,718	(581,250)	(25,985)	555,265
CASH, JANUARY 1	722,308	722,308	0	748,293	748,293	0
CASH, DECEMBER 31	63,308	687,026	623,718	167,043	722,308	555,265
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	88,309	90,600	2,291	79,616	88,537	8,921
Interest	1,400	1,484	84	1,400	1,428	28
ACCD 911	70,000	25,000	(45,000)	45,000	45,000	0
Other	2,400	2,228	(172)	8,200	2,391	(5,809)
Transfers in	10,000	35,000	25,000	45,247	35,000	(10,247)
Total Receipts	172,109	154,312	(17,797)	179,463	172,356	(7,107)
<b>DISBURSEMENTS</b>						
Assessor	108,893	101,283	7,610	124,393	115,941	8,452
911 mapping	46,000	44,481	1,519	56,960	57,230	(270)
Total Disbursements	154,893	145,764	9,129	181,353	173,171	8,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,216	8,548	(8,668)	(1,890)	(815)	1,075
CASH, JANUARY 1	1,694	1,694	0	2,509	2,509	0
CASH, DECEMBER 31	18,910	10,242	(8,668)	619	1,694	1,075

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,500	3,468	968	4,000	4,092	92
Total Receipts	2,500	3,468	968	4,000	4,092	92
DISBURSEMENTS						
Sheriff	5,000	3,294	1,706	5,000	1,805	3,195
Total Disbursements	5,000	3,294	1,706	5,000	1,805	3,195
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	174	2,674	(1,000)	2,287	3,287
CASH, JANUARY 1	12,861	12,861	0	10,574	10,574	0
CASH, DECEMBER 31	10,361	13,035	2,674	9,574	12,861	3,287
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	650	495	(155)	800	667	(133)
Total Receipts	650	495	(155)	800	667	(133)
DISBURSEMENTS						
Prosecuting Attorney	1,000	795	205	800	1,083	(283)
Total Disbursements	1,000	795	205	800	1,083	(283)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(300)	50	0	(416)	(416)
CASH, JANUARY 1	406	406	0	822	822	0
CASH, DECEMBER 31	56	106	50	822	406	(416)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	0	2,807	2,807	1,050	0	(1,050)
Interest	0	3	3	0	84	84
Total Receipts	0	2,810	2,810	1,050	84	(966)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	1,000	1,127	(127)
Total Disbursements	0	0	0	1,000	1,127	(127)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,810	2,810	50	(1,043)	(1,093)
CASH, JANUARY 1	31	31	0	1,074	1,074	0
CASH, DECEMBER 31	31	2,841	2,810	1,124	31	(1,093)

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	581,000	538,696	(42,304)	530,000	534,687	4,687
Interest	20,000	11,066	(8,934)	20,000	19,530	(470)
Total Receipts	601,000	549,762	(51,238)	550,000	554,217	4,217
DISBURSEMENTS						
Gravel	570,000	592,498	(22,498)	550,000	565,162	(15,162)
Tax Increment Financing District	110,000	102,091	7,909	84,000	104,241	(20,241)
Transfers out	6,340	7,284	(944)	0	6,694	(6,694)
Total Disbursements	686,340	701,873	(15,533)	634,000	676,097	(42,097)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,340)	(152,111)	(66,771)	(84,000)	(121,880)	(37,880)
CASH, JANUARY 1	167,074	167,074	0	288,954	288,954	0
CASH, DECEMBER 31	81,734	14,963	(66,771)	204,954	167,074	(37,880)
<b><u>NURSING HOME SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	10	3	(7)	100	31	(69)
Interest	18,000	11,719	(6,281)	12,000	18,185	6,185
Total Receipts	18,010	11,722	(6,288)	12,100	18,216	6,116
DISBURSEMENTS						
Maintenance and operation	50,000	3,668	46,332	50,000	260	49,740
Total Disbursements	50,000	3,668	46,332	50,000	260	49,740
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,990)	8,054	40,044	(37,900)	17,956	55,856
CASH, JANUARY 1	274,587	274,587	0	256,631	256,631	0
CASH, DECEMBER 31	242,597	282,641	40,044	218,731	274,587	55,856
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	550	470	(80)	550	508	(42)
Interest	10	6	(4)	9	13	4
Total Receipts	560	476	(84)	559	521	(38)
DISBURSEMENTS						
Domestic violence shelter	560	476	84	559	521	38
Total Disbursements	560	476	84	559	521	38
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDERS FUND</u></b>						
RECEIPTS						
Charges for services	4,800	4,786	(14)	4,800	4,468	(332)
Total Receipts	4,800	4,786	(14)	4,800	4,468	(332)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	4,500	3,923	577	4,500	7,287	(2,787)
Total Disbursements	4,500	3,923	577	4,500	7,287	(2,787)
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	863	563	300	(2,819)	(3,119)
CASH, JANUARY 1	2,192	2,192	0	5,011	5,011	0
CASH, DECEMBER 31	2,492	3,055	563	5,311	2,192	(3,119)
<b><u>BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	9,750	10,948	1,198	9,000	9,704	704
Interest	250	0	(250)	135	293	158
Total Receipts	10,000	10,948	948	9,135	9,997	862
DISBURSEMENTS						
Prosecuting Attorney	11,810	7,089	4,721	9,000	12,500	(3,500)
Total Disbursements	11,810	7,089	4,721	9,000	12,500	(3,500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,810)	3,859	5,669	135	(2,503)	(2,638)
CASH, JANUARY 1	1,974	1,974	0	4,477	4,477	0
CASH, DECEMBER 31	164	5,833	5,669	4,612	1,974	(2,638)
<b><u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u></b>						
RECEIPTS						
Intergovernmental	3,400	3,520	120	2,500	2,108	(392)
Interest	150	160	10	100	154	54
Total Receipts	3,550	3,680	130	2,600	2,262	(338)
DISBURSEMENTS						
Salary	800	1,600	(800)	800	0	800
Office expenditures	1,850	0	1,850	2,000	128	1,872
Equipment	0	604	(604)	0	0	0
Mileage and training	750	250	500	1,500	0	1,500
Total Disbursements	3,400	2,454	946	4,300	128	4,172
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	1,226	1,076	(1,700)	2,134	3,834
CASH, JANUARY 1	4,643	4,643	0	2,509	2,509	0
CASH, DECEMBER 31	4,793	5,869	1,076	809	4,643	3,834

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CEMETERY TRUST FUND</u></b>						
RECEIPTS						
Interest	3,500	3,799	299	3,200	3,483	283
Donations	0	302	302	0	66	66
Total Receipts	3,500	4,101	601	3,200	3,549	349
DISBURSEMENTS						
Maintenance and upkeep	3,000	2,777	223	3,000	3,337	(337)
Total Disbursements	3,000	2,777	223	3,000	3,337	(337)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,324	824	200	212	12
CASH, JANUARY 1	69,386	69,386	0	69,174	69,174	0
CASH, DECEMBER 31	69,886	70,710	824	69,374	69,386	12
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	9,850	11,832	1,982	10,000	11,576	1,576
Interest	150	139	(11)	0	198	198
Total Receipts	10,000	11,971	1,971	10,000	11,774	1,774
DISBURSEMENTS						
Sheriff	9,500	4,705	4,795	14,100	16,458	(2,358)
Total Disbursements	9,500	4,705	4,795	14,100	16,458	(2,358)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	7,266	6,766	(4,100)	(4,684)	(584)
CASH, JANUARY 1	20	20	0	4,704	4,704	0
CASH, DECEMBER 31	520	7,286	6,766	604	20	(584)
<b><u>SHERIFF CALENDAR FUND</u></b>						
RECEIPTS						
Interest				0	7	7
Total Receipts				0	7	7
DISBURSEMENTS						
Sheriff				419	426	(7)
Total Disbursements				419	426	(7)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(419)	(419)	0
CASH, JANUARY 1				419	419	0
CASH, DECEMBER 31				0	0	0

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION FEES FUND</u></b>						
RECEIPTS						
Charges for services	1,960	2,702	742	2,000	1,487	(513)
Interest	0	23	23	0	0	0
Total Receipts	1,960	2,725	765	2,000	1,487	(513)
DISBURSEMENTS						
County Clerk	2,500	2,922	(422)	2,200	1,056	1,144
Total Disbursements	2,500	2,922	(422)	2,200	1,056	1,144
RECEIPTS OVER (UNDER) DISBURSEMENTS	(540)	(197)	343	(200)	431	631
CASH, JANUARY 1	696	696	0	265	265	0
CASH, DECEMBER 31	156	499	343	65	696	631
<b><u>MULTI-COUNTY (ACCD) 911 BOARD FUND</u></b>						
RECEIPTS						
Intergovernmental	450,000	503,152	53,152	414,500	410,156	(4,344)
Interest	26,000	18,757	(7,243)	20,500	35,173	14,673
Other	0	0	0	0	41	41
Total Receipts	476,000	521,909	45,909	435,000	445,370	10,370
DISBURSEMENTS						
Dispatching and coordination	150,000	132,500	17,500	87,500	105,000	(17,500)
Office expenditures	24,600	16,585	8,015	20,100	14,972	5,128
Equipment	162,500	26,550	135,950	210,500	105,241	105,259
Mileage and training	54,000	8,494	45,506	44,000	9,059	34,941
Mapping and digitizing	240,000	180,000	60,000	240,000	105,000	135,000
Phone and maintenance	148,000	78,835	69,165	138,000	88,276	49,724
GTE contract	175,000	32,146	142,854	175,000	0	175,000
Consultant	15,000	11,000	4,000	15,000	12,000	3,000
Other	8,700	7,703	997	8,700	5,999	2,701
Total Disbursements	977,800	493,813	483,987	938,800	445,547	493,253
RECEIPTS OVER (UNDER) DISBURSEMENTS	(501,800)	28,096	529,896	(503,800)	(177)	503,623
CASH, JANUARY 1	572,453	572,453	0	572,630	572,630	0
CASH, DECEMBER 31	70,653	600,549	529,896	68,830	572,453	503,623

## Exhibit B

## DEKALB COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	70,000	68,140	(1,860)	60,000	61,357	1,357
Interest	4,000	6,275	2,275	3,000	6,290	3,290
Other	0	0	0	0	169	169
Total Receipts	74,000	74,415	415	63,000	67,816	4,816
DISBURSEMENTS						
Funding for services	53,500	58,167	(4,667)	40,500	34,573	5,927
Client transportation	3,500	3,124	376	750	1,986	(1,236)
Office expenditures	500	16	484	500	0	500
Funding for equipment	40,000	31,976	8,024	25,000	33,226	(8,226)
Total Disbursements	97,500	93,283	4,217	66,750	69,785	(3,035)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,500)	(18,868)	4,632	(3,750)	(1,969)	1,781
CASH, JANUARY 1	112,227	112,148	(79)	115,424	114,117	(1,307)
CASH, DECEMBER 31	88,727	93,280	4,553	111,674	112,148	474
<b><u>SENIOR CITIZENS SERVICES BOARD</u></b>						
<b><u>FUND</u></b>						
RECEIPTS						
Property taxes	25,700	24,978	(722)			
Interest	100	82	(18)			
Total Receipts	25,800	25,060	(740)			
DISBURSEMENTS						
Meals	25,800	24,776	1,024			
Total Disbursements	25,800	24,776	1,024			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	284	284			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	284	284			
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	2,500	3,084	584	2,900	2,670	(230)
Total Receipts	2,500	3,084	584	2,900	2,670	(230)
DISBURSEMENTS						
Law Library	6,000	290	5,710	6,000	845	5,155
Total Disbursements	6,000	290	5,710	6,000	845	5,155
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	2,794	6,294	(3,100)	1,825	4,925
CASH, JANUARY 1	8,416	7,946	(470)	6,121	6,121	0
CASH, DECEMBER 31	4,916	10,740	5,824	3,021	7,946	4,925

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	3,600	3,055	(545)	5,000	7,286	2,286
Total Receipts	3,600	3,055	(545)	5,000	7,286	2,286
DISBURSEMENTS						
Circuit Clerk	10,000	8,305	1,695	4,000	3,593	407
Total Disbursements	10,000	8,305	1,695	4,000	3,593	407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,400)	(5,250)	1,150	1,000	3,693	2,693
CASH, JANUARY 1	12,577	12,577	0	8,884	8,884	0
CASH, DECEMBER 31	\$ 6,177	7,327	1,150	9,884	12,577	2,693

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

DEKALB COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Multi-County (ACCD) 911 Board, the Senate Bill 40 Board, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Associate Circuit Division Interest Fund for the years ended December 31, 2001 and 2000, and the Recorder Technical Assistance Fund for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvement Sales Tax Fund	2001 and 2000
Election Fees Fund	2001
Prosecuting Attorney Training Fund	2000
Prosecuting Attorney Delinquent Tax Fund	2000
Recorders Fund	2000
Bad Check Fund	2000
Cemetery Trust Fund	2000
Sheriff Civil Fees Fund	2000
Sheriff Calendar Fund	2000
Senate Bill 40 Board Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, did not include Associate Circuit Division Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of

potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001, were entirely covered by federal depository insurance or by collateral securities held by a the county's custodial bank in the county's name.

The Multi-County (ACCD) 911 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held the board's custodial bank in the board's name.

The Senate Bill 40 Board's deposits at December 31, 2001, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

The Senior Citizens Services Board's deposits at December 31, 2001, were entirely covered by federal depository insurance.

Of the county's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$1,428,257 was covered by collateral held by the county's custodial bank but not in the county's name.

Of the Senate Bill 40 Board's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$14,117 was covered by collateral held by the board's custodial bank agent but not in the board's name.

3. Prior Period Adjustment

The Cemetery Trust Fund's cash balance at January 1, 2000, as previously stated has been increased by \$63,708 to reflect principal balances not previously reported.

## Supplementary Schedule

## Schedule

DEKALB COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	200-PF-26	104,500	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	27,915	32,097
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	95-RU-RX-K011	0	10,806
16.575	Crime Victim Assistance	2000-VOCA-0029	3,605	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	498	1,004
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO 032 (23)	0	367,063
		BRO 032 (24)	116,775	12,301
		BRO 032 (25)	112,463	12,301
		BRO 032 (26)	7,692	14,642
	Program Total		<u>236,930</u>	<u>406,307</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,721	1,340

Schedule

DEKALB COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	747	607
	Total Expenditures of Federal Awards		\$ <u>375,916</u>	<u>452,161</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



DEKALB COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by DeKalb County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because DeKalb County expended no noncash awards for the years ended December 31, 2001 and 2000, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of DeKalb County, Missouri

Compliance

We have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, DeKalb County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of DeKalb County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of law, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April 18, 2002 (fieldwork completion date)

Schedule

DEKALB COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major program:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction



Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1.                                      Schedule of Expenditures of Federal Awards</b>
----------------------------------------------------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 032(23), (24), (25), (26)
Award Years:	2001 and 2000
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly recorded.

The county does not have procedures in place to adequately track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA contained significant errors and omissions. Total expenditures were reported for the Community Development Block Grants/State's Program instead of just the federal share of expenditures. Expenditures for the Emergency Management - State and Local Assistance grants were incurred in 1999 but were reported as 2000 expenditures. These errors overstated federal expenditures by \$82,033 and \$125,818 for the years ended December 31, 2001 and 2000, respectively. Expenditures of the Public Safety Partnership and Community

Policing Grants were understated by \$6,628 in 2001, and in 2000 this grant was erroneously combined with the National Criminal History Improvement Program. In addition, the schedule reflected total expenditures for all bridge projects without identifying the expenditures attributable to each individual bridge.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

**WE RECOMMEND** the County Commission and the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We will do a better job of presenting accurate information on future schedules.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

DEKALB COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

DEKALB COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



DEKALB COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002. We also have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of DeKalb County but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing*

*Standards.*

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

The county's General Revenue Fund is in poor financial condition. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the three years ended December 31, 2001:

		2001	2000	1999
Cash Balance, January 1	\$	72,340	88,682	124,622
Receipts		1,178,974	1,006,356	961,918
Disbursements		(1,233,947)	(1,022,698)	(997,858)
Cash Balance, December 31	\$	17,367	72,340	88,682

Based on the 2002 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2002 budget includes receipts of \$1,062,813 and disbursements of \$1,077,914, resulting in an estimated ending cash balance of \$2,266. Included in the 2002 budgeted disbursements is \$60,000 to repay amounts borrowed through tax anticipation notes in 2001.

A significant factor in the decline of the financial condition of the General Revenue Fund was the addition of a courthouse elevator and other handicapped-accessible improvements. The county incurred costs of \$186,634 on this project in 2000 and 2001, and received grant money of only \$104,500 in 2001 to cover these costs. Additional costs of \$30,000 have been budgeted for this project in 2002 while only \$2,200 in additional grant money will be received in 2002 (see Management Advisory Report No. 2).

Our review noted the following areas which the county should consider to help improve the financial condition of the General Revenue Fund:

- The county does not bill cities for their share of assessment costs (See Management Advisory Report No. 5).
- The county should increase collection efforts on monies owed from board bills and court costs, and file reimbursement of state board bills in a more timely manner (See Management Advisory Report No. 8).

The County Commission should review discretionary disbursements to ensure available county resources are used efficiently and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

**WE RECOMMEND** the County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.

**AUDITEE'S RESPONSE**

*We agree. Effective March 2002, Phase 1 of the City of Cameron's tax increment financing (TIF) project was completed and we are no longer required to make payments of county sales tax to the TIF. This should help improve the financial condition of the General Revenue Fund. However, Phase 2 of the TIF has now been implemented and it is unknown how much this will effect the General Revenue Fund.*

<b>2. Procurement Policies and Expenditures</b>
-------------------------------------------------

- A. The County Commission's decision not to re-bid the construction of a courthouse elevator and/or re-apply for grant funding may have resulted in significant additional costs to the county. In 2000, the county received approval for a \$106,700 Community Development Block Grant to fund approximately 60 percent of costs to make the courthouse handicapped-accessible as required by the Americans With Disabilities Act (ADA). In addition to construction of an elevator, the grant project included an ADA courthouse entrance and an ADA courthouse restroom. The estimated cost of the total project as recorded on the grant application was \$179,100, including estimated elevator construction costs of approximately \$125,000; however, it appears total project costs will be approximately \$250,000 when completed.

Even though it was significantly higher than the original cost estimate, the lowest elevator construction bid of \$155,004 was accepted by the county. However, county officials indicated the contractor failed to include the cost of the elevator in his bid and, therefore, the contractor did not perform any work and forfeited his performance bond of \$7,750 to the county. The county then accepted the next-lowest bid of \$195,700 because the county determined the cost of the elevator to be approximately \$50,000.

Upon discovery of the inadequate bid by the lowest bidder, it appears the County Commission should have canceled the original grant project and re-applied for a new grant, given the significant increase in elevator construction costs needed to complete the project. While the county did seek additional funding for the same grant project to no avail, it appears the county would have had a better chance of obtaining additional funding by submitting a totally new grant application with new cost estimates and re-bidding the elevator construction.

- B. The county did not always solicit bids and/or retain bid documentation for various purchases. In addition, the minutes did not adequately document bid information, such as reasons for accepting bids other than the lowest bid, sole source procurement situations, and efforts to solicit bids.

Bids were not advertised or solicited, or adequate bid documentation was not maintained for the following purchases:

Road and bridge truck	\$ 39,216
Road and bridge computer software	17,640
Bridge planking	6,818
Excavating services	5,650

Section 50.660, RSMo 2000, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors.

- C. The County Commission did not adequately monitor the expenditure of county monies provided to the county's University Extension Council. Section 262.600, RSMo 2000, requires the council to submit monthly requisitions to the county which detail all expenditures covered by the requisitions. Section 262.617, RSMo 2000, requires the council to provide annual reports to the county showing all council receipts and expenditures, along with a summary of work undertaken and results accomplished. The council did not provide annual reports for 2000 and 2001, and monthly reports were not provided to the county until after February 2001.

The county provided \$25,976 and \$26,320 to the council for the years ended December 31, 2001 and 2000, respectively. Because of budget constraints the county reduced 2002 funding to the statutory minimum of \$10,000. Without a review of the required financial reports, the County Commission has little assurance that these monies were used for the intended purposes.

**WE RECOMMEND** the County Commission:

- A. In the future, solicit new bids for major projects when the accepted bidder cannot complete the project. If the project involves grant reimbursements to cover the cost

of the project, the County Commission should also consider re-applying for a new grant agreement prior to incurring significant additional costs.

- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Monitor the expenditure of county monies by requiring the University Extension Council to submit monthly and annual financial reports as required by state.

### **AUDITEE'S RESPONSE**

- A. *While we agree that additional grant funding may have been obtained had we applied for a new grant, it took several years to obtain the current grant and we did not want to take the chance of losing it. In addition, a local attorney had threatened to sue the county because the courthouse was not handicapped accessible, so we did not want to delay the project any further.*
- B. *Bids were obtained for the truck but we could not locate the documentation. The other purchases involved sole source procurement and we will do a better job of documenting this in the future.*
- C. *We agree. We continue to receive monthly reports from the extension council and we will require annual reports in the future.*

<b>3. Budgetary Practices</b>
-------------------------------

- A. The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Capital Improvement Sales Tax	\$ 15,533	42,097
Election Fees	422	
Bad Check		3,500
Recorders		2,787
Sheriff Civil Fees		2,358
Cemetery Trust		337
Prosecuting Attorney Training		283
Prosecuting Attorney Delinquent Tax		127
Sheriff Calendar		7

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding a public hearing and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted, and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The county's budgets contained several misclassifications of actual receipts and disbursements. The Special Road and Bridge Fund budgets included \$90,106 and \$85,513 as sales tax receipts for 2001 and 2000, respectively, which were county aid road trust (CART) revenues which should have been classified as intergovernmental. In addition, \$60,000 in tax anticipation note receipts obtained in 2001 in the General Revenue Fund was classified as charge for services and the repayment in 2002 was budgeted as a part of employee fringe benefits, which do not appear to be appropriate classifications of this type of debt service receipt and disbursement.

The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipts and disbursement items, and to increase the effectiveness of the budgets as a management tool. As a result of the misclassification errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements.

**WE RECOMMEND** the County Commission:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended with the State Auditor's office.

- B. Ensure that budget documents contain complete and accurate information about the county's finances, including more accurate classifications of actual receipts and disbursements.

**AUDITEE'S RESPONSE**

- A. *We will submit budget amendments as required in the future.*
- B. *This will be implemented.*

<b>4. Associate County Commissioners' Salaries</b>
----------------------------------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 DeKalb County's former Associate County Commissioners salaries were each increased approximately \$9,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the former Associate County Commissioners, totaling approximately \$18,000 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

*We will review this issue with the Prosecuting Attorney and take appropriate action.*

<b>5. Assessment Fund</b>
---------------------------

Section 137.720, RSMo 2000, provides that the county shall bill any taxing authority collecting its own property taxes for their share of assessment costs. The county has not billed various cities for these costs resulting in significant revenue losses. Based upon each city's assessed valuations for current real estate and personal property, the county could have collected additional revenues of approximately \$6,900 for the two years ended December 31, 2001.

A similar condition was noted in a prior report, and the county did not implement our prior recommendation. Due to the poor financial condition of the county, it is important that the county maximize revenues and bill all cities that collect their own taxes.

**WE RECOMMEND** the County Commission ensure the cities are billed for their share of assessment costs in accordance with state law.

### **AUDITEE'S RESPONSE**

*We will bill the cities of Cameron, Maysville, and Stewartsville for their share of assessment costs. The remaining cities in the county are very small and the amounts due from those cities would be immaterial.*

<b>6. Ex Officio County Collector's Controls and Procedures</b>
-----------------------------------------------------------------

The Ex Officio County Collector and township collectors processed property taxes totaling approximately \$4.4 million annually for the years ended February 28, 2002 and 2001. Our review noted the following concerns:

- A. The annual settlements prepared by the Ex Officio County Collector contained errors in amounts reported which caused differences between total tax collections and distributions. The settlement for the year ended February 28, 2001 contained significant errors in which real estate collections were understated by \$315,800 and utility taxes of \$40,859 were reported twice on the settlement. The settlement for the year ended February 28, 2002 also contained errors in which total collections and distributions differed by approximately \$23,000. In addition, the settlements did not separately identify assessment fund monies or collector commissions withheld and distributed by the township collectors.

The County Clerk maintains an account book with the collector. However, the differences were not resolved even though the County Clerk certified the settlement.

Section 139.160, RSMo 2000, requires the collector to "... settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the collector had not provided the County Commission with an accurate and complete settlement.



- B. The Ex Officio County Collector does not reconcile the bank account balances to existing liabilities. We attempted to reconcile the bank account balance to existing liabilities at February 28, 2002, and approximately \$200 of the bank balance could not be identified.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the balances in the bank account are properly identified and monies are sufficient to meet liabilities. Amounts which cannot be identified should be disposed of in accordance with applicable state laws.

A similar condition was noted in prior reports.

- C. The Ex Officio County Collector assesses a \$5 certification fee when personal property taxes are added after the tax books have already been printed and distributed to the township collectors. Approximately \$700 is assessed and collected annually which is distributed to the General Revenue Fund. This certification fee was established by order of the County Commission; however, there appears to be no statutory authority to collect this certification fee.

A similar condition was noted in a prior report.

- D. As of February 28, 2002, the Ex Officio County Collector's bank account had seven checks totaling \$3,651 which have been outstanding for more than one year and six of these checks were issued prior to December 2000. Six checks totaling \$3,649 were issued to political subdivisions and should be reissued. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions including Section 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed monies.

**WE RECOMMEND** the Ex Officio Collector:

- A. Prepare complete and accurate annual settlements and the County Clerk should ensure the account book is properly reconciled to the annual settlement. In addition, the County Commission should properly review the settlement to ensure collections and distributions are in agreement.
- B. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee.

- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

### **AUDITEE'S RESPONSE**

- A. *The Ex Officio County Collector indicated the annual settlement was prepared with the information provided by the township collectors. The Ex Officio County Collector, the County Commission, and the County Clerk all indicated they will review the settlements more closely in the future.*

*B&D. The Ex Officio County Collector indicated she agrees and will implement.*

- C. *The Ex Officio County Collector indicated she will discuss this with the County Commission, but will continue to collect this fee as long as the commission order remains in effect.*

*The County Commission indicated they believe the fee is justified because of the additional cost incurred by the county in processing late assessments. However, they indicated they would review this matter with the Prosecuting Attorney.*

<b>7. Circuit Clerk's Controls and Procedures</b>
---------------------------------------------------

- A. The Circuit Clerk does not maintain a listing of accrued costs owed to the court and does not have procedures to consistently pursue the collection of accrued costs through rebilling, show cause orders, or warrants. Per our request, the Circuit Clerk prepared a listing of accrued costs as of January 2002, which totaled approximately \$388,000. Approximately \$133,000 of this amount involved cases which have had no collections since 1998. Ineffective monitoring of cases with accrued costs and failure to utilize available collection options in a timely manner can result in lost revenue.

In addition, the Circuit Clerk does not usually disburse partial payments collected on old cases where collection of the full amount is considered remote. These monies represent court costs, bonds, and other fees collected from defendants. Attorney General's Opinion No. 26, 1973 to Osborne, concluded, "If, when liability has been established, accrued costs cannot be collected in full, charges not having statutory priority or not allocated under court rule should be prorated." A similar condition was noted in prior reports.

- B. The Circuit Clerk prepares monthly open items listings and reconciles them to the reconciled bank and book balances. The Circuit Clerk periodically reviews the listing and disburses items collected; however, there is no system in place to ensure all items are paid out in a timely manner. Our review noted thirteen cases dating back as far as 1989 which have been collected in full but have not been disbursed.

Monies should be disbursed to the applicable parties when the case has been resolved to ensure timely disposition of the monies.

A similar condition was noted in a prior report.

- C. The Circuit Clerk does not prepare state board bill reimbursement requests in a timely manner and does not have an adequate system in place to track applicable costs. Generally, reimbursement requests are submitted once a year. The Circuit Clerk submitted a reimbursement request for \$18,252 in January 2002. However, our review subsequent to January 2002 noted additional costs which should have been claimed for reimbursement. The Circuit Clerk then submitted another reimbursement request for approximately \$36,500. In addition, because of inadequate tracking of reimbursable costs, the county lost approximately \$1,500 in state reimbursements because the reimbursement filing period had expired for these amounts.

To ensure that revenues are not lost in the future, the Circuit Clerk should implement procedures to track all reimbursable board of prisoner costs and submit timely reimbursement claims to the state.

**WE RECOMMEND** the Circuit Clerk:

- A. Maintain a complete and accurate listing of accrued costs and adopt procedures for pursuing collection of accrued costs. If collection of such costs cannot be made, partial payments received should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.
- B. Establish and implement procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.
- C. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.

**AUDITEE'S RESPONSE**

- A. *Agree. All old cases have been identified and a court order has been obtained from the Circuit Judge. The amounts collected will be distributed on a pro-rata basis as time permits.*
- B. *Agree. This will be implemented.*
- C. *Agree. Reimbursement claims will be submitted at least quarterly.*

<b>8. Associate Circuit Division's Controls and Procedures</b>
----------------------------------------------------------------

- A. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving monies, preparing deposits, and maintaining accounting records. There are no documented reviews of the accounting records by the Associate Circuit Judge.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Receipts slips are not always prepared immediately upon receipt and subsequently deposited on a timely basis. Our review of case files noted five checks totaling approximately \$600 which had not been receipted. These checks appear to have been received at least two weeks prior to our review. In addition, the Associate Circuit Judge indicated he found about 10 undeposited checks totaling approximately \$1,000 when the chief division clerk was on vacation in 2002.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be receipted immediately and subsequently deposited daily or when accumulated receipts exceed \$100.

**WE RECOMMEND** the Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are issued immediately upon receipt and monies are deposited in a timely manner.

### **AUDITEE'S RESPONSE**

*I believe your procedural concerns and recommendations are appropriate. The associate division has a disproportionate workload to staff ratio. My clerks are severely overworked. If the present hiring freeze is lifted by the state and funding allocated, we hope to secure additional personnel.*

*I have taken some measures that I believe would comply with your recommendations. With the help of some emergency funding from the Office of State Court Administrator (OSCA), we had a CPA review our accounting procedures and implemented new more efficient methods of handling funds. Monies received are deposited on the date received and entered into a computer program formatted to our office requirements. I now open all mail, deliver monies to the appropriate clerk, and do periodic follow-up to ensure monies are deposited on a timely basis.*

*At the end of August 2002, an efficiency expert from OSCA will review our operations and will hopefully identify different means or methods by which we can make the associate division more efficient.*

**9.****Multi-County (ACCD) 911 Board**

Inadequate board oversight, as well as a lack of controls and procedures of the ACCD 911 system have caused significant concerns and deficiencies that need correcting.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. DeKalb County officials maintain the financial records for the board. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county. Each county is responsible for providing dispatching and coordination services, and each county has performed separate 911 mapping. Operations are funded by an emergency telephone tax which is authorized by Section 190.305 RSMo, 2000, and tax revenues for 2001 and 2000 totaled \$503,152 and \$410,156, respectively.

Our review noted the following concerns:

- A. The board has not maintained adequate documentation to support 911 mapping expenditures incurred by the counties, and it appears each county has received 911 revenues which exceeded applicable 911 mapping expenditures. In 1996, the board began advancing monies on an annual basis to each county for mapping expenses. The majority of the mapping was completed during the two years ended December 31, 2001, and it appears mapping will be fully completed during 2002. However, the board has not required the counties to submit documentation of actual expenses incurred. We requested each county to submit documentation of total 911 mapping expenses incurred.

A comparison of total advance payments to each county and total mapping expenditures incurred are as follows:

County	Documented		
	Amounts Advanced	Mapping Expenses	Difference
Andrew	\$ 185,000	104,680	80,320
Caldwell	170,000	51,380	118,620
Clinton	240,000	207,663	32,337
DeKalb	245,000	236,770	8,230
Totals	\$ 840,000	600,493	239,507

As noted in the chart above, it appears every county has received more advances than actual amounts incurred for 911 mapping expenses. The board should perform a thorough review of all counties' 911 mapping expenses and require refunds of advances that were not used for allowable mapping expenses. In addition, the board

should discontinue providing advances to counties, and any additional mapping expenses should be paid directly to the vendors by the 911 board.

- B. Currently, tax revenues from the telephone companies are paid to each of the four counties and the counties transmit the revenues to the 911 board. In addition, several telephone companies serve the four counties and collect and remit tax revenues, which makes it more difficult to monitor the amounts collected and received. The board should consider having all telephone companies remit tax revenues directly to the board instead of to each of the counties.

Significant revenue fluctuations have occurred during the last three years, even though the rate levied has remained the same. Revenues for the years ended December 31, 1998, 1999, 2000, and 2001 were approximately \$404,000, \$448,000, \$410,000, and \$503,000, respectively. The board has hired a consultant to review the revenues and try to determine the reasons for the large fluctuations.

- C. The approved budget documents did not adequately project anticipated expenditures of the Multi-County (ACCD) 911 Fund for the two years ended December 31, 2001. The budgets significantly overestimated expenditures, and as a result the actual ending fund balances were much higher than the projected ending balances. Ending fund balances were underestimated by \$529,896 and \$503,623 for 2001 and 2000, respectively.

In addition, it appears the 2002 budget also over estimates expenditures. The 2002 budget includes \$140,000 for mapping and \$250,000 for a consulting contract. Based upon discussions with the Board President and a review of the contract, it appears mapping is almost complete and the consultant will update the maps as necessary. It appears the board will incur approximately \$70,000 in mapping expenses and \$115,000 in consultant expenses in 2002, which are significantly lower than the budgeted amounts.

It appears the board does not adequately plan or review historical cost data when preparing the budget. Failure to approve a realistic budget and monitor budget to actual data reduces the effectiveness of the budget as a management tool.

- D. Expenditures are not reviewed and approved by the board prior to payment. In addition, the board does not have adequate policies to prevent duplicate payments or to ensure invoices supporting expenditures are mathematically accurate.

Invoices are received by the board treasurer, payments are processed by the board treasurer and secretary, and checks are signed by the board treasurer and board president. Board minutes make general references that all expenditures are approved and invoices are available for inspection but there is no documentation of specific expenditures approved, such as a list which is maintained with the board minutes. In addition, invoices are not canceled to prevent duplicate payments, and it appears

summary billing statements from certain vendors are not reconciled to actual invoices and billings are not always reviewed for mathematical accuracy. Our review of specific disbursements noted the following concerns:

- 1) Because of the lack of cancellation of invoices, the board made a \$10,962 duplicate payment to the vendor. The board subsequently discovered this overpayment; however, the vendor only refunded \$10,446. The board did not follow up on the difference.
- 2) The board signed a one year equipment maintenance contract and paid the fee in advance. The agreement was voided by mutual agreement, but the board was not refunded the \$3,642 balance on the contract and did not follow up on the lack of a refund.
- 3) The board made a \$152 overpayment on an invoice which was not mathematically correct.

Strong internal controls are necessary to ensure that all invoices are canceled upon payment and have been adequately reviewed prior to payment.

- E. The board does not adequately track training of dispatchers to ensure dispatchers receive the minimum amount of training required by state regulations. The board does not keep records of specific training received by each dispatcher. In addition, during the last four years, the board has budgeted between \$44,000 and \$54,000 annually for training; however, actual training expenditures averaged approximately \$10,000 per year.

11 CSR 10-12 (Code of State Regulations) requires all dispatchers to complete a minimum of 40 hours of initial training and a 16-hour refresher course every two years. In addition, the CSR requires the board to maintain training records, certificates, and waivers for each dispatcher. The board should adopt procedures to ensure all dispatchers receive the required training and adequate training records are kept.

- F. The board does not maintain a general fixed asset listing nor are assets tagged as board property. A complete and accurate listing is essential because board assets are in five locations within a four county area.

A general fixed asset listing should include all property items valued at or over amounts determined by the board. The listing should include a description of the item, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Annual physical inventories should be performed and the results compared to the fixed asset listing. In addition, all items should be identified as board property with a tag or similar device.

Adequate general fixed asset records are necessary to secure better internal control over board property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories of board property are necessary to ensure the fixed asset records are accurate, identify unrecorded additions and abatements, detect theft of assets, and identify obsolete assets.

The balance of the Multi-County (ACCD) 911 Fund has increased substantially over the past four years from \$356,261 at December 31, 1997 to \$600,549 at December 31, 2001. Current revenues are approximately \$500,000 annually. The 911 Board President indicated that the board intends to use the accumulated balance to centralize operations. Currently, each county and city provides its own dispatching and coordination. The board's consultant estimates one-time expenditures of consolidating operations at \$838,000 and an annual operating budget of \$647,200. The board estimates that the plan will take approximately 3 years to implement.

While it appears a centralized operation may help address problems noted in the rest of this Management Advisory Report section, the board needs to carefully review the costs and benefits of such a move. If the board decides to continue to operate with the current decentralized system, the board should review current operations and attempt to reduce the large accumulated fund balance.

**WE RECOMMEND** the Multi-County (ACCD) 911 Board carefully review the proposal to centralize operations and ensure such a decision will be cost beneficial to the taxpayers. If the board does not adopt a plan to centralize operations, the board should review its current operations and take steps to reduce the large accumulated balance of the Multi-County (ACCD) 911 Fund. In addition, the board should:

- A. Work with the counties to obtain and review all supporting documentation for mapping expenditures and resolve any questions or discrepancies. All overpayments to the counties should be refunded. In addition, the board should discontinue the policy of advancing monies.
- B. Consider requiring all revenues to be sent directly to the board and continue to monitor revenues to determine reasons for the significant fluctuations.
- C. Prepare budgets which more accurately report anticipated expenditures.
- D. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy and canceled upon payment. The board should follow up on the overpayments noted to determine if refunds should be obtained.



- E. Maintain records of training received by all dispatchers and ensure all dispatchers receive adequate training in accordance with state regulations.
- F. Prepare general fixed asset records which include pertinent information for all board assets. In addition, the board should properly tag or otherwise identify all property and conduct annual physical inventories to ensure the accuracy of the records.

### **AUDITEE'S RESPONSE**

*We have contacted another firm to do a second study to determine the costs of centralized operations for ACCD 911. This study will be done at no cost unless the board decides to go ahead with the centralization plans. If Proposition A passes in August 2002, we will be spending funds to provide cellular 911 service, which will greatly reduce the balance of the ACCD 911 Fund.*

- A. *A motion was made at the July 29, 2002, board meeting that each county will retain the funds they currently have and will not reimburse ACCD 911. In the future, the counties will provide documentation as to how the accumulated funds were spent as well as how they will spend future requested funds. The counties will provide documentation as to the remaining balance and include yearly income and expense for ACCD 911 funds.*
- B. *All revenues are currently sent directly to DeKalb County by the telephone companies. We will closely monitor these funds.*
- C. *The budgets will be prepared to better reflect anticipated expenditures.*
- D. *All expenditures are approved by the Board Chairman. All expenditures and income are provided to board members at each quarterly meeting. Billing statements will be checked for accuracy and canceled upon payment. Letters will be sent to determine if applicable refunds can be obtained.*
- E. *Training for dispatchers is obtained and copies will be kept to ensure all dispatchers are receiving training in accordance with state regulations.*
- F. *Inventory lists are kept with serial numbers for the main computer equipment and recorders. This is currently the only equipment owned by ACCD 911. The board will consider tagging all property to help ensure accurate records.*

In accordance with Section 205.971, RSMo 2000, the board provides funding from the proceeds of a property tax levy for goods and services to individuals whom are developmentally disabled. These services include funding to a non-for-profit (NFP) sheltered workshop and a school district. Our review noted the following concerns:

- A. The board has not entered into written contracts with the entities that provide services to the board. The board provided funds approximating \$38,500 to the sheltered workshop and \$31,500 to the school district. In addition, the board purchased equipment for various entities, and neither board approval nor the purpose of these equipment purchases was always documented. Examples include a van (\$19,812) purchased for a group home and computer equipment (\$12,611) purchased for various entities which provide services to the developmentally disabled.

Written contracts are necessary to specify the services to be performed and the compensation to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement. Purchases of equipment for other entities should be approved by the board and the purpose of each purchase should be documented in writing. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

A similar condition was noted in prior audits.

- B. In addition to the funds noted in part A., the board approved the purchase of playground equipment costing approximately \$27,000 to a public school district located in Clinton County. According to the school district, the equipment is used by 156 students, of which 20 are developmentally disabled and only 13 of these are residents of DeKalb County. Given the number of DeKalb County residents served by this expenditure and the amount spent, this may not have been a prudent use of county taxpayer monies.
- C. Monthly bank reconciliations were not prepared during the audit period. As a result, errors in recorded receipts and disbursements were not detected and the balance of the Senate Bill 40 Board Fund was overstated on the accounting records by approximately \$3,000. Monthly bank reconciliations are necessary to ensure errors are detected on a timely basis and financial information is presented correctly in the accounting records.

A similar condition was noted in prior audits.

- D. The board does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$3,035 in 2000. It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

A similar condition was noted in a prior report.

- E. The board did not solicit bids for banking services during the audit period. The Board Treasurer has a financial interest in the board's depository bank. To avoid potential or actual conflicts of interest, the board should solicit bids for banking services and the Board Treasurer should abstain from voting on any proposals involving the bank in which he has a financial interest.
- F. The board minutes do not indicate board approval and are not signed. In addition, notices of meetings and tentative agendas are not always posted for board meetings.

Section 610.020.6, RSMo 2000, requires a journal or minutes to be taken and maintained of all board meetings. To help ensure their accuracy, all minutes should be read and approved by the board, signed by the person who prepares them, and signed by the board president as an independent attestation to their accuracy. In addition, Section 610.020.1, RSMo 2000, requires all public governmental bodies to publicly post notice of the time, date, and place of each meeting and its tentative agenda.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Enter into written contracts with organizations that receive funding for both goods and services. Contracts should specifically address the goods and services to be provided and compensation to be paid, and allow the board a means to monitor compliance with the contract terms.
- B. Carefully consider the benefits to county residents for future expenditures of this type.

- C. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Senate Bill 40 Board Fund.
- D. Not authorize expenditures in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- E. Solicit bids for banking services and ensure the Board Treasurer abstains from voting on proposals involving the bank in which he has a financial interest.
- F. Ensure board minutes are properly approved and signed. In addition, meeting notices and tentative agendas should be posted as required by state law.

**AUDITEE'S RESPONSE**

- A. *We agree that contracts are needed with our main service providers and we will implement this for the year 2003.*
- B. *It was our understanding that the Clinton County Senate Bill 40 Board was to pay a portion, but due to turnover on that board, this was not completed.*
- C. *We will attempt to implement this recommendation.*
- D. *We were not aware of the process of filing amended budgets. This will be done in the future.*
- E. *We do not believe this situation presents any conflict of interest or poses any potential problems.*
- F. *This will be implemented.*

<b>11.</b>	<b>Senior Citizens Services Board</b>
------------	---------------------------------------

The board receives approximately \$25,000 annually from a property tax levy. The tax receipts are used to fund a meals program for senior citizens of DeKalb County. Our review noted the following concerns:

- A. The board contracts exclusively with the DeKalb Senior Citizen Center which provides the meals program. Four of the seven members of the county board also serve on the governing board of the DeKalb Senior Citizen Center. The board advertised for bids for the meals program, but only received the one bid. Based upon a review of the Senior Citizens Services Board minutes, it appears the four members which serve on both boards did not abstain from voting on the contract.

Because the majority of the board also serves on the DeKalb Senior Citizen Center's board, this situation represents a potential conflict of interest. The board members are appointed by the County Commission. The board and the County Commission should review this situation with legal counsel. At a minimum, to provide greater assurance that the board is acting independently and in the best interest of the county, board members who serve on both boards should abstain from voting on matters involving the DeKalb Senior Citizen Center.

- B. The board does not adequately monitor expenditures on the meals program to ensure only eligible county residents are served. Although the board receives a bill which lists the number of meals served and the total costs of these meals, a listing of the names of county residents served would provide additional assurance that the county tax money is spent for the benefit of county residents. The board's contract with the DeKalb Senior Citizen Center should require this information be submitted to the board.

**WE RECOMMEND** the Senior Citizens Services Board:

- A. And the County Commission review this matter with legal counsel. At a minimum, the board should ensure members serving on both boards abstain from voting on matters involving the DeKalb Senior Citizen Center.
- B. Require a more detailed listing of the meal expenses billed and periodically review the listing for propriety. At a minimum, the listing should contain the names of citizens participating in the meals program, the number of meals served, and the cost per meal.

**AUDITEE'S RESPONSE**

- A. *In our opinion, since there is no pecuniary interest involved, there is not a conflict of interest; therefore board members should not abstain from voting.*

*The County Commission indicated it was very difficult finding individuals willing to serve on the board, and indicated they will review this matter with the Prosecuting Attorney.*

- B. *We will check into this.*

This report is intended for the information of the management of DeKalb County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## DEKALB COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by DeKalb County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Expenditures

- A. Forms 1099-Miscellaneous were not issued for some applicable payments to individuals or unincorporated business as required by law.
- B. Written contracts were not executed for some law enforcement service agreements with cities within the county.

#### Recommendation:

The County Commission:

- A. Ensure payments totaling greater than \$600 to nonemployees and unincorporated businesses are reported to the Internal Revenue Service.
- B. Ensure all contracts and leases are in writing and approved by the County Commission.

#### Status:

- A. Implemented.
- B. Partially implemented. While written contracts have been executed with some cities, the county has not entered into written contracts with the Cities of Cameron and Maysville. Although not repeated in the current report, our recommendation remains as stated above.

### 2. Budgetary Practices

Budget documents did not accurately reflect the county's projected financial position. Generally, disbursements were budgeted to equal receipts plus beginning cash balances, while actual disbursements were generally much less than budgeted amounts.

Recommendation:

The County Commission ensure more accurate estimates and classifications are used in the budget documents for all funds to more accurately reflect the county's financial position.

Status:

Partially implemented. Budgets for 2000 and 2001 were more accurate for most funds, but some concerns were noted with budgets for the Special Road and Bridge Fund. Although not repeated in the current report, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county's overtime policy did not appear to comply with the Fair Labor Standards Act (FLSA).
- B. Time sheets were not prepared by some employees. In addition, annual leave, sick leave, and compensatory time records were not maintained for some employees. In addition, time sheets for the county road and bridge inspector were not approved by a supervisor.

Recommendation:

The County Commission:

- A. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- B. Require all employees to prepare and submit time sheets which are signed by the employees and approved by the applicable supervisor. In addition, the county should develop a written policy addressing leave earned by state and county employees and the County Clerk should maintain records of vacation, sick leave, and overtime, earned, used, and accumulated for all employees.

Status:

- A. Implemented.
- B. Partially implemented. Time sheets are prepared and leave records are maintained for each employee. However, the county road and bridge inspector's time sheets are not approved by a supervisor. Although not repeated in the current report, our recommendation remains as stated above.



4. Federal Financial Assistance

- A. Adequate records were not maintained to support expenditures pertaining to the Domestic Cannabis Eradication/Suppression Program, resulting in questioned costs of \$1,093.
- B. Adequate records were not maintained to support the required in-kind match on an emergency shelter grant, resulting in questioned costs of \$5,600.

Recommendation:

The County Commission consult with the grantor agencies to resolve the questioned costs. In addition, the County Commission should ensure adequate documentation to support the expenditures of federal grant funds is retained.

Status:

Partially implemented. The questioned costs have not been resolved; however, we noted no similar concerns with federal programs reviewed during the current audit. Although not repeated in the current report, our recommendation remains as stated above.

5. Assessment Fund

The county did not bill cities their share of assessment costs as required by state law.

Recommendation:

The County Commission ensure the cities are billed for their share of assessment costs in accordance with 137.720 RSMo 1994.

Status:

Not implemented. See MAR No. 5.

6. Apportionment of Railroad and Utility Taxes

The County Clerk did not correctly apportion 1997 railroad and utility taxes to the school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary education for guidance on how to correct these past errors.

Status:

Implemented. The County Clerk re-calculated all apportionments for calendar years 1995 through 1998 and made adjustments to adequately correct past errors. We noted no problems with the apportionment calculations for the current audit period.

7. Township Collector's Commissions and Withholdings

- A. Excess commissions and assessment fees of \$215 and \$165, respectively, were withheld because an incorrect unadjusted levy was used to calculate the Proposition C ratio for the Cameron R-I School District.
- B. The Grand River township collector withheld collections and assessment fees from the payments in lieu of taxes (PILOT) related to the municipal tax increment financing project.

Recommendation:

The County Commission:

- A. Ensure future commissions and assessment withholdings are adjusted for amounts over withheld and the township collectors utilize proper ratios when determining amounts to be withheld from school district's tax collections.
- B. Review the practice of retaining fees on the collection of PILOT monies with the Prosecuting Attorney to ensure monies are being properly distributed to the TIF project fund.

Status:

- A. Partially implemented. Our review noted no problem with the Proposition C ratios used in the current audit; however, the monies owed the Cameron R-1 School District have not been repaid. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. However, this issue was not addressed by Prosecuting Attorney until April 2001. He issued an opinion which concluded current laws did not prohibit the township collector from withholding these fees.

8. Ex Officio County Collector's Procedures

- A. The Ex Officio County Collector did not reconcile her bank account balance to existing liabilities.

- B. A \$5 certification fee was assessed when personal property taxes were added after the tax books had already been printed and distributed to township collectors. This fee was established by order of the County Commission, but there appeared to be no statutory authority for this fee.

Recommendation:

The Ex Officio County Collector:

- A. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine unidentified amounts in the bank account.
- B. Discontinue assessing the \$5 certification fee. In addition, the County Commission rescind its order to collect this fee.

Status:

A&B. Not implemented. See MAR No. 6.

9. Prosecuting Attorney's Accounting Controls and Procedures

- A. Bad check receipts were not deposited or transmitted to merchants in a timely manner.
- B. An inactive bad check restitution bank account contained unidentified monies of \$2,440.

Recommendation:

The Prosecuting Attorney:

- A. Record and deposit bad check fees and restitutions daily or when accumulated receipts exceed \$100. In addition, bad check restitutions to merchants should be transmitted on a timely basis.
- B. Close the inactive bank account and distribute any monies which can be identified to the appropriate parties. Any monies which cannot be identified should be remitted to the state Unclaimed Property Section or the county Unclaimed Fees Fund.

Status:

- A. Partially implemented. Bad check fees and restitution were deposited or transmitted in a more timely manner during the current audit period; however, monies on hand

usually exceed \$100 before deposit or transmission. Although not repeated in the current report, our recommendation remains as stated above.

- B. Implemented. The account was closed and the balance was paid to the County Treasurer for deposit into the Unclaimed Fees Fund.

10. Sheriff's Accounting Controls and Procedures

- A. Receipts were not posted to the cash control record on a timely basis. In addition, receipts were not reconciled to bank deposits.
- B. Amounts received for serving papers were not receipted and deposited until the papers were actually served.

Recommendation:

The Sheriff:

- A. Post all receipts to the cash control records on a timely basis and reconcile the composition of receipts to bank deposits.
- B. Issue receipt slips immediately upon receipt of monies.

Status:

- A. Implemented.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

11. Circuit Clerk's Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained and collection was not pursued on a consistent basis.
- B. Monies were not disbursed in a timely manner on cases which were resolved.

Recommendation:

The Circuit Clerk:

- A. Maintain a complete and accurate listing of accrued costs. In addition, written procedures should be established and implemented for pursuing the collection of such accrued costs.

- B. Establish procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.

Status:

A&B. Not implemented. See MAR No. 7.

12. Senate Bill 40 Board

- A. The board did not enter into written contracts with the not-for-profit corporations which received funding from the board.
- B. Monthly bank reconciliation procedures were not adequate. A running checkbook balance was not maintained and reconciled to the bank balance.
- C.1. The board approved expenditures in excess of budgeted amounts. In addition, actual revenues, expenditures, and cash balances were misstated on the budgets.
  - 2. Budgets were not filed with the State Auditor's office as required by state law.
- D. The annual published financial statements did not include all financial activity.
- E. The board did not have a depositary contract with its bank.
- F. Various financial records could not be located by the board.

Recommendation:

The Senate Bill 40 Board:

- A. Obtain written contracts with organizations that receive funding. Contracts should specifically address how funds are to be used, applicable bidding requirements, and clarify asset ownership.
- B. Maintain a checkbook balance and prepare complete and accurate bank reconciliations.
- C. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised. In addition, ensure budgets are prepared accurately and filed with the State Auditor's office as required by state law.
- D. And the County Commission ensure all required financial information for the board is properly reported in the county's annual published financial statements.

- E. Enter into depositary agreement with any bank which holds board monies, as required by state law.
- F. Retain records in a secure location in accordance with state law.

Status:

A&B. Not implemented. See MAR No. 10.

C. Partially implemented. Improvement was noted in the accuracy of actual amounts reported on the 2000 and 2001 budgets, and these budgets were filed with the State Auditor's Office; however, expenditures were approved in excess of the approved budgets. See MAR No. 10.

D, E,  
&F. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



DEKALB COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of DeKalb was named after Baron Johann DeKalb, a German-born member of the French army General in the American Revolution. DeKalb County is township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Maysville.

DeKalb County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where DeKalb County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 44,413	2	39,970	2
Sales taxes	538,408	26	533,921	25
Federal and state aid	945,731	47	1,135,883	52
Fees, interest, and other	504,141	25	444,793	21
Total	\$ 2,032,693	100	2,154,567	100

The following chart shows how DeKalb County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 862,268	41	651,856	30
Public safety	371,679	17	370,842	17
Highways and roads	889,001	42	1,174,196	53
Total	\$ 2,122,948	100	2,196,894	100

In addition, DeKalb County has a Capital Improvement Sales Tax Fund with receipts of approximately \$550,000 per year, for the purpose of capital improvements to county roads.

The county maintains approximately 180 county bridges and the townships maintain approximately 625 miles of county roads.

The county's population was 7,305 in 1970 and 11,597 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	57.8	55.9	33.3	19.5	13.2
Personal property		24.5	22.9	8.6	7.6	5.2
Railroad and utilities		6.4	7.9	7.3	5.2	4.0
Total	\$	88.7	86.7	49.2	32.3	22.4

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

DeKalb County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.0700	.0500
Senate Bill 40 Board Fund		.0900	.0900
Senior Citizens Services Board Fund		.0300	.0300

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 27,027	26,171
General Revenue Fund	60,520	43,016
Assessment Fund	55,193	52,969
Senate Bill 40 Board Fund	77,708	75,475
Senior Citizens Services Fund	25,601	23,709
School districts	3,083,773	3,059,069
Tax increment financing district	61,874	61,590
Townships	87,114	84,521
Township bonds	53,417	61,866
Township road and bridge	328,416	314,253
Nursing home	70	70
Ambulance districts	193,547	186,375
Watershed	25,827	24,254
Fire protection districts	160,559	154,670
Cities	24,388	23,764
Surtax	140,484	130,647
Certification fees	570	715
County Employees' Retirement	33,588	29,534
Other	8,497	3,810
Commissions and fees:		
General Revenue Fund	36,977	36,016
Township Collectors	34,935	33,501
Ex Officio County Collector	602	500
Total	\$ 4,520,685	4,426,494

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	92.8 %	89.3 %
Personal property	85.8	85.5
Railroad and utilities	99.6	100.0

DeKalb County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Road capital improvements	.0050	December 2002	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
David R. Lippold, Presiding Commissioner	\$	25,760	25,760
Wayne Colhour, Associate Commissioner		23,760	
Wayne McFee, Associate Commissioner		23,760	
Ken Keesaman, Associate Commissioner			23,760
David Powell, Associate Commissioner			23,760
Mary Berry, County Clerk *		37,873	37,873
Bart Spear, Prosecuting Attorney		63,000	63,000
Brad Mefford, Sheriff		40,000	29,614
Peter Bram, County Coroner		10,000	8,735
Illah Marie Pulley, County Treasurer and Ex Officio County Collector, year ended Mar 31 **	38,522	28,623	
Dale Boyer, Public Administrator ***		15,000	4,200
Cathy Walters, County Assessor, year ended August 31 ****		36,900	36,900

\* Includes ACCD 911 salary of \$1,873 per year

\*\* Includes \$602 and \$500, respectively, of commissions earned for collecting city property taxes and \$1,920 and \$1,873, respectively, of ACCD 911 salary

\*\*\* Includes fees received from probate cases in 2000

\*\*\*\* Includes \$900 annual compensation received from the state

State-Paid Officials:

Clifton DeShon, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
R. Brent Elliott, Associate Circuit Judge		96,000	
Warren L. McElwain, Associate Circuit Judge			97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	4 *	2 **
County Clerk	2 **	
Prosecuting Attorney	2 **	
Sheriff	12 ***	
County Treasurer	1 **	
County Coroner	1 **	
County Assessor	2	1 **
Associate and Probate Divisions	2 **	2
Road and Bridge	16 ****	
Total	<u>42</u>	<u>5</u>

\* Includes three part-time employees.

\*\* Includes one part-time employee.

\*\*\* Includes four part-time employees.

\*\*\*\* Includes eleven part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. DeKalb County's share of the Forty-Third Judicial Circuit's expenses is 18.67 percent.

DeKalb County, in conjunction with Andrew County, Caldwell County, Clinton County and the city of Cameron, formed the ACCD Regional Enhanced 911 System Board in November 1992 for the purpose of providing emergency telephone service. The governing body consists of two representatives from each county and one representative from the city of Cameron. Operations are financed primarily by an emergency telephone tax authorized by Section 190.300, RSMo, and approved by voters in August 1992. DeKalb County currently holds the funds and maintains the accounting records for the ACCD Regional Enhanced 911 System Board.

DeKalb County, in conjunction with Gentry and Worth Counties and the Missouri Department of Health, formed the Tri-County Health Center in 1985. The board of health center is comprised of one commissioner from each county. The Tri-County Health Center's main office is located in Gentry County and the health center's funds and accounting records are maintained by personnel in the main office.

DeKalb County voters in November 1999 approved a property tax levy to fund a senior citizens' services board. The DeKalb County Senior Citizens' Services Fund Tax Board is governed by a seven member board appointed by the county commission. The board holds the funds and maintains the accounting records. The 2000 property tax levy was assessed, but revenues were not transmitted to the board until January 2001.



DEPARTMENT OF REVENUE  
COMPREHENSIVE CONTINUITY PLANNING

**From The Office Of State Auditor  
Claire McCaskill**

*The department has limited assurance critical business processes and information systems processing functions can be resumed promptly in the event of a disruption to normal business operations.*

Report No. 2002-85  
September 4, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

PERFORMANCE AUDIT



Office of  
Missouri State Auditor  
Claire McCaskill

September 2002

**Department of Revenue could improve plans to recover business operations after a disaster or significant disruption**

This audit analyzed the Department of Revenue's capability to resume normal business operations and recover information from automated data systems after a disaster or other disruptive event. Auditors examined disaster recovery planning, staff emergency response training, as well as testing and documentation procedures for backup systems and environmental controls. In the last year, department officials began to develop and implement a continuity plan. Audit results identified areas to enhance this plan.

**Some key elements of recovery plans are complete**

The department does not have a documented business continuity plan or an information technology recovery plan. As of May 2002, department officials had completed 3 of 10 key steps included in standard recovery plans. Department officials said the current preparedness level is well ahead of other state agencies, but acknowledge a comprehensive plan is far from being complete. (See pages 3 and 6)

**Lack of management team and staff training impact preparedness**

The department does not have an emergency management team to determine how to support overall data recovery across all business functions. In addition, department personnel are not trained in their specific roles and responsibilities regarding emergency response and business function recovery procedures. The department's formal policies for emergency fire, water, and alarm incidents also lack procedures directly related to the informational technology staff and the computer rooms. (See page 7)

**Backup and off-site storage do not ensure data recovery**

The department's backup, offsite storage and recovery procedures for all systems and data are not documented and in some cases are not adequate, such as storing some backup data at an employee's personal residence. The department has not tested backup systems or data to ensure they can be recovered after a disaster. (See page 8)

**Environmental controls weaknesses exist**

Auditors identified weaknesses in the department's environmental controls including: computer facilities not strategically placed to reduce environmental risks, inadequate documentation and testing of controls, improperly inspected fire extinguishers, no controls monitoring humidity and temperature in computer facilities, computer equipment not

YELLOW SHEET

protected from static electricity, uninterruptible power supplies not formally tested, and no documentation of emergency evacuation plan testing results. These weaknesses put critical information technology resources at risk to environmental hazards. (See page 9)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



**DEPARTMENT OF REVENUE  
COMPREHENSIVE CONTINUITY PLANNING**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>3</b>
Recovery Planning Needs Improvement .....	3
Conclusion.....	9
Recommendations .....	10
<b>APPENDIXES</b>	
I.    OBJECTIVES, SCOPE AND METHODOLOGY .....	12
II.   DEFINITION OF TERMS.....	13
III.  REFERENCES .....	14



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Carol Russell Fischer, Director  
Department of Revenue  
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Revenue's comprehensive continuity planning preparedness. Such planning ensures business and information systems continue functioning in the event of major or minor operational disruptions. Currently, no state guidelines establish the need or specific parameters for such planning.

The objectives of this audit were to evaluate (1) whether department officials have defined and implemented a continuity planning framework, (2) whether department officials have developed and implemented a comprehensive continuity plan, including a business continuity plan and an information technology recovery plan, (3) the department's backup policies and procedures, and (4) the department's controls against environmental factors.

We concluded the department needs to develop a comprehensive continuity planning framework, including standards and policies for the development and maintenance of comprehensive business continuity and information technology recovery plans. Although the department's information technology project manager is currently involved in comprehensive continuity planning, we concluded all issues have not been addressed. Besides addressing those issues, the department also needs to test backup files to ensure they would restore critical data files in the event data is lost. Given the current level of preparedness, there is limited assurance the department could promptly resume business processes and information system processing functions in the event of a business operation disruption.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Jon Halwes, CPA, CGFM
Information Systems Audit Manager:	Jeff Thelen, CPA
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Frank Verslues

## **RESULTS AND RECOMMENDATIONS**

### **Recovery Planning Needs Improvement**

The Department of Revenue (department), which operates as the state's central revenue collection agency, needs better preparation to prevent a significant interruption of business operations. The department is at risk for major disruptions because department officials have not:

- Completed a comprehensive continuity plan.
- Documented (1) procedures for backup, offsite storage and recovery for computer systems and data or (2) environmental controls.
- Tested recovery of backed up systems and data or the adequacy of environmental controls.

Without continuity planning, there is no assurance normal business operations and information technology processing could be promptly resumed in the event of a disaster or other disruptive event. Testing recovery of back up applications and data as well as testing the adequacy of environmental controls is also critical to limit interruptions and minimize the impact of any disruption to operations. Due to the department's role in revenue collection, it is important critical business operations remain functioning or can be resumed promptly with the least possible disruption. The department's information technology project manager is currently involved in comprehensive continuity planning; however, all issues have not been addressed. Department officials believe their current level of preparedness is well ahead of other state agencies, but acknowledge a comprehensive continuity plan is far from complete.

### **Description of comprehensive continuity planning**

An organization must take steps to ensure it is adequately prepared to cope with a loss of operational capability. An organization's ability to accomplish its mission can be significantly affected if it loses the ability to process, retrieve, and protect information that is maintained electronically. There are three main classes of events that might affect an organization's ability to continue business operations; an unplanned incident or accident such as an explosion or fire, a natural cause disaster such as a tornado or earthquake, or a deliberate act to disrupt the operations of a business, government, institution, or some other organization.

An essential element in preparing for such catastrophes is an up-to-date, detailed, and fully tested continuity plan. Comprehensive continuity planning encompasses both business continuity and information technology recovery. With business continuity planning, an organization is ensuring the availability of all business resources and supporting information technology needs to continue/resume business processes. For information technology recovery planning, the organization is ensuring the availability of information technology resources required to support the continuity or recovery of business processes. A comprehensive continuity plan specifies emergency response, backup operations, and restoration procedures to ensure the availability of

critical resources and facilitate the continuity of operations in an emergency situation. It addresses how an organization will deal with a full range of contingencies, from electrical power failures to catastrophic events, such as earthquakes, floods, and fires. The plan also identifies essential business functions and ranks resources in order of criticality. To be most effective, a continuity plan should be periodically tested in disaster simulation exercises and employees should be trained in and familiar with its use.

### **Criteria used to evaluate the department's comprehensive continuity planning**

There are currently no state regulations requiring agencies to develop, implement, and maintain a comprehensive continuity plan. However, there are federal standards as well as national and international standards related to comprehensive continuity planning. For our review of comprehensive continuity planning, accepted standards from the following sources were used:

- National Institute of Standards and Technology
- American Institute of Certified Public Accountants
- Canadian Institute of Chartered Accountants
- Information Systems Audit and Control Association
- United States General Accounting Office

The department has three divisions (Motor Vehicle and Drivers Licensing, Taxation and Collection, and Administration). Each of these divisions has an administrator of technology services who reports to his/her respective division director. The department also has a chief information officer who handles department-wide issues and works with all the divisions. In addition, the State Data Center operates as a contract service provider to the department. The data center provides mainframe data processing and facilitates the storage of data and backups for the department.

The department is directly responsible for the collection of taxes and motor vehicle registration and drivers licensing fees. Approximately 118 computer applications are used by the staff to support the department's operations. The total state revenue for fiscal year 2001 was approximately \$17 billion. Besides the impact on state government operations, a significant business interruption could seriously impact city and other local government operations due to the department's role in collection and distribution of local sales tax revenue.

Department officials indicated they have evaluated continuity planning and security over the last several years and were one of the first state agencies to discuss these issues with State Data Center officials. Efforts were started in the last year to put a comprehensive continuity plan in place.

## Plans are needed for resuming critical business operations and system processing

The department does not have a documented business continuity plan or an information technology recovery plan. In September 2001, department officials hired an information technology project manager to develop a comprehensive continuity plan, which would integrate business continuity and information technology recovery plans. The project manager is developing the plans based on information obtained from training sessions and his own knowledge. He is not using standards from any of the sources noted on page 4. His main focus is developing a business continuity database, which is being constructed through responses from suppliers and users of the department's operations. He indicated this database is the focal point of the initial work, because it is the basis for the plan that will be put in place. As of May 2002, the database has been used to document business applications and operations as well as prioritize the applications; however, not all applications and operations have been identified. Maximum business and system outage tolerance<sup>1</sup> and restoration time periods are also being identified and included in the database. For example, the dealer registration system administered by the Division of Motor Vehicle and Drivers Licensing was determined to have an outage tolerance of 2 to 4 weeks with an estimated restoration time of less than 1 week. Only 20 percent (24 of 118) of the department's applications are assigned an outage tolerance with only 18 applications assigned an estimated restoration time. The estimated restoration time for two applications exceeded the outage tolerance identified.

Project manager  
developing  
continuity plan

Although the department's management could, through use of this partially completed database, determine the functions, applications, personnel, and equipment impacted by a disaster, there is still no assurance the department could promptly resume business operations. A comprehensive continuity plan will help the department ensure timely resumption of operations and recovery of data in the event of a disaster or other disruptive event.

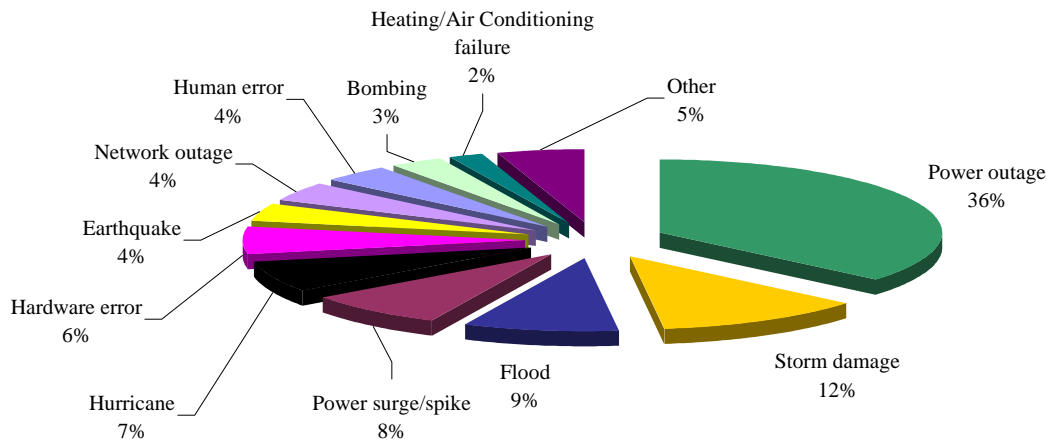
A recent national study showed 43 percent of companies which experience a major disaster and do not have an adequate continuity plan do not re-open, while 29 percent are out of business within 2 years. The overall survival rate without a plan is 28 percent.<sup>2</sup> While the department could not cease to exist, the length of time critical operations may not be functioning could severely impact the state. Figure 1.1 shows a breakdown of the most common causes of disruptions.

---

<sup>1</sup> Maximum time a system or operation could be shutdown before impacting a business.

<sup>2</sup> *Business Continuity Management In Today's Environment*, a seminar presented to the St. Louis Chapter of the Institute of Internal Auditors on October 25, 2001 by Jefferson Wells International.

Figure 1.1: Types of Disruption



Source: *Business Continuity Management In Today's Environment*, a seminar presented to the St. Louis Chapter of the Institute of Internal Auditors on October 25, 2001 by Jefferson Wells International.

According to accepted standards,<sup>3</sup> continuity plans should:

- Be documented and approved by senior management.
- Identify all critical business applications and operations.
- Prioritize the critical business applications and operations.
- Identify resources needed to support critical functions.
- Satisfy the established maximum outage time periods.
- Include network infrastructure issues.
- Implement parallel processes where appropriate.
- Address disasters of varying degrees.
- Include alternate processing facility agreements.
- Be periodically tested to ensure they are kept relevant and effective.

At the end of our fieldwork, department officials had completed items 2, 3 and 4 on the above list.

Organizational policies should require a continuity planning framework to ensure consistency in continuity plans and to ensure all necessary items are included in the plan. This framework should be a part of normal operational requirements and function as an outline guiding the planner to the general issues needing to be documented in the plan. The department's information technology project manager will be developing a framework for the comprehensive continuity planning process. The framework will define the roles, responsibilities, and the risk-based approach/methodology to be adopted, the rules and structures to document the plan, and the approval procedures.

---

<sup>3</sup> Standards established by the five organizations identified on page 4.

## **Department planning needs to consider additional areas**

Our review of the continuity planning that has taken place since September 2001, indicate the following weaknesses have not been addressed and were not being sufficiently considered:

- No emergency management team.
- Lack of emergency response training for personnel.
- Inadequate procedures to analyze the impact of various disruptive events.
- Lack of emergency response procedures for information technology staff.
- Weak and untested backup, and recovery procedures.
- Weak and untested environmental controls.

## **Management team and personnel training would improve recovery preparedness**

The department does not have an emergency management team to develop consolidated strategies for overall information technology recovery support across all business functions. Currently, each division has an administrator of information technology who would work with the information technology project manager to coordinate recovery activities. Therefore, in the midst of a disaster, the department would lack the consolidated input and cooperation of a management team to implement appropriate recovery strategies. This weakness could result in the department losing valuable time in the assessment and recovery phases of a disaster. For employees to respond in an orderly fashion, accepted standards suggest that an emergency management team or similar function be assigned the responsibility to determine whether to activate continuity plans and coordinate recovery activities.

Department personnel are not trained on their specific roles and responsibilities relating to emergency responses and business function recovery procedures. Personnel have responsibilities to uphold in the event of a disaster. Without such guidance and training, department management cannot ensure personnel will react properly to a disaster and be able to effectively and efficiently carry out their responsibilities.

## **Management needs to evaluate the impact of risks or threats**

The department does not have procedures to analyze the impact of various disruptive events. According to accepted standards, updating potential risks and exposures should be an ongoing risk management activity. A business impact analysis would consider different types of risks and threats and their corresponding impact on business functions. Potential business interruptions as well as maximum tolerable down times should be identified for all critical business functions. This analysis will allow management to identify how long a critical function may be out, the impact on other business functions if it is out longer than anticipated, and what alternatives should be considered to resume business operations.

Impact analysis  
would improve  
decision process

Various strategies are available for recovering business operations. The appropriate strategy is the one that balances preventive, recovery, and restoration measure costs against the business and operational impact of possible outages and likelihood of occurrence. This business impact



analysis would allow management to select the most appropriate alternative to resume business operations based on the relative risks identified.

### **Emergency response plans have not been developed**

Although the department has formal policies for emergency fire, water, and alarm incidents, these policies lack procedures outlining responsibilities of information technology staff and procedures directly related to the computer rooms. Accepted standards call for emergency response plans to be developed in advance to manage business recovery activities and information technology recovery activities.

Due to the centralized nature of information technology processing activities, there is a higher degree of risk of potentially disruptive events in computer operation areas than in other parts of the department. There are unique physical security and access requirements for computer operation areas relating to premises evacuation, life and health safety of employees and others, damage mitigation and containment, and preliminary damage and impact assessment. The department has not developed emergency response plans for information technology operations and cannot ensure the safety of employees or prepare the department for immediate response to an emergency.

### **Backup and offsite procedures are not documented**

The department's backup, offsite storage and recovery procedures for all systems and data are not documented and in some cases are not adequate. The department has not tested backup systems or data to ensure they would properly restore systems and data in the event of a disaster. As a result, critical data may not be recoverable in the event of system failures. Backup and recovery procedures are a critical component of the information services function and help ensure continued operations.

Backup systems  
have not been  
tested

Accepted standards state that backup and off-site storage plans should:

- Document backup procedures for data files and software.
- Document procedures for off-site storage, or availability of all material which would be required to restore and recover critical business functions within their identified maximum outage time periods.
- Ensure appropriate retention cycles have been established for critical off-site storage documentation based on the business needs and risks.
- Require periodic testing of off-site backup files to ensure the material required to resume/recover critical business processes are available.
- Ensure information technology staff and division managers have approved backup and off-site storage procedures.
- Document procedures for restoring from backup.

Auditors noted five weaknesses in the department's current backup procedures which include (1) lack of assignment for the control of offsite storage of data files to a librarian, (2) failure to base

backup application and data retention cycles on business needs, (3) lack of a perpetual inventory of backup tapes and other secondary storage media, (4) inadequate use of physical and/or environmental controls<sup>4</sup> to protect data, and (5) lack of segregation of duties. For example, a manager in one division is responsible for performing the backup of the network and also for storing the backup tape offsite at her home. In this instance, the same person is creating the backup tape and controlling the tape in her home which is not a secure environment.

### **Critical resources and operations could be at risk to environmental hazards**

There are environmental control weaknesses in the department. Although department officials rely heavily on the environmental controls implemented, maintained, and tested by the Office of Administration, the department is responsible for additional controls. The following weaknesses in the department's environmental controls were noted:

- The computer facilities were not strategically placed to reduce environmental risks such as air temperature. Rather, the server rooms were selected as to which rooms were available at the time.
- Controls in place are not adequately documented or tested.
- The fire extinguishers are not properly inspected.
- There are no controls to monitor humidity and temperature of the computer facilities.
- Computer equipment is not protected from the effects of static electricity.
- The uninterruptible power supplies are not formally tested.
- The results of emergency evacuation plan testing are not documented.

As a result, critical information technology resources could be at risk to environmental hazards, which could easily harm or destroy the resources and systems responsible for supporting critical business operations. According to accepted standards, adequate environmental controls should be in place and documented. In addition, there should be procedures in place for testing environmental controls to help mitigate the risk of disaster (ie. fire, flood, tornados, earthquakes, and power outages). Environmental controls can diminish the losses from some interruptions or detect potential problems early.

### **Conclusion**

Department operations face significant risks without a completed comprehensive continuity plan, adequately documented and tested backup and recovery procedures, and adequately documented and tested environmental controls. Department officials recognize these issues and have begun to address them, but more needs to be done to ensure operations can resume promptly in the event of a disaster or other disruptive event.

---

<sup>4</sup> Smoke detectors, fire alarms and extinguishers, humidity and temperature controls, and uninterruptible power supplies are some examples of environmental controls.

## Recommendations

We recommend the Director, Department of Revenue:

- 1.1 Define and implement a continuity planning framework, including standards and policies for the development and maintenance of comprehensive business continuity and information technology recovery plans. Ensure this framework includes provisions to:
  - Assign the responsibility of coordinating disaster recovery and business resumption activities to an emergency management team, and ensure all personnel are aware of and trained in their duties and responsibilities as they apply to the comprehensive continuity plan.
  - Develop formal procedures to incorporate periodic business impact analysis to monitor the ongoing requirements of the business continuity plans and arrangements.
  - Develop and document adequate emergency response procedures regarding information technology recovery activities, and ensure staff are appropriately trained on how to respond in the event of an emergency.
- 1.2 Develop, implement, and maintain a comprehensive continuity plan, which consists of both a business continuity plan and an information technology recovery plan. Once the plans are implemented, they should be periodically tested.
- 1.3 Develop and document backup, recovery, and offsite storage procedures for critical data files, applications, media, documentation, and other information technology resources to support the recovery and resumption of business processes and system operations. These procedures should include policies to test recovery of backup applications and data, use of a librarian to track backup data, perpetual inventories of backup data and media in secondary storage, segregation of duties for personnel responsible for creating backup data, and proper storage of backup data.
- 1.4 Evaluate the adequacy of environmental controls in place and test the controls periodically.

## Department of Revenue Responses

- 1.1 *The department agrees that a framework for the development of a comprehensive business continuity plan should be implemented. The framework provided in ISO 17799 (International Standard 17799, Information Technology - code of practice for information security management) provides the standards to be used in the development, testing, and maintenance of the department's Business Continuity Plan. As recommended, the execution of any business continuity activities or information technology disaster recovery activities will ultimately reside with an emergency management team. Additionally, procedures will be included to ensure a formal process*

*for periodic business impact analysis to monitor and provide for a plan, which is viable for existing operations.*

- 1.2 The department agrees that a comprehensive Business Continuity Plan and Information Technology Disaster Recovery Plan should be developed. The department is currently developing such plans in accordance with the framework established in ISO 17799.*
- 1.3 The department agrees that our backup, recovery, and offsite storage procedures for critical data, files, applications, media, documentation, and other information technology resources could be better documented. Following recent recovery tests and efforts related to disaster recovery planning, documentation and procedural changes are being discussed and evaluated for implementation.*
- 1.4 The department agrees that environmental controls should be tested to ensure their adequacy. Procedural changes are being discussed and evaluated for implementation.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The objectives of this audit were to evaluate (1) whether department officials have defined and implemented a continuity planning framework, (2) whether department officials have developed and implemented a comprehensive continuity plan, including a business continuity plan and an information technology recovery plan, (3) the department's backup policies and procedures, and (4) the department's controls against environmental factors.

**Scope and Methodology**

Auditors conducted fieldwork during April and May 2002. The audit included:

- Review of applicable federal, national and international standards related to comprehensive continuity planning.
- Discussion with department personnel involved in comprehensive continuity planning.
- Review of work-in-process data from the department's information technology project manager.

The audit reviewed the department's practices and procedures for business continuity except for activities that are the responsibility of the State Data Center. Therefore, our audit did not review the controls of the State Data Center related to the department's ability to recover applications or files after a significant disruption to business operations.

**DEFINITION OF TERMS**

Some key terms and definitions accepted by the organizations noted on page 4 that have developed national and international standards for comprehensive continuity planning include:

*Business Continuity:* The discipline of planning for the recovery of business operations in the event that normal business resources, such as office space, terminals, microcomputers, office machines, terminals and networks, are made unavailable following a disaster. The term normally does not include the separate, but closely related, discipline of disaster recovery planning for information technology resources.

*Disaster Recovery:* The discipline of planning for the recovery of information technology operations in the event that normal operations are made unavailable as a result of a disaster; normally, closely related to the discipline of business continuity planning.

*Application:* Any of a class of "programs" or "software", which causes a computer to perform some useful function such as data entry, update or query.

*Emergency Response:* Encompasses the initial actions taken to protect lives and limit damage.

*Environmental Control:* Controls which prevent or mitigate damage to facilities and interruptions in service due to environmental hazards. Smoke detectors, fire alarms and extinguishers, and uninterruptible power supplies are some examples of environmental controls.

*Framework:* An outline of the issues which need to be addressed in the comprehensive continuity plan.

*Recovery:* The ability to resume processing without irreparable loss of system data after an error or malfunction in software or hardware.

**REFERENCES**

**American Institute of Certified Public Accountants**

*AICPA/CICA SysTrust: Principles and Criteria for Systems Reliability, Version 2.0*, January 2001.

**Auerbach Publishers**

*Information Technology Control and Audit*, Frederick Gallegos, Daniel P. Manson and Sandra Allen-Senft, 1999.

*Standard for Auditing Computer Applications*, Martin A. Krist, 1999.

**Canadian Institute of Chartered Accountants**

*Information Technology Control Guidelines, 3<sup>rd</sup> Edition*, July 1998.

**Federal Chief Information Officers Council**

*Federal Information Technology Security Assessment Framework*, November 28, 2000,  
<http://www.cio.gov>.

**Information Systems Audit and Control Foundation**

*Control Objectives for Information and Related Technology (COBIT), 3<sup>rd</sup> Edition*, July 2000,  
<http://www.isaca.org>.

*Certified Information Systems Auditor (CISA) Review Manual*, 2002, <http://www.isaca.org>.

**National Institute of Standards and Technology**

Special Publication 800-12, *An Introduction to Computer Security: The NIST Handbook*,  
October 1995, <http://csrc.nist.gov>.

Special Publication 800-14, *Generally Accepted Principles and Practices for Securing Information  
Technology Systems*, September 1996, <http://csrc.nist.gov>.

Special Publication 800-18, *Guide For Developing Security Plans For Information Technology Systems*,  
December 1998, <http://csrc.nist.gov>.

Special Publication 800-26, *Security Self-Assessment Guide For Information Technology Systems*,  
November 2000, <http://csrc.nist.gov>.

**U.S. Office of Management and Budget**

Appendix III to OMB Circular No. A-130, *Security of Federal Automated Information Resources*,  
November 2000, <http://www.whitehouse.gov/omb/circulars/index.html>.

**U.S. General Accounting Office**

*Federal Information System Controls Audit Manual: GAO/AIMD-12.19.6*, January 1999,  
<http://www.gao.gov>.

**Warren Gorham & Lamont/RIA Group**

*Handbook of IT Auditing*, 2001 Edition.



**ROLLA 31 SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-84  
September 4, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**The following problems were discovered as a result of an audit conducted by our office of the Rolla 31 School District.**

---

The Board of Education held a goal setting meeting June 8-9, 2001, in St. Louis. The meeting consisted of approximately three and one-half hours on the first day and three hours on the second day, separated by an overnight stay. Six of the seven board members and four other district employees attended this meeting. The costs for overnight lodging and conference room fees were approximately \$1,500, and approximately \$220 in additional costs were incurred by the district for meal and mileage reimbursements. District personnel indicated the meeting was necessary at this location to accommodate the needs of four of the board members who had to be in St. Louis during this time. Additionally, district personnel indicated the timing of this meeting was important to discuss goals for the upcoming school year.

While the importance of the meeting is not questioned, the costs related to holding such a meeting over a two-day period in St. Louis appears to be an unnecessary expenditure of public funds.

The budgets prepared by the district for the years ended June 30, 2002 and 2001, are not prepared in a format that allows for adequate comparison of budgeted and historical data. The prior two years' actual revenues and expenditures are presented in a summarized manner with amounts for major categories, while the current year's budgeted amounts are presented in much greater detail by object code. In addition, each year's actual or budgeted activity is presented on separate pages, making it more difficult to compare similar data. This presentation makes it difficult to compare the current year's budgeted amounts with actual historical data from the previous years.

Annual financial statements are not published in the manner required by state law. The district's published financial statements for the year ended June 30, 2001, presented only total receipts and disbursements for each fund and did not provide any receipt and disbursement categories as required. State law requires that a summary statement of the district's audit report, including a statement of fund balances and receipts and disbursements by major classifications of each fund, be made and published in a newspaper within the county.

YELLOW SHEET

The district does not periodically solicit proposals for architectural services or legal services. The district has used the services of the same architectural firm and the same two firms for legal services for several years. While payments to the architectural firm totaled only approximately \$2,300 for the year ended June 30, 2001, this firm has worked on several capital improvement projects for the district during the past few years. The district spent \$32,500 on legal services during the year ended June 30, 2001. The district should periodically solicit and document proposals for architectural services and legal services.

The district has not been able to recover some costs of providing education to non-resident students. The Division of Family Services (DFS) places non-resident children in group homes for troubled children which are located in the school district. District officials indicated the DFS cannot identify the home school districts for many of these students, and therefore, the district cannot bill these students' home district for applicable tuition reimbursement. The district estimates it could not bill approximately \$21,000 for the 2000-2001 school year. The district should continue to work with the DFS and other agencies to obtain tuition reimbursement for educating these non-resident students.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

ROLLA 31 SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-9
<u>Number</u>	<u>Description</u>
1.	Budgets and Published Financial Statements.....5
2.	Professional Services .....6
3.	Expenditures and Related Matters .....7
4.	Group Homes .....8
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	10-12

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Board of Education  
Rolla 31 School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Rolla 31 School District. The school board had engaged Evers and Company, CPA's, L.L.C., to audit the district for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Rolla 31 School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Mark Rodabaugh

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

ROLLA 31 SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Budgets and Published Financial Statements</b>
-----------	---------------------------------------------------

- A. The budgets prepared by the district for the years ended June 30, 2002 and 2001, are not prepared in a format that allows for adequate comparison of budgeted and historical data. The prior two years' actual revenues and expenditures are presented in a summarized manner with amounts for major categories, while the current year's budgeted amounts are presented in much greater detail by object code. In addition, each year's actual or budgeted activity is presented on separate pages, making it more difficult to compare similar data. This presentation makes it difficult to compare the current year's budgeted amounts with actual historical data from the previous years.

Section 67.010, RSMo 2000, requires the budgets shall present a complete financial plan for the ensuing budget year. To increase the usefulness of the district's budgets, the district should consider presenting the budget in a format that includes the same level of detail in both the prior two years' actual numbers and the current year's proposed numbers, and presents comparative information for all three years on the same page. This would allow both the board and the public to more readily compare the budgeted amounts to historical amounts.

- B. Annual financial statements are not published in the manner required by state law. The district's published financial statements for the year ended June 30, 2001, presented only total receipts and disbursements for each fund and did not provide any receipt and disbursement categories as required. Section 165.121, RSMo 2000, requires that a summary statement of the district's audit report, including a statement of fund balances and receipts and disbursements by major classifications of each fund, be made and published in a newspaper within the county.

In addition to compliance with state law, published financial statements provide residents information about how district resources are being used and the resources available.

**WE RECOMMEND** the School Board:

- A. Ensure the annual budgets include statements of revenues and expenditures that include the same level of detail for all years presented and allow for easier comparison of similar data presented for each year.
- B. Ensure the annual published financial statements are prepared in compliance with state law.



## **AUDITEE'S RESPONSE**

- A. *Beginning with the 2002-2003 budget, a schedule containing multi-year budget data for expenditures by object code was included in the board approved budget document.*
- B. *The district will publish financial statements that include receipts by fund and by major category and expenditures by fund and by major category. The receipts will reflect monies collected from local, county, state, federal, and other sources. The expenditures will illustrate costs for regular instruction, special programs, vocational instruction, student activities, adult vocational programs, payments to other districts, pupil services, staff services, general administration, building level administration, buildings/food service/fiscal/transportation, community services, facilities construction, and debt service. This information will be published after the completion of the annual audit report.*

<b>2. Professional Services</b>
---------------------------------

- A. The district has used the services of the same architectural firm for several years without any documentation of the consideration of other firms. While payments to this firm totaled only approximately \$2,300 for the year ended June 30, 2001, this firm has worked on several capital improvement projects for the district during the past few years. District personnel indicated that they use this firm because of the high quality of services it has performed in the past and that it is convenient for the district to access this local firm.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining architectural services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria, including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- B. The board has used the same two firms for legal services for several years and has not periodically solicited proposals for services. The board spent \$32,500 on legal services with these firms during the year ended June 30, 2001. There are no contracts between the district and the firms to document the services to be provided and the amount of compensation to be paid. The board should periodically solicit proposals for legal services and enter into written agreements which outline the rights and responsibilities of each party. Section 432.070, RSMo 2000, requires all contracts to be in writing.

### **WE RECOMMEND** the School Board:

- A. Periodically solicit and document proposals for architectural services as required by state law.

- B. Periodically solicit and document proposals for legal services and enter into written contracts with the firms which provides legal services.

**AUDITEE'S RESPONSE**

- A. *The district will solicit document proposals and conduct interviews, if necessary, of architectural firms in September of 2002. Thereafter, the district will add architectural services to a master list of professional services that the district will consider contracting with for review and approval. The master list will outline a timetable for review of said services.*
- B. *The district will solicit document proposals and conduct interviews, if necessary, for legal services in October of 2002. Thereafter, the district will add legal services to a master list of professional services that the district will consider contracting with for review and approval. The master list will outline a timetable for review of said services.*

<b>3. Expenditures and Related Matters</b>
--------------------------------------------

- A. The Board of Education held a goal setting meeting June 8-9, 2001, in St. Louis. The meeting consisted of approximately three and one-half hours on the first day and three hours on the second day, separated by an overnight stay. Six of the seven board members and four other district employees attended this meeting. The costs for overnight lodging and conference room fees were approximately \$1,500, and approximately \$220 in additional costs were incurred by the district for meal and mileage reimbursements. District personnel indicated the meeting was necessary at this location to accommodate the needs of four of the board members who had to be in St. Louis during this time. Additionally, district personnel indicated the timing of this meeting was important to discuss goals for the upcoming school year.

While the importance of the meeting is not questioned, the costs related to holding such a meeting over a two-day period in St. Louis appears to be an unnecessary expenditure of public funds.

- B. The district operates several soda and vending machines throughout the various school buildings. District employees are responsible for replenishing the machines and emptying the change from the machines on a periodic basis. These monies are turned over to designated employees in the applicable buildings who count and deposit these monies.

An independent party does not periodically reconcile the amount of soda and other items purchased and remaining in inventory with receipts from the sale of the soda and other items. Failure to reconcile monies received to items sold could result in the loss or misuse of funds not being detected.

**WE RECOMMEND** the School Board:

- A. Ensure that meeting expenses are a necessary expenditure of public funds.
- B. Ensure independent reconciliations of soda and vending machine monies received to items purchased and remaining in inventory are performed.

**AUDITEE'S RESPONSE**

- A. *The district will make every effort to expend public funds commensurate with the mission and objectives of the district. While recognizing the importance of a goal-setting meeting for discussion and planning purposes, the district will make every effort to keep expenses commensurate with the nature and length of the agenda.*
- B. *The district will pursue the installation of counters on the soda and vending machines. We will establish procedures at each building to periodically reconcile the soda and vending machine receipts and expenditures in order to ensure funds are not being lost or misused.*

<b>4. Group Homes</b>
-----------------------

The district has not been able to recover some costs of providing education to non-resident students of the district who come from various areas of the state. The Division of Family Services (DFS) places non-resident children in group homes for troubled children which are located in the district. The district does have procedures in place to bill the home districts of these students; however, district officials indicated the DFS cannot provide the home district for many of these students. During the 2000-2001 school year, the district billed approximately \$34,000 and received approximately \$30,000 in applicable tuition reimbursements. However, district personnel indicated neither the district nor the DFS could locate the home district of 14 of these students, and the district estimates it could not bill approximately \$21,000 in tuition reimbursements for these students. In accordance with standards developed by the Department of Elementary and Secondary Education (DESE), the district requests reimbursement from the various sending districts based on the local tax effort of the sending district and the actual number of days the students attended classes during the school year.

District personnel indicated that they have communicated this problem numerous times to DESE, DFS, state representatives, and the Governor's office. In addition, there are plans to build an additional group home within the district, creating the potential for increased amounts that will not be reimbursed to the district.

**WE RECOMMEND** the School Board continue to work with applicable state agencies and state officials to obtain tuition reimbursement for educating non-resident children.

### **AUDITEE'S RESPONSE**

*We agree with the State Auditor's findings and appreciate that the issue regarding tuition reimbursement for non-resident children located in group homes has been brought to the attention of our patrons. Through the diligence of the Special Services Director, the district has been able to collect a significant portion of the monies that the school is able to bill. However, a significant portion remains uncollected due to the lack of information provided to the district. We will continue to work through the bureaucratic process to obtain the necessary information to increase the collection of tuition for these non-resident students.*

This report is intended for the information of the management of the Rolla 31 School District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

# ROLLA 31 SCHOOL DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Rolla 31 School District is located midway between St. Louis and Springfield at the crossroad of Interstate 44 and U.S. Highway 63. It covers approximately 205 square miles within Phelps, Maries, and Dent Counties.

The district operates a senior high school (grades 10-12), a junior high school (grades 8-9), a middle school (grades 5-7), three elementary schools (grades PK-4), and two vocational technical schools. Enrollment was approximately 4,066 for the 2000-2001 school year. The district employed approximately 531 full- and part-time employees, including 25 administrators, 311 teachers, and 195 support staff.

The Rolla 31 School District has been classified under the Missouri School Improvement Program as "Accredited With Distinction" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2001, and their current terms of office are:

Name and Position	Term Expires
Randy Stratman, President (1)	April 2002
Annie Bass, President Elect (2)	April 2002
Ralph Wilkerson, Treasurer	April 2003
Frank Blum, Member (3)	April 2004
Jim Burns, Member (3)	April 2004
Mindy Kippenberger, Member	April 2003
Dana Rapier, Member (4)	April 2002

- (1) Replaced by Keith Strassner in April 2002.
- (2) Re-elected and became board president in April 2002.
- (3) Elected to the board in April 2001, replacing Bill Peach and Tammy Wiese.
- (4) Re-elected to the board in April 2002.

Other Principal Officials	Annual Compensation
Dr. Larry E. Ewing, Superintendent (1)	\$ 108,600
Dr. Lenoard R. Westbrook, Deputy Superintendent (2)	88,281
Aaron Zalis, Director of Human Resources	67,417
Linda M. Giger, Director of Special Services	54,364

- (1) Resigned effective June 30 , 2002, and replaced by Dr. Terry Adams.
- (2) Resigned effective June 30, 2002. The district restructured administrative positions at July 1, 2002, which distributed the duties of this position within the new structure.

Assessed valuations and tax rates for 2001 and 2000 were as follows:

	2001	2000
	\$ <u>218,652,433</u>	\$ <u>196,046,547</u>
Assessed valuation		
Tax rate (per \$100 assessed valuation):		
Incidental	\$ 3.0972	\$ 2.7500
Debt	.3228	.3200
Total	\$ <u>3.4200</u>	\$ <u>3.0700</u>

The incidental fund tax rate increase from 2000 to 2001 was the result of a voter-approved levy increase of eighty cents per \$100 assessed valuation in April 2001. Forty cents of this levy was implemented in 2001 with the remainder to be phased in during 2002 and 2003.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Wright County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Wright County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McCullough, Officer & Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, appearing to read "Claire McCaskill", written over a light blue rectangular background.

Claire C. McCaskill  
State Auditor

Report No. 2002-83  
August 30, 2002



WRIGHT COUNTY, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2001 AND 2000

WRIGHT COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Reports:.....	2 - 6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3 - 4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5 - 6
Financial Statements: .....	7 - 28
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10 - 19
Notes to the Financial Statements .....	20 - 24
Supplementary Schedule:.....	25 - 26
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	26
Notes to the Supplementary Schedule .....	27 - 29
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditor's Report: .....	31 - 33
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	32 - 33

WRIGHT COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FEDERAL AWARDS - SINGLE AUDIT SECTION	
Schedule:.....	34 - 36
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000 .....	35 - 36
Section I - Summary of Auditor's Results.....	35
Section II - Financial Statement Findings .....	36
Section III - Federal Award Findings and Questioned Costs .....	36
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37 - 38
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	39 – 40

## FINANCIAL SECTION

## Independent Auditor's Reports



# McCULLOUGH, OFFICER & COMPANY, L.L.C.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

TERRY L. McCULLOUGH, CPA  
LISA C. OFFICER, CPA  
SCOTT E. BONACKER, CPA

820 E. PRIMROSE  
SPRINGFIELD, MISSOURI 65807  
PHONE: 417.883.1212 • FAX: 417.883.4887  
E-MAIL: moccpa.com

SANDY K. IPOCK, CPA  
BETH K. SCHMIDT, CPA  
MINDY D. TEETER, CPA

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Wright County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Wright County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Wright County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Wright County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wright County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 30, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

January 30, 2002



# McCULLOUGH, OFFICER & COMPANY, L.L.C.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

TERRY L. McCULLOUGH, CPA  
LISA C. OFFICER, CPA  
SCOTT E. BONACKER, CPA

820 E. PRIMROSE  
SPRINGFIELD, MISSOURI 65807  
PHONE: 417.883.1212 • FAX: 417.883.4881  
E-MAIL: moccpa.com

SANDY K. IPOCK, CPA  
BETH K. SCHMIDT, CPA  
MINDY D. TEETER, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Wright County, Missouri

We have audited the special-purpose financial statements of various funds of Wright County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated January 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Wright County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Wright County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of



the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Wright County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

January 30, 2002

## Financial Statements

Exhibit A-1

WRIGHT COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 427,492	1,287,942	1,274,848	440,586
Special Road and Bridge	237,383	1,189,425	1,254,523	172,285
Assessment	638	150,686	151,092	232
Law Enforcement Training	2,928	5,595	5,422	3,101
Prosecuting Attorney Training	56	1,637	1,336	357
Prosecuting Attorney Bad Check	11,592	20,997	19,215	13,374
Prosecuting Attorney Delinquent Tax	602	1,844	-	2,446
Local Emergency Planning Commission	4,718	5,911	1,469	9,160
Recorder User Fee	55,073	23,899	3,558	75,414
Domestic Shelter	45	732	641	136
Drug	97	1	89	9
Computer Upgrading/Remodeling	20,216	48,991	18,459	50,748
Sheriff Civil Fees	512	32,216	26,508	6,220
Sheriff Calendar	2,580	60	2,640	-
Juvenile Detention Center	193,349	246,296	188,746	250,899
Associate Circuit Division Interest	1,843	504	47	2,300
Developmentally Disabled	485,003	127,680	67,125	545,558
Health Center	186,833	425,290	412,541	199,582
Law Library	1,610	4,525	2,950	3,185
Circuit Clerk Interest	7,019	721	2,118	5,622
Special Election	311	3,744	3,966	89
Children's home	-	3,518	3,518	-
Law Enforcement Block Grant	-	7,970	7,970	-
Total	\$ 1,639,900	3,590,184	3,448,781	1,781,303

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WRIGHT COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 399,758	1,140,834	1,113,100	427,492
Special Road and Bridge	121,432	1,182,373	1,066,422	237,383
Assessment	25,248	113,231	137,841	638
Law Enforcement Training	3,377	4,884	5,333	2,928
Prosecuting Attorney Training	236	1,101	1,281	56
Prosecuting Attorney Bad Check	6,804	18,214	13,426	11,592
Prosecuting Attorney Delinquent Tax	411	191	-	602
Local Emergency Planning Commission	3,640	5,678	4,600	4,718
Recorder User Fee	47,814	7,292	33	55,073
Domestic Shelter	2,411	899	3,265	45
Christmas Light	38	65	103	-
Drug	91	6	-	97
Road and Bridge Landfill Fees	2,682	71	2,753	-
Computer Upgrading/Remodeling	21,902	22,563	24,249	20,216
Sheriff Civil Fees	(36)	14,070	13,522	512
Sheriff Calendar	3,210	2,016	2,646	2,580
Juvenile Detention Center	99,578	295,352	201,581	193,349
Associate Circuit Division Interest	2,174	553	884	1,843
Developmentally Disabled	427,159	115,707	57,863	485,003
Health Center	148,204	346,298	307,669	186,833
Law Library	2,157	3,531	4,078	1,610
Circuit Clerk Interest	8,345	509	1,835	7,019
Family Access	211	6	217	-
Special Election	-	1,790	1,479	311
Total	\$ 1,326,846	3,277,234	2,964,180	1,639,900

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

WRIGHT COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,520,673	3,572,885	52,212	3,613,700	3,270,625	(343,075)
DISBURSEMENTS	3,533,611	3,429,537	104,074	3,630,082	2,954,737	675,345
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,938)	143,348	156,286	(16,382)	315,888	332,270
CASH, JANUARY 1	1,626,848	1,626,848	0	1,310,960	1,310,960	0
CASH, DECEMBER 31	1,613,910	1,770,196	156,286	1,294,578	1,626,848	332,270
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Taxes	675,000	660,174	(14,826)	680,000	649,373	(30,627)
Intergovernmental	345,369	337,598	(7,771)	232,979	229,126	(3,853)
Charges for services	178,250	184,734	6,484	176,150	167,958	(8,192)
Interest	28,000	22,713	(5,287)	30,000	29,357	(643)
Other	31,150	46,121	14,971	23,125	33,930	10,805
Transfers in	66,485	36,601	(29,884)	46,400	31,090	(15,310)
Total Receipts	1,324,254	1,287,941	(36,313)	1,188,654	1,140,834	(47,820)
DISBURSEMENTS						
County Commission	65,972	54,301	11,671	60,366	60,043	323
County Clerk	69,430	69,539	(109)	67,366	56,289	11,077
Elections	34,875	24,949	9,926	43,808	53,369	(9,561)
Buildings and grounds	58,625	58,004	621	59,608	56,820	2,788
Employee fringe benefits	149,375	154,426	(5,051)	118,500	118,063	437
County Treasurer	38,850	40,569	(1,719)	62,878	62,572	306
County Collector	58,766	50,591	8,175	3,600	1,109	2,491
Ex Officio Recorder of Deeds	21,119	32,263	(11,144)	19,598	18,734	864
Circuit Clerk	7,800	7,542	258	18,322	8,066	10,256
Associate Circuit Court	9,680	9,398	282	9,250	9,419	(169)
Court administration	8,249	6,916	1,333	6,573	5,999	574
Public Administrator	11,397	23,940	(12,543)	10,915	19,851	(8,936)
Sheriff	230,595	224,979	5,616	230,086	240,446	(10,360)
Jail	69,866	72,486	(2,620)	48,211	49,379	(1,168)
Prosecuting Attorney	103,466	83,061	20,405	98,067	83,977	14,090
Juvenile Officer	172,308	147,834	24,474	134,184	133,906	278
County Coroner	15,780	12,375	3,405	12,400	11,434	966
Public health and welfare services	19,844	23,221	(3,377)	21,880	17,039	4,841
Other	110,034	148,453	(38,419)	112,131	86,585	25,546
Emergency fund	39,728	0	39,728	35,659	0	35,659
Transfers out	27,608	30,000	(2,392)	15,000	20,000	(5,000)
Total Disbursements	1,323,367	1,274,847	48,520	1,188,402	1,113,100	75,302
RECEIPTS OVER (UNDER) DISBURSEMENTS	887	13,094	12,207	252	27,734	27,482
CASH, JANUARY 1	427,492	427,492	0	399,758	399,758	0
CASH, DECEMBER 31	428,379	440,586	12,207	400,010	427,492	27,482

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	25,000	44,048	19,048	25,000	23,327	(1,673)
Intergovernmental	1,201,000	1,051,254	(149,746)	1,450,000	1,119,869	(330,131)
Charges for services	20,000	105	(19,895)	40,000	14,939	(25,061)
Interest	20,000	16,444	(3,556)	8,000	10,814	2,814
Other	15,400	77,574	62,174	21,600	10,671	(10,929)
Transfers in	0	0	0	3,000	2,753	(247)
Total Receipts	1,281,400	1,189,425	(91,975)	1,547,600	1,182,373	(365,227)
<b>DISBURSEMENTS</b>						
Salaries	250,000	292,303	(42,303)	268,000	218,063	49,937
Employee fringe benefits	68,500	53,696	14,804	62,250	33,611	28,639
Supplies	58,000	60,812	(2,812)	67,000	50,507	16,493
Insurance	15,900	30,505	(14,605)	17,400	11,689	5,711
Road and bridge materials	500,000	311,849	188,151	333,000	194,330	138,670
Equipment repairs	45,000	80,713	(35,713)	45,000	43,433	1,567
Rentals	1,000	1,526	(526)	1,100	1,904	(804)
Equipment purchases	100,000	282,374	(182,374)	110,000	21,308	88,692
Construction, repair, and maintenance	147,000	64,149	82,851	544,000	435,933	108,067
Other	51,600	39,995	11,605	57,750	24,554	33,196
Transfers out	39,000	36,601	2,399	39,000	31,090	7,910
Total Disbursements	1,276,000	1,254,523	21,477	1,544,500	1,066,422	478,078
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,400	(65,098)	(70,498)	3,100	115,951	112,851
CASH, JANUARY 1	237,383	237,383	0	121,432	121,432	0
CASH, DECEMBER 31	242,783	172,285	(70,498)	124,532	237,383	112,851

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	122,919	123,384	465	119,000	109,182	(9,818)
Interest	1,000	1,054	54	1,000	2,300	1,300
Charges for services	895	574	(321)	850	860	10
Transfers in	32,919	25,000	(7,919)	27,872	0	(27,872)
Other	275	674	399	150	889	739
Total Receipts	158,008	150,686	(7,322)	148,872	113,231	(35,641)
DISBURSEMENTS						
Assessor	158,008	151,092	6,916	148,022	137,841	10,181
Total Disbursements	158,008	151,092	6,916	148,022	137,841	10,181
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(406)	(406)	850	(24,610)	(25,460)
CASH, JANUARY 1	638	638	0	25,248	25,248	0
CASH, DECEMBER 31	638	232	(406)	26,098	638	(25,460)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	6,000	5,507	(493)	6,100	4,770	(1,330)
Interest	125	88	(37)	185	114	(71)
Total Receipts	6,125	5,595	(530)	6,285	4,884	(1,401)
DISBURSEMENTS						
Sheriff	9,000	5,422	3,578	9,646	5,333	4,313
Total Disbursements	9,000	5,422	3,578	9,646	5,333	4,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,875)	173	3,048	(3,361)	(449)	2,912
CASH, JANUARY 1	2,928	2,928	0	3,377	3,377	0
CASH, DECEMBER 31	53	3,101	3,048	16	2,928	2,912

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	900	945	45	2,350	903	(1,447)
Interest	10	9	(1)	15	8	(7)
Transfers In	700	683	(17)	0	190	190
Total Receipts	1,610	1,637	27	2,365	1,101	(1,264)
DISBURSEMENTS						
Prosecuting Attorney	1,600	1,336	264	2,600	1,281	1,319
Total Disbursements	1,600	1,336	264	2,600	1,281	1,319
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	301	291	(235)	(180)	55
CASH, JANUARY 1	56	56	0	236	236	0
CASH, DECEMBER 31	66	357	291	1	56	55
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	14,000	20,541	6,541	0	17,663	17,663
Interest	500	456	(44)	40	551	511
Transfers in	1,330	0	(1,330)			
Total Receipts	15,830	20,997	5,167	40	18,214	18,174
DISBURSEMENTS						
Prosecuting Attorney	21,735	18,532	3,203	0	13,236	(13,236)
Transfers out	0	683	(683)	476	190	286
Total Disbursements	21,735	19,215	2,520	476	13,426	(12,950)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,905)	1,782	7,687	(436)	4,788	5,224
CASH, JANUARY 1	11,592	11,592	0	6,804	6,804	0
CASH, DECEMBER 31	5,687	13,374	7,687	6,368	11,592	5,224



## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Charges for services	160	1,767	1,607	120	160	40
Interest	32	77	45	19	31	12
Total Receipts	192	1,844	1,652	139	191	52
DISBURSEMENTS						
Prosecuting Attorney	600	0	600	500	0	500
Total Disbursements	600	0	600	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(408)	1,844	2,252	(361)	191	552
CASH, JANUARY 1	602	602	0	411	411	0
CASH, DECEMBER 31	194	2,446	2,252	50	602	552
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	5,400	5,597	197	5,710	5,421	(289)
Interest	250	314	64	200	257	57
Total Receipts	5,650	5,911	261	5,910	5,678	(232)
DISBURSEMENTS						
Emergency Planning	7,000	1,469	5,531	9,550	4,600	4,950
Total Disbursements	7,000	1,469	5,531	9,550	4,600	4,950
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,350)	4,442	5,792	(3,640)	1,078	4,718
CASH, JANUARY 1	4,718	4,718	0	3,640	3,640	0
CASH, DECEMBER 31	3,368	9,160	5,792	0	4,718	4,718
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	7,000	20,557	13,557	8,000	7,292	(708)
Interest	2,900	3,342	442	0	0	0
Total Receipts	9,900	23,899	13,999	8,000	7,292	(708)
DISBURSEMENTS						
User fee expense	0	3,558	(3,558)	46,836	33	46,803
Total Disbursements	0	3,558	(3,558)	46,836	33	46,803
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,900	20,341	10,441	(38,836)	7,259	46,095
CASH, JANUARY 1	55,073	55,073	0	47,814	47,814	0
CASH, DECEMBER 31	64,973	75,414	10,441	8,978	55,073	46,095

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DOMESTIC SHELTER FUND</u></b>						
RECEIPTS						
Charges for services	1,000	720	(280)	1,000	740	(260)
Interest	100	12	(88)	120	159	39
Total Receipts	1,100	732	(368)	1,120	899	(221)
DISBURSEMENTS						
Domestic violence shelter	1,100	641	459	3,500	3,265	235
Total Disbursements	1,100	641	459	3,500	3,265	235
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	91	91	(2,380)	(2,366)	14
CASH, JANUARY 1	45	45	0	2,411	2,411	0
CASH, DECEMBER 31	45	136	91	31	45	14
<b><u>CHRISTMAS LIGHT FUND</u></b>						
RECEIPTS						
Other				500	37	(463)
Interest				20	28	8
Total Receipts				520	65	(455)
DISBURSEMENTS						
Christmas lights				500	103	397
Total Disbursements				500	103	397
RECEIPTS OVER (UNDER) DISBURSEMENTS				20	(38)	(58)
CASH, JANUARY 1				38	38	0
CASH, DECEMBER 31				58	0	(58)
<b><u>DRUG FUND</u></b>						
RECEIPTS						
Interest	7	1	(6)	4	6	2
Total Receipts	7	1	(6)	4	6	2
DISBURSEMENTS						
Sheriff	102	89	13	95	0	95
Total Disbursements	102	89	13	95	0	95
RECEIPTS OVER (UNDER) DISBURSEMENTS	(95)	(88)	7	(91)	6	97
CASH, JANUARY 1	97	97	0	91	91	0
CASH, DECEMBER 31	2	9	7	0	97	97

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ROAD AND BRIDGE LANDFILL FEES FUND</u></b>						
RECEIPTS						
Interest				150	71	(79)
Total Receipts				150	71	(79)
DISBURSEMENTS						
Transfer out				2,832	2,753	79
Total Disbursements				2,832	2,753	79
RECEIPTS OVER (UNDER) DISBURSEMENTS				(2,682)	(2,682)	0
CASH, JANUARY 1				2,682	2,682	0
CASH, DECEMBER 31				0	0	0
<b><u>COMPUTER UPGRADING/REMODELING FUND</u></b>						
RECEIPTS						
Intergovernmental	43,000	42,970	(30)	0	1,979	1,979
Interest	300	1,021	721	1,000	584	(416)
Transfers in	0	5,000	5,000	20,000	20,000	0
Total Receipts	43,300	48,991	5,691	21,000	22,563	1,563
DISBURSEMENTS						
Computers	22,250	18,459	3,791	30,000	24,249	5,751
Total Disbursements	22,250	18,459	3,791	30,000	24,249	5,751
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,050	30,532	9,482	(9,000)	(1,686)	7,314
CASH, JANUARY 1	20,216	20,216	0	21,902	21,902	0
CASH, DECEMBER 31	41,266	50,748	9,482	12,902	20,216	7,314

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	31,390	29,181	(2,209)	14,000	14,051	51
Interest	20	395	375	25	19	(6)
Transfers in	0	2,640	2,640	0	0	0
Total Receipts	31,410	32,216	806	14,025	14,070	45
DISBURSEMENTS						
Sheriff	28,700	26,508	2,192	13,750	13,522	228
Total Disbursements	28,700	26,508	2,192	13,750	13,522	228
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,710	5,708	2,998	275	548	273
CASH, JANUARY 1	512	512	0	(36)	(36)	0
CASH, DECEMBER 31	3,222	6,220	2,998	239	512	273
<b><u>JUVENILE DETENTION CENTER FUND</u></b>						
RECEIPTS						
Intergovernmental	175,525	231,109	55,584	157,611	267,921	110,310
Charges for services	0	8,614	8,614	0	22,169	22,169
Interest	0	6,573	6,573	0	5,262	5,262
Total Receipts	175,525	246,296	70,771	157,611	295,352	137,741
DISBURSEMENTS						
Salaries	120,112	57,142	62,970	101,793	60,409	41,384
Office expenditures	24,999	82,703	(57,704)	38,818	78,666	(39,848)
Equipment	2,534	1,998	536	5,618	25,532	(19,914)
Mileage and training	5,200	3,964	1,236	8,000	6,409	1,591
Electronic monitoring	0	198	(198)	0	3,822	(3,822)
Other	9,946	1,040	8,906	0	1,877	(1,877)
Contract services	17,001	41,701	(24,700)	12,199	24,866	(12,667)
Total Disbursements	179,792	188,746	(8,954)	166,428	201,581	(35,153)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,267)	57,550	61,817	(8,817)	93,771	102,588
CASH, JANUARY 1	193,349	193,349	0	99,578	99,578	0
CASH, DECEMBER 31	189,082	250,899	61,817	90,761	193,349	102,588

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DEVELOPMENTALLY DISABLED FUND</u></b>						
RECEIPTS						
Taxes	96,175	101,234	5,059	94,285	91,838	(2,447)
Interest	25,000	26,446	1,446	19,500	23,869	4,369
Total Receipts	121,175	127,680	6,505	113,785	115,707	1,922
DISBURSEMENTS						
Funding for services	56,500	66,617	(10,117)	51,000	57,391	(6,391)
Office expenditures	2,560	508	2,052	546	455	91
Mileage and training	100	0	100	100	17	83
Capital expenses	100,000	0	100,000	86,000		86,000
Total Disbursements	159,160	67,125	92,035	137,646	57,863	79,783
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,985)	60,555	98,540	(23,861)	57,844	81,705
CASH, JANUARY 1	485,003	485,003	0	427,159	427,159	0
CASH, DECEMBER 31	447,018	545,558	98,540	403,298	485,003	81,705
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	94,000	100,264	6,264	83,500	92,583	9,083
Intergovernmental	210,097	200,207	(9,890)	191,775	140,582	(51,193)
Charges for services	17,975	96,900	78,925	86,150	93,682	7,532
Interest	5,000	12,477	7,477	2,500	6,750	4,250
Other	14,325	15,442	1,117	31,550	12,701	(18,849)
Total Receipts	341,397	425,290	83,893	395,475	346,298	(49,177)
DISBURSEMENTS						
Salaries	207,085	239,016	(31,931)	198,107	210,930	(12,823)
Office expenditures	48,327	50,890	(2,563)	56,190	35,236	20,954
Equipment	0	15,761	(15,761)	4,886	3,971	915
Mileage and training	9,500	9,916	(416)	8,000	7,284	716
Other	76,485	96,958	(20,473)	55,291	50,248	5,043
Total Disbursements	341,397	412,541	(71,144)	322,474	307,669	14,805
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	12,749	12,749	73,001	38,629	(34,372)
CASH, JANUARY 1	186,833	186,833	0	148,204	148,204	0
CASH, DECEMBER 31	186,833	199,582	12,749	221,205	186,833	(34,372)

## Exhibit B

## WRIGHT COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FAMILY ACCESS FUND</u></b>						
RECEIPTS						
Interest				20	6	(14)
Intergovernmental				25		(25)
Total Receipts				45	6	(39)
DISBURSEMENTS						
Family access				225	217	8
Total Disbursements				225	217	8
RECEIPTS OVER (UNDER) DISBURSEMENTS				(180)	(211)	(31)
CASH, JANUARY 1				211	211	0
CASH, DECEMBER 31				31	0	(31)
<b><u>SPECIAL ELECTION FUND</u></b>						
RECEIPTS						
Intergovernmental	3,750	3,642	(108)	2,000	1,615	(385)
Interest	40	54	14	100	41	(59)
Other	0	48	48	0	134	134
Total Receipts	3,790	3,744	(46)	2,100	1,790	(310)
DISBURSEMENTS						
Special election expense	3,800	3,966	(166)	2,100	1,479	621
Total Disbursements	3,800	3,966	(166)	2,100	1,479	621
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10)	(222)	(212)	0	311	311
CASH, JANUARY 1	311	311	0	0	0	0
CASH, DECEMBER 31	301	89	(212)	0	311	311

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

WRIGHT COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Wright County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board and the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.



C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Calendar Fund	2000, 2001
Associated Circuit Division Interest Fund	2000, 2001
Law Library Fund	2000, 2001
Circuit Clerk Interest Fund	2000, 2001
Children's Home Fund	2001
Law Enforcement Grant Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000
Recorder User Fee Fund	2001
Juvenile Detention Center Fund	2000, 2001
Health Center Fund	2001
Special Election Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the year ended December 31, 2001 did not include the Sheriff Calendar Fund, Children's Home Fund, Special Election Fund or Circuit Clerk Interest Fund and for year ended 2000, it did not include the Sheriff Calendar Fund, Special Election Fund, and Law Enforcement Block Grant Fund.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

The County's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

Of the Developmentally Disabled Board's bank balance at December 31, 2001, \$542,782 was covered by federal depository insurance or by collateral securities held by the Developmentally Disabled Board's custodial bank in the Developmentally Disabled Board's name, and \$2,776 was uninsured and uncollateralized. The Developmentally Disabled

Board's deposits at December 31, 2000 were entirely covered by federal depository insurance or by collateral securities held by the Developmentally Disabled Board's custodial bank in the Developmentally Disabled Board's name.

Of the Juvenile Center's bank balance at December 31, 2001, \$100,540 was covered by federal depository insurance or by collateral securities held by the Juvenile Center's custodial bank in the Juvenile Center's name, and \$165,560 was uninsured and uncollateralized. Of the Juvenile Center's bank balance at December 31, 2000, \$101,069 was covered by federal depository insurance or by collateral securities held by the Juvenile Center's custodial bank in the Juvenile Center's name, and \$105,593 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Developmentally Disabled Board and the Juvenile Center were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

## Schedule

WRIGHT COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants and Chi	ERS045-1218W	70,683	
		ERS045-2215W	7,377	
		ERS045-0215W		67,112
		ERS045-1215W		6,051
	Program Total		<u>78,060</u>	<u>73,163</u>
10.666	Office of Administration - Schools and Roads - Grants to States	N/A	6,148	10,170
U.S. DEPARTMENT OF DEFENSE				
	Passed through state:			
	Office of Administration -			
12.112	Payments to States in Lieu of Real Estate Taxes	N/A	6,560	4,557
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	2000-PF-08	3,518	
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety -			
16.592	Local Law Enforcement Block Grants Program	N/A	7,131	
16.unknown	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	N/A	756	1,504
U. S. DEPARTMENT OF TRANSPORTATION				
20.205	Passed through state Highway and Transportation Commission: Highway Planning and Construction	BRO - 114	18,834	332,774
20.703	Passed through state Emergency Management Agency: Emergency Management	N/A	5,597	5,421
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.217	Family Planning - Services	ERS175-1311F	5,151	736
		ERS175-2084F	1,539	
		ERS175-0215F		6,757
	Program Total		<u>6,690</u>	<u>7,493</u>
93.268	Immunization Grants	N/A	37,600	35,921
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00059	540	22,139
		ERS161-00007	29,328	
		ERS161-20034	8,540	
	Program Total		<u>38,408</u>	<u>22,139</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1215M	20,699	
		ERS146-0215M		24,448
	Total Expenditures of Federal Awards		<u>\$ 230,001</u>	<u>517,590</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

WRIGHT COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wright County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$37,600 and \$35,921 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the remaining amounts for the Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



**FEDERAL AWARDS -  
SINGLE AUDIT SECTION**

## Independent Auditor's Report



# McCULLOUGH, OFFICER & COMPANY, L.L.C.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

TERRY L. McCULLOUGH, CPA  
LISA C. OFFICER, CPA  
SCOTT E. BONACKER, CPA

820 E. PRIMROSE  
SPRINGFIELD, MISSOURI 65807  
PHONE: 417.883.1212 • FAX: 417.883.4887  
E-MAIL: moccpa.com

SANDY K. IPOCK, CPA  
BETH K. SCHMIDT, CPA  
MINDY D. TEETER, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Wright County, Missouri

### Compliance

We have audited the compliance of Wright County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Wright County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Wright County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Wright County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

January 30, 2002

Schedule

WRIGHT COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Type of auditor's report issued on compliance for  
major program(s): unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?        yes   x   no

Identification of major program(s):

CFDA or  
Other Identifying

Number

Program Title

20.205

State and Community Highway Safety

93.268

Immunization Grants

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes

\_\_\_\_x\_\_\_\_ no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



WRIGHT COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

WRIGHT COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Wayne County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Wayne County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Charles Buchanan, P.C., Certified Public Accountants, is attached.

A handwritten signature in dark ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-82  
August 30, 2002

**Wayne County, Missouri**  
**Audit Report**  
**Two Years Ended December 31, 2001**

**Prepared by:**  
**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314)-869-2720 (Ofc)**  
**(314)-869-5955 (Fax)**

# WAYNE COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2
Financial Statements:	3
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds:
A-1	Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000:
B	General Revenue Fund
B	Special Road and Bridge Fund
B	Assessment Fund
B	Law Enforcement Training Fund
B	Prosecuting Attorney Training Fund
B	Debt Service Fund
B	Special Law Enforcement Fund
B	Special Prosecuting Attorney Fund
B	Victims of Domestic Violence Fund
B	Recorder's User Fees Fund
B	Law Library Fund
B	Associate Division's Interest Fund
B	Sheriff's Donations Fund
B	Landfill Trust Fund
B	Sheriff's Civil Fund
B	Circuit Clerk's Interest Fund
B	Elevator Grant Fund
B	Special Election Fund

B	Courtroom Recorder Equipment Fund	11
B	Health Center Fund	11
B	Senate Bill 40 Board Fund	12
B	Public Water Supply District #2 Fund	12
B	Off-System Bridge Replacement and Rehabilitation Fund	12
B	COPS Fund	12
B	Missouri Sheriff's Methamphetamine Relief Team Fund	12
	Notes to the Financial Statements	13-14
	Supplementary Schedule	15
	Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	16
	Notes to the Supplementary Schedule	17-19
	<u>FEDERAL AWARDS-SINGLE AUDIT SECTION</u>	20
	Independent Auditor's Report:	21
	Compliance With Requirements Applicable to Each Major Program and Control Over Compliance in Accordance With OMB Circular A-133	22-23
	Schedule:	24
	Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000	25
	Section I – Summary of Auditor's Results	25
	Section II – Financial Statement Findings	25
	Section III – Federal Award Findings and Questioned Costs	25-26
	Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	27-29
	Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	30-31

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Wayne County, Missouri

We have audited the special-purpose financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Wayne County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 8, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
March 8, 2002

Revised July 26, 2002



**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Wayne County, Missouri

We have audited the special-purpose financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Wayne County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Wayne County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
March 8, 2002

## Financial Statements

## EXHIBIT A-1

## WAYNE COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund	Cash, 1/1/01	Receipts	Disbursements	Cash, 12/31/01
General Revenue	(\$12,582)	\$1,393,401	\$1,280,362	\$100,457
Special Road and Bridge	110,470	1,122,083	1,097,806	134,747
Assessment	7	131,710	125,412	6,305
Law Enforcement Training	3,235	4,283	7,270	248
Prosecuting Attorney Training	500	698	867	331
Debt Service	1,345	39	1,384	0
Special Law Enforcement	1,800	11,269	9,633	3,436
Special Prosecuting Attorney	20	10,785	9,160	1,645
Victims of Domestic Violence	25	1,004	0	1,029
Recorder's User Fees	18,915	8,472	1,592	25,795
Law Library	11,730	6,193	6,994	10,929
Associate Division's Interest	705	1,194	1,194	705
Sheriff's Donations	512	8,685	8,949	248
Landfill Trust	8,436	417	0	8,853
Sheriff's Civil	15	10,887	10,441	461
Circuit Clerk's Interest	2,919	2,333	3,618	1,634
Elevator Grant	200	25,946	23,647	2,499
Special Election	17	2,109	642	1,484
Courtroom Recorder Equipment	270	849	0	1,119
Health Center	327,999	1,199,433	1,237,183	290,249
Senate Bill 40 Board	89,891	109,448	42,544	156,795
Public Water Supply District #2	0	139,570	139,070	500
Corp Trail Grant	0	10,000	0	10,000
Total	\$566,429	\$4,200,808	\$4,007,768	\$759,469

The accompanying Notes to the Financial Statements are an integral part of this statement.

## EXHIBIT A-2

## WAYNE COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund	Cash, 1/1/00	Receipts	Disbursements	Cash, 12/31/00
General Revenue	(\$31,515)	\$1,185,598	\$1,166,665	(\$12,582)
Special Road and Bridge	99,741	1,097,909	1,087,180	110,470
Assessment	414	117,948	118,355	7
Law Enforcement Training	2,484	5,003	4,252	3,235
Prosecuting Attorney Training	483	872	855	500
Debt Service	677	668	0	1,345
Special Law Enforcement	20	22,463	20,683	1,800
Special Prosecuting Attorney	10	8,500	8,490	20
Victims of Domestic Violence	1,234	1,191	2,400	25
Recorder's User Fees	12,864	6,815	764	18,915
Law Library	7,505	6,076	1,851	11,730
Associate Division's Interest	297	1,051	643	705
Sheriff's Donations	1,208	6,545	7,241	512
Landfill Trust	7,999	437	0	8,436
Sheriff's Civil	82	10,224	10,291	15
Circuit Clerk's Interest	3,321	4,646	5,048	2,919
Elevator Grant	2,600	223,033	225,433	200
Special Election	0	1,216	1,199	17
Courtroom Recorder Equipment	0	270	0	270
Health Center	229,899	1,196,534	1,098,434	327,999
Senate Bill 40 Board	107,420	70,470	87,999	89,891
Public Water Supply District #2	0	0	0	0
Corp Trail Grant	0	0	0	0
Total	\$446,743	\$3,967,469	\$3,847,783	\$566,429

## EXHIBIT B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$5,176,813	\$4,190,808	(\$986,005)	\$4,660,558	\$3,967,469	(\$693,089)
DISBURSEMENTS	5,257,454	4,007,768	1,249,686	4,613,623	3,847,783	765,840
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,641)	183,040	263,681	46,935	119,686	72,751
CASH, JANUARY 1	566,429	566,429	0	446,743	446,743	0
CASH, DECEMBER 31	485,788	749,469	263,681	493,678	566,429	72,751
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	165,490	177,083	11,593	183,471	184,087	616
Sales taxes	403,225	403,225	0	390,000	382,983	(7,017)
Intergovernmental	356,102	329,782	(26,320)	332,057	326,211	(5,846)
Charges for services	141,550	173,399	31,849	136,812	151,295	14,483
Interest	2,521	2,481	(40)	3,250	2,803	(447)
Other	261,301	273,781	12,480	107,920	105,318	(2,602)
Transfers from Special Road and Bridge	53,664	33,650	(20,014)	49,288	32,901	(16,387)
Total Receipts	1,383,853	1,393,401	9,548	1,202,798	1,185,598	(17,200)
DISBURSEMENTS						
County Commission	66,472	65,206	1,266	66,514	65,875	639
County Clerk	78,748	76,279	2,469	78,620	77,186	1,434
Elections	1,000	252	748	57,900	46,087	11,813
Buildings and grounds	47,625	45,468	2,157	38,900	39,535	(635)
Employee fringe benefits	226,369	207,935	18,434	196,500	193,267	3,233
County Treasurer	24,365	24,115	250	24,365	24,352	13
County Collector	64,009	64,031	(22)	63,385	63,394	(9)
Ex Officio Recorder of Deeds	17,151	17,271	(120)	17,347	17,252	95
Circuit Clerk	10,375	10,048	327	11,375	9,145	2,230
Associate Circuit Court	750	438	312	1,150	0	1,150
Associate Circuit (Probate)	13,452	7,616	5,836	12,694	8,199	4,495
Court Administration	7,763	2,151	5,612	3,827	2,291	1,536
Public Administrator	27,650	25,585	2,065	22,500	16,537	5,963
Sheriff	349,710	346,855	2,855	276,080	283,009	(6,929)
Jail	124,897	125,168	(271)	0	0	0
Prosecuting Attorney	87,004	87,004	0	72,620	72,612	8
Juvenile Officer	18,833	18,833	0	23,796	23,798	(2)
County Coroner	16,500	15,179	1,321	12,002	11,213	789
Special Prosecuting Attorney Fund	8,400	8,542	(142)	8,400	8,400	0
Special Law Enforcement Fund	16,000	3,270	12,730	14,500	13,545	955
Jury	6,500	6,295	205	3,000	10,509	(7,509)
Other	112,033	94,472	17,561	122,444	160,766	(38,322)
Transfers to Assessment	28,349	28,349	0	43,364	19,693	23,671
Total Disbursements	1,353,955	1,280,362	73,593	1,171,283	1,166,665	4,618
RECEIPTS OVER (UNDER) DISBURSEMENTS	29,898	113,039	83,141	31,515	18,933	(12,582)
CASH, JANUARY 1	(12,582)	(12,582)	0	(31,515)	(31,515)	0
CASH, DECEMBER 31	\$17,316	\$100,457	\$83,141	\$0	(\$12,582)	(\$12,582)

## EXHIBIT B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	\$97,549	\$104,966	\$7,417	\$91,346	\$96,945	\$5,599
Sales taxes	375,000	403,636	28,636	390,000	383,402	(6,598)
Intergovernmental	1,364,829	594,447	(770,382)	1,076,779	552,768	(524,011)
Charges for services	7,000	624	(6,376)	9,200	17,672	8,472
Interest	8,000	7,870	(130)	2,000	7,064	5,064
Other	32,745	9,156	(23,589)	73,600	40,058	(33,542)
Transfers from Debt Service	0	1,384	1,384	0	0	0
Total Receipts	1,885,123	1,122,083	(763,040)	1,642,925	1,097,909	(545,016)
<b>DISBURSEMENTS</b>						
Salaries	371,070	367,272	3,798	352,541	323,378	29,163
Employee fringe benefits	94,400	87,419	6,981	99,200	73,536	25,664
Supplies	205,000	110,154	94,846	187,000	191,304	(4,304)
Insurance	16,000	16,672	(672)	15,000	15,297	(297)
Road and bridge materials	183,086	171,820	11,266	258,463	276,737	(18,274)
Equipment purchases	20,000	23,668	(3,668)	20,000	18,177	1,823
Construction, repair, and maintenance	884,625	135,136	749,489	522,963	5,841	517,122
Other	118,852	140,476	(21,624)	71,012	140,758	(69,746)
Debt Service	9,500	11,539	(2,039)	5,700	9,251	(3,551)
Transfers to General Fund	85,054	33,650	51,404	80,788	32,901	47,887
Total Disbursements	1,987,587	1,097,806	889,781	1,612,667	1,087,180	525,487
RECEIPTS OVER (UNDER) DISBURSEMENTS	(102,464)	24,277	126,741	30,258	10,729	(19,529)
CASH, JANUARY 1	110,470	110,470	0	99,741	99,741	0
CASH, DECEMBER 31	8,006	134,747	126,741	129,999	110,470	(19,529)
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	99,053	101,350	2,297	97,151	94,615	(2,536)
Charges for services	3,500	0	(3,500)	3,086	2,964	(122)
Interest	0	0	0	0	283	283
Other	0	2,011	2,011	0	393	393
Transfers from General Fund	28,349	28,349	0	29,651	19,693	(9,958)
Total Receipts	130,902	131,710	808	129,888	117,948	(11,940)
<b>DISBURSEMENTS</b>						
Assessor	130,902	125,412	5,490	130,302	118,355	11,947
Total Disbursements	130,902	125,412	5,490	130,302	118,355	11,947
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	6,298	6,298	(414)	(407)	7
CASH, JANUARY 1	7	7	0	414	414	0
CASH, DECEMBER 31	7	6,305	6,298	0	7	7
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	5,000	4,283	(717)	4,500	5,003	503
Interest	0	0	0	100	0	(100)
Other	0	0	0	0	0	0
Total Receipts	5,000	4,283	(717)	4,600	5,003	403
<b>DISBURSEMENTS</b>						
Sheriff	7,500	7,270	230	7,084	4,252	2,832
Total Disbursements	7,500	7,270	230	7,084	4,252	2,832
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(2,987)	(487)	(2,484)	751	3,235
CASH, JANUARY 1	3,235	3,235	0	2,484	2,484	0
CASH, DECEMBER 31	\$735	\$248	(\$487)	\$0	\$3,235	\$3,235

## EXHIBIT B

## WAYNE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$900	\$698	(\$202)	\$950	\$872	(\$78)
Total Receipts	900	698	(202)	950	872	(78)
DISBURSEMENTS						
Prosecuting Attorney	1,200	867	333	1,433	855	578
Total Disbursements	1,200	867	333	1,433	855	578
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(169)	131	(483)	17	500
CASH, JANUARY 1	500	500	0	483	483	0
CASH, DECEMBER 31	200	331	131	0	500	500
<b><u>DEBT SERVICE FUND</u></b>						
RECEIPTS						
Property taxes	500	0	(500)	240	668	428
Interest	0	39	39	0	0	0
Other	0	0	0	0	0	0
Total Receipts	500	39	(461)	240	668	428
DISBURSEMENTS						
Transfers to Debt Service	0	1,384	(1,384)	0	0	0
Total Disbursements	0	1,384	(1,384)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(1,345)	(1,845)	240	668	428
CASH, JANUARY 1	1,345	1,345	0	677	677	0
CASH, DECEMBER 31	1,845	0	(1,845)	917	1,345	428
<b><u>SPECIAL LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Other	23,000	11,269	(11,731)	30,020	22,463	(7,557)
Total Receipts	23,000	11,269	(11,731)	30,020	22,463	(7,557)
DISBURSEMENTS						
Law enforcement	24,000	9,633	14,367	30,020	20,683	9,337
Total Disbursements	24,000	9,633	14,367	30,020	20,683	9,337
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,636	2,636	0	1,780	1,780
CASH, JANUARY 1	1,800	1,800	0	20	20	0
CASH, DECEMBER 31	800	3,436	2,636	20	1,800	1,780
<b><u>SPECIAL PROSECUTING ATTORNEY FUND</u></b>						
RECEIPTS						
Charges for services	8,500	10,785	2,285	8,550	8,500	(50)
Total Receipts	8,500	10,785	2,285	8,550	8,500	(50)
DISBURSEMENTS						
Prosecuting attorney	8,500	9,160	(660)	8,560	8,490	70
Total Disbursements	8,500	9,160	(660)	8,560	8,490	70
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,625	1,625	(10)	10	20
CASH, JANUARY 1	20	20	0	10	10	0
CASH, DECEMBER 31	\$20	\$1,645	\$1,625	\$0	\$20	\$20

## EXHIBIT B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE</u></b>						
RECEIPTS						
Interest	\$0	\$9	\$9	\$0	\$0	\$0
Other	0	995	995	0	0	0
Sales taxes	0	0	0	10	12	2
Intergovernmental	2,200	0	(2,200)	500	1,179	679
Total Receipts	2,200	1,004	(1,196)	510	1,191	681
DISBURSEMENTS						
Domestic violence shelter	2,000	0	2,000	1,500	2,400	(900)
Total Disbursements	2,000	0	2,000	1,500	2,400	(900)
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	1,004	804	(990)	(1,209)	(219)
CASH, JANUARY 1	25	25	0	1,234	1,234	0
CASH, DECEMBER 31	225	1,029	804	244	25	(219)
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	0	7,504	0	0	0	0
Interest	600	968	6,904	400	739	339
Intergovernmental	6,250	0	(5,282)	0	6,076	6,076
Other	0	0	0	6,500	0	(6,500)
Total Receipts	6,850	8,472	1,622	6,900	6,815	(85)
DISBURSEMENTS						
Computer equipment	23,500	1,592	21,908	19,764	764	19,000
Total Disbursements	23,500	1,592	21,908	19,764	764	19,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,650)	6,880	23,530	(12,864)	6,051	18,915
CASH, JANUARY 1	18,915	18,915	0	12,864	12,864	0
CASH, DECEMBER 31	2,265	25,795	23,530	0	18,915	18,915
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	6,000	6,193	193	6,170	6,076	(94)
Total Receipts	6,000	6,193	193	6,170	6,076	(94)
DISBURSEMENTS						
Law books	3,000	6,994	(3,994)	13,000	1,851	11,149
Total Disbursements	3,000	6,994	(3,994)	13,000	1,851	11,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	(801)	(3,801)	(6,830)	4,225	11,055
CASH, JANUARY 1	11,730	11,730	0	7,505	7,505	0
CASH, DECEMBER 31	14,730	10,929	(3,801)	675	11,730	11,055
<b><u>ASSOCIATE DIVISION'S INTEREST FUND</u></b>						
RECEIPTS						
Charges for services	25	0	(25)	0	25	25
Interest	975	1,194	219	720	1,026	306
Total Receipts	1,000	1,194	194	720	1,051	331
DISBURSEMENTS						
Postage and supplies	1,200	1,194	6	1,000	643	357
Total Disbursements	1,200	1,194	6	1,000	643	357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	0	200	(280)	408	688
CASH, JANUARY 1	705	705	0	297	297	0
CASH, DECEMBER 31	\$505	\$705	\$200	\$17	\$705	\$688



## EXHIBIT B

## WAYNE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF'S DONATIONS FUND</u></b>						
RECEIPTS						
Charges for services	\$7,500	\$8,685	\$1,185	\$3,120	\$6,545	\$3,425
Interest	0	0	0	100	0	(100)
Other	0	0	0	1,250	0	(1,250)
Total Receipts	7,500	8,685	1,185	4,470	6,545	2,075
DISBURSEMENTS						
Sheriff	8,000	8,949	(949)	5,671	7,241	(1,570)
Total Disbursements	8,000	8,949	(949)	5,671	7,241	(1,570)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(264)	236	(1,201)	(696)	505
CASH, JANUARY 1	512	512	0	1,208	1,208	0
CASH, DECEMBER 31	12	248	236	7	512	505
<b><u>LANDFILL TRUST FUND</u></b>						
RECEIPTS						
Interest	412	417	5	375	437	62
Total Receipts	412	417	5	375	437	62
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	412	417	5	375	437	62
CASH, JANUARY 1	8,436	8,436	0	7,999	7,999	0
CASH, DECEMBER 31	8,848	8,853	5	8,374	8,436	62
<b><u>SHERIFF'S CIVIL FUND</u></b>						
RECEIPTS						
Charges for services	12,000	8,511	(3,489)	7,000	10,224	3,224
Interest	0	5	5	0	0	0
Other	0	2,371	2,371	1,900	0	(1,900)
Total Receipts	12,000	10,887	(1,113)	8,900	10,224	1,324
DISBURSEMENTS						
Equipment/Mileage	12,000	10,441	1,559	8,976	10,291	(1,315)
Total Disbursements	12,000	10,441	1,559	8,976	10,291	(1,315)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	446	446	(76)	(67)	9
CASH, JANUARY 1	15	15	0	82	82	0
CASH, DECEMBER 31	15	461	446	6	15	9
<b><u>CIRCUIT CLERK'S INTEREST FUND</u></b>						
RECEIPTS						
Interest	100	69	(31)	70	132	62
Other	3,500	2,264	(1,236)	1,800	4,514	2,714
Total Receipts	3,600	2,333	(1,267)	1,870	4,646	2,776
DISBURSEMENTS						
Computer equipment	400	0	400	5,191	5,048	143
Labor	225	539	(314)	0	0	0
Supplies	2,294	303	1,991	0	0	0
Other	0	2,776	(2,776)	0	0	0
Total Disbursements	2,919	3,618	(699)	5,191	5,048	143
RECEIPTS OVER (UNDER) DISBURSEMENTS	681	(1,285)	(1,966)	(3,321)	(402)	2,919
CASH, JANUARY 1	2,919	2,919	0	3,321	3,321	0
CASH, DECEMBER 31	\$3,600	\$1,634	(\$1,966)	\$0	\$2,919	\$2,919

## EXHIBIT B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELEVATOR GRANT FUND</u></b>						
RECEIPTS						
Other	\$22,990	\$25,946	\$2,956	\$253,600	\$223,033	(\$30,567)
Transfers from General Fund	0	0	0	13,713	0	(13,713)
Total Receipts	22,990	25,946	2,956	267,313	223,033	(44,280)
DISBURSEMENTS						
Elevator	23,190	23,647	(457)	269,913	225,433	44,480
Total Disbursements	23,190	23,647	(457)	269,913	225,433	44,480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	2,299	2,499	(2,600)	(2,400)	200
CASH, JANUARY 1	200	200	0	2,600	2,600	0
CASH, DECEMBER 31	0	2,499	2,499	0	200	200
<b><u>SPECIAL ELECTION FUND</u></b>						
RECEIPTS						
Charges for services	2,098	2,109	11	2,850	1,216	(1,634)
Total Receipts	2,098	2,109	11	2,850	1,216	(1,634)
DISBURSEMENTS						
Equipment	536	642	(106)	2,850	1,199	1,651
Total Disbursements	536	642	(106)	2,850	1,199	1,651
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,562	1,467	(95)	0	17	17
CASH, JANUARY 1	17	17	0	0	0	0
CASH, DECEMBER 31	1,579	1,484	(95)	0	17	17
<b><u>COURTROOM RECORDER EQUIPMENT FUND</u></b>						
RECEIPTS						
Charges for services	0	849	849	0	270	270
Total Receipts	0	849	849	0	270	270
DISBURSEMENTS						
Equipment	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	849	849	0	270	270
CASH, JANUARY 1	270	270	0	0	0	0
CASH, DECEMBER 31	270	1,119	849	0	270	270
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	95,970	94,355	(1,615)	84,144	87,245	3,101
Intergovernmental	1,202,215	1,038,803	(163,412)	1,150,896	1,064,550	(86,346)
Interest	19,000	13,623	(5,377)	11,227	15,042	3,815
Other	49,700	52,652	2,952	29,242	29,697	455
Total Receipts	1,366,885	1,199,433	(167,452)	1,275,509	1,196,534	(78,975)
DISBURSEMENTS						
Health center	1,366,885	1,237,183	129,702	1,272,409	1,098,434	173,975
Total Disbursements	1,366,885	1,237,183	129,702	1,272,409	1,098,434	173,975
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(37,750)	(37,750)	3,100	98,100	95,000
CASH, JANUARY 1	327,999	327,999	0	229,899	229,899	0
CASH, DECEMBER 31	\$327,999	\$290,249	(\$37,750)	\$232,999	\$327,999	\$95,000

## EXHIBIT B

## WAYNE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	\$55,000	\$59,080	\$4,080	\$62,500	\$68,011	5,511
Interest	2,500	8,256	5,756	2,500	2,459	(41)
Other	0	42,112	42,112	0	0	0
Total Receipts	57,500	109,448	51,948	65,000	70,470	5,470
DISBURSEMENTS						
Sheltered Workshop Board	50,580	42,544	8,036	52,000	87,999	(35,999)
Total Disbursements	50,580	42,544	8,036	52,000	87,999	(35,999)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,920	66,904	59,984	13,000	(17,529)	(30,529)
CASH, JANUARY 1	89,891	89,891	0	107,420	107,420	0
CASH, DECEMBER 31	96,811	156,795	59,984	120,420	89,891	(30,529)
<b><u>PUBLIC WATER SUPPLY DISTRICT #2 FUND</u></b>						
RECEIPTS						
Intergovernmental	250,000	139,570	(110,430)	0	0	0
Total Receipts	250,000	139,570	(110,430)	0	0	0
DISBURSEMENTS						
Public Water Supply District #2	250,000	139,070	110,930	0	0	0
Total Disbursements	250,000	139,070	110,930	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	500	500	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	500	500	0	0	0
<b><u>CORP TRAIL GRANT</u></b>						
RECEIPTS						
Intergovernmental	0	10,000	10,000	0	0	0
Total Receipts	0	10,000	10,000	0	0	0
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	10,000	10,000	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$0	\$10,000	\$10,000	\$0	\$0	\$0

## WAYNE COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies

##### A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

##### B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

##### C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Section 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Courtroom Recorder Equipment	2001 and 2000
Corp Trail Grant	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Debt Service	2001
Special Prosecuting Attorney	2001
Victims of Domestic Violence	2000
Law Library	2001
Sheriff's Donations	2001 and 2000
Sheriff's Civil	2000
Circuit Clerk	2001
Elevator Grant	2001
Special Election	2001
Senate Bill 40	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the year ended December 31, 2001, did not include the Associate Division's Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county, Health Center Board, and Senate Bill 40 Board's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the county, Health Center Board, and Senate Bill 40 Board's custodial banks in the county, Health Center Board, Senate Bill 40 Board's name.

To protect the safety of the county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

## Schedule

WAYNE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO 045-9212	\$ 45,994	\$ 53,485
10.559	Summer Food Service Program for Children		0	57
	Office of Administration -			
10.665	Schools and Roads - Grants to States	Forest Reserve	209,828	125,492
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	97PF29	23,647	237,409
		PWSD#2	139,070	0
	Program Total		162,717	237,409
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants		58,620	0
	Passed through Missouri Sheriff's Methamphetamine Relief Team:			
16.579	Byrne Formula Grant Program	SD-2001-21	25,353	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Action Plan	N/A	12,210	12,388
93.575	Child Care and Development Block Grant	ERO146-9212CCH&SC	650	650
93.991	Preventive Health and Health Services Block Grant	N/A	0	147
93.994	Maternal and Child Health Services Block Grant to the States	ERO146-9212MCH	35,100	31,002
	Total Expenditures of Federal Awards		\$ 550,472	\$ 460,630

N/A - Not applicable

Notes to the Supplementary Schedule



## WAYNE COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE

#### 1. Summary of Significant Accounting Policies

##### A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wayne County, Missouri.

##### B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals...

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

##### C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of varicella (chicken pox) vaccine provided to the Health Center through the Center for Disease Control of the U.S. Department of Health and Human Services.

Of the amounts for Immunization Grants (CFDA number 93.268) \$12,210 and \$12,388 represent the original acquisition cost of vaccines purchased by the Center for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$147 represents the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the year ended December 31, 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,374 and \$737 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services

Block Grant, and Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

Federal Awards-  
Single Audit Section

## Independent Auditor's Report

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The County Commission  
and  
Officeholders of Wayne County, Missouri

Compliance

We have audited the compliance of Wayne County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Wayne County, Missouri, complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 2001-1.

Internal Control Over Compliance

The management of Wayne County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan CPA, PC  
March 15, 2002

## Schedule

**Wayne County, Missouri**  
**Schedule of Findings and Questioned Costs**  
**(Including Management's Plan For Corrective Action)**  
**Two Years Ended December 31, 2001**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified?       yes   x  no

Reportable condition identified that is not considered to be a material weakness?       yes   x  none reported

Noncompliance material to the financial statements noted?       yes   x  no

Federal Awards

Internal control over major programs:

Material weakness identified?       yes   x  no

Reportable condition identified that is not considered to be a material weakness?   x  yes       none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of OMB Circular A-133?   x  yes       no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?       yes   x  no

**Section II-Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III-Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



Federal Grantor: U.S. Department of Housing and Urban Development  
Pass-Through Grantor: Department of Economic Development  
Federal CFDA Number: 14.228  
Program Title: Community Development Block Grants/State's Program

Pass-Through Entity Identifying Number: 1997-PF-29 and PWSD #2  
Award Year: 2001 and 2000  
Questioned Costs: \$721.00

Criteria: The state guidelines allow five days to expend funds drawn down from the cash management system.

Condition: The county did not adequately monitor the third-party administrator's procedures for cash draws. Twelve of thirty draw downs were eleven to thirty-nine days (average twenty-five) past the five-day limit.

Questioned Costs: \$721.00 representing interest on the excess days the funds were held.

Effect: The county did not comply with the state and federal guidelines.

Recommendation: We recommend the county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. We also recommend the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.

Auditee's Response and Plan for Corrective Action: The County Clerk agrees with the auditor's recommendation and will discuss this issue with the third-party administrator.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

**WAYNE COUNTY, MISSOURI**  
**FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN**  
**AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wayne County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 1999.

1. County Sales Tax

- A. The county had not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in a ballot issue passed by the voters of the county.
- B. The County Commission reduced tax levies for the Special Road and Bridge Fund to provide part of the required property tax collection reduction.
- C.1. The financial condition of the county's General Revenue Fund remains weak.

- 2. The County Commission distributed payments in lieu of tax of approximately \$80,000 yearly from the U.S. Department of Interior to the Special Road and Bridge and General Revenue funds equally for several years.

Recommendation:

The County Commission:

- A. Ensure appropriate reductions are made to the property tax levies to reflect excess property taxes collected in prior years when setting the 2000 property tax levies.
- B. & C. Develop a financial plan to improve the financial condition of the General Revenue Fund and repay \$610,581 to the Special Road and Bridge Fund. In addition, any future reductions of Special Road and Bridge property tax revenues as a result of rollbacks required by sales tax collections should be offset by transfers from the General Revenue Fund.

Status:

- A. Implemented.

	Tax Year Ended December 31,	
	2001	2000
<b>ACTUAL SALES TAX REVENUES</b>	\$403,225	\$382,983
Required percentage of revenue reduction	50%	50%
Required property tax revenue reduction	201,613	191,492
Assessed Valuation	96,077,764	91,602,622
General Revenue Fund and Special Road and Bridge Fund tax levy reduction (per \$100 of assessed valuation)	0.27	0.27
Actual property tax revenue reduction	259,410	247,327
<b>EXCESS PROPERTY TAX REVENUES COLLECTED</b>	(57,797)	(55,836)
Excess property tax revenue collections from prior years	40,454	96,290
<b>NET EXCESS</b>	<u>(\$17,343)</u>	<u>\$40,454</u>

The net excess property tax revenues collected as of December 31, 2001 and 2000 have decreased since the prior audit.

- B. & C. Partially implemented. The financial condition of the General Revenue Fund has improved. In a board meeting held October 3, 2000, the Commission decided to apply the \$651,085 in lieu of tax payments from the General Fund paid to the Road and Bridge Fund to the \$610,581 that was owed Road and Bridge. The difference, \$40,504, is the balance overpaid to Road and Bridge. The Commission believes that if the \$40,504 is paid to the General Revenue Fund from the Road and Bridge Fund, the issue will be resolved. The Commission is presently awaiting approval from the State Auditor's Office to affect this resolution.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

**WAYNE COUNTY, MISSOURI**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings Question Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500 (e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresent the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Vernon County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Vernon County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature of Claire C. McCaskill in black ink, located below the text of the audit report.

Claire C. McCaskill  
State Auditor

Report No. 2002-81  
August 30, 2002

VERNON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001 AND 2000



# VERNON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3
Financial Statements:	
	<u>Exhibit</u>
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1
Year Ended December 31, 2000	A-2
Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	B
Notes to the Financial Statements	14
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	16
Notes to the Supplementary Schedule	17
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditor's Report:	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	19

VERNON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:	
Schedule of Findings and Questioned Costs Including Management's Plan for Corrective Action, Years Ended December 31, 2001 and 2000	
Section I - Summary of Auditor's Results	21
Section II – Financial Statement Findings	22
Section III – Federal Award Findings and Questioned Costs	22
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	25

## FINANCIAL SECTION

## Independent Auditor's Reports

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
and  
County Commission of  
Vernon County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Vernon County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 30, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

May 30, 2002

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED

---

To the State Auditor  
and  
County Commission of  
Vernon County, Missouri

We have audited the special-purpose financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Vernon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Vernon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 30, 2002



## Financial Statements

VERNON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 434,982	\$ 1,820,505	\$ 1,799,561	\$ 455,926
Special Road and Bridge	295,999	1,107,170	1,120,506	282,663
Assessment	15,044	192,611	205,330	2,325
Law Enforcement Training	2,046	4,494	5,751	789
Prosecuting Attorney Training	4,285	1,231	1,593	3,923
Health Center	202,197	486,592	465,959	222,830
Prosecuting Attorney Bad Check	12,978	17,478	22,000	8,456
Sewer	35,478	5,945	627	40,796
Shelter for Victims of Domestic Violence	42	4,195	4,185	52
Local Emergency Planning Commission	12,406	6,255	4,710	13,951
Recorder's User Fees	81,509	15,962	10,200	87,271
Community Outreach	0	0	0	0
Circuit Clerk Interest	19,955	479	0	20,434
Law Library	24,299	11,689	10,221	25,767
Sheriff Discretionary	13,633	47,368	49,985	11,016
Elevator Grant	0	134,081	134,081	0
Victim Impact Panel	5,450	2,166	822	6,794
Election Services	2,318	4,736	0	7,054
Prosecuting Attorney Delinquent Tax	7,263	681	488	7,456
Sheriff Drug	115	500	300	315
Elevator Special	0	96,581	96,581	0
Total	<u>\$ 1,169,999</u>	<u>\$ 3,960,719</u>	<u>\$ 3,932,900</u>	<u>\$ 1,197,818</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

VERNON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 414,829	\$ 1,751,402	\$ 1,731,249	\$ 434,982
Special Road and Bridge	571,664	1,534,278	1,809,943	295,999
Assessment	5,705	172,781	163,442	15,044
Law Enforcement Training	1,231	5,024	4,209	2,046
Prosecuting Attorney Training	5,234	1,128	2,077	4,285
Health Center	206,262	432,008	436,073	202,197
Prosecuting Attorney Bad Check	20,193	15,872	23,087	12,978
Sewer	31,545	6,004	2,071	35,478
Shelter for Victims of Domestic Violence	0	2,168	2,126	42
Local Emergency Planning Commission	11,364	3,487	2,445	12,406
Recorder's User Fees	78,087	13,822	10,400	81,509
Community Outreach	0	6,000	6,000	0
Circuit Clerk Interest	19,480	475	0	19,955
Law Library	21,477	8,217	5,395	24,299
Sheriff Discretionary	19,033	36,440	41,840	13,633
Victim Impact Panel	4,604	2,106	1,260	5,450
Election Services	0	2,318	0	2,318
Prosecuting Attorney Delinquent Tax	9,026	678	2,441	7,263
Sheriff Drug	315	0	200	115
Commissioners Escrow	16,120	13,333	29,453	0
	<u>\$ 1,436,169</u>	<u>\$ 4,007,541</u>	<u>\$ 4,273,711</u>	<u>\$ 1,169,999</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 4,185,957	\$ 3,727,391	\$ (458,566)	\$ 3,940,652	\$ 4,005,435	\$ 64,783
DISBURSEMENTS	4,870,643	3,701,116	1,169,527	4,868,232	4,272,251	595,981
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (684,686)	\$ 26,275	\$ (710,961)	\$ (927,580)	\$ (266,816)	\$ 660,764
CASH, JANUARY 1	1,167,371	1,164,434	(2,938)	1,430,401	1,431,250	849
CASH, DECEMBER 31	<u>\$ 482,685</u>	<u>\$ 1,190,709</u>	<u>\$ 708,023</u>	<u>\$ 502,821</u>	<u>\$ 1,164,434</u>	<u>\$ 661,613</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 262,211	\$ 292,802	\$ 30,591	\$ 255,376	\$ 301,189	\$ 45,813
Sales taxes	772,000	789,677	17,677	764,800	769,865	5,065
Intergovernmental	230,245	228,425	(1,820)	183,409	190,920	7,511
Charges for services	290,140	274,843	(15,297)	250,599	289,861	39,262
Interest	25,000	20,300	(4,700)	18,000	28,949	10,949
Other	136,897	161,845	24,948	164,734	112,388	(52,346)
Transfers in	52,613	52,613	0	58,230	58,230	0
Total Receipts	<u>\$ 1,769,106</u>	<u>\$ 1,820,505</u>	<u>\$ 51,399</u>	<u>\$ 1,695,148</u>	<u>\$ 1,751,402</u>	<u>\$ 56,254</u>
DISBURSEMENTS						
County Commission	\$ 91,387	\$ 89,989	\$ 1,398	\$ 90,150	\$ 90,758	\$ (608)
County Clerk	157,834	151,578	6,256	152,612	148,145	4,467
Elections	23,650	12,002	11,648	59,450	58,778	672
Buildings and grounds	144,656	123,505	21,151	152,183	133,535	18,648
Employee fringe benefits	174,289	154,661	19,628	164,800	137,036	27,764
Ex Officio County Collector	68,067	65,452	2,615	65,705	63,700	2,005
Recorder of Deeds	84,424	87,082	(2,658)	85,276	75,539	9,737
Circuit Clerk	93,100	40,656	52,444	60,500	35,282	25,218
Court administration	30,250	17,913	12,337	27,750	20,016	7,734
Public Administrator	51,043	48,582	2,461	39,450	49,689	(10,239)
Sheriff	382,516	466,561	(84,045)	347,474	461,251	(113,777)
Jail	203,767	53,652	150,115	195,238	58,228	137,010
Prosecuting Attorney	136,408	121,062	15,346	112,369	111,385	984
Juvenile Officer	233,341	162,349	70,992	212,175	147,071	65,104
County Coroner	26,569	23,116	3,453	21,155	17,975	3,180
Other	187,600	103,857	83,743	124,100	118,217	5,883
Transfers out	31,466	77,544	(46,078)	15,578	0	15,578
Emergency Fund	53,073	0	53,073	50,561	4,644	45,917
Total Disbursements	<u>\$ 2,173,440</u>	<u>\$ 1,799,561</u>	<u>\$ 373,879</u>	<u>\$ 1,976,526</u>	<u>\$ 1,731,249</u>	<u>\$ 245,277</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (404,334)	\$ 20,944	\$ 425,278	\$ (281,378)	\$ 20,153	\$ 301,531
CASH, JANUARY 1	434,982	434,982	0	413,764	414,829	1,065
CASH, DECEMBER 31	<u>\$ 30,648</u>	<u>\$ 455,926</u>	<u>\$ 425,278</u>	<u>\$ 132,386</u>	<u>\$ 434,982</u>	<u>\$ 302,596</u>

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 100,000	\$ 101,817	\$ 1,817	\$ 98,600	\$ 97,312	\$ (1,288)
Intergovernmental	1,532,681	989,382	(543,299)	1,354,371	1,379,948	25,577
Interest	20,000	12,568	(7,432)	20,000	26,617	6,617
Other	250	3,403	3,153	27,600	30,401	2,801
Total Receipts	\$ 1,652,931	\$ 1,107,170	\$ (545,761)	\$ 1,500,571	\$ 1,534,278	\$ 33,707
DISBURSEMENTS						
Salaries	\$ 200,000	\$ 168,631	\$ 31,369	\$ 195,000	\$ 170,528	\$ 24,472
Employee fringe benefits	43,680	33,538	10,142	42,990	29,969	13,021
Supplies	25,000	28,732	(3,732)	25,000	24,401	599
Insurance	11,000	11,781	(781)	10,000	9,285	715
Road and bridge materials	66,500	35,579	30,921	71,500	41,330	30,170
Equipment repairs	25,000	24,398	602	25,000	12,740	12,260
Rentals	1,000	0	1,000	1,000	0	1,000
Equipment purchases	49,600	142,099	(92,499)	136,500	155,912	(19,412)
Construction, repair, and maintenance	275,000	324,534	(49,534)	360,000	398,754	(38,754)
Distributions to townships	0	0	0	0	0	0
Bridge construction	0	0	0	0	0	0
Shop building	0	0	0	0	0	0
Other	1,057,000	298,601	758,399	1,087,000	908,794	178,206
Transfers out	52,613	52,613	0	58,230	58,230	0
Total Disbursements	\$ 1,806,393	\$ 1,120,506	\$ 685,887	\$ 2,012,220	\$ 1,809,943	\$ 202,277
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (153,462)	\$ (13,336)	\$ 140,126	\$ (511,649)	\$ (275,665)	\$ 235,984
CASH, JANUARY 1	295,999	295,999	0	571,664	571,664	0
CASH, DECEMBER 31	\$ 142,537	\$ 282,663	\$ 140,126	\$ 60,015	\$ 295,999	\$ 235,984
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 166,670	\$ 185,767	\$ 19,097	\$ 161,378	\$ 166,438	\$ 5,060
Charges for services	3,000	2,750	(250)	2,700	2,800	100
Interest	2,000	2,231	231	1,000	2,104	1,104
Other	1,500	1,863	363	300	1,439	1,139
Transfers in	31,466	0	(31,466)	15,578	0	(15,578)
Total Receipts	\$ 204,636	\$ 192,611	\$ (12,025)	\$ 180,956	\$ 172,781	\$ (8,175)
DISBURSEMENTS						
Assessor	\$ 219,680	\$ 205,330	\$ 14,350	\$ 186,661	\$ 163,442	\$ 23,219
Total Disbursements	\$ 219,680	\$ 205,330	\$ 14,350	\$ 186,661	\$ 163,442	\$ 23,219
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (15,044)	\$ (12,719)	\$ 2,325	\$ (5,705)	\$ 9,339	\$ 15,044
CASH, JANUARY 1	15,044	15,044	0	5,705	5,705	0
CASH, DECEMBER 31	\$ 0	\$ 2,325	\$ 2,325	\$ 0	\$ 15,044	\$ 15,044

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for services	5,250	4,232	(1,018)	5,400	4,776	(624)
Interest	100	72	(28)	20	118	98
Other	150	190	40	100	130	30
Total Receipts	\$ 5,500	\$ 4,494	\$ (1,006)	\$ 5,520	\$ 5,024	\$ (496)
DISBURSEMENTS						
Sheriff	\$ 6,000	\$ 5,751	\$ 249	\$ 6,751	\$ 4,209	\$ 2,542
Total Disbursements	\$ 6,000	\$ 5,751	\$ 249	\$ 6,751	\$ 4,209	\$ 2,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ (1,257)	\$ (757)	\$ (1,231)	\$ 815	\$ 2,046
CASH, JANUARY 1	2,046	2,046	0	1,231	1,231	0
CASH, DECEMBER 31	\$ 1,546	\$ 789	\$ (757)	\$ 0	\$ 2,046	\$ 2,046
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 900	\$ 1,048	\$ 148	\$ 1,400	\$ 847	\$ (553)
Interest	150	183	33	70	281	211
Total Receipts	\$ 1,050	\$ 1,231	\$ 181	\$ 1,470	\$ 1,128	\$ (342)
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,250	\$ 1,593	\$ 657	\$ 2,500	\$ 2,077	\$ 423
Total Disbursements	\$ 2,250	\$ 1,593	\$ 657	\$ 2,500	\$ 2,077	\$ 423
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,200)	\$ (362)	\$ 838	\$ (1,030)	\$ (949)	\$ 81
CASH, JANUARY 1	4,285	4,285	0	5,234	5,234	0
CASH, DECEMBER 31	\$ 3,085	\$ 3,923	\$ 838	\$ 4,204	\$ 4,285	\$ 81
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 184,000	\$ 207,379	\$ 23,379	\$ 153,000	\$ 163,779	\$ 10,779
Intergovernmental	175,024	188,066	13,042	189,927	171,573	(18,354)
Charges for services	64,287	55,793	(8,494)	51,400	51,221	(179)
Interest	14,043	14,380	337	13,420	14,087	667
Other	18,278	20,974	2,696	35,950	31,348	(4,602)
Total Receipts	\$ 455,632	\$ 486,592	\$ 30,960	\$ 443,697	\$ 432,008	\$ (11,689)
DISBURSEMENTS						
Salaries	\$ 345,323	\$ 354,164	\$ (8,841)	\$ 347,513	\$ 326,025	\$ 21,488
Office expenditures	78,232	89,217	(10,985)	86,210	78,232	7,978
Equipment	7,213	10,524	(3,311)	8,000	20,745	(12,745)
Mileage and training	11,000	12,054	(1,054)	12,518	11,071	1,447
Emergency	13,864	0	13,864	13,311	0	13,311
Total Disbursements	\$ 455,632	\$ 465,959	\$ (10,327)	\$ 467,552	\$ 436,073	\$ 31,479
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 20,633	\$ 20,633	\$ (23,855)	\$ (4,065)	\$ 19,790
CASH, JANUARY 1	202,197	202,197	0	206,478	206,262	(216)
CASH, DECEMBER 31	\$ 202,197	\$ 222,830	\$ 20,633	\$ 182,623	\$ 202,197	\$ 19,574

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 14,000	\$ 17,050	\$ 3,050	\$ 14,300	\$ 14,924	\$ 624
Interest	1,025	428	(597)	0	948	948
Total Receipts	\$ 15,025	\$ 17,478	\$ 2,453	\$ 14,300	\$ 15,872	\$ 1,572
DISBURSEMENTS						
Prosecuting Attorney	\$ 23,542	\$ 22,000	\$ 1,542	\$ 23,463	\$ 23,087	\$ 376
Total Disbursements	\$ 23,542	\$ 22,000	\$ 1,542	\$ 23,463	\$ 23,087	\$ 376
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,517)	\$ (4,522)	\$ 3,995	\$ (9,163)	\$ (7,215)	\$ 1,948
CASH, JANUARY 1	12,978	12,978	0	20,193	20,193	0
CASH, DECEMBER 31	\$ 4,461	\$ 8,456	\$ 3,995	\$ 11,030	\$ 12,978	\$ 1,948
<b><u>SEWER FUND</u></b>						
RECEIPTS						
Special assessments	\$ 4,000	\$ 3,913	\$ (87)	\$ 4,000	\$ 4,059	\$ 59
Interest	2,200	2,032	(168)	1,100	1,945	845
Total Receipts	\$ 6,200	\$ 5,945	\$ (255)	\$ 5,100	\$ 6,004	\$ 904
DISBURSEMENTS						
Sewer repairs and maintenance	\$ 41,678	\$ 627	\$ 41,051	\$ 36,645	\$ 2,071	\$ 34,574
Total Disbursements	\$ 41,678	\$ 627	\$ 41,051	\$ 36,645	\$ 2,071	\$ 34,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (35,478)	\$ 5,318	\$ 40,796	\$ (31,545)	\$ 3,933	\$ 35,478
CASH, JANUARY 1	35,478	35,478	0	31,545	31,545	0
CASH, DECEMBER 31	\$ 0	\$ 40,796	\$ 40,796	\$ 0	\$ 35,478	\$ 35,478
<b><u>SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,070	\$ 4,158	\$ 2,088	\$ 2,800	\$ 2,137	\$ (663)
Interest	25	37	12	0	31	31
Total Receipts	\$ 2,095	\$ 4,195	\$ 2,100	\$ 2,800	\$ 2,168	\$ (632)
DISBURSEMENTS						
Health and welfare	\$ 2,137	\$ 4,185	\$ (2,048)	\$ 2,800	\$ 2,126	\$ 674
Total Disbursements	\$ 2,137	\$ 4,185	\$ (2,048)	\$ 2,800	\$ 2,126	\$ 674
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (42)	\$ 10	\$ 52	\$ 0	\$ 42	\$ 42
CASH, JANUARY 1	42	42	0	0	0	0
CASH, DECEMBER 31	\$ 0	\$ 52	\$ 52	\$ 0	\$ 42	\$ 42

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 4,000	\$ 5,777	\$ 1,777	\$ 2,500	\$ 2,924	\$ 424
Interest	400	478	78	0	563	563
Total Receipts	\$ 4,400	\$ 6,255	\$ 1,855	\$ 2,500	\$ 3,487	\$ 987
DISBURSEMENTS						
Civil defense	\$ 16,806	\$ 4,710	\$ 12,096	\$ 13,864	\$ 2,445	\$ 11,419
Total Disbursements	\$ 16,806	\$ 4,710	\$ 12,096	\$ 13,864	\$ 2,445	\$ 11,419
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (12,406)	\$ 1,545	\$ 13,951	\$ (11,364)	\$ 1,042	\$ 12,406
CASH, JANUARY 1	12,406	12,406	0	11,364	11,364	0
CASH, DECEMBER 31	\$ 0	\$ 13,951	\$ 13,951	\$ 0	\$ 12,406	\$ 12,406
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 10,000	\$ 12,591	\$ 2,591	\$ 10,000	\$ 9,370	\$ (630)
Interest	3,000	3,371	371	3,000	4,452	1,452
Total Receipts	\$ 13,000	\$ 15,962	\$ 2,962	\$ 13,000	\$ 13,822	\$ 822
DISBURSEMENTS						
Recorder of Deeds	\$ 59,600	\$ 10,200	\$ 49,400	\$ 50,000	\$ 10,400	\$ 39,600
Total Disbursements	\$ 59,600	\$ 10,200	\$ 49,400	\$ 50,000	\$ 10,400	\$ 39,600
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (46,600)	\$ 5,762	\$ 52,362	\$ (37,000)	\$ 3,422	\$ 40,422
CASH, JANUARY 1	81,509	81,509	0	78,087	78,087	0
CASH, DECEMBER 31	\$ 34,909	\$ 87,271	\$ 52,362	\$ 41,087	\$ 81,509	\$ 40,422
<b><u>COMMUNITY OUTREACH FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 6,000	\$ 0	\$ (6,000)	\$ 6,000	\$ 6,000	\$ 0
Total Receipts	\$ 6,000	\$ 0	\$ (6,000)	\$ 6,000	\$ 6,000	\$ 0
DISBURSEMENTS						
Community food bank	\$ 6,000	\$ 0	\$ 6,000	\$ 6,000	\$ 6,000	\$ 0
Total Disbursements	\$ 6,000	\$ 0	\$ 6,000	\$ 6,000	\$ 6,000	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 395	\$ 479	\$ 84	\$ 500	\$ 475	\$ (25)
Other	2,861	0	(2,861)	0	0	0
Total Receipts	\$ 3,256	\$ 479	\$ (2,777)	\$ 500	\$ 475	\$ (25)
DISBURSEMENTS						
Circuit Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,256	\$ 479	\$ (2,777)	\$ 500	\$ 475	\$ (25)
CASH, JANUARY 1	22,935	19,955	(2,980)	19,480	19,480	0
CASH, DECEMBER 31	<u>\$ 26,191</u>	<u>\$ 20,434</u>	<u>\$ (5,757)</u>	<u>\$ 19,980</u>	<u>\$ 19,955</u>	<u>\$ (25)</u>
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 7,942	\$ 11,062	\$ 3,120	\$ 9,300	\$ 7,752	\$ (1,548)
Interest	559	627	68	470	465	(5)
Total Receipts	\$ 8,501	\$ 11,689	\$ 3,188	\$ 9,770	\$ 8,217	\$ (1,553)
DISBURSEMENTS						
Law library	\$ 6,335	\$ 10,221	\$ (3,886)	\$ 5,510	\$ 5,395	\$ 115
Total Disbursements	\$ 6,335	\$ 10,221	\$ (3,886)	\$ 5,510	\$ 5,395	\$ 115
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,166	\$ 1,468	\$ (698)	\$ 4,260	\$ 2,822	\$ (1,438)
CASH, JANUARY 1	24,299	24,299	0	21,477	21,477	0
CASH, DECEMBER 31	<u>\$ 26,465</u>	<u>\$ 25,767</u>	<u>\$ (698)</u>	<u>\$ 25,737</u>	<u>\$ 24,299</u>	<u>\$ (1,438)</u>
<b><u>SHERIFF DISCRETIONARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 34,000	\$ 28,117	\$ (5,883)	\$ 40,700	\$ 32,835	\$ (7,865)
Interest	500	669	169	0	971	971
Other	2,000	18,582	16,582	0	2,634	2,634
Total Receipts	\$ 36,500	\$ 47,368	\$ 10,868	\$ 40,700	\$ 36,440	\$ (4,260)
DISBURSEMENTS						
Sheriff	\$ 47,150	\$ 49,985	\$ (2,835)	\$ 43,000	\$ 41,840	\$ 1,160
Total Disbursements	\$ 47,150	\$ 49,985	\$ (2,835)	\$ 43,000	\$ 41,840	\$ 1,160
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,650)	\$ (2,617)	\$ 8,033	\$ (2,300)	\$ (5,400)	\$ (3,100)
CASH, JANUARY 1	13,633	13,633	0	19,033	19,033	0
CASH, DECEMBER 31	<u>\$ 2,983</u>	<u>\$ 11,016</u>	<u>\$ 8,033</u>	<u>\$ 16,733</u>	<u>\$ 13,633</u>	<u>\$ (3,100)</u>

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,125	\$ 4,736	\$ 2,611	\$ 2,500	\$ 2,318	\$ (182)
Total Receipts	\$ 2,125	\$ 4,736	\$ 2,611	\$ 2,500	\$ 2,318	\$ (182)
DISBURSEMENTS						
Equipment	\$ 4,000	\$ 0	\$ 4,000	\$ 2,500	\$ 0	\$ 2,500
Total Disbursements	\$ 4,000	\$ 0	\$ 4,000	\$ 2,500	\$ 0	\$ 2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,875)	\$ 4,736	\$ 6,611	\$ 0	\$ 2,318	\$ 2,318
CASH, JANUARY 1	2,318	2,318	0	0	0	0
CASH, DECEMBER 31	\$ 443	\$ 7,054	\$ 6,611	\$ 0	\$ 2,318	\$ 2,318
<b><u>COMMISSIONERS ESCROW FUND</u></b>						
RECEIPTS						
Other				\$ 16,120	\$ 13,333	\$ (2,787)
Total Receipts				\$ 16,120	\$ 13,333	\$ (2,787)
DISBURSEMENTS						
Sheriff				\$ 32,240	\$ 29,453	\$ 2,787
Total Disbursements				\$ 32,240	\$ 29,453	\$ 2,787
RECEIPTS OVER (UNDER) DISBURSEMENTS				\$ (16,120)	\$ (16,120)	\$ 0
CASH, JANUARY 1				16,120	16,120	0
CASH, DECEMBER 31				\$ 0	\$ 0	\$ 0

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

VERNON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Drug Fund	2001, 2000
Victim Impact Panel Fund	2001, 2000
Elevator Grant Fund	2001
Elevator Special	2001
Prosecuting Attorney Delinquent Tax	2001, 20000

Funds for the elevator project were noted as budgeted within the General Revenue Fund in the 2001 budget.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center	2001
Law Library Fund	2001
Sheriff Discretionary Fund	2001
Shelter for Victims of Domestic Violence	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. As it pertains to the Shelter for Victims of Domestic Violence Fund, expenditures were made in accordance with Section 455.215, RSMo 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2001 and 2000, did not include the Sheriff Drug Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The county's, and Health Center's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's and Health Center's custodial bank in the county's and Health Center Board's name.

## Supplementary Schedule

VERNON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
10.550	Department of Social Services - Food Distribution	N/A	\$ 572	\$ 0
10.557	Department of Health - Special Supplemental Nutrition Program for Women, Infants, and Children	ERS-0451-1209W	62,054	52,087
10.599	Summer Food Service	ERS146-1209I	120	114
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
14.228	Department of Economic Development - Community Development Block Grants/State's Program	2000-PF-10	96,581	0
14.231	Department of Social Services - Emergency Shelter Grants Program	ERO-164	0	6,000
	U.S. DEPARTMENT OF JUSTICE			
	Passed through state:			
16.540	Department of Public Safety - Reality and Responsibility	01-JFJ4-10	3,102	0
16.554	Highway Patrol - National Criminal History Improvement Program	95-RU-RX-K011	8,198	0
16.575	Crime Victim Assistance	98-VOCA-0101	7,505	2,504
		2000-VOCA-0087	2,593	0
		98-VOCA-0066	0	7,087
	Program total		10,098	9,591
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state:			
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO-108-26	3,191	419,239
		BRO-108-27	28,470	9,578
		BRO-108-28	8,401	11,922
	Program total		40,062	440,739
20.703	Missouri Emergency Response Commission - Hazardous Materials Emergency Preparedness		2,843	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state:			
93.658	Division of Family Services Foster Care - Title IV-E	Unknown	6,133	0
93.268	Department of Health - Immunization Grant - Vaccines for Children - 317 Vaccines	N/A	21,278	26,876
		N/A	16,549	12,731
	Program total		37,827	39,607
93.575	Child Care and Development Block Grant	PGA-067-0209S	0	2,270
		PGA-067-1209S	2,935	380
		PGA-067-2209S	240	0
		PGA-067-0209C	0	1,420
		PGA-067-1209C	358	643
	Program total		3,533	4,713
93.991	Preventive Health and Health Services Block Grant	Vaccines	0	472
93.994	Maternal and Child Health Services Block Grant	ERS146-0209M	0	14,902
		ERS046-1209M	19,845	4,194
		Vaccines	4,255	2,358
	Program total		24,100	21,454
93.563	Department of Social Services - Child Support Enforcement - P.A. - Circuit Clerk		9,544	7,412
			2,218	2,641
	Program total		11,762	10,053
93.667	Social Services Block Grant	ERO-172-062	0	3,582
		ERO-172-111	0	7,404
	Program total		0	10,986
	Total Expenditures of Federal Awards		\$ 306,985	\$ 595,816

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



VERNON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Vernon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions which govern the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The pass-through program amounts for Immunization Grants (CFDA number 93.268), \$35,463 and \$39,607 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health

and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$472 represents the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the year ended December 31, 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$4,255 and \$2,358 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements. The pass-through amounts for the Food Distribution Program (CFDA number 10.550) of \$572 represents the dollar value of food received.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$6,000 to a subrecipient under the Emergency Shelter Grant (CFDA number 14.231) during the year ended December 31, 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditor's Report

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
and  
County Commission of  
Vernon County, Missouri

Compliance

We have audited the compliance of Vernon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Vernon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000.

#### Internal Control Over Compliance

The management of Vernon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 30, 2002

## Schedule

VERNON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major program:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major program:

CFDA or Other Identifying Number	Program Title
----------------------------------------	---------------

20.205	Highway Planning and Construction
--------	-----------------------------------

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes      X   no



## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

### 01-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	BRO-108-26
	BRO-108-27
	BRO-108-28
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The County Clerk prepares the SEFA as part of the annual county budget process. The Health Center Administrator submits information related to grants administered by the Health Center to the County Clerk for inclusion in the schedule.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA contained numerous errors and omissions. These errors and omissions appear to have been primarily caused by inadequate communication between the elected officials and the County Clerk regarding the proper allocation of federal versus non-federal grant funds per grant, as well as reporting all grants received containing federal awards.

The Health Center inaccurately reported the value of vaccines received from the State due to final values of vaccines not reported to the health center by the State prior to the county's budget deadline. As such, estimates were used in the final budget.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk implement procedures to ensure more accurate information about federal grants is received from elected officials and the SEFA is complete and accurate. In addition, we recommend the Health Center Administrator report to the County Clerk the actual value of vaccines received from the State when the final reports are received so that the SEFA may be amended appropriately.

AUDITEE'S RESPONSE

The County Clerk indicated she would require elected officials to report the federal portion of grants when the grants are approved so that a complete and accurate SEFA may be prepared. This recommendation would be implemented for the 2002 SEFA to be submitted with the budget due in January 2003.

The Health Center Administrator indicated she will submit to the County Clerk actual values of vaccines received from the State as soon as the information is available so that the SEFA may be amended appropriately.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

VERNON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

VERNON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-1 Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Transportation  
Pass-through Grantor: State Highway and Transportation  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass-through Entity Identifying Number: BRO-108-24  
BRO-108-26

Award Year: 1999 and 1998  
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. However, the county and Health Center did not have procedures in place to track Federal awards for the preparation of the SEFA. For the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions. For example, expenditures related to several Federal grants were not included on the schedule or were included at the wrong amounts. In addition, some expenditures shown were not related to Federal grant programs.

It was recommended the County Clerk, with the assistance of the Health Center, prepare a complete and accurate schedule of expenditures of Federal awards.

Current Status:

The County Clerk and Health Center Administrator have taken steps toward preparing a complete and accurate SEFA. However, conditions still exist that affect the completeness and accuracy of the SEFA. See Schedule of Findings and Questioned Costs finding number 01-1.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Shelby County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Shelby County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

Claire C. McCaskill  
State Auditor

Report No. 2002-80  
August 30, 2002

**SHELBY COUNTY, MISSOURI  
DECEMBER 31, 2000 AND 2001**



SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
Independent Auditors' Reports: .....	2-4
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-30
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-30
Notes to the Financial Statements .....	31-34
Supplementary Schedule:.....	35-37
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	36-37
Notes to the Supplementary Schedule .....	38-40
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Independent Auditors' Report:.....	42-44
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	43-44

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	45-49
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	46-49
Section I - Summary of Auditors' Results .....	46-47
Section II - Financial Statement Findings .....	47-48
<u>Number</u>	<u>Description</u>
01-1.	Adoption of budgets.....47
01-2.	Warrants in excess of approved budgets.....47
01-3.	Published financial statements.....48
Section III - Federal Award Findings and Questioned Costs .....	48-49
01-3.	Schedule of Expenditures of Federal Awards..... 48-49
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	50-51
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	52-54

## FINANCIAL SECTION

## Independent Auditors' Reports

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 3, 2002

To the County Commission  
and  
Officeholders of Shelby County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Shelby County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 3, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 3, 2002

To the County Commission  
and  
Officeholders of Shelby County, Missouri

We have audited the special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Shelby County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-2, and 01-3.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Shelby County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and operation that we consider to be material weaknesses.

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



## Financial Statements

Exhibit A-1

SHELBY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 228,128	\$ 861,339	\$ 863,522	\$ 225,945
Special Road and Bridge	168,366	1,261,628	1,176,477	253,517
Assessment	11,995	107,560	107,241	12,314
911	135,300	240,381	202,095	173,586
Law Enforcement Training	13,360	3,575	6,680	10,255
Sheriff's Civil Fees	18,755	9,533	15,123	13,165
Prosecuting Attorney Training	429	427	605	251
Prosecuting Attorney Bad Check	24,933	3,953	1,829	27,057
Health Center	88,571	435,902	409,308	115,165
Recorder's Records Preservation	12,738	3,413	3,797	12,354
Children's Trust/Domestic Violence	2,818	526	-	3,344
Chemical Emergency Preparedness	3,710	344	-	4,054
Election Services	1,448	1,636	877	2,207
Sound Recording	1,413	544	95	1,862
Recorder's Technology	-	775	-	775
Associate Circuit Civil and Criminal Interest	2,871	566	854	2,583
Circuit Clerk Interest	13,134	9,176	3,985	18,325
Parent Education	660	1,260	995	925
Recorder's Local Records Grant	-	3,509	3,115	394
Law Library	4,247	2,423	3,450	3,220
Total	<u>\$ 732,876</u>	<u>\$ 2,948,470</u>	<u>\$ 2,800,048</u>	<u>\$ 881,298</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SHELBY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 191,336	\$ 853,998	\$ 817,206	\$ 228,128
Special Road and Bridge	198,907	868,637	899,178	168,366
Assessment	4,099	114,350	106,454	11,995
911	176,506	227,004	268,210	135,300
Law Enforcement Training	12,600	4,628	3,868	13,360
Sheriff's Civil Fees	11,443	10,536	3,224	18,755
Prosecuting Attorney Training	453	626	650	429
Prosecuting Attorney Bad Check	21,408	11,591	8,066	24,933
Health Center Fund	95,707	373,821	380,957	88,571
Recorder's Records Preservation	10,940	3,351	1,553	12,738
Children's Trust/Domestic Violence	2,306	512	-	2,818
Chemical Emergency Preparedness	3,314	396	-	3,710
Election Services	-	1,498	50	1,448
Sound Recording	580	833	-	1,413
Associate Circuit Civil and Criminal Interest	1,949	922	-	2,871
Circuit Clerk Interest	14,024	5,337	6,227	13,134
Parent Education	245	1,575	1,160	660
Law Library	4,240	2,500	2,493	4,247
Total	<u>\$ 750,057</u>	<u>\$ 2,482,115</u>	<u>\$ 2,499,296</u>	<u>\$ 732,876</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>VARIOUS FUNDS</b>						
RECEIPTS	\$ 2,804,797	\$ 2,948,470	\$ 143,673	\$ 2,689,673	\$ 2,482,115	\$ (207,558)
DISBURSEMENTS	3,107,653	2,800,048	307,605	3,136,420	2,499,296	637,124
RECEIPTS OVER (UNDER) DISBURSEMENTS	(302,856)	148,422	451,278	(446,747)	(17,181)	429,566
CASH, JANUARY 1	732,876	732,876	-	750,057	750,057	-
CASH, DECEMBER 31	\$ 430,020	\$ 881,298	\$ 451,278	\$ 303,310	\$ 732,876	\$ 429,566

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-2

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 270,000	\$ 270,231	\$ 231	\$ 270,000	\$ 260,137	\$ (9,863)
Sales taxes	360,000	390,005	30,005	355,000	364,937	9,937
Intergovernmental	113,005	96,140	(16,865)	68,730	73,410	4,680
Charges for services	58,400	54,252	(4,148)	58,000	59,980	1,980
Interest	15,000	14,872	(128)	13,000	18,825	5,825
Other	57,800	35,839	(21,961)	73,850	76,709	2,859
Transfers in	35,000	-	(35,000)	35,000	-	(35,000)
Total Receipts	909,205	861,339	(47,866)	873,580	853,998	(19,582)
DISBURSEMENTS						
County Commission	72,420	72,441	(21)	58,855	58,954	(99)
County Clerk	64,688	59,802	4,886	60,774	59,394	1,380
Elections	11,600	1,660	9,940	24,100	21,484	2,616
Buildings and grounds	72,900	75,709	(2,809)	66,500	61,803	4,697
Employee fringe benefits	100,000	72,531	27,469	96,000	70,247	25,753
County Treasurer	30,000	27,589	2,411	25,000	22,324	2,676
County Collector	49,300	46,162	3,138	47,327	42,529	4,798
Recorder of Deeds	36,688	31,884	4,804	33,241	32,487	754
Associate Circuit Court	7,750	5,803	1,947	8,000	6,282	1,718
Associate Circuit (Probate)	1,500	464	1,036	5,000	2,339	2,661
Court administration	4,100	3,208	892	11,500	5,604	5,896
Public Administrator	20,725	21,396	(671)	11,000	10,691	309
Sheriff	172,500	168,802	3,698	173,400	159,485	13,915
Jail	89,800	60,887	28,913	104,237	66,601	37,636
Prosecuting Attorney	79,487	70,173	9,314	78,053	65,102	12,951
Juvenile Officer	59,858	44,642	15,216	25,609	34,381	(8,772)
Coroner	12,700	9,986	2,714	8,500	6,212	2,288
General County Government	50,700	40,230	10,470	79,065	55,784	23,281
Extension Building Purchase	21,000	23,816	(2,816)	-	-	-
Transfers out	26,000	26,337	(337)	35,000	35,503	(503)
Emergency fund	27,000	-	27,000	25,000	-	25,000
Total Disbursements	1,010,716	863,522	147,194	976,161	817,206	158,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,511)	(2,183)	99,328	(102,581)	36,792	139,373
CASH, JANUARY 1	228,128	228,128	-	191,336	191,336	-
CASH, DECEMBER 31	\$ 126,617	\$ 225,945	\$ 99,328	\$ 88,755	\$ 228,128	\$ 139,373

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-3

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 180,000	\$ 187,578	\$ 7,578	\$ 176,000	\$ 186,521	\$ 10,521
Sales taxes	65,000	79,789	14,789	65,000	71,435	6,435
Intergovernmental	880,300	964,156	83,856	849,400	556,017	(293,383)
Charges for services	9,000	6,496	(2,504)	12,000	6,684	(5,316)
Interest	10,000	13,001	3,001	9,000	15,179	6,179
Other	6,800	10,608	3,808	12,500	32,801	20,301
Total Receipts	1,151,100	1,261,628	110,528	1,123,900	868,637	(255,263)
DISBURSEMENTS						
Salaries	245,000	224,862	20,138	243,373	238,904	4,469
Employee fringe benefits	60,700	50,079	10,621	62,000	50,519	11,481
Supplies	73,700	61,025	12,675	67,700	65,798	1,902
Insurance	13,000	12,065	935	12,000	11,800	200
Road and bridge materials	323,000	301,381	21,619	316,000	322,032	(6,032)
Equipment repairs	35,000	38,720	(3,720)	45,000	32,024	12,976
Construction, repair, and maintenance	328,500	380,859	(52,359)	304,000	26,777	277,223
Rentals	1,000	365	635	1,000	171	829
Equipment purchases	105,000	104,172	828	150,000	148,490	1,510
Other	3,500	2,949	551	3,500	2,663	837
Transfers out	35,000	-	35,000	35,000	-	35,000
Total Disbursements	1,223,400	1,176,477	46,923	1,239,573	899,178	340,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(72,300)	85,151	157,451	(115,673)	(30,541)	85,132
CASH, JANUARY 1	168,366	168,366	-	198,907	198,907	-
CASH, DECEMBER 31	\$ 96,066	\$ 253,517	\$ 157,451	\$ 83,234	\$ 168,366	\$ 85,132

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-4

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 74,000	\$ 79,738	\$ 5,738	\$ 80,000	\$ 77,404	\$ (2,596)
Interest	900	1,262	362	1,000	999	(1)
Other	400	560	160	600	447	(153)
Transfers in	26,000	26,000	-	35,500	35,500	-
Total Receipts	101,300	107,560	6,260	117,100	114,350	(2,750)
DISBURSEMENTS						
Assessor	112,854	107,241	5,613	120,973	106,454	14,519
Total Disbursements	112,854	107,241	5,613	120,973	106,454	14,519
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,554)	319	11,873	(3,873)	7,896	11,769
CASH, JANUARY 1	11,995	11,995	-	4,099	4,099	-
CASH, DECEMBER 31	\$ 441	\$ 12,314	\$ 11,873	\$ 226	\$ 11,995	\$ 11,769

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-5

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 215,000	\$ 233,647	\$ 18,647	\$ 200,000	\$ 216,575	\$ 16,575
Interest income	9,000	6,312	(2,688)	9,000	10,084	1,084
Other revenues	200	422	222	100	345	245
Total Receipts	224,200	240,381	16,181	209,100	227,004	17,904
DISBURSEMENTS						
Salary expenditures	175,400	168,453	6,947	167,000	169,013	(2,013)
Office expenditures	3,000	1,618	1,382	3,000	2,203	797
Equipment expenditures	7,000	2,202	4,798	55,500	56,125	(625)
Mileage/Training	4,500	7,464	(2,964)	5,500	4,075	1,425
Other expenditures	42,500	22,358	20,142	75,500	36,794	38,706
Total Disbursements	232,400	202,095	30,305	306,500	268,210	38,290
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,200)	38,286	46,486	(97,400)	(41,206)	56,194
CASH, JANUARY 1	135,300	135,300	-	176,506	176,506	-
CASH, DECEMBER 31	\$ 127,100	\$ 173,586	\$ 46,486	\$ 79,106	\$ 135,300	\$ 56,194

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-6

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,200	\$ 1,114	\$ (86)	\$ 1,100	\$ 1,052	\$ (48)
Charges for services	2,400	1,713	(687)	2,100	2,524	424
Interest income	900	748	(152)	700	1,052	352
Total Receipts	4,500	3,575	(925)	3,900	4,628	728
DISBURSEMENTS						
Training	15,200	6,680	8,520	15,200	3,868	11,332
Total Disbursements	15,200	6,680	8,520	15,200	3,868	11,332
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,700)	(3,105)	7,595	(11,300)	760	12,060
CASH, JANUARY 1	13,360	13,360	-	12,600	12,600	-
CASH, DECEMBER 31	\$ 2,660	\$ 10,255	\$ 7,595	\$ 1,300	\$ 13,360	\$ 12,060

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF'S CIVIL FEES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 10,000	\$ 8,521	\$ (1,479)	\$ 12,000	\$ 9,329	\$ (2,671)
Interest	1,000	1,012	12	800	1,207	407
Total Receipts	11,000	9,533	(1,467)	12,800	10,536	(2,264)
DISBURSEMENTS						
Salary	13,000	9,725	3,275	8,000	3,224	4,776
Equipment	11,000	5,398	5,602	11,000	-	11,000
Total Disbursements	24,000	15,123	8,877	19,000	3,224	15,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,000)	(5,590)	7,410	(6,200)	7,312	13,512
CASH, JANUARY 1	18,755	18,755	-	11,443	11,443	-
CASH, DECEMBER 31	\$ 5,755	\$ 13,165	\$ 7,410	\$ 5,243	\$ 18,755	\$ 13,512

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY'S TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 427	\$ (173)	\$ 600	\$ 626	\$ 26
Total Receipts	600	427	(173)	600	626	26
DISBURSEMENTS						
Mileage/training	400	597	(197)	550	550	-
Other	-	8	(8)	100	100	-
Total Disbursements	400	605	(205)	650	650	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	(178)	(378)	(50)	(24)	26
CASH, JANUARY 1	429	429	-	453	453	-
CASH, DECEMBER 31	\$ 629	\$ 251	\$ (378)	\$ 403	\$ 429	\$ 26

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-9

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK/DELINQUENT TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 4,015	\$ 2,638	\$ (1,377)	\$ 3,010	\$ 4,453	\$ 1,443
Interest	1,500	1,315	(185)	500	1,526	1,026
Other revenue	2,200	-	(2,200)	-	5,612	5,612
Total Receipts	7,715	3,953	(3,762)	3,510	11,591	8,081
DISBURSEMENTS						
Salary	19,588	1,817	17,771	18,000	7,986	10,014
Bad check expense	800	12	788	1,000	80	920
Delinquent tax expense	-	-	-	500	-	500
Total Disbursements	20,388	1,829	18,559	19,500	8,066	11,434
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,673)	2,124	14,797	(15,990)	3,525	19,515
CASH, JANUARY 1	24,933	24,933	-	21,408	21,408	-
CASH, DECEMBER 31	\$ 12,260	\$ 27,057	\$ 14,797	\$ 5,418	\$ 24,933	\$ 19,515

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-10

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Taxes	\$ 174,978	\$ 167,910	\$ (7,068)	\$ 100,793	\$ 107,628	\$ 6,835
Intergovernmental	103,992	112,526	8,534	123,318	133,874	10,556
Charges for services	90,552	129,395	38,843	94,507	115,256	20,749
Interest	6,000	6,883	883	5,000	5,388	388
Other	6,500	19,188	12,688	7,500	11,675	4,175
Total Receipts	382,022	435,902	53,880	331,118	373,821	42,703
DISBURSEMENTS						
Salary	281,920	279,725	2,195	298,260	286,646	11,614
Office expenditures	22,200	24,243	(2,043)	22,700	20,184	2,516
Equipment expenditures	9,000	6,952	2,048	8,500	8,274	226
Mileage and training	34,500	27,960	6,540	28,500	32,828	(4,328)
Capital projects	70,000	37,876	32,124	-	-	-
Other	30,500	32,552	(2,052)	63,158	33,025	30,133
Total Disbursements	448,120	409,308	38,812	421,118	380,957	40,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,098)	26,594	92,692	(90,000)	(7,136)	82,864
CASH, JANUARY 1	88,571	88,571	-	95,707	95,707	-
CASH, DECEMBER 31	\$ 22,473	\$ 115,165	\$ 92,692	\$ 5,707	\$ 88,571	\$ 82,864

Exhibit B-11

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S RECORDS PRESERVATION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,600	\$ 2,881	\$ (719)	\$ 3,600	\$ 3,013	\$ (587)
Interest	250	532	282	150	338	188
Total Receipts	3,850	3,413	(437)	3,750	3,351	(399)
DISBURSEMENTS						
Office expense	2,500	682	1,818	2,500	997	1,503
Equipment	4,500	3,115	1,385	4,500	556	3,944
Total Disbursements	7,000	3,797	3,203	7,000	1,553	5,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,150)	(384)	2,766	(3,250)	1,798	5,048
CASH, JANUARY 1	12,738	12,738	-	10,940	10,940	-
CASH, DECEMBER 31	\$ 9,588	\$ 12,354	\$ 2,766	\$ 7,690	\$ 12,738	\$ 5,048

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-12

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CHILDREN'S TRUST/DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 300	\$ 210	\$ (90)	\$ 300	\$ 362	\$ 62
Interest	150	316	166	-	150	150
Total Receipts	450	526	76	300	512	212
DISBURSEMENTS						
Children's Trust/Domestic Violence expense	2,000	-	2,000	2,000	-	2,000
Total Disbursements	2,000	-	2,000	2,000	-	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,550)	526	2,076	(1,700)	512	2,212
CASH, JANUARY 1	2,818	2,818	-	2,306	2,306	-
CASH, DECEMBER 31	\$ 1,268	\$ 3,344	\$ 2,076	\$ 606	\$ 2,818	\$ 2,212

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-13

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CHEMICAL EMERGENCY PREPAREDNESS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 30	\$ -	\$ (30)	\$ 500	\$ 32	\$ (468)
Interest	300	344	44	180	364	184
Total Receipts	330	344	14	680	396	(284)
DISBURSEMENTS						
Chemical emergency preparedness	3,000	-	3,000	3,000	-	3,000
Total Disbursements	3,000	-	3,000	3,000	-	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,670)	344	3,014	(2,320)	396	2,716
CASH, JANUARY 1	3,710	3,710	-	3,314	3,314	-
CASH, DECEMBER 31	\$ 1,040	\$ 4,054	\$ 3,014	\$ 994	\$ 3,710	\$ 2,716

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-14

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION SERVICES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 1,636	\$ 1,036	\$ 1,500	\$ 1,473	\$ (27)
Interest	200	-	(200)	-	25	25
Total Receipts	800	1,636	836	1,500	1,498	(2)
DISBURSEMENTS						
Salary	225	-	225	-	-	-
Election services	900	877	23	500	50	450
Total Disbursements	1,125	877	248	500	50	450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(325)	759	1,084	1,000	1,448	448
CASH, JANUARY 1	1,448	1,448	-	-	-	-
CASH, DECEMBER 31	\$ 1,123	\$ 2,207	\$ 1,084	\$ 1,000	\$ 1,448	\$ 448

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-15

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SOUND RECORDING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 480	\$ (120)	\$ 580	\$ 780	\$ 200
Interest	25	-	(25)	10	53	43
Other revenue	-	64	64	-	-	-
Total Receipts	625	544	(81)	590	833	243
DISBURSEMENTS						
Sound recording	600	95	505	-	-	-
Total Disbursements	600	95	505	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	449	424	590	833	243
CASH, JANUARY 1	1,413	1,413	-	580	580	-
CASH, DECEMBER 31	\$ 1,438	\$ 1,862	\$ 424	\$ 1,170	\$ 1,413	\$ 243

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-16

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S TECHNOLOGY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ -	\$ 775	\$ 775	\$ -	\$ -	\$ -
Total Receipts	-	775	775	-	-	-
DISBURSEMENTS						
Recorder's technology	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	775	775	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 775	\$ 775	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-17

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE CIRCUIT CIVIL AND CRIMINAL INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services				\$ -	\$ 922	\$ 922
Interest	\$ -	\$ 566	\$ 566	-	-	-
Total Receipts	-	566	566	-	922	922
DISBURSEMENTS						
Associated Circuit Civil interest	750	854	(104)	-	-	-
Total Disbursements	750	854	(104)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	(288)	462	-	922	922
CASH, JANUARY 1	2,871	2,871	-	1,949	1,949	-
CASH, DECEMBER 31	\$ 2,121	\$ 2,583	\$ 462	\$ 1,949	\$ 2,871	\$ 922

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-18

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,600	\$ 9,176	\$ 5,576	\$ 3,500	\$ 5,337	\$ 1,837
Total Receipts	3,600	9,176	5,576	3,500	5,337	1,837
DISBURSEMENTS						
Circuit Clerk Interest	5,000	3,985	1,015	5,000	6,227	(1,227)
Total Disbursements	5,000	3,985	1,015	5,000	6,227	(1,227)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	5,191	6,591	(1,500)	(890)	610
CASH, JANUARY 1	13,134	13,134	-	14,024	14,024	-
CASH, DECEMBER 31	\$ 11,734	\$ 18,325	\$ 6,591	\$ 12,524	\$ 13,134	\$ 610

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-19

SHELBY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PARENT EDUCATION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	\$ 1,260	\$ 260	\$ 245	\$ 1,575	\$ 1,330
Total Receipts	1,000	1,260	260	245	1,575	1,330
DISBURSEMENTS						
Parent education	700	995	(295)	245	1,160	(915)
Total Disbursements	700	995	(295)	245	1,160	(915)
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	265	(35)	-	415	415
CASH, JANUARY 1	660	660	-	245	245	-
CASH, DECEMBER 31	\$ 960	\$ 925	\$ (35)	\$ 245	\$ 660	\$ 415

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-20

SHELBY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S LOCAL RECORDS GRANT FUND

	Year Ended December 31, 2001			Year Ended December 31, 2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ -	\$ 6	\$ 6	\$ -	\$ -	\$ -
Other revenues	-	3,503	3,503	-	-	-
Total Receipts	-	3,509	3,509	-	-	-
DISBURSEMENTS						
Expense	-	3,115	(3,115)	-	-	-
Total Disbursements	-	3,115	(3,115)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	394	394	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 394	\$ 394	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-21

SHELBY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW LIBRARY FUND

	Year Ended December 31,			Year Ended December 31,		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 100	\$ 73	\$ (27)	\$ -	\$ 85	\$ 85
Charges for services	2,400	2,350	(50)	3,500	2,415	(1,085)
Total Receipts	2,500	2,423	(77)	3,500	2,500	(1,000)
DISBURSEMENTS						
Law Library	-	3,450	(3,450)	-	2,493	(2,493)
Total Disbursements	-	3,450	(3,450)	-	2,493	(2,493)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	(1,027)	(3,527)	3,500	7	(3,493)
CASH, JANUARY 1	4,247	4,247	-	4,240	4,240	-
CASH, DECEMBER 31	\$ 6,747	\$ 3,220	\$ (3,527)	\$ 7,740	\$ 4,247	\$ (3,493)

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

## SHELBY COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

#### 1. Summary of Significant Accounting Policies

##### A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

##### B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

##### C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Local Records Grant Fund	2001
Recorder's Technology Fund	2001
Associate Circuit Civil and Criminal Interest Fund	2000

## SHELBY COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

#### C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney's Training Fund	2001
Circuit Clerk Interest Fund	2000
Parent Education Fund	2001 and 2000
Law Library Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Civil and Criminal Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Parent Education Fund	2001 and 2000
Law Library Fund	2001 and 2000

In addition, the amounts presented in the published financial statements for the Health Center Fund included only those amounts which passed through the County Treasurer.

## SHELBY COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

#### 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

## Supplementary Schedule

## Schedule

SHELBY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-0203	\$ 28,896	\$ 22,722
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	96-UM-WX-0232		8,811
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	95-R4-RX-K011		5,610
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	960	957
Total pass-through programs			960	6,567
Total U.S. Department of Justice			960	15,378
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-102(15)	373,568	7,330
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A		184

(continued)

## Schedule

SHELBY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0203CLPP ERS146-1203L	2,259	1,100
93.268	Immunization Grants	N/A	17,851	19,365
			14,281	16,267
			<u>32,132</u>	<u>35,632</u>
93.575	Child Care and Development Block Grant	PGA067-1203C PGA067-2203S PGA067-0203S PGA067-0203C	3,002	2,905
93.991	Preventive Health and Health Services Block Grant	N/A		194
93.991	Chronic Disease Health Education Initiative Tobacco Match	A0C00380172		22,715
93.994	Maternal and Child Health Services Block Grant to the States	ERS175-0203F ERS175-1203F	11,610	18,301
			1,607	968
			<u>13,217</u>	<u>19,269</u>
93.994	Comprehensive Family Planning Services	ERS146-0203M ERS146-1203M ERS146-2203M	7,433	6,590
Total pass-through programs			<u>58,043</u>	<u>88,405</u>
Total U.S. Department of Health and Human Services			<u>58,043</u>	<u>88,405</u>
Total Expenditures of Federal Awards			<u>\$ 461,467</u>	<u>134,019</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



SHELBY COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Shelby County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

## SHELBY COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

#### C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$14,281 and \$16,267 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$-0- and \$194 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,607 and \$968 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

#### 2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

**FEDERAL AWARDS -  
SINGLE AUDIT SECTION**

## Independent Auditors' Report

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 3, 2002

To the County Commission  
and  
Officeholders of Shelby County, Missouri

#### Compliance

We have audited the compliance of Shelby County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Shelby County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

## Internal Control Over Compliance

The management of Shelby County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements  
noted?   X   yes    \_\_\_\_\_ no

Federal Awards

Internal control over major program:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes    \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major program:

CFDA or Other Identifying Number	Program Title
20.205	Highway Planning and Construction



SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      X   no

**Section II - Financial Statement Findings**

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1    Condition: As noted in note 1C in the notes to the financial statements, the County did not adopt budgets for some funds.

Criteria: The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Section 50.525 through 50.745, RSMo 2000, the County budget law.

Effect: The County is not in compliance with the County budget law.

Recommendation: We recommend the County adopt a budget for all funds.

Auditee's response: These funds started in the middle of the year and we did not issue a revised budget.

01-2    Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740 RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will attempt to budget sufficient amounts to cover expenditures in the future.

## SHELBY COUNTY, MISSOURI

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) YEARS ENDED DECEMBER 31, 2001 AND 2000

- 01-3 Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not include all County funds.

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50.800 and 50.810, RSMo, 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's response: We will attempt to include all funds in the future.

### Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-102(15)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

- 01-4 Condition: The schedule of Federal Financial Assistance prepared by the County did not accurately report federal revenue and expenditures.

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (OMB Common Rule), Subpart C Section 20, (b)(2) states that grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Effect: Without proper controls for accurately identifying federal revenue and expenditures, the County's federal awards could potentially be reduced.

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Recommendation: We recommend the County adopt procedures in which federal awards may be correctly identified.

Auditee's response: We will attempt to accurately identify federal assistance in the future.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

SHELBY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shelby County, Missouri, on the applicable findings in the prior audit report issued for the Shelby years ended December 31, 1999.

**Finding 99-1**

The County imposed a sales tax under Section 67.547, RSMo 1994, for the purpose of establishing an enhanced 911 emergency telephone service; however, the County also has another one-half of one percent sales tax levy under this law. With this additional sales tax, the County is levying one percent, which is apparently above the statutory maximum allowed by Section 67.547. The County could have submitted this issue to the voters under Section 190.335, RSMo Cumulative Supp., which authorizes up to one half of one percent sales tax levy for the purpose of providing emergency services.

**Recommendation:** The County Commission should review the overall sales taxes being levied and ensure they are in accordance with state law.

**Status:** After discussions with an attorney, and based on the attorney's opinion that the County is in compliance with state law, the County Commissioners decided to keep the 911 sales tax levy as originally imposed. Letters were mailed to the state, but no reply has been received yet.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

SHELBY COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

**Finding 99-2**

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	93.991
Program Title:	Preventive Health and Health Services Block Grant
Pass-Through Entity	
Identifying Number:	A0C9000113, A0C0380172, and A0CB000076
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 102(14) and BRO 102(15)
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable

The County did not have a procedure in place to adequately track federal assistance for preparation of the schedule of expenditures of federal awards (SEFA).

**Recommendation:** The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**Status:** Not implemented. See finding 01-4.

SHELBY COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
IN ACCORDANCE WITH OMB CIRCULAR A-133

**Finding 99-3**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 102(14)
Award Year:	1998
Questioned Costs:	Not Applicable

The County normally pays expenditures as the liability is incurred and prior to the reimbursement; however, one reimbursement totaling \$89,527 was held 182 days from the date of receipt until the related payment was made.

Recommendation: The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Status: Implemented.





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Polk County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Polk County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in dark ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-79  
August 30, 2002

POLK COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 2001 AND 2000

POLK COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1-2
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Financial Statements:	
<u>Description</u>	<u>Exhibit</u>
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1
Year Ended December 31, 2000	A-2
	5
	6
Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	B
	7-15
Notes to the Financial Statements	16-18
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	19-20
Notes to the Supplementary Schedule	21-22
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Independent Auditor's Report:	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	23-24

POLK COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:	
Schedule of Findings and Questioned Costs Including Management's Plan for Corrective Action, Years Ended December 31, 2001 and 2000	25-26
Section I – Summary of Auditor' Results	
Section II – Financial Statement Findings	
Section III – Federal Award Findings and Questioned Costs	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	27
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	28
SECTION ON OTHER MATTERS:	
Letter on Other Matters	29-31

## FINANCIAL SECTION

## Independent Auditor's Reports

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
and  
County Commission of  
Polk County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Polk County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Polk County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Polk County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Polk County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 2, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

May 2, 2002



McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
and  
County Commission of  
Polk County, Missouri

We have audited the special-purpose financial statements of various funds of Polk County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Polk County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Polk County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a

timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Polk County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 2, 2002

## Financial Statements

POLK COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 896,097	\$ 1,108,887	\$ 1,039,729	\$ 965,255
Special Road and Bridge	23,592	2,720,870	2,736,362	8,100
Assessment	63	182,184	182,247	0
Law Enforcement Training	9,392	14,801	6,207	17,986
Prosecuting Attorney Training	7,459	1,223	1,245	7,437
Law Enforcement Sales Tax	587,346	1,471,437	1,479,526	579,257
Capital Improvement Sales Tax	442,916	1,119,418	1,447,624	114,710
Emergency 911	15,468	227,537	232,998	10,007
Child Support Enforcement	0	99,991	99,991	0
Prosecuting Attorney Bad Check	33,420	22,039	12,759	42,700
Recorder User Fee	18,258	17,168	20,017	15,409
Prosecuting Attorney Delinquent Tax	5,041	316	0	5,357
Sheriff Civil Fees	43,910	33,003	47,831	29,082
Police Officers Standard Training	5,806	0	5,806	0
Special Trust	132	1,126	549	709
Moore Cemetery Trust	3,587	189	0	3,776
Recycling Project	939	30,101	17,834	13,206
Local Emergency Planning Committee	7,841	5,394	2,414	10,821
Juvenile Detention Center	41,302	28,846	11,953	58,195
Veterans Memorial	2,247	245	0	2,492
Health Center	30,942	493,213	452,086	72,069
Senate Bill 40 Board	81,170	43,868	81,463	43,575
Sheriff Special Operations	4,648	0	160	4,488
Law Library	2,233	10,983	7,241	5,975
Circuit Clerk Interest	1,843	4,532	4,725	1,650
Associate Circuit Division Interest	7,932	975	0	8,907
	<u>\$ 2,273,584</u>	<u>\$ 7,638,346</u>	<u>\$ 7,890,767</u>	<u>\$ 2,021,163</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

POLK COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 824,231	\$ 1,023,328	\$ 951,462	\$ 896,097
Special Road and Bridge	36,290	2,354,461	2,367,159	23,592
Assessment	64	176,614	176,615	63
Law Enforcement Training	7,906	10,878	9,392	9,392
Prosecuting Attorney Training	6,135	1,649	325	7,459
Law Enforcement Sales Tax	581,993	1,268,579	1,263,226	587,346
Capital Improvement Sales Tax	452,997	889,919	900,000	442,916
Emergency 911	389	216,407	201,328	15,468
Child Support Enforcement	5,912	83,840	89,752	0
Prosecuting Attorney Bad Check	23,469	27,949	17,998	33,420
Recorder User Fee	9,090	12,955	3,787	18,258
Prosecuting Attorney Delinquent Tax	4,719	322	0	5,041
Sheriff Civil Fees	26,549	30,929	13,568	43,910
Police Officers Standard Training	3,621	5,806	3,621	5,806
Special Trust	1,157	975	2,000	132
Moore Cemetery Trust	3,347	240	0	3,587
Recycling Project	27,029	1,166	27,256	939
Local Emergency Planning Committee	8,052	5,384	5,595	7,841
Juvenile Detention Center	18,756	42,084	19,538	41,302
Veterans Memorial	2,118	129	0	2,247
Health Center	38,059	454,366	461,483	30,942
Senate Bill 40 Board	67,848	32,679	19,357	81,170
Sheriff Special Operations	4,728	0	80	4,648
Law Library	6,503	11,713	15,983	2,233
Circuit Clerk Interest	1,005	1,318	480	1,843
Associate Circuit Division Interest	6,600	1,332	0	7,932
	<u>\$ 2,168,567</u>	<u>\$ 6,655,022</u>	<u>\$ 6,550,005</u>	<u>\$ 2,273,584</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 6,931,774	\$ 7,621,611	\$ 689,837	\$ 6,545,390	\$ 6,640,659	\$ 95,269
DISBURSEMENTS	7,839,925	7,878,641	(38,716)	7,195,540	6,533,462	662,078
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (908,151)	\$ (257,030)	\$ 651,121	\$ (650,150)	\$ 107,197	\$ 757,347
CASH, JANUARY 1	2,146,364	2,254,810	108,446	2,360,205	2,147,613	(212,592)
CASH, DECEMBER 31	<u>\$ 1,238,213</u>	<u>\$ 1,997,780</u>	<u>\$ 759,567</u>	<u>\$ 1,710,055</u>	<u>\$ 2,254,810</u>	<u>\$ 544,755</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 533,440	\$ 584,075	\$ 50,635	\$ 432,822	\$ 531,524	\$ 98,702
Intergovernmental	18,309	29,771	11,462	19,765	33,705	13,940
Charges for services	281,600	301,379	19,779	279,800	275,139	(4,661)
Interest	70,000	67,823	(2,177)	58,000	72,746	14,746
Other	329,296	125,838	(203,458)	69,157	110,214	41,057
Total Receipts	<u>\$ 1,232,645</u>	<u>\$ 1,108,886</u>	<u>\$ (123,758)</u>	<u>\$ 859,544</u>	<u>\$ 1,023,328</u>	<u>\$ 163,784</u>
DISBURSEMENTS						
County Commission	\$ 102,389	\$ 100,476	\$ 1,913	\$ 101,830	\$ 97,300	\$ 4,530
County Clerk	87,145	86,978	167	79,595	74,656	4,939
Elections	72,948	45,390	27,558	107,693	102,962	4,731
Buildings and grounds	321,887	342,280	(20,393)	247,772	245,347	2,425
Employee fringe benefits	39,560	41,439	(1,879)	32,810	32,210	600
County Treasurer	59,184	55,756	3,428	56,512	54,478	2,034
County Collector	109,605	93,701	15,904	99,689	95,124	4,565
Ex Officio Recorder of Deeds	71,678	56,346	15,332	71,043	66,842	4,201
Associate Circuit Court	22,650	20,904	1,746	21,125	11,414	9,711
Associate Circuit (Probate)	0	13,451	(13,451)	11,198	0	11,198
Public Administrator	46,715	45,600	1,115	27,265	38,729	(11,464)
Court Reporter	5,250	507	4,743	0	3,291	(3,291)
Circuit Judge	12,229	3,062	9,167	0	5,815	(5,815)
Other	330,745	110,216	220,529	105,774	99,894	5,880
Transfers out	68,472	23,623	44,849	67,661	23,400	44,261
Emergency Fund	31,000	0	31,000	25,800	0	25,800
Total Disbursements	<u>\$ 1,381,457</u>	<u>\$ 1,039,729</u>	<u>\$ 341,728</u>	<u>\$ 1,055,767</u>	<u>\$ 951,462</u>	<u>\$ 104,305</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (148,812)	\$ 69,158	\$ 217,970	\$ (196,223)	\$ 71,866	\$ 268,089
CASH, JANUARY 1	896,097	896,097	0	677,280	824,231	146,951
CASH, DECEMBER 31	<u>\$ 747,285</u>	<u>\$ 965,255</u>	<u>\$ 217,970</u>	<u>\$ 481,057</u>	<u>\$ 896,097</u>	<u>\$ 415,040</u>

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 232,438	\$ 293,486	\$ 61,048	\$ 198,994	\$ 264,805	\$ 65,811
Intergovernmental	1,243,500	1,125,862	(117,638)	934,600	1,089,237	154,637
Charges for services	0	0	0	0	0	0
Interest	5,000	4,584	(416)	2,000	11,932	9,932
Other	200	21,938	21,738	700	88,487	87,787
Transfers in	1,300,000	1,275,000	(25,000)	1,135,669	900,000	(235,669)
Total Receipts	\$ 2,781,138	\$ 2,720,870	\$ (60,268)	\$ 2,271,963	\$ 2,354,461	\$ 82,498
DISBURSEMENTS						
Salaries	\$ 475,000	\$ 489,222	\$ (14,222)	\$ 440,500	\$ 423,785	\$ 16,715
Employee fringe benefits	114,000	106,038	7,962	93,700	89,701	3,999
Supplies	142,200	161,922	(19,722)	119,200	140,080	(20,880)
Insurance	27,500	29,163	(1,663)	21,600	26,351	(4,751)
Road and bridge materials	1,038,000	1,145,232	(107,232)	905,000	893,247	11,753
Equipment repairs	90,000	87,922	2,078	80,000	115,300	(35,300)
Rentals	6,500	6,860	(360)	6,500	6,199	301
Equipment purchases	200,000	205,460	(5,460)	200,000	258,526	(58,526)
Construction, repair, and maintenance	200	1,245	(1,045)	200	268	(68)
Other	557,500	369,131	188,369	402,000	413,701	(11,701)
Transfers out	141,000	134,165	6,835	0	0	0
Total Disbursements	\$ 2,791,900	\$ 2,736,362	\$ 55,538	\$ 2,268,700	\$ 2,367,159	\$ (98,459)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,762)	\$ (15,492)	\$ (4,730)	\$ 3,263	\$ (12,698)	\$ (15,961)
CASH, JANUARY 1	23,592	23,592	0	20,150	36,290	16,140
CASH, DECEMBER 31	\$ 12,830	\$ 8,100	\$ (4,729)	\$ 23,413	\$ 23,592	\$ 179
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 162,638	\$ 165,636	\$ 2,998	\$ 142,057	\$ 153,896	\$ 11,839
Interest	1,500	1,886	386	1,200	1,531	331
Other	2,700	2,454	(246)	2,000	2,837	837
Transfers in	38,472	12,208	(26,264)	36,974	18,350	(18,624)
Total Receipts	\$ 205,310	\$ 182,184	\$ (23,126)	\$ 182,231	\$ 176,614	\$ (5,617)
DISBURSEMENTS						
Assessor	\$ 204,097	\$ 182,247	\$ 21,850	\$ 182,295	\$ 176,615	\$ 5,680
Total Disbursements	\$ 204,097	\$ 182,247	\$ 21,850	\$ 182,295	\$ 176,615	\$ 5,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,213	\$ (63)	\$ (1,276)	\$ (64)	\$ (1)	\$ 63
CASH, JANUARY 1	64	63	(1)	64	64	0
CASH, DECEMBER 31	\$ 1,277	\$ 0	\$ (1,277)	\$ 0	\$ 63	\$ 63

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 5,000	\$ 3,052	\$ (1,948)	\$ 0	\$ 0	\$ 0
Charges for services	6,000	4,704	(1,296)	6,880	6,596	(284)
Interest	500	644	144	450	651	201
Other	0	564	564	0	10	10
Transfers in	5,806	5,836	30	3,621	3,621	0
Total Receipts	\$ 17,306	\$ 14,801	\$ (2,506)	\$ 10,951	\$ 10,878	\$ (73)
DISBURSEMENTS						
Sheriff	\$ 10,600	\$ 6,207	\$ 4,393	\$ 9,500	\$ 9,392	\$ 108
Total Disbursements	\$ 10,600	\$ 6,207	\$ 4,393	\$ 9,500	\$ 9,392	\$ 108
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 6,706	\$ 8,594	\$ 1,888	\$ 1,451	\$ 1,486	\$ 35
CASH, JANUARY 1	9,392	9,392	0	7,906	7,906	0
CASH, DECEMBER 31	<u>\$ 16,098</u>	<u>\$ 17,986</u>	<u>\$ 1,888</u>	<u>\$ 9,357</u>	<u>\$ 9,392</u>	<u>\$ 35</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 1,649	\$ 1,223	\$ (426)	\$ 1,723	\$ 1,649	\$ (74)
Total Receipts	\$ 1,649	\$ 1,223	\$ (426)	\$ 1,723	\$ 1,649	\$ (74)
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,750	\$ 1,245	\$ 505	\$ 1,750	\$ 325	\$ 1,425
Total Disbursements	\$ 1,750	\$ 1,245	\$ 505	\$ 1,750	\$ 325	\$ 1,425
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (101)	\$ (22)	\$ 79	\$ (27)	\$ 1,324	\$ 1,351
CASH, JANUARY 1	7,459	7,459	0	6,135	6,135	0
CASH, DECEMBER 31	<u>\$ 7,358</u>	<u>\$ 7,437</u>	<u>\$ 79</u>	<u>\$ 6,108</u>	<u>\$ 7,459</u>	<u>\$ 1,351</u>
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales tax	\$ 1,000,000	\$ 1,093,217	\$ 93,217	\$ 997,000	\$ 1,056,106	\$ 59,106
Intergovernmental	157,809	133,229	(24,580)	8,869	8,086	(782)
Charges for services	115,000	105,067	(9,933)	79,000	122,508	43,508
Interest	30,000	30,606	606	24,000	31,967	7,967
Other	43,278	109,317	66,039	37,800	49,911	12,111
Transfers in	0	0	0	59,736	0	(59,736)
Total Receipts	\$ 1,346,087	\$ 1,471,437	\$ 125,350	\$ 1,206,404	\$ 1,268,579	\$ 62,174
DISBURSEMENTS						
Sheriff	\$ 909,460	\$ 895,814	\$ 13,646	\$ 836,832	\$ 794,121	\$ 42,711
Jail	201,676	166,970	34,706	160,176	162,366	(2,190)
Prosecuting Attorney	164,848	158,698	6,150	161,804	161,377	427
Juvenile Officer	42,319	33,360	8,959	41,264	28,925	12,339
County Coroner	26,480	21,385	5,095	20,547	12,151	8,396
Employee fringe benefits	245,455	203,299	42,156	110,200	104,285	5,915
Emergency Fund	36,000	0	36,000	36,200	0	36,200
Total Disbursements	\$ 1,626,238	\$ 1,479,526	\$ 146,712	\$ 1,367,023	\$ 1,263,226	\$ 103,797
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (280,151)	\$ (8,089)	\$ 272,062	\$ (160,619)	\$ 5,353	\$ 165,972
CASH, JANUARY 1	587,346	587,346	0	522,257	581,993	\$ 59,736
CASH, DECEMBER 31	<u>\$ 307,195</u>	<u>\$ 579,257</u>	<u>\$ 272,062</u>	<u>\$ 361,638</u>	<u>\$ 587,346</u>	<u>\$ 225,708</u>



POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales Tax	\$ 1,050,000	\$ 1,092,422	\$ 42,422	\$ 825,000	\$ 873,400	\$ 48,400
Transfers In	0	4,525	4,525	0	0	0
Interest	16,500	22,471	5,971	26,000	16,519	(9,481)
Total Receipts	\$ 1,066,500	\$ 1,119,418	\$ 52,918	\$ 851,000	\$ 889,919	\$ 38,919
DISBURSEMENTS						
Distributions to road districts	\$ 180,000	\$ 172,624	\$ 7,376	\$ 0	\$ 0	\$ 0
Transfers out	1,300,000	1,275,000	25,000	1,100,000	900,000	200,000
Total Disbursements	\$ 1,480,000	\$ 1,447,624	\$ 32,376	\$ 1,100,000	\$ 900,000	\$ 200,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (413,500)	\$ (328,206)	\$ 85,294	\$ (249,000)	\$ (10,081)	\$ 238,919
CASH, JANUARY 1	442,916	442,916	0	452,997	452,997	0
CASH, DECEMBER 31	\$ 29,416	\$ 114,710	\$ 85,294	\$ 203,997	\$ 442,916	\$ 238,919
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
Charges for services	\$ 216,100	\$ 225,834	\$ 9,734	\$ 200,000	\$ 214,825	\$ 14,825
Interest	1,500	1,695	195	1,000	1,583	583
Other	0	8	8	0	0	0
Total Receipts	\$ 217,600	\$ 227,537	\$ 9,937	\$ 201,000	\$ 216,407	\$ 15,407
DISBURSEMENTS						
Office expenditures	\$ 2,000	\$ 2,148	\$ (148)	\$ 1,000	\$ 1,828	\$ (828)
Contractual services	231,000	230,850	150	200,389	199,500	889
Total Disbursements	\$ 233,000	\$ 232,998	\$ 2	\$ 201,389	\$ 201,328	\$ 60
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (15,400)	\$ (5,461)	\$ 9,939	\$ (389)	\$ 15,079	\$ 15,468
CASH, JANUARY 1	15,468	15,468	0	389	389	0
CASH, DECEMBER 31	\$ 68	\$ 10,007	\$ 9,939	\$ 0	\$ 15,468	\$ 15,468
<b><u>CHILD SUPPORT ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 117,929	\$ 95,601	\$ (22,329)	\$ 93,818	\$ 72,759	\$ (21,059)
Other	0	1,132	1,132	12,086	6,031	(6,055)
Transfers in	12,000	3,258	(8,742)	5,687	5,050	(637)
Total Receipts	\$ 129,929	\$ 99,991	\$ (29,938)	\$ 111,591	\$ 83,840	\$ (27,751)
DISBURSEMENTS						
Salaries	\$ 80,793	\$ 71,831	\$ 8,962	\$ 77,672	\$ 63,112	\$ 14,560
Office expenditures	16,200	11,897	4,303	15,700	13,020	2,680
Equipment	3,200	2,755	445	3,100	2,296	804
Mileage and training	3,150	2,198	952	3,000	2,303	697
Other	14,587	10,987	3,600	12,118	9,020	3,098
Transfers out	0	323	(323)	0	0	0
Total Disbursements	\$ 117,930	\$ 99,991	\$ 17,939	\$ 111,590	\$ 89,752	\$ 21,839
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 11,999	\$ 0	\$ (11,999)	\$ 1	\$ (5,912)	\$ (5,913)
CASH, JANUARY 1	0	0	0	5,912	5,912	0
CASH, DECEMBER 31	\$ 11,999	\$ 0	\$ (11,999)	\$ 5,913	\$ 0	\$ (5,913)

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 20,000	\$ 19,636	\$ (364)	\$ 12,000	\$ 25,495	\$ 13,495
Interest	1,600	1,874	274	1,000	1,556	556
Other	0	529	529	500	898	398
Total Receipts	\$ 21,600	\$ 22,039	\$ 439	\$ 13,500	\$ 27,949	\$ 14,449
DISBURSEMENTS						
Prosecuting Attorney	\$ 17,200	\$ 12,759	\$ 4,441	\$ 5,000	\$ 17,998	\$ (12,998)
Total Disbursements	\$ 17,200	\$ 12,759	\$ 4,441	\$ 5,000	\$ 17,998	\$ (12,998)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 4,400	\$ 9,280	\$ 4,880	\$ 8,500	\$ 9,951	\$ 1,451
CASH, JANUARY 1	33,420	33,420	0	23,469	23,469	0
CASH, DECEMBER 31	\$ 37,820	\$ 42,700	\$ 4,880	\$ 31,969	\$ 33,420	\$ 1,451
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 12,000	\$ 16,348	\$ 4,348	\$ 13,000	\$ 12,221	\$ (779)
Interest	500	820	320	400	734	334
Total Receipts	\$ 12,500	\$ 17,168	\$ 4,668	\$ 13,400	\$ 12,955	\$ (445)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	\$ 28,000	\$ 20,017	\$ 7,983	\$ 21,000	\$ 3,787	\$ 17,213
Total Disbursements	\$ 28,000	\$ 20,017	\$ 7,983	\$ 21,000	\$ 3,787	\$ 17,213
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (15,500)	\$ (2,851)	\$ 12,651	\$ (7,600)	\$ 9,168	\$ 16,768
CASH, JANUARY 1	18,258	18,258	0	9,090	9,090	0
CASH, DECEMBER 31	\$ 2,758	\$ 15,409	\$ 12,651	\$ 1,490	\$ 18,258	\$ 16,768
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Charges for services	\$ 50	\$ 48	\$ (2)	\$ 0	\$ 54	\$ 54
Interest	300	268	(32)	300	268	(32)
Total Receipts	\$ 350	\$ 316	\$ (34)	\$ 300	\$ 322	\$ 22
DISBURSEMENTS						
Prosecuting attorney	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 350	\$ 316	\$ (34)	\$ 300	\$ 322	\$ 22
CASH, JANUARY 1	5,042	5,041	(1)	4,719	4,719	0
CASH, DECEMBER 31	\$ 5,392	\$ 5,357	\$ (35)	\$ 5,019	\$ 5,041	\$ 22

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 27,000	\$ 30,718	\$ 3,718	\$ 25,000	\$ 29,123	\$ 4,123
Interest	2,000	2,285	285	900	1,806	906
Total Receipts	\$ 29,000	\$ 33,003	\$ 4,003	\$ 25,900	\$ 30,929	\$ 5,029
DISBURSEMENTS						
Equipment	\$ 43,910	\$ 47,831	\$ (3,921)	\$ 26,549	\$ 13,568	\$ 12,981
Total Disbursements	\$ 43,910	\$ 47,831	\$ (3,921)	\$ 26,549	\$ 13,568	\$ 12,981
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (14,910)	\$ (14,828)	\$ 82	\$ (649)	\$ 17,361	\$ 18,010
CASH, JANUARY 1	43,910	43,910	0	26,549	26,549	0
CASH, DECEMBER 31	\$ 29,000	\$ 29,082	\$ 82	\$ 25,900	\$ 43,910	\$ 18,010
<b><u>POLICE OFFICERS STANDARD TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 5,806	\$ 2,806
Total Receipts	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 5,806	\$ 2,806
DISBURSEMENTS						
Transfers out	\$ 5,806	\$ 5,806	\$ 0	\$ 3,621	\$ 3,621	\$ 0
Total Disbursements	\$ 5,806	\$ 5,806	\$ 0	\$ 3,621	\$ 3,621	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,806)	\$ (5,806)	\$ 0	\$ (621)	\$ 2,185	\$ 2,806
CASH, JANUARY 1	5,806	5,806	0	3,621	3,621	0
CASH, DECEMBER 31	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 5,806	\$ 2,806
<b><u>SPECIAL TRUST FUND</u></b>						
RECEIPTS						
Charges for services	\$ 1,000	\$ 1,126	\$ 126	\$ 1,000	\$ 975	\$ (25)
Total Receipts	\$ 1,000	\$ 1,126	\$ 126	\$ 1,000	\$ 975	\$ (25)
DISBURSEMENTS						
Domestic violence shelter	\$ 500	\$ 549	\$ (49)	\$ 1,000	\$ 1,000	\$ 0
Mary Shaul Butler Shelter	500	0	500	1,000	1,000	0
Total Disbursements	\$ 1,000	\$ 549	\$ 451	\$ 2,000	\$ 2,000	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 577	\$ 577	\$ (1,000)	\$ (1,025)	\$ (25)
CASH, JANUARY 1	132	132	0	1,157	1,157	0
CASH, DECEMBER 31	\$ 132	\$ 709	\$ 577	\$ 157	\$ 132	\$ (25)

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MOORE CEMETERY TRUST FUND</u></b>						
RECEIPTS						
Interest	\$ 180	\$ 189	\$ 9	\$ 180	\$ 190	\$ 10
Other	50	0	(50)	0	50	50
Total Receipts	\$ 230	\$ 189	\$ (41)	\$ 180	\$ 240	\$ 60
DISBURSEMENTS						
Cemetery improvements	\$ 200	\$ 0	\$ 200	\$ 200	\$ 0	\$ 200
Total Disbursements	\$ 200	\$ 0	\$ 200	\$ 200	\$ 0	\$ 200
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 30	\$ 189	\$ 159	\$ (20)	\$ 240	\$ 260
CASH, JANUARY 1	3,587	3,587	0	3,347	3,347	0
CASH, DECEMBER 31	<u>\$ 3,617</u>	<u>\$ 3,776</u>	<u>\$ 159</u>	<u>\$ 3,327</u>	<u>\$ 3,587</u>	<u>\$ 260</u>
<b><u>RECYCLING PROJECT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 11,000	\$ 22,039	\$ 11,039	\$ 13,076	\$ 1,000	\$ (12,076)
Transfers in	8,000	8,062	62	15,000	166	(14,834)
Total Receipts	\$ 19,000	\$ 30,101	\$ 11,101	\$ 28,076	\$ 1,166	\$ (26,910)
DISBURSEMENTS						
Salaries	\$ 13,794	\$ 14,054	\$ (260)	\$ 13,014	\$ 13,014	\$ 0
Equipment	0	0	0	20,000	11,020	8,980
Health/Medical Insurance	2,052	2,103	(51)	1,125	1,451	(326)
Workers Comp	625	652	(27)	624	624	0
Matching Social Security	1,056	923	133	1,000	855	145
Other	500	102	398	1,000	292	708
Total Disbursements	\$ 18,027	\$ 17,834	\$ 193	\$ 36,763	\$ 27,256	\$ 9,507
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 973	\$ 12,267	\$ 11,294	\$ (8,687)	\$ (26,090)	\$ (17,403)
CASH, JANUARY 1	939	939	0	27,029	27,029	0
CASH, DECEMBER 31	<u>\$ 1,912</u>	<u>\$ 13,206</u>	<u>\$ 11,294</u>	<u>\$ 18,342</u>	<u>\$ 939</u>	<u>\$ (17,403)</u>
<b><u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 5,400	\$ 5,394	\$ (6)	\$ 5,965	\$ 5,384	\$ (581)
Total Receipts	\$ 5,400	\$ 5,394	\$ (6)	\$ 5,965	\$ 5,384	\$ (581)
DISBURSEMENTS						
Office expenditures	\$ 1,225	\$ 607	\$ 618	\$ 1,000	\$ 1,046	\$ (46)
Equipment	3,500	684	2,816	5,000	3,090	1,910
Mileage and training	2,075	1,123	952	1,575	1,459	116
Other	0	0	0	1,000	0	1,000
Total Disbursements	\$ 6,800	\$ 2,414	\$ 4,386	\$ 8,575	\$ 5,595	\$ 2,980
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,400)	\$ 2,980	\$ 4,380	\$ (2,610)	\$ (211)	\$ 2,399
CASH, JANUARY 1	7,841	7,841	0	8,052	8,052	0
CASH, DECEMBER 31	<u>\$ 6,441</u>	<u>\$ 10,821</u>	<u>\$ 4,380</u>	<u>\$ 5,442</u>	<u>\$ 7,841</u>	<u>\$ 2,399</u>

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>JUVENILE DETENTION CENTER FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 40,900	\$ 28,846	\$ (12,054)	\$ 43,940	\$ 42,084	\$ (1,856)
Charges for services	0	0	0	0	0	0
Transfers in	10,000	0	(10,000)	10,000	0	(10,000)
Total Receipts	\$ 50,900	\$ 28,846	\$ (22,054)	\$ 53,940	\$ 42,084	\$ (11,856)
DISBURSEMENTS						
Juvenile Detention Center	\$ 80,300	\$ 11,953	\$ 68,347	\$ 63,800	\$ 19,538	\$ 44,262
Total Disbursements	\$ 80,300	\$ 11,953	\$ 68,347	\$ 63,800	\$ 19,538	\$ 44,262
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (29,400)	\$ 16,893	\$ 46,293	\$ (9,860)	\$ 22,546	\$ 32,406
CASH, JANUARY 1	41,302	41,302	0	18,756	18,756	0
CASH, DECEMBER 31	\$ 11,902	\$ 58,195	\$ 46,293	\$ 8,896	\$ 41,302	\$ 32,406
<b><u>VETERANS MEMORIAL FUND</u></b>						
RECEIPTS						
Interest	\$ 100	\$ 245	\$ 145	\$ 0	\$ 129	\$ 129
Total Receipts	\$ 100	\$ 245	\$ 145	\$ 0	\$ 129	\$ 129
DISBURSEMENTS						
Veterans Memorial	\$ 100	\$ 0	\$ 100	\$ 100	\$ 0	\$ 100
Total Disbursements	\$ 100	\$ 0	\$ 100	\$ 100	\$ 0	\$ 100
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 245	\$ 245	\$ (100)	\$ 129	\$ 229
CASH, JANUARY 1	2,247	2,247	0	2,118	2,118	0
CASH, DECEMBER 31	\$ 2,247	\$ 2,492	\$ 245	\$ 2,018	\$ 2,247	\$ 229
<b><u>ROAD GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental				\$ 0	\$ 0	\$ 0
Other				34,000	0	(34,000)
Total Receipts				\$ 34,000	\$ 0	\$ (34,000)
DISBURSEMENTS						
Road and bridge materials				\$ 33,326	\$ 0	\$ 33,326
Transfers out				674	0	674
Total Disbursements				\$ 34,000	\$ 0	\$ 34,000
RECEIPTS OVER (UNDER) DISBURSEMENTS				\$ 0	\$ 0	\$ 0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				\$ 0	\$ 0	\$ 0

POLK COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SCHOOL BASED PARTNERSHIP GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental				\$ 0	\$ 0	\$ 0
Charges for services				157,755	0	(157,755)
Total Receipts				\$ 157,755	\$ 0	\$ (157,755)
DISBURSEMENTS						
Distribution to Bolivar R-1 school district				\$ 157,755	\$ 0	\$ 157,755
Total Disbursements				\$ 157,755	\$ 0	\$ 157,755
RECEIPTS OVER (UNDER) DISBURSEMENTS				\$ 0	\$ 0	\$ 0
CASH, JANUARY 1				21,800	0	(21,800)
CASH, DECEMBER 31				\$ 21,800	\$ 0	\$ (21,800)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 160,030	\$ 161,091	\$ 1,061	\$ 146,765	\$ 145,661	\$ (1,104)
Intergovernmental	228,278	262,932	34,654	239,289	219,289	(20,000)
Interest	6,700	6,044	(656)	6,500	7,645	1,145
Other	55,600	63,146	7,546	83,600	81,771	(1,829)
Total Receipts	\$ 450,608	\$ 493,213	\$ 42,605	\$ 476,154	\$ 454,366	\$ (21,788)
DISBURSEMENTS						
Salaries	\$ 377,140	\$ 352,397	\$ 24,743	\$ 380,340	\$ 362,400	\$ 17,940
Office	21,200	17,152	4,048	22,500	18,259	4,241
Equipment	3,000	2,500	500	5,750	0	5,750
Mileage and Training	8,700	9,017	(317)	17,100	10,761	6,339
Other	71,450	71,020	430	88,464	70,063	18,401
Total Disbursements	\$ 481,490	\$ 452,086	\$ 29,404	\$ 514,154	\$ 461,483	\$ 52,671
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (30,882)	\$ 41,127	\$ 72,009	\$ (38,000)	\$ (7,117)	\$ 30,883
CASH, JANUARY 1	30,931	30,942	11	38,058	38,059	1
CASH, DECEMBER 31	\$ 49	\$ 72,069	\$ 72,020	\$ 58	\$ 30,942	\$ 30,884
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	\$ 35,602	\$ 40,223	\$ 4,621	\$ 32,613	\$ 28,216	\$ (4,397)
Interest	2,870	3,645	775	3,200	4,463	1,263
Total Receipts	\$ 38,472	\$ 43,868	\$ 5,396	\$ 35,813	\$ 32,679	\$ (3,134)
DISBURSEMENTS						
Contracted services	\$ 63,750	\$ 80,073	\$ (16,323)	\$ 22,384	\$ 18,069	\$ 4,315
Office expenditures	1,484	1,390	94	1,625	1,288	337
Total Disbursements	\$ 65,234	\$ 81,463	\$ (16,229)	\$ 24,009	\$ 19,357	\$ 4,652
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26,762)	\$ (37,595)	\$ (10,835)	\$ 11,804	\$ 13,322	\$ 1,522
CASH, JANUARY 1	77,051	81,170	4,120	63,535	67,848	4,312
CASH, DECEMBER 31	\$ 50,289	\$ 43,575	\$ (6,715)	\$ 75,339	\$ 81,170	\$ 5,834

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

POLK COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Polk County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Special Operations Fund	2000 and 2001
Law Library Fund	2000 and 2001
Circuit Clerk Interest Fund	2000 and 2001
Associate Circuit Division Interest Fund	2000 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:



<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000
Sheriff Civil Fees Fund	2001
Senate Bill 40 Board Fund	2001
Special Road and Bridge Fund	2000
General Revenue Fund	2000
Law Enforcement Training	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of

deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

### Deposits

The county's, Health Center Board's, and the Senate Bill 40 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by county's, Health Center's or Senate Bill 40 Board's custodial bank in the county's, Health Center Board's, or Senate Bill 40 Board's name, respectively.

## Supplementary Schedule

POLK COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.555	National School Lunch Program	N/A	\$ 17,992	\$ 16,057
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-8184	0	52,724
		ER0045-9184	54,754	19,381
		ER0045-0184	20,604	0
	Program Total		75,358	72,105
10.599	Summer Food Service Program Inspections	ERS146-0184	0	342
		ERS146-1184	300	0
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants (COPS)	98SBWX-0086	38,147	0
		99SBWX0010	95,035	0
	Program Total		133,182	0
Passed through:				
State Department of Public Safety -				
16.546	Extension Council Youth Partnership	99-JJT5-8	0	6,386
		99-JJT5-14	7,763	0
		01-JJT5-05	2,884	0
	Program Total		10,647	6,386
16.unknown	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	N/A	1,535	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction			
		BRO-084-7	0	329,259
		BRO-084-8	269,221	9,979
	Program Total		269,221	339,238
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	EMK-2000	0	6,070
		EMK-2001	4,556	2,023
	Program Total		4,556	8,093
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Direct program:				
93.268	Immunization Grants-Vaccines	N/A	35,315	28,400
Department of Social Services -				
93.563	Child Support Enforcement	N/A	60,044	52,241
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-8184S	0	1,906
	Sanitation Inspections	PGA067-9184S	1,770	670
		PGA067-0184S	735	0
	Health Consultations	PGA067-0184C	0	1,890
		PGA067-1184C	897	482
	Program Total		3,402	4,948
93.945	School Health Index for Physical Activity & Healthy Eating	C10005201	20,000	0
93.991	Public Health Service Grant	Vaccines	0	338

POLK COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
93.994	Maternal and Child Health Services	ERS146-0184	0	12,376
	Block Grant to the States	ERS146-1184	19,737	3,980
	Family Planning	ERS175-0184	0	11,698
		ERS175-1184	14,633	19,997
		ERS175-2058	3,380	0
	Dental Sealant	C100015057	4,646	2,112
	Vaccines	N/A	3,973	1,690
	Program Total		<u>46,369</u>	<u>51,853</u>
	Total Expenditures of Federal Awards		<u>\$ 677,921</u>	<u>\$ 580,001</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

POLK COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Polk County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions which govern the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The amounts for Immunization Grants (CFDA number 93.268), \$35,315 and \$28,400 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of

Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$3,973 and \$1,690 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The amount for the Public Health Services Grant (CFDA number 93.991) of \$338 for the year ended December 31, 2000 represents the original acquisition cost of vaccines received by the Health Center through the State Department of Health. The remaining amounts for Immunization Grants, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$ 133,182 to subrecipients under the Public Safety Partnership and Community Policing Grants (CFDA 16.710) during the year ended December 31, 2001.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditor's Report

SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

---

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
and  
County Commission of  
Polk County, Missouri

Compliance

We have audited the compliance of Polk County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Polk County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Polk County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Polk County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 2, 2002

## Schedule

POLK COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes        X   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes        X   no

Federal Awards

Internal control over major programs:

Material weakness identified? \_\_\_\_\_ yes        X   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133? \_\_\_\_\_ yes        X   no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



POLK COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

POLK COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## SECTION ON OTHER MATTERS

## McBRIDE, LOCK & ASSOCIATES

### POLK COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Polk County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002. We also have audited the compliance of Polk County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Polk County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

#### Purchasing Procedures

Bids were not always solicited for various purchases made by the county during the audit period. Examples of items purchased, for which no evidence of bidding could be located are as follows:

<u>Items Purchased</u>	<u>Amount</u>
Insurance	\$ 37,122
Bridge Steel	18,305
Building Repair	9,550

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are being followed.

#### We Recommend

The County Commission solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk. If circumstances are deemed to warrant a purchase without bids, such circumstances should be fully documented and retained to support the purchase.

#### Auditee Response

The county concurs.

#### Health Center Internal Control Procedures

- A. The prenumbered receipts used to record cash receipts are not traceable to accounting records. Receipts per receipt slips and bank deposits are totaled and reconciled but records of reconciliation are not maintained. Entries in Excel spreadsheet, which serves as the general ledger, are made for each receipt by category and are not traceable back to the individual receipt.

As a result of this condition, there is no control to ensure that all receipts are deposited.

Record keeping systems need to be designed in such a way to provide audit trails from the time of receipt to deposit records.

- B. Duties assigned in the receipt, deposit and record keeping functions need better separation to improve controls and reduce the possibility of misappropriation. The same person that does record keeping functions also makes deposits, performs bank reconciliation's, receives money and issue receipts.

Good internal control over cash receipts require a separation of duties among the various processing functions to the extent practicable.

- C. Minor differences existed between cash balances as shown on records, bank statements and published financial statements. For cash reporting, even minor differences should be reconciled to ensure accuracy of all balances.

#### We Recommend

Improvements be made in internal control processes to ensure that:

- A. Adequate audit trails exist for cash receipts
- B. Duties of personnel involved in recordkeeping, cash receipting, bank reconciliation and depositing function are separated to the extent practicable.

- C. Reconciliation of bank accounts to general ledgers and published financial statements be reviewed to ensure their accuracy.

Auditee Response

The Health Center concurs.

This Letter on Other Matters is intended for the information of the management of Polk County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 2, 2002



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Pike County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Pike County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Larson, Allen, Weishair & Co., L.L.P., Certified Public Accountants, is attached.

A handwritten signature in blue ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-78  
August 30, 2002



**PIKE COUNTY, MISSOURI  
FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2001 AND 2000**

**PIKE COUNTY, MISSOURI  
TABLE OF CONTENTS**

**FINANCIAL SECTION**

---

Independent Auditor's Reports on the Financial Statements	1
-----------------------------------------------------------	---

Financial Statements

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds	
A-1	Year Ended December 31, 2001	3
A-2	Year Ended December 31, 2000	4
Financial Statement – Budget versus Actual		
	<u>General Revenue Fund</u>	
B	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	5
	<u>Special Road and Bridge Fund</u>	
C	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	6
	<u>Assessment Fund</u>	
D	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	7
	<u>Law Enforcement Training Fund</u>	
E	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	8
	<u>Prosecuting Attorney Training Fund</u>	
F	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	9
	<u>Recorder's User Fees Fund</u>	
G	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	10

**PIKE COUNTY, MISSOURI  
TABLE OF CONTENTS**

H	<u>Law Enforcement Sales Tax Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	11
I	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	12
J	<u>Equitable Sharing Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	13
K	<u>Community Service Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	14
L	<u>911 Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	15
M	<u>Election Services Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	16
N	<u>Circuit Interest Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	17
O	<u>Hospice Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	18
P	<u>Home Health Memorial Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	19
Q	<u>Law Library Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	20

**PIKE COUNTY, MISSOURI  
TABLE OF CONTENTS**

R	<u>Prosecuting Attorney Tax Fund</u> Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual For the Years Ended December 31, 2001 and 2000	21
---	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

	Notes to Financial Statements	22
--	-------------------------------	----

**FEDERAL FINANCIAL ASSISTANCE – SINGLE AUDIT SECTION**

---

Auditor's Reports

	Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

	Independent Auditor's Report on Compliance with Requirements Applicable To Each Major Program And Internal Control Over Compliance in Accordance With OMB Circular A-133	28
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

	Schedule of Findings and Questioned Costs For the Years Ended December 31, 2001 and 2000	30
--	---------------------------------------------------------------------------------------------	----

	Summary Schedule of Prior Year Audit Findings For the Years Ended December 31, 2001 and 2000	33
--	-------------------------------------------------------------------------------------------------	----

	Corrective Action Plan	34
--	------------------------	----

Schedules

1	Schedules of Expenditures of Federal Awards For the Years Ended December 31, 2001 and 2000	35
---	-----------------------------------------------------------------------------------------------	----



Business Consultants • Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the County Commission  
and Officeholders of Pike County, Missouri

We have audited the special-purpose financial statements, identified in the table of contents, of various funds of Pike County, Missouri, as of and for the years ended December 31, 2001 and 2000. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Pike County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than U.S. generally accepted accounting principles.

Page Two

In accordance with Government Auditing Standards, we have also issued a report dated March 27, 2002, on our consideration of Pike County, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special purpose financial statements of Pike County, Missouri. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the special purpose financial statements taken as a whole.

Original Signed by Auditor

**LARSON, ALLEN, WEISHAIR & CO., LLP**

March 27, 2002  
St. Louis, Missouri

**PIKE COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH - VARIOUS FUNDS**  
**YEAR ENDED DECEMBER 31, 2001**

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 288,908	\$ 2,482,919	\$ 2,396,199	\$ 375,628
Special Road and Bridge	275,210	1,935,269	1,914,413	296,066
Assessment	15,937	195,905	186,301	25,541
Law Enforcement Training	2,106	9,767	8,186	3,687
Prosecuting Attorney Training	2,650	839	590	2,899
Recorder's User Fee	46,467	11,564	12,049	45,982
Law Enforcement Sales Tax	42,861	927,017	960,446	9,432
Prosecuting Attorney Bad Check	18,238	10,108	3,699	24,647
Community Service	12,284	1,386	-	13,670
911	297,438	155,909	249,911	203,436
Election Services	1,286	5,304	-	6,590
Circuit Interest	12,798	3,259	6,000	10,057
Hospice	10,764	26,025	7,358	29,431
Law Library	15,902	7,200	6,761	16,341
Prosecuting Attorney Tax	-	750	-	750
Subtotal	\$ 1,042,849	\$ 5,773,221	\$ 5,751,913	\$ 1,064,157
Domestic Violence	360	2,200	-	2,560
Associate Division Interest	1,474	57	524	1,007
Juvenile Assessment	902	410	-	1,312
Total	\$ 1,045,585	\$ 5,775,888	\$ 5,752,437	\$ 1,069,036

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH - VARIOUS FUNDS**  
**YEAR ENDED DECEMBER 31, 2000**

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 91,541	\$ 2,501,190	\$ 2,303,823	\$ 288,908
Special Road and Bridge	144,372	1,910,464	1,779,626	275,210
Assessment	31,746	173,801	189,610	15,937
Law Enforcement Training	1,974	5,488	5,356	2,106
Prosecuting Attorney Training	1,790	860	-	2,650
Recorder's User Fee	45,366	8,052	6,951	46,467
Law Enforcement Sales Tax	(9,423)	998,705	946,421	42,861
Prosecuting Attorney Bad Check	19,582	12,225	13,569	18,238
Equitable Sharing	634	-	634	-
Community Service	10,785	2,499	1,000	12,284
911	242,656	146,933	92,151	297,438
Election Services	-	1,286	-	1,286
Circuit Interest	17,538	4,791	9,531	12,798
Hospice	6,171	15,565	10,972	10,764
Home Health Memorial	100	-	100	-
Law Library	16,177	7,000	7,275	15,902
Subtotal	\$ 621,009	\$ 5,788,859	\$ 5,367,019	\$ 1,042,849
Domestic Violence	2,585	2,162	4,387	360
Associate Division Interest	1,579	123	228	1,474
Juvenile Assessment	802	100	-	902
Total	\$ 625,975	\$ 5,791,244	\$ 5,371,634	\$ 1,045,585

*The accompanying Notes to the Financial Statements are an integral part of this statement.*



**EXHIBIT B**

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
GENERAL REVENUE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property Taxes	\$ 441,776	\$ 431,927	\$ (9,849)	\$ 427,626	\$ 418,637	\$ (8,989)
Sales Taxes	643,292	592,213	(51,079)	550,000	586,292	36,292
Intergovernmental	1,000,850	1,012,148	11,298	917,653	936,799	19,146
Charges for Services	174,700	189,423	14,723	194,650	180,266	(14,384)
Interest	14,000	19,877	5,877	10,000	15,149	5,149
Other	190,731	185,331	(5,400)	273,347	285,047	11,700
Transfers in	57,134	52,000	(5,134)	79,000	79,000	-
Total Receipts	<u>\$ 2,522,483</u>	<u>\$ 2,482,919</u>	<u>\$ (39,564)</u>	<u>\$ 2,452,276</u>	<u>\$ 2,501,190</u>	<u>\$ 48,914</u>
<b>DISBURSEMENTS</b>						
County Commission	\$ 85,680	\$ 84,591	\$ 1,089	\$ 85,680	\$ 85,635	\$ 45
County Clerk	78,405	75,994	2,411	76,213	75,641	572
Elections	72,759	112,888	(40,129)	77,737	35,662	42,075
Buildings and Grounds	55,139	57,303	(2,164)	54,098	47,145	6,953
Employee Fringe Benefits	260,500	222,403	38,097	241,000	233,776	7,224
County Treasurer	42,150	38,975	3,175	36,642	36,254	388
County Collector	82,545	69,420	13,125	77,238	69,081	8,157
Recorder of Deeds	42,010	39,839	2,171	32,960	28,925	4,035
Circuit Clerk	6,850	5,823	1,027	7,950	5,566	2,384
Associate Circuit (Probate)	13,400	10,720	2,680	13,700	11,633	2,067
Court Administration	40,986	36,015	4,971	38,429	26,940	11,489
Public Administrator	45,000	41,000	4,000	12,925	11,846	1,079
Prosecuting Attorney	173,696	121,240	52,456	182,688	152,365	30,323
Juvenile Officer	71,873	55,356	16,517	69,746	51,255	18,491
County Coroner	18,250	17,108	1,142	13,000	13,110	(110)
General County Government	77,071	68,973	8,098	70,140	63,735	6,405
Miscellaneous	166,099	107,716	58,383	123,027	107,792	15,235
Capital Improvements	175,000	151,934	23,066	140,000	139,727	273
Health and Welfare	1,064,871	1,041,261	23,610	966,656	966,378	278
Transfers out	137,640	37,640	100,000	247,737	127,737	120,000
Emergency Fund	73,500	-	73,500	74,000	13,620	60,380
Total Disbursements	<u>\$ 2,783,424</u>	<u>\$ 2,396,199</u>	<u>\$ 387,225</u>	<u>\$ 2,641,566</u>	<u>\$ 2,303,823</u>	<u>\$ 337,743</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (260,941)</u>	<u>\$ 86,720</u>	<u>\$ 347,661</u>	<u>\$ (189,290)</u>	<u>\$ 197,367</u>	<u>\$ 386,657</u>
<b>CASH, JANUARY 1</b>	<u>288,908</u>	<u>288,908</u>	<u>-</u>	<u>91,541</u>	<u>91,541</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u>\$ 27,967</u>	<u>\$ 375,628</u>	<u>\$ 347,661</u>	<u>\$ (97,749)</u>	<u>\$ 288,908</u>	<u>\$ 386,657</u>

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

## EXHIBIT C

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**SPECIAL ROAD AND BRIDGE FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property Taxes	\$ 327,657	\$ 339,562	\$ 11,905	\$ 316,786	\$ 340,211	\$ 23,425
Sales Taxes	681,500	680,145	(1,355)	615,000	642,190	27,190
Intergovernmental	1,102,121	867,426	(234,695)	1,083,204	881,741	(201,463)
Interest	11,000	11,438	438	12,000	11,923	(77)
Other	38,267	36,698	(1,569)	25,500	34,399	8,899
Total Receipts	<u>\$ 2,160,545</u>	<u>\$ 1,935,269</u>	<u>\$ (225,276)</u>	<u>\$ 2,052,490</u>	<u>\$ 1,910,464</u>	<u>\$ (142,026)</u>
<b>DISBURSEMENTS</b>						
Salaries	\$ 440,300	\$ 439,183	\$ 1,117	\$ 420,000	\$ 396,227	\$ 23,773
Employee Fringe Benefits	132,000	111,866	20,134	115,130	108,923	6,207
Supplies	96,000	94,133	1,867	86,000	88,171	(2,171)
Insurance	19,000	18,741	259	19,000	16,816	2,184
Road and Bridge Materials	542,000	540,099	1,901	453,000	427,861	25,139
Equipment Repairs	75,000	74,570	430	75,000	68,067	6,933
Rentals	2,500	1,560	940	5,000	88	4,912
Equipment Purchases	336,500	278,483	58,017	327,000	246,613	80,387
Construction, Repair and Maintenance	585,000	290,795	294,205	572,000	345,347	226,653
Other	13,000	12,983	17	13,000	11,513	1,487
Transfers out	52,000	52,000	-	70,000	70,000	-
Total Disbursements	<u>\$ 2,293,300</u>	<u>\$ 1,914,413</u>	<u>\$ 378,887</u>	<u>\$ 2,155,130</u>	<u>\$ 1,779,626</u>	<u>\$ 375,504</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (132,755)</u>	<u>\$ 20,856</u>	<u>\$ 153,611</u>	<u>\$ (102,640)</u>	<u>\$ 130,838</u>	<u>\$ 233,478</u>
<b>CASH, JANUARY 1</b>	<u>275,210</u>	<u>275,210</u>	<u>-</u>	<u>144,372</u>	<u>144,372</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u>\$ 142,455</u>	<u>\$ 296,066</u>	<u>\$ 153,611</u>	<u>\$ 41,732</u>	<u>\$ 275,210</u>	<u>\$ 233,478</u>
Cash - Prior Page		<u>375,628</u>			<u>288,908</u>	
Cash Subtotal Carryforward		<u>\$ 671,694</u>			<u>\$ 564,118</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**ASSESSMENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ 153,211	\$ 156,489	\$ 3,278	\$ 148,000	\$ 139,717	\$ (8,283)
Interest	700	1,140	440	200	1,076	876
Other	5,254	5,636	382	5,710	5,271	(439)
Transfers in	32,640	32,640	-	27,737	27,737	-
Total Receipts	<u>\$ 191,805</u>	<u>\$ 195,905</u>	<u>\$ 4,100</u>	<u>\$ 181,647</u>	<u>\$ 173,801</u>	<u>\$ (7,846)</u>
<b>DISBURSEMENTS</b>						
Assessor	\$ 207,742	\$ 186,301	\$ 21,441	\$ 213,393	\$ 189,610	\$ 23,783
Total Disbursements	<u>\$ 207,742</u>	<u>\$ 186,301</u>	<u>\$ 21,441</u>	<u>\$ 213,393</u>	<u>\$ 189,610</u>	<u>\$ 23,783</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (15,937)	\$ 9,604	\$ 25,541	\$ (31,746)	\$ (15,809)	\$ 15,937
<b>CASH, JANUARY 1</b>	15,937	15,937	-	31,746	31,746	-
<b>CASH, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 25,541</u>	<u>\$ 25,541</u>	<u>\$ -</u>	<u>\$ 15,937</u>	<u>\$ 15,937</u>
Cash Subtotal - Prior Page		671,694			564,118	
Cash Subtotal Carryforward		<u>\$ 697,235</u>			<u>\$ 580,055</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT TRAINING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Charges for Services	\$ 3,000	\$ 3,224	\$ 224	\$ 2,500	\$ 3,430	\$ 930
Other	5,000	6,543	1,543	634	2,058	1,424
Total Receipts	<u>\$ 8,000</u>	<u>\$ 9,767</u>	<u>\$ 1,767</u>	<u>\$ 3,134</u>	<u>\$ 5,488</u>	<u>\$ 2,354</u>
<b>DISBURSEMENTS</b>						
Sheriff	\$ 9,000	\$ 8,186	\$ 814	\$ 5,109	\$ 5,356	\$ (247)
Total Disbursements	<u>\$ 9,000</u>	<u>\$ 8,186</u>	<u>\$ 814</u>	<u>\$ 5,109</u>	<u>\$ 5,356</u>	<u>\$ (247)</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (1,000)	\$ 1,581	\$ 2,581	\$ (1,975)	\$ 132	\$ 2,107
<b>CASH, JANUARY 1</b>	2,106	2,106	-	1,974	1,974	-
<b>CASH, DECEMBER 31</b>	<u>\$ 1,106</u>	\$ 3,687	<u>\$ 2,581</u>	<u>\$ (1)</u>	\$ 2,106	<u>\$ 2,107</u>
Cash Subtotal - Prior Page		697,235			580,055	
Cash Subtotal Carryforward		<u>\$ 700,922</u>			<u>\$ 582,161</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Charges for Services	\$ 850	\$ 839	\$ (11)	\$ 950	\$ 860	\$ (90)
Total Receipts	<u>\$ 850</u>	<u>\$ 839</u>	<u>\$ (11)</u>	<u>\$ 950</u>	<u>\$ 860</u>	<u>\$ (90)</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	\$ 1,900	\$ 590	\$ 1,310	\$ 500	\$ -	\$ 500
Total Disbursements	<u>\$ 1,900</u>	<u>\$ 590</u>	<u>\$ 1,310</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 500</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (1,050)	\$ 249	\$ 1,299	\$ 450	\$ 860	\$ 410
<b>CASH, JANUARY 1</b>	<u>2,650</u>	<u>2,650</u>	<u>-</u>	<u>1,790</u>	<u>1,790</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u>\$ 1,600</u>	<u>\$ 2,899</u>	<u>\$ 1,299</u>	<u>\$ 2,240</u>	<u>\$ 2,650</u>	<u>\$ 410</u>
Cash Subtotal - Prior Page		<u>700,922</u>			<u>582,161</u>	
Cash Subtotal Carryforward		<u>\$ 703,821</u>			<u>\$ 584,811</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEES FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Charges for Services	\$ 7,000	\$ 10,690	\$ 3,690	\$ 7,500	\$ 7,146	\$ (354)
Interest	-	874	874	800	906	106
Total Receipts	<u>\$ 7,000</u>	<u>\$ 11,564</u>	<u>\$ 4,564</u>	<u>\$ 8,300</u>	<u>\$ 8,052</u>	<u>\$ (248)</u>
<b>DISBURSEMENTS</b>						
Recorder of Deeds	\$ 11,900	\$ 12,049	\$ (149)	\$ 7,000	\$ 6,951	\$ 49
Total Disbursements	<u>\$ 11,900</u>	<u>\$ 12,049</u>	<u>\$ (149)</u>	<u>\$ 7,000</u>	<u>\$ 6,951</u>	<u>\$ 49</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (4,900)	\$ (485)	\$ 4,415	\$ 1,300	\$ 1,101	\$ (199)
<b>CASH, JANUARY 1</b>	<u>46,467</u>	<u>46,467</u>	<u>-</u>	<u>45,366</u>	<u>45,366</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 41,567</u></u>	<u>\$ 45,982</u>	<u><u>\$ 4,415</u></u>	<u><u>\$ 46,666</u></u>	<u>\$ 46,467</u>	<u><u>\$ (199)</u></u>
Cash Subtotal - Prior Page		703,821			584,811	
Cash Subtotal Carryforward		<u>\$ 749,803</u>			<u>\$ 631,278</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT SALES TAX FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Sales Taxes	\$ 710,800	\$ 681,096	\$ (29,704)	\$ 600,000	\$ 645,822	\$ 45,822
Intergovernmental	123,697	100,774	(22,923)	90,000	122,937	32,937
Charges for Services	63,000	63,358	358	65,000	62,384	(2,616)
Interest	700	2,082	1,382	900	1,533	633
Other	52,179	54,707	2,528	11,000	41,029	30,029
Transfers in	125,000	25,000	(100,000)	245,000	125,000	(120,000)
Total Receipts	<u>\$ 1,075,376</u>	<u>\$ 927,017</u>	<u>\$ (148,359)</u>	<u>\$ 1,011,900</u>	<u>\$ 998,705</u>	<u>\$ (13,195)</u>
<b>DISBURSEMENTS</b>						
Sheriff	\$ 753,068	\$ 708,416	\$ 44,652	\$ 737,565	\$ 714,446	\$ 23,119
Office Expenditures and Equipment	148,000	130,933	17,067	131,912	119,334	12,578
Jail	137,000	121,097	15,903	133,000	112,641	20,359
Total Disbursements	<u>\$ 1,038,068</u>	<u>\$ 960,446</u>	<u>\$ 77,622</u>	<u>\$ 1,002,477</u>	<u>\$ 946,421</u>	<u>\$ 56,056</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ 37,308</u>	<u>\$ (33,429)</u>	<u>\$ (70,737)</u>	<u>\$ 9,423</u>	<u>\$ 52,284</u>	<u>\$ 42,861</u>
<b>CASH, JANUARY 1</b>	<u>42,861</u>	<u>42,861</u>	<u>-</u>	<u>(9,423)</u>	<u>(9,423)</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u>\$ 80,169</u>	<u>\$ 9,432</u>	<u>\$ (70,737)</u>	<u>\$ -</u>	<u>\$ 42,861</u>	<u>\$ 42,861</u>
Cash Subtotal - Prior Page		<u>749,803</u>			<u>631,278</u>	
Cash Subtotal Carryforward		<u>\$ 759,235</u>			<u>\$ 674,139</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Charges for Services	\$ 11,000	\$ 9,405	\$ (1,595)	\$ 10,000	\$ 11,735	\$ 1,735
Interest	400	703	303	200	490	290
Total Receipts	<u>\$ 11,400</u>	<u>\$ 10,108</u>	<u>\$ (1,292)</u>	<u>\$ 10,200</u>	<u>\$ 12,225</u>	<u>\$ 2,025</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	\$ 28,547	\$ 3,699	\$ 24,848	\$ 24,300	\$ 13,569	\$ 10,731
Total Disbursements	<u>\$ 28,547</u>	<u>\$ 3,699</u>	<u>\$ 24,848</u>	<u>\$ 24,300</u>	<u>\$ 13,569</u>	<u>\$ 10,731</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (17,147)	\$ 6,409	\$ 23,556	\$ (14,100)	\$ (1,344)	\$ 12,756
<b>CASH, JANUARY 1</b>	<u>18,238</u>	<u>18,238</u>	<u>-</u>	<u>19,582</u>	<u>19,582</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 1,091</u></u>	<u>\$ 24,647</u>	<u>\$ 23,556</u>	<u><u>\$ 5,482</u></u>	<u>\$ 18,238</u>	<u>\$ 12,756</u>
Cash Subtotal - Prior Page		<u>759,235</u>			<u>674,139</u>	
Cash Subtotal Carryforward		<u>\$ 783,882</u>			<u>\$ 692,377</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*



**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
EQUITABLE SHARING FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>						
Transfers out	\$ -	\$ -	\$ -	\$ 634	\$ 634	\$ -
Total Disbursements	\$ -	\$ -	\$ -	\$ 634	\$ 634	\$ -
<b>RECEIPTS (UNDER) DISBURSEMENTS</b>	\$ -	\$ -	\$ -	\$ (634)	\$ (634)	\$ -
<b>CASH, JANUARY 1</b>	-	-	-	634	634	-
<b>CASH, DECEMBER 31</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Subtotal - Prior Page		<u>783,882</u>			<u>692,377</u>	
Cash Subtotal Carryforward		<u>\$ 783,882</u>			<u>\$ 692,377</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Charges for Services	\$ 1,000	\$ 1,000	\$ -	\$ 1,500	\$ 2,350	\$ 850
Interest	100	386	286	100	149	49
Total Receipts	<u>\$ 1,100</u>	<u>\$ 1,386</u>	<u>\$ 286</u>	<u>\$ 1,600</u>	<u>\$ 2,499</u>	<u>\$ 899</u>
<b>DISBURSEMENTS</b>						
Public Safety	\$ 10,000	\$ -	\$ 10,000	\$ 12,000	\$ 1,000	\$ 11,000
Total Disbursements	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,000</u>	<u>\$ 1,000</u>	<u>\$ 11,000</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (8,900)	\$ 1,386	\$ 10,286	\$ (10,400)	\$ 1,499	\$ 11,899
<b>CASH, JANUARY 1</b>	<u>12,284</u>	<u>12,284</u>	<u>-</u>	<u>10,785</u>	<u>10,785</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 3,384</u></u>	<u>\$ 13,670</u>	<u>\$ 10,286</u>	<u><u>\$ 385</u></u>	<u>\$ 12,284</u>	<u>\$ 11,899</u>
Cash Subtotal - Prior Page		<u>783,882</u>			<u>692,377</u>	
Cash Subtotal Carryforward		<u>\$ 797,552</u>			<u>\$ 704,661</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**911 FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
E911 phone tax	\$ 140,000	\$ 146,664	\$ 6,664	\$ 136,330	\$ 141,138	\$ 4,808
Interest	5,500	9,245	3,745	4,000	5,795	1,795
Total Receipts	<u>\$ 145,500</u>	<u>\$ 155,909</u>	<u>\$ 10,409</u>	<u>\$ 140,330</u>	<u>\$ 146,933</u>	<u>\$ 6,603</u>
<b>DISBURSEMENTS</b>						
Salaries	\$ 21,500	\$ 20,745	\$ 755	\$ 18,050	\$ 17,402	\$ 648
Equipment	96,000	65,677	30,323	52,000	5,093	46,907
Mileage and Training	5,000	259	4,741	5,000	-	5,000
Other	190,000	138,230	51,770	157,129	69,656	87,473
Transfers out	25,000	25,000	-	-	-	-
Total Disbursements	<u>\$ 337,500</u>	<u>\$ 249,911</u>	<u>\$ 87,589</u>	<u>\$ 232,179</u>	<u>\$ 92,151</u>	<u>\$ 140,028</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (192,000)</u>	<u>\$ (94,002)</u>	<u>\$ 97,998</u>	<u>\$ (91,849)</u>	<u>\$ 54,782</u>	<u>\$ 146,631</u>
<b>CASH, JANUARY 1</b>	<u>297,438</u>	<u>297,438</u>	<u>-</u>	<u>242,656</u>	<u>242,656</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 105,438</u></u>	<u><u>\$ 203,436</u></u>	<u><u>\$ 97,998</u></u>	<u><u>\$ 150,807</u></u>	<u><u>\$ 297,438</u></u>	<u><u>\$ 146,631</u></u>
Cash Subtotal - Prior Page		<u>797,552</u>			<u>704,661</u>	
Cash Subtotal Carryforward		<u><u>\$ 1,000,988</u></u>			<u><u>\$ 1,002,099</u></u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION SERVICES FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Elections	\$ 1,578	\$ 5,304	\$ 3,726	\$ -	\$ 1,286	\$ 1,286
Total Receipts	<u>\$ 1,578</u>	<u>\$ 5,304</u>	<u>\$ 3,726</u>	<u>\$ -</u>	<u>\$ 1,286</u>	<u>\$ 1,286</u>
<b>DISBURSEMENTS</b>						
5% Statue Cost	\$ 2,700	\$ -	\$ 2,700	\$ -	\$ -	\$ -
Total Disbursements	<u>\$ 2,700</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (1,122)	\$ 5,304	\$ 6,426	\$ -	\$ 1,286	\$ 1,286
<b>CASH, JANUARY 1</b>	1,286	1,286	-	-	-	-
<b>CASH, DECEMBER 31</b>	<u>\$ 164</u>	<u>\$ 6,590</u>	<u>\$ 6,426</u>	<u>\$ -</u>	<u>\$ 1,286</u>	<u>\$ 1,286</u>
Cash Subtotal - Prior Page		1,000,988			1,002,099	
Cash Subtotal Carryforward		<u>\$ 1,007,578</u>			<u>\$ 1,003,385</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT INTEREST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Interest	\$ 4,500	\$ 3,259	\$ (1,241)	\$ 4,000	\$ 4,791	\$ 791
Total Receipts	<u>\$ 4,500</u>	<u>\$ 3,259</u>	<u>\$ (1,241)</u>	<u>\$ 4,000</u>	<u>\$ 4,791</u>	<u>\$ 791</u>
<b>DISBURSEMENTS</b>						
Other	\$ 9,000	\$ 6,000	\$ 3,000	\$ 9,500	\$ 9,531	\$ (31)
Total Disbursements	<u>\$ 9,000</u>	<u>\$ 6,000</u>	<u>\$ 3,000</u>	<u>\$ 9,500</u>	<u>\$ 9,531</u>	<u>\$ (31)</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (4,500)	\$ (2,741)	\$ 1,759	\$ (5,500)	\$ (4,740)	\$ 760
<b>CASH, JANUARY 1</b>	12,798	12,798	-	17,538	17,538	-
<b>CASH, DECEMBER 31</b>	<u>\$ 8,298</u>	<u>\$ 10,057</u>	<u>\$ 1,759</u>	<u>\$ 12,038</u>	<u>\$ 12,798</u>	<u>\$ 760</u>
Cash Subtotal - Prior Page		1,007,578			1,003,385	
Cash Subtotal Carryforward		<u>\$ 1,017,635</u>			<u>\$ 1,016,183</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**HOSPICE FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Donations	\$ 14,500	\$ 25,797	\$ 11,297	\$ 12,000	\$ 15,565	\$ 3,565
Interest	-	228	228	-	-	-
Transfers in	-	-	-	-	100	100
Total Receipts	<u>\$ 14,500</u>	<u>\$ 26,025</u>	<u>\$ 11,525</u>	<u>\$ 12,000</u>	<u>\$ 15,565</u>	<u>\$ 3,565</u>
<b>DISBURSEMENTS</b>						
Indigent Patients	\$ 5,000	\$ 2,700	\$ 2,300	\$ -	\$ -	\$ -
Palliative Services	5,000	-	5,000	-	-	-
Staff and Community Education	2,000	233	1,767	-	-	-
Hospice Memorial	500	810	(310)	500	300	200
Transportation	500	-	500	-	-	-
Fundraiser Expenses	-	120	(120)	-	-	-
Other	-	2,662	(2,662)	-	-	-
Transfers out	12,790	833	11,957	17,087	10,672	6,415
Total Disbursements	<u>\$ 25,790</u>	<u>\$ 7,358</u>	<u>\$ 18,432</u>	<u>\$ 17,587</u>	<u>\$ 10,972</u>	<u>\$ 6,615</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ (11,290)	\$ 18,667	\$ 29,957	\$ (5,587)	\$ 4,593	\$ 10,180
<b>CASH, JANUARY 1</b>	10,764	10,764	-	6,171	6,171	-
<b>CASH, DECEMBER 31</b>	<u>\$ (526)</u>	<u>\$ 29,431</u>	<u>\$ 29,957</u>	<u>\$ 584</u>	<u>\$ 10,764</u>	<u>\$ 10,180</u>
Cash Subtotal - Prior Page		1,017,635			1,016,183	
Cash Subtotal Carryforward		<u>\$ 1,047,066</u>			<u>\$ 1,026,947</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
HOME HEALTH MEMORIAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>						
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ (100)
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ (100)
<b>RECEIPTS (UNDER) DISBURSEMENTS</b>	\$ -	\$ -	\$ -	\$ -	\$ (100)	\$ (100)
<b>CASH, JANUARY 1</b>	-	-	-	-	100	100
<b>CASH, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Subtotal - Prior Page		1,047,066			1,026,947	
Cash Subtotal Carryforward		<u>\$ 1,047,066</u>			<u>\$ 1,026,947</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW LIBRARY FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Other	\$ 7,200	\$ 7,200	\$ -	\$ 7,000	\$ 7,000	\$ -
Total Receipts	\$ 7,200	\$ 7,200	\$ -	\$ 7,000	\$ 7,000	\$ -
<b>DISBURSEMENTS</b>						
Other	\$ 7,200	\$ 6,761	\$ 439	\$ 7,000	\$ 7,275	\$ (275)
Total Disbursements	\$ 7,200	\$ 6,761	\$ 439	\$ 7,000	\$ 7,275	\$ (275)
<b>RECEIPTS OVER DISBURSEMENTS</b>	\$ -	\$ 439	\$ 439	\$ -	\$ (275)	\$ (275)
<b>CASH, JANUARY 1</b>	15,902	15,902	-	16,177	16,177	-
<b>CASH, DECEMBER 31</b>	<u>\$ 15,902</u>	<u>\$ 16,341</u>	<u>\$ 439</u>	<u>\$ 16,177</u>	<u>\$ 15,902</u>	<u>\$ (275)</u>
Cash Subtotal - Prior Page		1,047,066			1,026,947	
Cash Subtotal Carryforward		<u>\$ 1,063,407</u>			<u>\$ 1,042,849</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*



**PIKE COUNTY, MISSOURI**  
**COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH - BUDGET AND ACTUAL**  
**PROSECUTING ATTORNEY TAX FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Other	\$ -	\$ 750	\$ 750	\$ -	\$ -	\$ -
Total Receipts	\$ -	\$ 750	\$ 750	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RECEIPTS OVER DISBURSEMENTS</b>	\$ -	\$ 750	\$ 750	\$ -	\$ -	\$ -
<b>CASH, JANUARY 1</b>	-	-	-	-	-	-
<b>CASH, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Subtotal - Prior Page		<u>1,063,407</u>			<u>1,042,849</u>	
Cash Subtotal Carryforward		<u>\$ 1,064,157</u>			<u>\$ 1,042,849</u>	

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

**PIKE COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from U.S. generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Year(s) Ended December 31,</u>
Election Services	2000
Domestic Violence	2001 and 2000
Associate Division Interest	2001 and 2000
Juvenile Assessment	2001 and 2000
Prosecuting Attorney Tax	2001

**PIKE COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

Fund	Year(s) Ended December 31,
Law Enforcement Training Fund	2000
Recorder's User Fees Fund	2001
Circuit Interest Fund	2000
Home Health Memorial Fund	2000
Law Library	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 2000. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Hospice Fund for the year ended December 31, 2001.

Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

Fund	Year(s) Ended December 31,
Circuit Interest	2001 and 2000
Law Library	2001 and 2000
Associate Division Interest	2001 and 2000
Juvenile Assessment	2001 and 2000
Prosecuting Attorney Tax	2001

**PIKE COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**NOTE 2      CASH**

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The County's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

**NOTE 3      TAXES**

The assessed valuation of the tangible property for the calendar year 2001 and 2000 for purposes of local taxation was \$191,467,558 and \$189,956,635.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2001 and 2000 for purposes of local taxation was:

	<u>2001</u>	<u>2000</u>
General Revenue Fund	\$ 431,927	\$ 418,637
Special Road & Bridge Fund	339,562	340,211
Total	<u>\$ 771,489</u>	<u>\$ 758,848</u>

**PIKE COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**NOTE 3      TAXES (CONTINUED)**

These levies represent amounts directly received by the County for its purposes versus amounts collected by the County as a pass through on behalf of another entity.

**NOTE 4      PARTICIPATION IN PUBLIC ENTITY RISK POOLS**

Missouri Public Entity Risk Management Fund

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MOPERM (Missouri Public Entity Risk Management) is a public entity risk pool currently operating as a common risk management and insurance program. The County does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The pooling agreement requires the pool to be self-sustaining. The County believes that it is not possible to estimate the range of contingent losses to be borne by the County.



Business Consultants • Certified Public Account

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Commission and  
Officeholders of Pike County, Missouri

We have audited the special-purpose financial statements of Pike County, Missouri, as of and for the two years ended December 31, 2001 and 2000, and have issued our report thereon dated March 27, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Pike County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pike County, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Pike County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 01-1 and 01-3.

Page Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 01-3 to be a material weakness.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

**LARSON, ALLEN, WEISHAIR & CO., LLP**

March 27, 2002  
St. Louis, Missouri



Business Consultants • Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission and  
Officeholders of Pike County, Missouri

Compliance

We have audited the compliance of Pike County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001 and 2000. Pike County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pike County, Missouri's management. Our responsibility is to express an opinion on Pike County, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pike County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pike County, Missouri's compliance with those requirements.

In our opinion, Pike County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 01-2.



Internal Control Over Compliance

The management of Pike County, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pike County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Pike County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 01-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

**LARSON, ALLEN, WEISHAIR & CO., LLP**

March 27, 2002  
St. Louis, Missouri

**PIKE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ☒ Yes ☐ No
- Reportable condition identified that are not considered to be material weaknesses?  
☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted?  
☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness identified? ☐ Yes ☒ No
- Reportable condition identified that are not considered to be material weakness?  
☒ Yes ☐ None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☒ Yes ☐ No

Identification of major programs?

CFDA Number(s)	Name of Federal Program or Cluster	2001 Amount	2000 Amount
20.205	Highway Planning and Construction	\$181,954	\$223,423
93.563	Child Support Enforcement	8,849	8,512
		<u>\$190,803</u>	<u>\$231,935</u>

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**PIKE COUNTY, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

**Section II – Financial Statement Findings**

Finding: 01-1

Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties.

Questioned Costs: None.

Context: A review of the internal control procedures.

Effect: The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within the accounting department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Management's Response: We will review periodically the size and budget constraints limiting the number of personnel within the accounting department. We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

Finding: 01-3

Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: The County did not reconcile its cash to the fund ledger on a regular basis.

Questioned Costs: None.

Context: A review of the internal control procedures.

Effect: The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the special-purpose financial statements.

Cause: Administrative oversight in the reconciliation process.

Recommendation: These areas should be reviewed and consideration given to the improving of the cash reconciliation process.





**PIKE COUNTY, MISSOURI  
CORRECTIVE ACTION PLAN  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

***Findings – Financial Statement and Federal Awards***

Questions regarding the County's Corrective Action Plan should be directed to Jim Ford at 573-324-2412.

**SCHEDULE 1**

**PIKE COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	
			<u>2001</u>	<u>2000</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
Passed through State Department of Health Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Unknown	\$ -	\$ 39,295
Passed through State Department of Social Services Food Distribution	10.550	Unknown	43,898	-
Total U.S. Department of Agriculture			<u>\$ 43,898</u>	<u>\$ 39,295</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Passed through State Office of Administration Payments in Lieu of Real Estate Taxes	12.112	Unknown	\$ -	\$ 21,774
Payment of Real Estate Taxes- Flood Control	12.112	Unknown	7,983	-
Passed through State Department of Public Safety Surplus Property	12.xxx	Unknown	1,543	-
Total U.S. Department of Defense			<u>\$ 9,526</u>	<u>\$ 21,774</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Department of Social Services Development Emergency Shelter Grants Program	14.231	Unknown	\$ 19,957	\$ 19,190
Total U.S. Department of Housing and Urban Development			<u>\$ 19,957</u>	<u>\$ 19,190</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Passed through State Department of Public Safety Emergency Management - State and Local Assistance	83.534	Unknown	\$ 938	\$ 1,250
Total Federal Emergency Management Agency			<u>\$ 938</u>	<u>\$ 1,250</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed through State Highway and Transportation Commission Highway Planning and Construction	20.205	Unknown	\$ 181,954	\$ 223,423
Total U.S. Department of Transportation			<u>\$ 181,954</u>	<u>\$ 223,423</u>
<u>GENERAL SERVICES ADMINISTRATION</u>				
Passed through State Office of Administration Donation of Federal Surplus Personal Property	39.003	Unknown	\$ 15,384	\$ -
Total General Services Administration			<u>\$ 15,384</u>	<u>\$ -</u>

**SCHEDULE 1**

**PIKE COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	
			<u>2001</u>	<u>2000</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>				
Direct Program:				
Wildlife Restoration	15.611	Unknown	\$ 18,114	\$ 17,528
Total U.S. Department of Interior			<u>\$ 18,114</u>	<u>\$ 17,528</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through State:				
Department of Health				
Immunization Grants	93.268	Unknown	\$ 24,393	\$ -
Child Care and Development Block Grant	93.575	Unknown	1,925	-
Preventative Health and Health Services Block Grant	93.991	Unknown	16,299	-
Maternal and Child Health Services Block Grant to the States	93.994	Unknown	-	5,824
Department of Social Services:				
Child Support Enforcement	93.563	Unknown	8,849	8,512
Community Services Block Grant	93.569	Unknown	33,786	57,948
Total U.S. Department of Health and Human Services			<u>\$ 85,252</u>	<u>\$ 72,284</u>
Total Federal Financial Assistance			<u>\$ 375,023</u>	<u>\$ 394,744</u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pike County, Missouri, and is presented on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.



**SCHEDULE 1**

**PIKE COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2001	2000
14.231	Emergency Shelter Grants Program	19,957	19,190
93.569	Community Services Block Grant	33,786	57,948

**PIKE COUNTY, MISSOURI**

**MANAGEMENT LETTER**

**DECEMBER 31, 2001**



Business Consultants • Certified Public Accountants

To the County Commission and  
Officeholders of Pike County, Missouri:

In planning and performing our audit of the special-purpose financial statements of the Pike County as of and for the two years ended December 31, 2001, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

## REPORTABLE CONDITIONS

We noted the following reportable condition that is considered to be a material weakness.

### ***County Treasurer's Reconciliations***

The County Treasurer's fund ledger is not accurate as the book balance does not take into account checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed. In addition, the County Treasurer performs reconciliations between her fund ledger balances and the bank statement balances once every six months when the semi-annual settlement is prepared; however, differences noted are not always investigated and followed up on. This situation caused immaterial differences between the reconciled bank accounts and the fund ledger balances.

Complete reconciliations between the bank receipts, disbursements and balances and county fund ledgers are necessary to ensure all monies have been accounted for properly. Any discrepancies should be investigated and resolved on a timely basis.

## **REPORTABLE CONDITIONS (CONTINUED)**

We noted the following reportable conditions that are not considered to be material weaknesses.

### ***Segregation of Duties***

The small size of the accounting department limits the extent of a proper segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. This results in some risk that intentional or unintentional errors could be made and not detected.

We noted the following:

1. The County Treasurer is responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

### ***Federal Awards***

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of Treasury, states that federal funds shall be disbursed by the county within two days of receipt.

We noted the following:

1. Elapsed time between the receipt of federal monies and disbursement of such funds. This resulted in the county holding reimbursements from three to ten working days before the related payment was made to the contractor.

## **OBSERVATIONS**

We noted the following observations that are not considered to be reportable conditions, but are comments to help strengthen internal controls and operating efficiency.

### ***Sheriff's Inmate Account***

The total of the prisoners' monies in the Sheriff's checking account is not reconciled to the total of the recorded individual prisoner balances. Inmate balances are maintained on computer files but the balances cannot be reconciled to the total in the bank because the account also contains the commissary monies for which no separate records are kept. To reconcile, the Sheriff's office must maintain records for the commissary account that would record sales made as well as purchases and calculate the balance of the account. Reconciliations between receipts, disbursements, and individual balances and the total in this bank account are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected. This condition was also noted in the prior audit report.

We recommend the Sheriff maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.

***Changes in Reporting Requirements***

The Governmental Accounting Standards Board recently released a new financial statement reporting requirement commonly referred to as "GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The intent of GASB 34 is to standardize financial statement reporting across governmental entities and to make them more comparable to statements issued by like-sized profit-seeking companies. Adherence to GASB 34 is a requirement for all local governmental entities, including school districts, and the gradual implementation requirement is as follows:

<u>Entities With Revenues</u>	<u>Fiscal Year Beginning After</u>
Greater than \$100 million	June 15, 2001
\$10 - \$100 million	June 15, 2002
Less than \$10 million	June 15, 2003

GASB 34 will require government-wide financial statements to include a Statement of Activities and a Statement of Net Assets. It will also require as supplemental information a narrative section referred to as "Management Discussion and Analysis" to further communicate the operations and goals of the School District. As management is ultimately responsible for the financial statements, they will likewise be responsible for all statements as reported under GASB 34.

***Cooperation***

We received complete cooperation from all County officials during the 2001 and 2000 audit. It appears that the overall accounting procedures laid down by the County, are being adhered to by the officials within each office.

We welcome the opportunity to discuss the points mentioned in this letter, or any other accounting and procedural problems in order to coordinate our efforts with you, the mutual objectives being the development of more effective accounting, financial reporting, and business procedures for the County.

We understand that some of the aforementioned points are in the process of implementation or may already have been implemented; however, these points are noted so that effective follow up can be accomplished.

Thank you for the opportunity to be of service to you. We sincerely appreciate all the courtesies and cooperation extended to us by you and your staff and remind you that we are available on a year-round basis. Please do not hesitate to call us whenever you believe we can be of assistance.

Page Four

This report is intended solely for the information and use of the County Commission and Officeholders of Pike County, and others within the administration.

Original Signed by Auditor

**LARSON, ALLEN, WEISHAIR & CO., LLP**

March 27, 2002  
St. Louis, Missouri



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Oregon County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Oregon County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Charles Buchanan, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill", is positioned above the printed name and title.

Claire C. McCaskill  
State Auditor

Report No. 2002-77  
August 30, 2002

**Oregon County, Missouri**

**Audit Report**

**Two Years Ended December 31, 2001**

**Prepared by:**  
**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314)-869-2720 (Ofc)**  
**(314)-869-5955 (Fax)**



# OREGON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2
Financial Statements:	3
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds
A-1	Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
	Comparative Statement of Receipts, Disbursements, and Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000:
B	General Revenue Fund
B	Special Road and Bridge Fund
B	Assessment Fund
B	Law Enforcement Training Fund
B	Prosecuting Attorney Training Fund
B	River Patrol Fund
B	Federal Law Enforcement Forfeiture Fund
B	Recorder User Fee Fund
B	Operation Cash Crop Fund
B	Law Enforcement Donations Fund
B	Prosecuting Attorney Bad Check Fund
B	Prosecuting Attorney Special Fund
B	Children's Trust Fund

B	Health Center Fund	10
B	Senate Bill 40 Fund	10
B	Senior Citizen's Fund	10
B	Election Fund	11
B	Domestic Cannabis Fund	11
B	Co-Op Law Agreement-Drugs Fund	11
B	Community Development Block Grant	11
B	Off-System Bridge Replacement and Rehabilitation Grant	11
	Notes to the Financial Statements	12-14
	Supplementary Schedule	15
	Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	16
	Notes to the Supplementary Schedule	17-19
	<u>FEDERAL AWARDS-SINGLE AUDIT SECTION</u>	20
	Independent Auditor's Report:	21
	Compliance With Requirements Applicable to Each Major Program and Control Over Compliance in Accordance With OMB Circular A-133	22-23
	Schedule:	24
	Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000	25
	Section I – Summary of Auditor's Results	25
	Section II – Financial Statement Findings	25
	Section III – Federal Award Findings and Questioned Costs	25-27
	Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28-29
	Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	30-31

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Oregon County, Missouri

We have audited the special-purpose financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2001 and 2000 as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Oregon County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparison of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 15, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
February 15, 2002

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Oregon County, Missouri

We have audited the special-purpose financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special purpose financial statements of various funds of Oregon County, Missouri are free of material misstatements, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Oregon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
February 15, 2002

## Financial Statements

## EXHIBIT A-1

OREGON COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

Fund	Cash, 1/1/01	Receipts	Disbursements	Cash, 12/31/01
General Revenue	\$601,223	\$1,082,879	\$1,039,795	\$644,307
Special Road and Bridge	505,427	711,420	638,026	578,821
Assessment	6,290	110,013	116,303	0
Law Enforcement Training	2,572	2,529	4,496	605
Prosecuting Attorney Training	331	426	424	333
River Patrol	0	12,359	12,359	0
Federal Law Enforcement Forfeiture	13,073	780	5,000	8,853
Recorder User Fee	42,988	8,353	5,832	45,509
Operation Cash Crop	54	1,535	1,495	94
Law Enforcement Donations	1,750	12,194	12,292	1,652
Prosecuting Attorney Bad Check	1,613	7,790	8,301	1,102
Prosecuting Attorney Special	592	716	0	1,308
Children's Trust	295	330	295	330
Health Center	62,733	342,509	317,879	87,363
Senate Bill 40 Board	77,550	67,077	70,100	74,527
Senior Citizen's	5,088	33,212	33,352	4,948
Associate Circuit Division Interest	692	992	0	1,684
Circuit Clerk Interest	10,951	5,689	1,879	14,761
Law Library	4,657	3,795	2,080	6,372
Election	1,194	1,178	0	2,372
Domestic Cannabis Eradication	0	0	0	0
Co-Op Law Agreement-Drugs	0	5,000	5,000	0
Community Development Block Grant	0	289,611	289,611	0
Off-System Bridge Replacement and Rehabilitation	0	142,141	142,141	0
Total	\$1,339,073	\$2,842,528	\$2,706,660	\$1,474,941

The accompanying Notes to the Financial Statements are an integral part of this statement.

## EXHIBIT A-2

OREGON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund	Cash, 1/1/00	Receipts	Disbursements	Cash, 12/31/00
General Revenue	\$624,378	\$1,050,438	\$1,073,593	\$601,223
Special Road and Bridge	396,696	660,246	551,515	505,427
Assessment	0	117,127	110,837	6,290
Law Enforcement Training	3,355	2,863	3,646	2,572
Prosecuting Attorney Training	98	446	213	331
River Patrol	0	12,662	12,662	0
Federal Law Enforcement Forfeiture	14,761	3,312	5,000	13,073
Recorder User Fee	46,411	10,387	13,810	42,988
Operation Cash Crop	54	2,344	2,344	54
Law Enforcement Donations	15,418	16,328	29,996	1,750
Prosecuting Attorney Bad Check	1,323	6,666	6,376	1,613
Prosecuting Attorney Special	554	38	0	592
Children's Trust	405	295	405	295
Health Center	40,470	318,541	296,278	62,733
Senate Bill 40 Board	59,084	65,118	46,652	77,550
Senior Citizen's	5,956	30,920	31,788	5,088
Associate Circuit Division Interest	1,375	781	1,464	692
Circuit Clerk Interest	7,586	90,970	87,605	10,951
Law Library	3,520	2,945	1,808	4,657
Election	0	1,194	0	1,194
Domestic Cannabis Eradication	0	6,000	6,000	0
Co-Op Law Agreement-Drugs	0	0	0	0
Community Development Block Grant	0	5,680	5,680	0
Off-System Bridge Replacement and Rehabilitation	0	1,959	1,959	0
Total	\$1,221,444	\$2,407,260	\$2,289,631	\$1,339,073

EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$2,758,009	\$2,832,052	\$74,043	\$2,875,913	\$2,312,563	(\$563,350)
DISBURSEMENTS	3,115,441	2,702,701	412,740	3,337,174	2,198,753	1,138,421
RECEIPTS OVER (UNDER) DISBURSEMENTS	(357,432)	129,351	486,783	(461,261)	113,810	575,071
CASH, JANUARY 1	1,322,773	1,322,773	0	1,208,963	1,208,963	0
CASH, DECEMBER 31	965,341	1,452,124	486,783	747,702	1,322,773	575,071
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	54,970	59,462	4,492	42,810	44,964	2,154
Sales taxes	650,000	667,467	17,467	630,500	652,475	21,975
Intergovernmental	135,345	178,483	43,138	155,742	168,144	12,402
Charges for services	112,345	113,915	1,570	112,005	101,632	(10,373)
Interest	32,000	38,010	6,010	21,184	35,734	14,550
Other	24,220	18,534	(5,686)	31,265	38,853	7,588
Transfers in	1,600	7,008	5,408	9,000	8,636	(364)
Total Receipts	1,010,480	1,082,879	72,399	1,002,506	1,050,438	47,932
DISBURSEMENTS						
County Commission	75,810	70,993	4,817	74,360	71,280	3,080
County Clerk	90,604	73,135	17,469	88,290	85,023	3,267
Elections	21,350	12,233	9,117	46,900	38,328	8,572
Buildings and grounds	44,600	36,284	8,316	39,100	33,388	5,712
Employee fringe benefits	126,510	118,514	7,996	138,850	111,313	27,537
County Treasurer	28,097	26,129	1,968	28,629	27,213	1,416
County Collector	71,988	68,619	3,369	72,590	66,396	6,194
Ex Officio Recorder of Deeds	33,717	30,417	3,300	45,868	29,338	16,530
Circuit Clerk	17,250	10,201	7,049	17,617	7,619	9,998
Associate Circuit Court	11,457	8,187	3,270	10,450	5,534	4,916
Associate Circuit (Probate)	578	496	82	535	368	167
Court administration	1,380	563	817	1,380	808	572
Public Administrator	29,317	28,608	709	17,225	16,885	340
Sheriff	253,868	242,729	11,139	244,827	238,152	6,675
Jail	21,099	20,964	135	47,099	17,920	29,179
Prosecuting Attorney	76,617	71,774	4,843	88,342	83,205	5,137
Juvenile Officer	45,746	40,796	4,950	43,053	38,391	4,662
County Coroner	9,670	9,633	37	6,613	5,872	741
Public health and welfare services	500	0	500	500	0	500
Other	189,012	143,955	45,057	190,115	161,214	28,901
Transfers out	58,584	25,565	33,019	94,494	35,346	59,148
Emergency Fund	31,000	0	31,000	30,075	0	30,075
Total Disbursements	1,238,754	1,039,795	198,959	1,326,912	1,073,593	253,319
RECEIPTS OVER (UNDER) DISBURSEMENTS	(228,274)	43,084	271,358	(324,406)	(23,155)	301,251
CASH, JANUARY 1	601,223	601,223	0	624,378	624,378	0
CASH, DECEMBER 31	\$372,949	\$644,307	\$271,358	\$299,972	\$601,223	\$301,251



EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	\$106,615	\$108,035	\$1,420	\$102,300	\$103,438	\$1,138
Intergovernmental	544,510	553,657	9,147	505,140	522,660	17,520
Charges for services	0	0	0	146,592	0	(146,592)
Interest	15,000	30,208	15,208	7,000	23,586	16,586
Other	5,100	6,819	1,719	7,912	10,562	2,650
Transfers in	12,701	12,701	0	0	0	0
Total Receipts	683,926	711,420	27,494	768,944	660,246	(108,698)
<b>DISBURSEMENTS</b>						
Salaries	196,003	195,968	35	190,916	182,917	7,999
Employee fringe benefits	61,323	56,417	4,906	59,896	48,544	11,352
Supplies	71,750	57,797	13,953	65,750	58,198	7,552
Insurance	14,429	14,429	0	6,500	6,203	297
Road and bridge materials	137,416	85,163	52,253	243,000	49,514	193,486
Equipment repairs	27,500	26,786	714	25,000	18,874	6,126
Rentals	1,500	1,298	202	1,500	211	1,289
Equipment purchases	125,000	72,588	52,412	125,000	64,340	60,660
Construction, repair, and maintenance	91,500	78,799	12,701	106,500	98,256	8,244
Transfer to Off-System Bridge Replacement and Rehabilitation	0	0	0	1,959	1,959	0
Other	57,005	48,781	8,224	28,950	22,499	6,451
Total Disbursements	783,426	638,026	145,400	854,971	551,515	303,456
RECEIPTS OVER (UNDER) DISBURSEMENTS	(99,500)	73,394	172,894	(86,027)	108,731	194,758
CASH, JANUARY 1	505,427	505,427	0	396,696	396,696	0
CASH, DECEMBER 31	405,927	578,821	172,894	310,669	505,427	194,758
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	76,028	81,950	5,922	77,592	82,079	4,487
Interest	75	644	569	75	210	135
Other	1,150	2,189	1,039	1,050	1,198	148
Transfers in	56,984	24,203	(32,781)	92,494	33,640	(58,854)
Charges for services	1,000	1,027	27	1,000	0	(1,000)
Total Receipts	135,237	110,013	(25,224)	172,211	117,127	(55,084)
<b>DISBURSEMENTS</b>						
Assessor	134,238	116,303	17,935	172,211	110,837	61,374
Total Disbursements	134,238	116,303	17,935	172,211	110,837	61,374
RECEIPTS OVER (UNDER) DISBURSEMENTS	999	(6,290)	(7,289)	0	6,290	6,290
CASH, JANUARY 1	6,290	6,290	0	0	0	0
CASH, DECEMBER 31	7,289	0	(7,289)	0	6,290	6,290
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	58	58	0	0	0
Charges for services	40	0	(40)	100	39	(61)
Interest	100	106	6	60	103	43
Other	2,805	2,365	(440)	3,250	2,721	(529)
Total Receipts	2,945	2,529	(416)	3,410	2,863	(547)
<b>DISBURSEMENTS</b>						
Mileage & training	3,933	3,898	35	2,900	3,104	(204)
Miscellaneous	600	598	2	500	542	(42)
Total Disbursements	4,533	4,496	37	3,400	3,646	(246)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,588)	(1,967)	(379)	10	(783)	(793)
CASH, JANUARY 1	2,572	2,572	0	3,355	3,355	0
CASH, DECEMBER 31	\$984	\$605	(\$379)	\$3,365	\$2,572	(\$793)

EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$50	\$45	(\$5)	\$100	\$44	(\$56)
Other	550	381	(169)	900	402	(498)
Total Receipts	600	426	(174)	1,000	446	(554)
DISBURSEMENTS						
Training & mileage	831	424	407	900	213	687
Tuition	100	0	100	100	0	100
Total Disbursements	931	424	507	1,000	213	787
RECEIPTS OVER (UNDER) DISBURSEMENTS	(331)	2	333	0	233	233
CASH, JANUARY 1	331	331	0	98	98	0
CASH, DECEMBER 31	0	333	333	98	331	233
<b><u>RIVER PATROL FUND</u></b>						
RECEIPTS						
Intergovernmental	16,000	10,997	(5,003)	17,000	11,000	(6,000)
Operating transfers in	1,600	1,362	(238)	2,000	1,662	(338)
Total Receipts	17,600	12,359	(5,241)	19,000	12,662	(6,338)
DISBURSEMENTS						
Salaries	6,000	3,283	2,717	6,000	6,715	(715)
Fringe benefits	1,200	262	938	840	565	275
Mileage	1,000	998	2	600	422	178
Miscellaneous	3,400	807	2,593	6,000	325	5,675
Transfers out to general	6,000	7,009	(1,009)	5,560	4,635	925
Total Disbursements	17,600	12,359	5,241	19,000	12,662	6,338
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>FEDERAL LAW ENFORCEMENT FORFEITURE</u></b>						
RECEIPTS						
Other	0	0	0	0	2,275	2,275
Intergovernmental	750	780	30	10,000	1,037	(8,963)
Total Receipts	750	780	30	10,000	3,312	(6,688)
DISBURSEMENTS						
Miscellaneous	1,000	0	1,000	1,000	0	1,000
Drug task force	5,000	5,000	0	5,000	5,000	0
Total Disbursements	6,000	5,000	1,000	6,000	5,000	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,250)	(4,220)	1,030	4,000	(1,688)	(5,688)
CASH, JANUARY 1	13,073	13,073	0	14,761	14,761	0
CASH, DECEMBER 31	7,823	8,853	1,030	18,761	13,073	(5,688)
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	5,200	5,696	496	5,200	4,998	(202)
Interest	1,541	2,657	1,116	950	1,541	591
Other	1,600	0	(1,600)	2,633	3,848	1,215
Total Receipts	8,341	8,353	12	8,783	10,387	1,604
DISBURSEMENTS						
Miscellaneous	16,000	3,884	12,116	12,359	7,359	5,000
Equipment	4,000	1,842	2,158	6,451	6,451	0
Salary	0	106	(106)	0	0	0
Total Disbursements	20,000	5,832	14,168	18,810	13,810	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,659)	2,521	14,180	(10,027)	(3,423)	6,604
CASH, JANUARY 1	42,988	42,988	0	46,411	46,411	0
CASH, DECEMBER 31	\$31,329	\$45,509	\$14,180	\$36,384	\$42,988	\$6,604

EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>OPERATION CASH CROP FUND</u></b>						
RECEIPTS						
Intergovernmental	\$1,535	\$1,535	\$0	\$1,000	\$2,344	\$1,344
Total Receipts	1,535	1,535	0	1,000	2,344	1,344
DISBURSEMENTS						
Equipment	1,535	1,495	40	2,350	2,344	6
Total Disbursements	1,535	1,495	40	2,350	2,344	6
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	40	40	(1,350)	0	1,350
CASH, JANUARY 1	54	54	0	54	54	0
CASH, DECEMBER 31	54	94	40	(1,296)	54	1,350
<b><u>LAW ENFORCEMENT DONATIONS FUND</u></b>						
RECEIPTS						
Other	12,000	12,114	114	18,000	16,066	(1,934)
Interest	200	80	(120)	250	262	12
Total Receipts	12,200	12,194	(6)	18,250	16,328	(1,922)
DISBURSEMENTS						
Supplies	8,000	4,390	3,610	14,000	13,081	919
Uniforms	500	426	74	500	819	(319)
Equipment	2,000	1,616	384	16,156	13,084	3,072
Training & mileage	600	600	0	600	0	600
Witness protection program	2,000	0	2,000	2,000	0	2,000
Extra deputy	0	0	0	500	0	500
Fringe benefits	0	0	0	42	0	42
Miscellaneous	850	5,260	(4,410)	737	3,012	(2,275)
Total Disbursements	13,950	12,292	1,658	34,535	29,996	4,539
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,750)	(98)	1,652	(16,285)	(13,668)	2,617
CASH, JANUARY 1	1,750	1,750	0	15,418	15,418	0
CASH, DECEMBER 31	0	1,652	1,652	(867)	1,750	2,617
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	7,200	7,790	590	7,000	6,666	(334)
Total Receipts	7,200	7,790	590	7,000	6,666	(334)
DISBURSEMENTS						
Salary-clerical	7,175	7,079	96	6,000	5,892	108
Fringe benefits	499	532	(33)	493	484	9
Mileage & training	1,039	590	449	657	0	657
Miscellaneous	100	100	0	100	0	100
Total Disbursements	8,813	8,301	512	7,250	6,376	874
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,613)	(511)	1,102	(250)	290	540
CASH, JANUARY 1	1,613	1,613	0	1,323	1,323	0
CASH, DECEMBER 31	0	1,102	1,102	1,073	1,613	540
<b><u>PROSECUTING ATTORNEY SPECIAL FUND</u></b>						
RECEIPTS						
Charges for services	480	699	219	500	38	(462)
Interest	0	17	17	0	0	0
Total Receipts	480	716	236	500	38	(462)
DISBURSEMENTS						
Miscellaneous	1,072	0	1,072	500	0	500
Total Disbursements	1,072	0	1,072	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(592)	716	1,308	0	38	38
CASH, JANUARY 1	592	592	0	554	554	0
CASH, DECEMBER 31	\$0	\$1,308	\$1,308	\$554	\$592	\$38

EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CHILDREN'S TRUST FUND</u></b>						
RECEIPTS						
Intergovernmental	\$400	\$330	(\$70)	\$450	\$295	(\$155)
Total Receipts	400	330	(70)	450	295	(155)
DISBURSEMENTS						
Other	295	295	0	450	405	45
Total Disbursements	295	295	0	450	405	45
RECEIPTS OVER (UNDER) DISBURSEMENTS	105	35	(70)	0	(110)	(110)
CASH, JANUARY 1	295	295	0	405	405	0
CASH, DECEMBER 31	400	330	(70)	405	295	(110)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	60,000	64,700	4,700	58,000	61,671	3,671
Intergovernmental	210,900	217,070	6,170	204,050	207,702	3,652
Charges for services	15,700	18,101	2,401	19,650	25,019	5,369
Interest	3,400	3,562	162	2,500	2,848	348
Other	38,133	39,076	943	30,285	21,301	(8,984)
Total Receipts	328,133	342,509	14,376	314,485	318,541	4,056
DISBURSEMENTS						
Salaries	196,298	195,648	650	197,074	189,638	7,436
Office expenditures	28,410	21,931	6,479	26,085	17,242	8,843
Clinic supplies	30,475	30,731	(256)	22,110	25,838	(3,728)
Mileage & training	7,845	5,925	1,920	8,470	4,848	3,622
Other	42,595	41,531	1,064	39,823	36,956	2,867
WIC	22,510	22,113	397	20,923	21,756	(833)
Total Disbursements	328,133	317,879	10,254	314,485	296,278	18,207
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	24,630	24,630	0	22,263	22,263
CASH, JANUARY 1	62,733	62,733	0	40,470	40,470	0
CASH, DECEMBER 31	62,733	87,363	24,630	40,470	62,733	22,263
<b><u>SENATE BILL 40</u></b>						
RECEIPTS						
Property taxes	61,796	63,290	1,494	59,474	60,309	835
Interest	4,900	3,787	(1,113)	1,700	4,809	3,109
Total Receipts	66,696	67,077	381	61,174	65,118	3,944
DISBURSEMENTS						
Workshop request	70,000	70,000	0	40,000	0	40,000
Bond	100	100	0	100	100	0
Building fund	0	0	0	42,000	45,664	(3,664)
Miscellaneous	0	0	0	0	888	(888)
Total Disbursements	70,100	70,100	0	82,100	46,652	35,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,404)	(3,023)	381	(20,926)	18,466	39,392
CASH, JANUARY 1	77,550	77,550	0	59,084	59,084	0
CASH, DECEMBER 31	74,146	74,527	381	38,158	77,550	39,392
<b><u>SENIOR CITIZEN'S FUND</u></b>						
RECEIPTS						
Property taxes	32,500	33,212	712	36,000	30,920	(5,080)
Total Receipts	32,500	33,212	712	36,000	30,920	(5,080)
DISBURSEMENTS						
Payments for senior services	37,500	33,352	4,148	36,000	31,788	4,212
Total Disbursements	37,500	33,352	4,148	36,000	31,788	4,212
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(140)	4,860	0	(868)	(868)
CASH, JANUARY 1	5,088	5,088	0	5,956	5,956	0
CASH, DECEMBER 31	\$88	\$4,948	\$4,860	\$5,956	\$5,088	(\$868)

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B  
OREGON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION FUND</u></b>						
RECEIPTS						
Other	\$425	\$1,178	\$753	\$0	\$1,194	\$1,194
Total Receipts	425	1,178	753	0	1,194	1,194
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	425	1,178	753	0	1,194	1,194
CASH, JANUARY 1	1,194	1,194	0	0	0	0
CASH, DECEMBER 31	1,619	2,372	753	0	1,194	1,194
<b><u>DOMESTIC CANNABIS FUND</u></b>						
RECEIPTS						
Other	0	0	0	0	6,000	6,000
Total Receipts	0	0	0	0	6,000	6,000
DISBURSEMENTS						
Mileage	0	0	0	6,000	6,000	0
Total Disbursements	0	0	0	6,000	6,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(6,000)	0	6,000
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(6,000)	0	6,000
<b><u>CO-OP LAW AGREEMENT-DRUGS</u></b>						
RECEIPTS						
Other	5,000	5,000	0	0	0	0
Total Receipts	5,000	5,000	0	0	0	0
DISBURSEMENTS						
Miscellaneous	5,000	5,000	0	0	0	0
Total Disbursements	5,000	5,000	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>COMMUNITY DEVELOPMENT BLOCK GRANT</u></b>						
RECEIPTS						
HUD Grant	215,820	205,647	(10,173)	221,500	5,680	(215,820)
In-kind match	62,900	61,044	(1,856)	62,900	0	(62,900)
Matching funds	22,700	22,920	220	22,700	0	(22,700)
Total Receipts	301,420	289,611	(11,809)	307,100	5,680	(301,420)
DISBURSEMENTS						
Community facility	246,700	245,035	1,665	246,700	0	246,700
Design	14,700	14,700	0	14,700	0	14,700
Inspection	11,000	2,246	8,754	11,000	0	11,000
Acquisition	19,500	19,500	0	19,500	0	19,500
Administration	9,520	8,130	1,390	15,200	5,680	9,520
Total Disbursements	301,420	289,611	11,809	307,100	5,680	301,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>OFF-SYSTEM BRIDGE REPLACEMENT AND REHABILITATION</u></b>						
RECEIPTS						
Department of transportation grant	142,141	142,141	0	142,141	0	(142,141)
Transfer from special road & bridge	0	0	0	1,959	1,959	0
Total Receipts	142,141	142,141	0	144,100	1,959	(142,141)
DISBURSEMENTS						
Transfer to special road & bridge	12,701	12,701	0	0	0	0
Bridge construction	129,440	129,440	0	144,100	1,959	142,141
Total Disbursements	142,141	142,141	0	144,100	1,959	142,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$0	\$0	\$0	\$0	\$0	\$0

The accompanying Notes to the Financial Statements are an integral part of this statement.

OREGON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senate Bill 40 Board, or the Senior Citizen's Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Section 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Associate Circuit Division Interest	2000 and 2001
Circuit Clerk Interest	2000 and 2001
Law Library	2000 and 2001
Election	2000

Warrants issued were in excess of budgeted amounts for the Law Enforcement Training Fund in 2000. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Operation Cash Crop	2000
Law Enforcement Donation	2000
Domestic Cannabis Eradication	2000

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Children's Trust	2001 and 2000
Community Development Block Grant	2000
Off-System Bridge Replacement and Rehabilitation	2001 and 2000

However, for the Health Center, Senate Bill 40, and Senior Citizens funds, the county's published financial statements for the year ended December 31, 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For purposes of these disclosures, deposits with financial institutions are demand, time, and saving accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

At December 31, 2001, the reported amount of the county's deposits was \$1,479,594 and the bank balance was \$1,533,246. Of the bank balance, \$2,827,682 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, and \$2,896,335 was covered by collateral held by the pledging (or depository) bank's trust department or agent in the county's name.

At December 31, 2000, the reported amount of the county's deposits was \$1,217,439 and the bank balance was \$1,295,759. Of the bank balance, \$2,606,552 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$2,174,892 was covered by collateral held by the pledging (or depositary) bank's trust department or agent in the county's name.

The Health Center Board's, Senate Bill 40 Board's, and the Senior Citizens' Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance.



## Supplementary Schedule

## Schedule

OREGON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER 00450175	\$ 58,397	\$ 60,171
10.665	Schools and Roads - Grants to States	N/A	\$ 212,232	\$ 150,037
10.unknown	Co-op Law Agreement-Drugs	N/A	5,000	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
	Community Development Block Grants/State's Program	2000-PF-06	205,647	5,680
	Department of Social Services -			
	Emergency Shelter Grants Program	N/A	5,000	5,000
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	5,000
	Passed through:			
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,495	6,000
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Off-System Bridge Replacement and Rehabilitation Program	BRO-075(5)	142,141	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	1,375	2,750
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS 146-1175L	0	2,071
	Immunization Grants	ERS 146-2175L 514-PG00649175	2,500 41,789	0 10,419
	Department of Social Services -			
	Child Support Enforcement	N/A	3,956	5,361
	Department of Health -			
	Child Care and Development Block Grant	PGA067-0175C	4,240	3,850
	Department of Health -			
	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS 161-10037 ERS 161-20020	17,400	20,749
93.991	Preventive Health and Health Services Block Grant	AOC 01380047	27,500	27,500
93.994	Maternal and Child Health Services Block Grant to the States	ERS 146-2175M ERS 146-1175M	30,455	27,500
Total Expenditures of Federal Awards			\$ 759,127	\$ 332,088

N/A - Not applicable

Notes to the Supplementary Schedule

## OREGON COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE

#### 1. Summary of Significant Accounting Policies

##### A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Oregon County, Missouri.

##### B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

##### C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of varicella (chicken pox) vaccine provided to the Health Center through the Center for Disease Control of the U.S. Department of Health and Human Services.

Of the amounts for Immunization Grants (CFDA number 93.268) \$16,577 and \$10,419 represent the original acquisition cost of vaccines purchased by the Center for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$124 represents the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the year ended December 31, 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,865 and \$620 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2.     Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

Federal Awards-  
Single Audit Section

## Independent Auditor's Report

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The County Commission  
and  
Officeholders of Oregon County, Missouri

Compliance

We have audited the compliance of Oregon County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Oregon County, Missouri, complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2001-1 and 2001-2.

Internal Control Over Compliance

The management of Oregon County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2001-1 and 2001-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
February 15, 2002

## Schedule

**Oregon County, Missouri**  
**Schedule of Findings and Questioned Costs**  
**(Including Management's Plan For Corrective Action)**  
**Two Years Ended December 31, 2001**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_yes

  x   no

Reportable conditions identified that are not  
considered to be material weaknesses?

\_\_\_\_yes

  x   none reported

Noncompliance material to the financial statements  
noted?

\_\_\_\_yes

  x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

\_\_\_\_yes

  x   no

Reportable conditions identified that are not  
considered to be material weaknesses?

  x   yes

\_\_\_\_none reported

Type of audit report issued on compliance for  
major programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?

  x   yes

\_\_\_\_no

Identification of major programs:

CFDA or Other Identifying Number

10.665

14.228

Program Title

Schools and Roads – Grants to States

Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_yes

  x   no

**Section II-Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III-Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

2001-1

## Cash Management

Federal Grantor: U.S. Department of Transportation  
 Pass-Through Grantor: State Highway and Transportation Commission  
 Federal CFDA Number: 20.205  
 Program Title: Off-System Bridge Replacement and Rehabilitation Program

Pass-Through Entity Identifying Number: BRO-075(5) over Mill Creek Bridge #15600251  
 Award Year: 1997  
 Questioned Costs: \$647.20.

Criteria: The Local Public Agency Manual published by the Missouri Department of Transportation (MoDOT) in Section I, General states that ...the federal-aid transportation program operates on a reimbursement basis as work progresses. Erroneously, it states that ...this is not a "GRANT" program. It correctly goes on to say.... It is a federal reimbursement program in which the local agency is reimbursed minus their matching percentage after MoDOT receives proper proof of payment by the local agency to the contractor for work performed.

Condition: The county obtained advance payment of expenses.

Questioned Costs: \$647.20 representing interest on the advance payment.

Effect: The county did not comply with the reimbursement requirement of the program.

Recommendation: We recommend that the county comply with the requirement to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program. We further recommend that the county discuss the erroneous statement in the MoDOT Agency Manual referring to the program as not being a grant program with the program management office.

Auditee's Response and Plan for Corrective Action: We will discontinue the practice of requesting advances on this program. We evidently confused the method of payment (advances versus reimbursements) with the type of program. We have advised MoDOT's regional personnel about the issue of the type of program (grant) and requested that it be addressed in the next revision of the Agency Manual.

2001-2

## Cash Management

Federal Grantor: U.S. Department of Housing and Urban Development  
 Pass-Through Grantor: Department of Economic Development  
 Federal CFDA Number: 14.228  
 Program Title: Community Development Block Grants/State's Program

Pass-Through Entity Identifying Number: 2000-PF-06  
 Award Year: 2001 and 2000  
 Questioned Costs: \$681.91

Criteria: The state guidelines allow five days to expend funds drawn down from the cash management system.

Condition: The county did not adequately monitor the third-party administrator's procedures for cash draws. Three of nine draw downs were one to ten days past the five-day limit.

Questioned Costs:	\$681.91 representing interest on the excess days the funds were held.
Effect:	The county did not comply with the state and federal guidelines.
Recommendation:	We recommend the county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. We also recommend the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.
Auditee's Response and Plan for Corrective Action:	The County Clerk agrees with the auditor's recommendation and will discuss this issue with the third-party administrator.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

**OREGON COUNTY, MISSOURI**  
**FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN**  
**AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH *GOVERNMENT AUDITING STANDARDS***

The prior report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



**OREGON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500 (e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings prepared by the county's management.

99-1 Schedule of Expenditures of Federal Awards	
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Missouri Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ER 00450175
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Missouri Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable

**Finding – Two Years Ended December 31, 1999**

Criteria: The county is required to prepare an accurate schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements.

Condition: The county did not have adequate procedures in place to track federal awards for the preparation of the SEFA. The information presented by the county for several of the programs presented did not agree with the county's expenditure records.

Status: Partially implemented.

**AUDITEE'S RESPONSE AND CORRECTIVE ACTION PLAN**

*The County Clerk provided the following response:*

*We omitted the MoDot bridge program under the mistaken belief that it was not a federal grant as stated in the MoDot Local Agency Manual. As mentioned in the findings, the expenditures for this program were included in the Road and Bridge Fund. We have corrected this problem for 2002.*



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Montgomery County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Montgomery County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-76  
August 30, 2002

**MONTGOMERY COUNTY, MISSOURI**  
**FOR THE TWO YEARS**  
**ENDED DECEMBER 31, 2001**

\*  
\* \*  
\* \* \*  
\* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \*  
\* \* \*  
\* \*  
\*

**Casey and Company of Columbia, L.L.C.**  
**Certified Public Accountants**  
**Columbia, Missouri**

# MONTGOMERY COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FINANCIAL SECTION	
Independent Auditor's Reports:	
Financial Statements .....	1-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-36
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001.....8
A-2	Year Ended December 31, 2000.....9
B	<u>General Revenue Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....10
C	<u>Special Road and Bridge Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....11
D	<u>Assessment Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....12
E	<u>Dare Program Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....13

MONTGOMERY COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
F	<u>Emergency Preparedness Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	14
G	<u>Emergency 911 Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	15
H	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	16
I	<u>Capital Improvement Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	17
J	<u>Law Enforcement Training Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	18
K	<u>Prosecuting Attorney Training Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....	19
L	<u>Johnson Grass Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	20

MONTGOMERY COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
M	<u>Recorder User Fee Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 .....	21
N	<u>Sheriff Forfeiture Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	22
O	<u>Local Emergency Planning Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	23
P	<u>Sheriff's Operation Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	24
Q	<u>Children's Trust Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	25
R	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	26
S	<u>Circuit Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	27

MONTGOMERY COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
T	<u>Associate Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	28
U	<u>Prosecuting Attorney Delinquent Tax Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	29
V	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	30
W	<u>Post Commission Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	31
X	<u>Special Election Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	32
Y	<u>Election Service Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	33

MONTGOMERY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FINANCIAL SECTION	
Financial Statements:	
Z	<u>Courthouse Annex</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....34
AA	<u>County Employee Retirement Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....35
AB	<u>Recorder Technology Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 .....36
Notes to the Financial Statements ..... 37-41	
Schedule:	
	Schedule of Findings, Years Ended December 31, 2001 and 2000 ..... 42-43
Letter on Other Matters ..... 44-46	



## FINANCIAL SECTION

## Independent Auditor's Reports

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Montgomery County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Montgomery County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of

Montgomery County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Montgomery County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Montgomery County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Montgomery County, Missouri

We have audited the special-purpose financial statements of various funds of Montgomery County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Montgomery County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing*

### MEMBER

•  
American  
Institute of  
Certified  
Public  
Accountants

•  
Missouri  
Society of  
Certified  
Public  
Accountants

*Standards.* However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Montgomery County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Montgomery County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

## Financial Statements

Exhibit A-1

MONTGOMERY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,779	1,880,183	1,860,099	22,863
Special Road and Bridge	223,527	1,254,147	1,011,187	466,487
Assessment	159	150,942	150,872	229
DARE	1,767	361	0	2,128
Emergency Preparedness	4,311	50,199	38,939	15,571
Emergency 911	93,829	112,995	95,195	111,629
Prosecuting Attorney Bad Check	15,860	7,793	12,194	11,459
Capital Improvement	282,421	477,614	434,667	325,368
Law Enforcement Training	18,123	4,638	4,400	18,361
Prosecuting Attorney Training	19,278	1,609	1,177	19,710
Johnson Grass	5,816	0	48	5,768
Recorder User Fee	5,827	7,988	2,488	11,327
Sheriff Forfeiture	1,600	11,036	4,517	8,119
Local Emergency Planning	14,690	5,978	664	20,004
Sheriff's Operation	13,441	28,206	8,407	33,240
Children's Trust	4,125	526	1,000	3,651
Law Library	8,413	6,232	7,220	7,425
Circuit Clerk Interest	4,493	700	595	4,598
Associate Circuit Interest	15,643	340	80	15,903
Prosecuting Attorney Delinquent Tax	6,762	213	0	6,975
Health Center	277,036	550,267	425,068	402,235
Post Commission	386	1,689	1,252	823
Special Election	962	17,350	18,312	0
Election Services	11,008	5,814	1,670	15,152
Courthouse Annex Building	14,265	48,460	13,257	49,468
County Employee Retirement	4,081	72,899	73,065	3,915
Recorder Technology	0	1,669	0	1,669
Total	\$ 1,050,602	4,699,848	4,166,373	1,584,077

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit A-2

MONTGOMERY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 27,810	1,780,438	1,805,469	2,779
Special Road and Bridge	194,691	1,229,045	1,200,209	223,527
Assessment	6,079	171,911	177,831	159
DARE	2,120	2,059	2,412	1,767
Emergency Preparedness	2,431	40,066	38,186	4,311
Emergency 911	94,034	110,491	110,696	93,829
Prosecuting Attorney Bad Check	14,488	7,238	5,866	15,860
Capital Improvement	354,243	431,954	503,776	282,421
Law Enforcement Training	22,812	7,512	12,201	18,123
Prosecuting Attorney Training	19,149	1,667	1,538	19,278
Johnson Grass	5,899	0	83	5,816
Recorder User Fee	4,355	6,043	4,571	5,827
Sheriff Forfeiture	690	910	0	1,600
Local Emergency Planning	12,945	4,524	2,779	14,690
Sheriff's Operation	5,460	23,221	15,240	13,441
Children's Trust	4,465	660	1,000	4,125
Law Library	5,539	7,244	4,370	8,413
Circuit Clerk Interest	4,571	777	855	4,493
Associate Circuit Interest	14,898	1,086	341	15,643
Prosecuting Attorney Delinquent Tax	6,513	249	0	6,762
Health Center	183,855	489,789	396,608	277,036
Post Commission	92	1,117	823	386
Special Election	3,952	45,453	48,443	962
Election Services	0	12,694	1,686	11,008
Courthouse Annex Building	0	21,666	7,401	14,265
County Employee Retirement	4,263	62,599	62,781	4,081
Total	\$ 995,354	4,460,413	4,405,165	1,050,602

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 377,819	349,557	(28,262)	305,103	303,699	(1,404)
Sales taxes	542,582	589,227	46,645	581,921	537,210	(44,711)
Intergovernmental	533,920	503,664	(30,256)	594,720	536,379	(58,341)
Charges for services	244,500	301,938	57,438	232,188	250,151	17,963
Interest	10,200	8,484	(1,716)	12,000	10,334	(1,666)
Other	68,010	72,313	4,303	34,712	37,665	2,953
Transfers in	76,586	55,000	(21,586)	0	105,000	105,000
Total Receipts	\$ 1,853,617	1,880,183	26,566	1,760,644	1,780,438	19,794
<b>DISBURSEMENTS</b>						
County Commission	81,608	81,518	90	77,443	80,238	(2,795)
County Clerk	84,452	84,825	(373)	84,452	83,915	537
Elections	0	8,011	(8,011)	12,000	19,893	(7,893)
Buildings and grounds	68,085	71,120	(3,035)	68,082	68,370	(288)
County Treasurer	30,822	30,558	264	30,821	29,679	1,142
County Collector	67,713	67,157	556	67,711	66,904	807
Circuit Clerk	29,299	25,222	4,077	29,298	26,017	3,281
Associate Circuit Court	17,826	16,908	918	17,828	15,917	1,911
Court administration	16,991	15,819	1,172	15,878	13,265	2,613
Public Administrator	27,265	27,085	180	7,059	7,124	(65)
Sheriff	313,204	319,387	(6,183)	313,202	347,646	(34,444)
Jail	454,823	503,267	(48,444)	454,823	485,898	(31,075)
Prosecuting Attorney	102,643	113,925	(11,282)	102,209	100,688	1,521
Juvenile Officer	62,270	45,955	16,315	62,484	40,920	21,564
County Coroner	16,053	15,131	922	10,057	7,354	2,703
Dispatch	195,503	202,421	(6,918)	195,501	211,536	(16,035)
Court Reporter	5,800	0	5,800	5,800	645	5,155
Planning and Zoning	24,591	23,462	1,129	28,307	27,880	427
P.A. 4-D	10,685	9,852	833	10,684	9,521	1,163
Debt Service	55,882	55,882	0	0	50,000	(50,000)
Other	120,827	125,559	(4,732)	125,675	110,559	15,116
Transfers Out	13,286	7,000	6,286	11,022	1,500	9,522
Emergency Fund	53,989	10,035	43,954	52,819	0	52,819
Total Disbursements	\$ 1,853,617	1,860,099	(6,482)	1,783,155	1,805,469	(22,314)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	20,084	20,084	(22,511)	(25,031)	(2,520)
CASH, JANUARY 1	2,779	2,779	0	27,810	27,810	0
CASH, DECEMBER 31	\$ 2,779	22,863	20,084	5,299	2,779	(2,520)

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit C

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 670,228	671,726	1,498	622,619	635,222	12,603
Intergovernmental	524,908	546,941	22,033	609,592	553,934	(55,658)
Charges for services	0	0	0	500	0	(500)
Interest	18,000	20,517	2,517	15,000	18,347	3,347
Other	26,752	14,963	(11,789)	9,250	21,542	12,292
Total Receipts	<u>\$ 1,239,888</u>	<u>1,254,147</u>	<u>14,259</u>	<u>1,256,961</u>	<u>1,229,045</u>	<u>(27,916)</u>
<b>DISBURSEMENTS</b>						
Salaries	374,940	346,187	28,753	380,000	382,519	(2,519)
Employee fringe benefits	60,485	55,000	5,485	72,630	56,846	15,784
Supplies	106,500	111,167	(4,667)	97,000	105,318	(8,318)
Insurance	20,000	19,488	512	15,050	14,761	289
Road and bridge materials	262,000	255,928	6,072	257,000	264,174	(7,174)
Equipment repairs	70,000	47,486	22,514	50,000	66,432	(16,432)
Rentals	5,000	0	5,000	4,000	0	4,000
Equipment purchases	130,500	82,036	48,464	130,000	140,321	(10,321)
Construction, repair, and maintenance	220,500	57,489	163,011	211,870	163,549	48,321
Other	9,000	8,032	968	6,500	6,289	211
Transfers out	35,000	28,374	6,626	0	0	0
Total Disbursements	<u>\$ 1,293,925</u>	<u>1,011,187</u>	<u>282,738</u>	<u>1,224,050</u>	<u>1,200,209</u>	<u>23,841</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,037)	242,960	296,997	32,911	28,836	(4,075)
CASH, JANUARY 1	223,527	223,527	0	194,691	194,691	0
CASH, DECEMBER 31	<u>\$ 169,490</u>	<u>466,487</u>	<u>296,997</u>	<u>227,602</u>	<u>223,527</u>	<u>(4,075)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit D

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ 139,223	141,143	1,920	134,370	141,952	7,582
Map Copies	3,200	1,711	(1,489)	1,200	3,256	2,056
Interest	1,300	1,053	(247)	1,000	1,359	359
Other	0	35	35	340	23,844	23,504
Transfers In	13,286	7,000	(6,286)	11,022	1,500	(9,522)
Total Receipts	<u>\$ 157,009</u>	<u>150,942</u>	<u>(6,067)</u>	<u>147,932</u>	<u>171,911</u>	<u>23,979</u>
<b>DISBURSEMENTS</b>						
Assessor	157,013	150,872	6,141	154,010	177,831	(23,821)
Total Disbursements	<u>\$ 157,013</u>	<u>150,872</u>	<u>6,141</u>	<u>154,010</u>	<u>177,831</u>	<u>(23,821)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4)	70	74	(6,078)	(5,920)	158
CASH, JANUARY 1	159	159	0	6,079	6,079	0
CASH, DECEMBER 31	<u>\$ 155</u>	<u>229</u>	<u>74</u>	<u>1</u>	<u>159</u>	<u>158</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit E

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DARE PROGRAM FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 70	61	(9)	0	84	84
Other	0	300	300	3,000	1,975	(1,025)
Total Receipts	\$ 70	361	291	3,000	2,059	(941)
DISBURSEMENTS						
Supplies	1,500	0	1,500	2,500	2,412	88
Total Disbursements	\$ 1,500	0	1,500	2,500	2,412	88
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,430)	361	1,791	500	(353)	(853)
CASH, JANUARY 1	1,767	1,767	0	2,120	2,120	0
CASH, DECEMBER 31	\$ 337	2,128	1,791	2,620	1,767	(853)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit F

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
EMERGENCY PREPAREDNESS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 7,000	13,846	6,846	0	4,271	4,271
Interest	500	1,162	662	500	1,009	509
Other	35,150	35,191	41	40,000	34,786	(5,214)
Total Receipts	\$ 42,650	50,199	7,549	40,500	40,066	(434)
DISBURSEMENTS						
Salaries	25,303	25,348	(45)	25,254	25,149	105
Office expenditures	4,200	6,042	(1,842)	4,405	3,398	1,007
Equipment	2,850	1,525	1,325	2,500	2,852	(352)
Mileage and training	990	1,000	(10)	2,200	979	1,221
Other	1,140	24	1,116	5,590	5,808	(218)
Transfers Out	5,000	5,000	0	0	0	0
Total Disbursements	\$ 39,483	38,939	544	39,949	38,186	1,763
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,167	11,260	8,093	551	1,880	1,329
CASH, JANUARY 1	4,311	4,311	0	2,431	2,431	0
CASH, DECEMBER 31	\$ 7,478	15,571	8,093	2,982	4,311	1,329

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit G

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 EMERGENCY 911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ 2,000	660	(1,340)	1,000	2,747	1,747
Charges for services	101,583	107,699	6,116	93,000	100,578	7,578
Interest	3,272	3,472	200	3,200	4,183	983
Other	850	1,164	314	870	2,983	2,113
Total Receipts	<u>\$ 107,705</u>	<u>112,995</u>	<u>5,290</u>	<u>98,070</u>	<u>110,491</u>	<u>12,421</u>
<b>DISBURSEMENTS</b>						
Salaries	27,410	29,374	(1,964)	29,036	29,056	(20)
Supplies	880	1,295	(415)	600	886	(286)
Equipment	63,330	63,269	61	63,500	60,084	3,416
Mileage and Training	500	0	500	460	655	(195)
Other	15,000	1,257	13,743	20,000	20,015	(15)
Transfers Out	2,000	0	2,000	1,000	0	1,000
Total Disbursements	<u>\$ 109,120</u>	<u>95,195</u>	<u>13,925</u>	<u>114,596</u>	<u>110,696</u>	<u>3,900</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,415)	17,800	19,215	(16,526)	(205)	16,321
CASH, JANUARY 1	93,829	93,829	0	94,034	94,034	0
CASH, DECEMBER 31	<u>\$ 92,414</u>	<u>111,629</u>	<u>19,215</u>	<u>77,508</u>	<u>93,829</u>	<u>16,321</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit H

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 7,000	7,377	377	7,000	6,724	(276)
Interest	500	416	(84)	400	514	114
Total Receipts	\$ 7,500	7,793	293	7,400	7,238	(162)
DISBURSEMENTS						
Payroll	7,105	7,753	(648)	2,675	2,479	196
Office	3,675	4,441	(766)	4,240	3,387	853
Total Disbursements	\$ 10,780	12,194	(1,414)	6,915	5,866	1,049
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,280)	(4,401)	(1,121)	485	1,372	887
CASH, JANUARY 1	15,860	15,860	0	14,488	14,488	0
CASH, DECEMBER 31	\$ 12,580	11,459	(1,121)	14,973	15,860	887

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit I

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Tax	\$ 361,753	392,668	30,915	375,000	358,171	(16,829)
Interest	15,000	18,759	3,759	16,000	20,456	4,456
Other	57,500	66,187	8,687	1,000	53,327	52,327
Total Receipts	\$ 434,253	477,614	43,361	392,000	431,954	39,954
DISBURSEMENTS						
Salaries	21,649	21,896	(247)	19,832	20,111	(279)
Equipment	22,114	19,555	2,559	37,600	52,360	(14,760)
Debt service	346,866	328,901	17,965	314,210	308,426	5,784
Other	10,000	9,315	685	6,000	17,879	(11,879)
Transfers out	76,586	55,000	21,586	0	105,000	(105,000)
Total Disbursements	\$ 477,215	434,667	42,548	377,642	503,776	(126,134)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,962)	42,947	85,909	14,358	(71,822)	(86,180)
CASH, JANUARY 1	282,421	282,421	0	354,243	354,243	0
CASH, DECEMBER 31	\$ 239,459	325,368	85,909	368,601	282,421	(86,180)

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit J

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,000	4,049	49	14,000	3,672	(10,328)
Interest	500	589	89	0	824	824
Other	0	0	0	0	3,016	3,016
Total Receipts	\$ 4,500	4,638	138	14,000	7,512	(6,488)
DISBURSEMENTS						
Sheriff	14,500	4,400	10,100	27,000	12,201	14,799
Total Disbursements	\$ 14,500	4,400	10,100	27,000	12,201	14,799
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	238	10,238	(13,000)	(4,689)	8,311
CASH, JANUARY 1	18,123	18,123	0	22,812	22,812	0
CASH, DECEMBER 31	\$ 8,123	18,361	10,238	9,812	18,123	8,311

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	1,003	3	1,000	988	(12)
Interest	700	606	(94)	700	679	(21)
Total Receipts	\$ 1,700	1,609	(91)	1,700	1,667	(33)
DISBURSEMENTS						
Prosecuting Attorney	1,500	1,177	323	1,950	1,538	412
Total Disbursements	\$ 1,500	1,177	323	1,950	1,538	412
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	432	232	(250)	129	379
CASH, JANUARY 1	19,278	19,278	0	19,149	19,149	0
CASH, DECEMBER 31	\$ 19,478	19,710	232	18,899	19,278	379

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
JOHNSON GRASS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 0	0	0	0	0	0
Total Receipts	\$ 0	0	0	0	0	0
DISBURSEMENTS						
Supplies	100	48	52	150	83	67
Total Disbursements	\$ 100	48	52	150	83	67
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	(48)	52	(150)	(83)	67
CASH, JANUARY 1	5,816	5,816	0	5,899	5,899	0
CASH, DECEMBER 31	\$ 5,716	5,768	52	5,749	5,816	67

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER USER FEE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 6,000	7,732	1,732	6,000	5,840	(160)
Interest	0	256	256	0	203	203
Total Receipts	\$ 6,000	7,988	1,988	6,000	6,043	43
DISBURSEMENTS						
Ex Officio Recorder of Deeds	10,227	2,488	7,739	10,000	4,571	5,429
Total Disbursements	\$ 10,227	2,488	7,739	10,000	4,571	5,429
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,227)	5,500	9,727	(4,000)	1,472	5,472
CASH, JANUARY 1	5,827	5,827	0	4,355	4,355	0
CASH, DECEMBER 31	\$ 1,600	11,327	9,727	355	5,827	5,472

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit N

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF FORFEITURE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 30	146	116	25	26	1
Other	12,000	10,890	(1,110)	0	884	884
Total Receipts	\$ 12,030	11,036	(994)	25	910	885
DISBURSEMENTS						
Equipment	7,500	4,517	2,983	0	0	0
Total Disbursements	\$ 7,500	4,517	2,983	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,530	6,519	1,989	25	910	885
CASH, JANUARY 1	1,600	1,600	0	690	690	0
CASH, DECEMBER 31	\$ 6,130	8,119	1,989	715	1,600	885

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit O

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LOCAL EMERGENCY PLANNING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 600	576	(24)	290	519	229
Other	4,000	5,402	1,402	4,000	4,005	5
Total Receipts	\$ 4,600	5,978	1,378	4,290	4,524	234
DISBURSEMENTS						
Mileage and Training	250	184	66	2,500	150	2,350
Equipment	3,000	0	3,000	200	2,436	(2,236)
Other	500	480	20	500	193	307
Total Disbursements	\$ 3,750	664	3,086	3,200	2,779	421
RECEIPTS OVER (UNDER) DISBURSEMENTS	850	5,314	4,464	1,090	1,745	655
CASH, JANUARY 1	14,690	14,690	0	12,945	12,945	0
CASH, DECEMBER 31	\$ 15,540	20,004	4,464	14,035	14,690	655

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit P

MONTGOMERY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SHERIFF'S OPERATION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 18,000	27,534	9,534	12,000	20,622	8,622
Interest	270	652	382	0	315	315
Other	6,000	20	(5,980)	0	2,284	2,284
Total Receipts	\$ 24,270	28,206	3,936	12,000	23,221	11,221
DISBURSEMENTS						
Supplies	800	1,457	(657)	500	1,047	(547)
Equipment	16,000	5,312	10,688	13,220	13,508	(288)
Mileage and Training	0	0	0	0	259	(259)
Grant Matching	1,000	1,485	(485)	1,000	0	1,000
Other	0	153	(153)	280	426	(146)
Total Disbursements	\$ 17,800	8,407	9,393	15,000	15,240	(240)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,470	19,799	13,329	(3,000)	7,981	10,981
CASH, JANUARY 1	13,441	13,441	0	5,460	5,460	0
CASH, DECEMBER 31	\$ 19,911	33,240	13,329	2,460	13,441	10,981

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit Q

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CHILDREN'S TRUST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 624	526	(98)	0	660	660
Total Receipts	\$ 624	526	(98)	0	660	660
EXPENDITURES						
Services to children	1,000	1,000	0	1,000	1,000	0
Total Disbursements	\$ 1,000	1,000	0	1,000	1,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(376)	(474)	(98)	(1,000)	(340)	660
CASH, JANUARY 1	4,125	4,125	0	4,465	4,465	0
CASH, DECEMBER 31	\$ 3,749	3,651	(98)	3,465	4,125	660

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit R

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,000	6,232	2,232	4,000	7,244	3,244
Total Receipts	\$ 4,000	6,232	2,232	4,000	7,244	3,244
DISBURSEMENTS						
Law Library	\$ 12,413	7,220	5,193	9,539	4,370	5,169
Total Disbursements	\$ 12,413	7,220	5,193	9,539	4,370	5,169
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,413)	(988)	7,425	(5,539)	2,874	8,413
CASH, JANUARY 1	8,413	8,413	0	5,539	5,539	0
CASH, DECEMBER 31	\$ 0	7,425	7,425	0	8,413	8,413

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 500	700	200	300	777	477
Total Receipts	\$ 500	700	200	300	777	477
DISBURSEMENTS						
Circuit Clerk	4,993	595	4,398	3,600	855	2,745
Total Disbursements	\$ 4,993	595	4,398	3,600	855	2,745
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,493)	105	4,598	(3,300)	(78)	3,222
CASH, JANUARY 1	4,493	4,493	0	4,571	4,571	0
CASH, DECEMBER 31	\$ 0	4,598	4,598	1,271	4,493	3,222

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit T

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE CIRCUIT INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 1,000	340	(660)	480	1,086	606
Total Receipts	\$ 1,000	340	(660)	480	1,086	606
DISBURSEMENTS						
Associate Circuit Clerk	0	80	(80)	0	341	(341)
Total Disbursements	\$ 0	80	(80)	0	341	(341)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	260	(740)	480	745	265
CASH, JANUARY 1	15,643	15,643	0	14,898	14,898	0
CASH, DECEMBER 31	\$ 16,643	15,903	(740)	15,378	15,643	265

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit U

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 250	213	(37)	215	249	34
Total Receipts	\$ 250	213	(37)	215	249	34
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	0	0
Total Disbursements	\$ 0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	213	(37)	215	249	34
CASH, JANUARY 1	6,762	6,762	0	6,513	6,513	0
CASH, DECEMBER 31	\$ 7,012	6,975	(37)	6,728	6,762	34

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit V

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 194,000	203,360	9,360	185,500	194,641	9,141
Intergovernmental	210,500	279,297	68,797	207,130	249,486	42,356
Charges for services	20,900	21,904	1,004	25,500	23,046	(2,454)
Interest	14,100	21,682	7,582	7,800	14,317	6,517
Other	18,933	24,024	5,091	4,500	8,299	3,799
Total Receipts	\$ 458,433	550,267	91,834	430,430	489,789	59,359
<b>DISBURSEMENTS</b>						
Salaries	329,180	318,881	10,299	323,189	307,612	15,577
Office expenditures	23,950	21,245	2,705	21,300	20,032	1,268
Equipment	6,400	5,143	1,257	6,300	5,283	1,017
Mileage and training	10,450	8,464	1,986	9,675	8,725	950
Utilities	4,300	4,175	125	4,000	3,648	352
Medical supplies	11,500	12,843	(1,343)	10,200	11,285	(1,085)
Other	63,000	54,317	8,683	50,050	40,023	10,027
Emergency	5,000	0	5,000	5,000	0	5,000
Total Disbursements	\$ 453,780	425,068	28,712	429,714	396,608	33,106
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,653	125,199	120,546	716	93,181	92,465
CASH, JANUARY 1	277,036	277,036	0	183,855	183,855	0
CASH, DECEMBER 31	\$ 281,689	402,235	120,546	184,571	277,036	92,465

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit W

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
POST COMMISSION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 1,900	1,689	(211)	1,900	1,117	(783)
Total Receipts	\$ 1,900	1,689	(211)	1,900	1,117	(783)
DISBURSEMENTS						
Post Commission	1,900	1,252	648	1,900	823	1,077
Total Disbursements	\$ 1,900	1,252	648	1,900	823	1,077
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	437	437	0	294	294
CASH, JANUARY 1	386	386	0	92	92	0
CASH, DECEMBER 31	\$ 386	823	437	92	386	294

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit X

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ELECTION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 0	17,350	17,350	0	45,453	45,453
Total Receipts	\$ 0	17,350	17,350	0	45,453	45,453
DISBURSEMENTS						
Election	0	18,312	(18,312)	0	48,443	(48,443)
Total Disbursements	\$ 0	18,312	(18,312)	0	48,443	(48,443)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(962)	(962)	0	(2,990)	(2,990)
CASH, JANUARY 1	962	962	0	3,952	3,952	0
CASH, DECEMBER 31	\$ 962	0	(962)	3,952	962	(2,990)

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit Y

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION SERVICES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 250	3,389	3,139	1,150	12,464	11,314
Interest	150	1,807	1,657	0	172	172
Other	0	618	618	0	58	58
Total Receipts	\$ 400	5,814	5,414	1,150	12,694	11,544
DISBURSEMENTS						
Election services	3,765	1,670	2,095	1,685	1,686	(1)
Total Disbursements	\$ 3,765	1,670	2,095	1,685	1,686	(1)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,365)	4,144	7,509	(535)	11,008	11,543
CASH, JANUARY 1	11,008	11,008	0	0	0	0
CASH, DECEMBER 31	\$ 7,643	15,152	7,509	(535)	11,008	11,543

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Z

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COURTHOUSE ANNEX BUILDING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Rent	\$ 47,499	47,499	0	0	21,579	21,579
Other	500	961	461	0	87	87
Total Receipts	\$ 47,999	48,460	461	0	21,666	21,666
DISBURSEMENTS						
Courthouse Annex Building	14,525	13,257	1,268	0	7,401	(7,401)
Total Disbursements	\$ 14,525	13,257	1,268	0	7,401	(7,401)
RECEIPTS OVER (UNDER) DISBURSEMENTS	33,474	35,203	1,729	0	14,265	14,265
CASH, JANUARY 1	14,265	14,265	0	0	0	0
CASH, DECEMBER 31	\$ 47,739	49,468	1,729	0	14,265	14,265

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AA

MONTGOMERY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COUNTY EMPLOYEE RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 0	72,725	72,725	0	62,435	62,435
Interest	0	174	174	0	164	164
Total Receipts	\$ 0	72,899	72,899	0	62,599	62,599
DISBURSEMENTS						
State retirement funds	0	73,065	(73,065)	0	62,781	(62,781)
Total Disbursements	\$ 0	73,065	(73,065)	0	62,781	(62,781)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(166)	(166)	0	(182)	(182)
CASH, JANUARY 1	4,081	4,081	0	4,263	4,263	0
CASH, DECEMBER 31	\$ 4,081	3,915	(166)	4,263	4,081	(182)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AB

MONTGOMERY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER TECHNOLOGY

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Fees	\$ 0	1,667	1,667
Interest	0	2	2
Total Receipts	\$ 0	1,669	1,669
DISBURSEMENTS			
Recorder	0	0	0
Total Disbursements	\$ 0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,669	1,669
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	1,669	1,669

The accompanying Notes to the Financial Statements are an integral part of this statement

## Notes to the Financial Statements

MONTGOMERY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Montgomery County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CERF	2001 and 2000
Courthouse Annex Building	2000
Special Election Fund	2001 and 2000
Recorder's Technology	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue	2001 and 2000
Assessment	2000
PA Bad Check	2001
Capital Improvement	2000
Sheriff's Operation	2000
Associate Circuit Interest	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although section 50.740 RSMo 2000, requires a balanced budget, a deficit balance was budgeted for the election services fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual

financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2000, did not include the Law Library, Circuit Clerk Interest, Associate Circuit Interest, CERF, and Recorder Technology.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Of the county's bank balances at December 31, 2001, \$ 895,430 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, and \$ 773,604 was covered by collateral held by the pledging (or depository) bank's trust department or agent in the county's name.



Of the county's bank balances at December 31, 2000, \$ 535,971 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$ 550,986 was covered by collateral held by the pledging (or depositary) bank's trust department or agent in the county's name.

The Health Center Board's deposits at December 31, 2001, and 2000 were covered by depositary insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name.

However, because of significantly higher Health Center Board bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of the county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Schedule

MONTGOMERY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## SECTION ON OTHER MATTERS

MONTGOMERY COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Montgomery County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Montgomery County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1.     Financial Condition

The county continues to run low on cash in the General Fund necessitating borrowing from the Capital Improvement fund and delaying the payment of bills to vendors thereby incurring finance charges and interest being paid on routine purchases. The county needs to cut any discretionary purchases until payment can be made in order to avoid incurring interest charges. Prior audits have raised the issue

2.     Payroll Reports

Quarterly payroll reports were filed incorrectly one quarter. The correct amount of payroll taxes was paid but the tax forms reporting the taxes needed to be corrected and subsequently was corrected through a corrected filing. Double checking procedures should be put into place to avoid any errors.

3. Budgeted Information

Budget reports from officers with county bank accounts, which are separate from the treasurer's office, are often not complete and accurate. While the summary pages are completed, the detail breakdown of revenue and expense are not and the summary pages contain addition errors. Each officer turning in budget reports for annual reporting to the State should make every effort to be complete and accurate in all submissions.

4. Health Insurance Invoices

The monthly bill for health insurance received by the county is not reconciled to the payroll , monthly invoices, or any other supporting documents. This resulted in an overpayment to the health insurance provider. The monthly health insurance bill should be reconciled to the payroll system or to other supporting systems to avoid overpayments.

This Letter on Other Matters is intended for the information of the management of Montgomery County, Missouri and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Mississippi County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Mississippi County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Kraus and Head, L.L.P., Business Consultants and Certified Public Accountants, is attached.

A handwritten signature in dark ink, appearing to read "Claire C. McCaskill", written in a cursive style.

Claire C. McCaskill  
State Auditor

Report No. 2002-75  
August 30, 2002

MISSISSIPPI COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001



# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Auditor's Reports: .....	3-6
Financial Statements and Supplementary Schedule of Expenditures Of Federal Awards.....	3-4
Compliance and Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements:.....	7-20
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds
A-1	Year Ended December 31, 2001.....8
A-2	Year Ended December 31, 2000.....9
	<u>General Revenue Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....10
	<u>Special Road and Bridge Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Assessment Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Law Enforcement Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12
	<u>Prosecuting Attorney Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12

# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

Page

### FINANCIAL SECTION

---

#### Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
B	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	12
B	<u>Senate Bill 40 Board Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	13
B	<u>Johnson Grass Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Law Enforcement Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Capital Improvement Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>Recorder's User Fee Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>911 Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14

# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

Page

### FINANCIAL SECTION

---

#### Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
B	<u>Building Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Drainage Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Crime Reduction Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Federal Confiscated Drug Money Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Special Prosecutor's Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Cultural Productivity Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	17

# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
B	<u>Victims of Domestic Violence Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17
B	<u>Senior Citizens Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17
B	<u>Circuit Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Juvenile Justice Title V Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Election Services Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Law Enforcement Block Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19
B	<u>Recorder Technology Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19
B	<u>Drug Court Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19

# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
B	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....20
B	<u>Juvenile Assessment Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....20
Notes to the Financial Statements.....21-24	
Supplementary Schedule:.....25-27	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000.....26-27	
Notes to the Supplementary Schedule.....28-30	
<u>FEDERAL AWARDS – SINGLE AUDIT SECTION</u>	
Auditor’s Report.....31-34	
Compliance With Requirements Applicable To each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....33-34	
Schedule.....35-37	
Schedule of Findings and Questioned Costs (Including Management’s Plan For Corrective Action), Years Ended December 2001 and 2000.....36-37	
Section I – Summary of Auditor’s Results.....36-37	
Section II – Financial Statement Findings.....37	
<u>Number</u>	
01-1	Sales Tax.....37

# MISSISSIPPI COUNTY, MISSOURI

## TABLE OF CONTENTS

### Page

#### FINANCIAL SECTION

---

##### Schedule:

Section III – Federal Award Findings and Questioned Costs.....	37
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	38-41
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	40-41

#### MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report Auditor's Findings.....	42-48
----------------------------------------------------	-------

##### Number

1. Collection of Revenue.....	45
2. Recorder of Deeds.....	45
3. Prosecuting Attorney.....	46
4. Circuit Clerk.....	46
5. Software.....	46-47
6. Delinquent Property Taxes.....	47
7. Pre-numbered Checks.....	48
8. Health Center Voucher System.....	48
Follow-Up on Prior Audit Findings.....	49-53

*Krauss and Head, L.L.P.*  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

ary . Krauss, C.P.A. \*  
im : Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

\* LICENSED IN MISSOURI AND ILLINOIS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Mississippi County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of **Mississippi County, Missouri**, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on the special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of The United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of **Mississippi County, Missouri**, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of **Mississippi County, Missouri**.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of **Mississippi County, Missouri**, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 5, 2002 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinions, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002



***Krauss and Head, L.L.P.***  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

Gary L. Krauss, C.P.A. •  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

LICENSED IN MISSOURI AND ILLINOIS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Mississippi County, Missouri

We have audited the special-purpose financial statements of various funds of ***Mississippi County, Missouri***, as of and for the years ended December 31, 2001 and 2000, and have issued our report there on dated June 5, 2002. We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of ***Mississippi County, Missouri***, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the special-purpose financial statements of various funds of ***Mississippi County, Missouri***, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material.

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of ***Mississippi County, Missouri***; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

## Financial Statements

Exhibit A-1

MISSISSIPPI COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 677,290	1,860,406	1,974,931	562,765
Special Road and Bridge	199,640	861,392	902,233	158,799
Assessment	935	147,384	148,312	7
Law Enforcement Training	10,818	5,965	11,327	5,456
Prosecuting Attorney Training	1,720	964	1,016	1,668
Health Center	153,992	774,486	750,627	177,851
Senate Bill 40 Board	816,147	162,808	53,323	925,632
Johnson Grass	19,918	25,957	34,225	11,650
Law Enforcement Sales Tax	26,485	2,295,839	2,297,802	24,522
Capital Improvement Sales Tax	146,759	79,837	226,596	0
Recorder's User Fee	6,550	5,095	3,545	8,100
911	118,520	89,042	84,715	122,847
Prosecuting Attorney Bad Checks	2,067	3,884	3,779	2,172
Drainage District	100,577	88,696	91,360	97,913
Crime Reduction	11,608	19,802	19,545	11,865
Federal Confiscated Drug Monies	9,432	53	9,485	0
Special Prosecutor's Grant	2,738	43,699	46,437	0
Cultural Productivity Grant	0	133,385	133,385	0
Victims of Domestic Violence	301	1,912	1,919	294
Senior Citizens Sales Tax	0	214,232	214,232	0
Circuit Clerk Interest	1,018	837	1,174	681
Juvenile Justice Title V Grant	0	99,620	99,620	0
Election Services	1,156	2,124	1,331	1,949
Law Enforcement Block Grant	0	14,862	14,862	0
Recorder Technology	0	1,176	0	1,176
Drug Court Grant	0	67,935	58,880	9,055
Law Library	9,704	5,312	4,521	10,495
Juvenile Assessment	6,640	766	2,256	5,150
Total	\$ 2,324,015	7,007,470	7,191,438	2,140,047

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit A-2

MISSISSIPPI COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 502,922	1,915,483	1,741,115	677,290
Special Road and Bridge	170,106	902,487	872,953	199,640
Assessment	305	134,879	134,249	935
Law Enforcement Training	12,049	6,544	7,775	10,818
Prosecuting Attorney Training	2,253	1,126	1,659	1,720
Health Center	151,319	664,367	661,694	153,992
Senate Bill 40 Board	703,974	156,776	44,603	816,147
Johnson Grass	74,943	61,374	116,399	19,918
Law Enforcement Sales Tax	181	1,740,245	1,713,941	26,485
Capital Improvement Sales Tax	102,594	444,165	400,000	146,759
Recorder's User Fee	6,000	4,853	4,303	6,550
911	77,378	80,020	38,878	118,520
Building	356,232	213,002	569,234	0
Prosecuting Attorney Bad Checks	3,364	3,655	4,952	2,067
Drainage District	90,253	85,498	75,174	100,577
Crime Reduction	1,780	18,988	9,160	11,608
Federal Confiscated Drug Monies	18,854	874	10,296	9,432
Special Prosecutor's Grant	(724)	64,317	60,855	2,738
Cultural Productivity Grant	0	202,280	202,280	0
Victims of Domestic Violence	114	1,464	1,277	301
Senior Citizens Sales Tax	0	219,750	219,750	0
Circuit Clerk Interest	1,191	2,779	2,952	1,018
Election Services	0	2,156	1,000	1,156
Law Library	9,185	5,610	5,091	9,704
Juvenile Assessment Fund	5,742	898	0	6,640
Total	\$ 2,290,015	6,933,590	6,899,590	2,324,015

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 7,159,732	7,007,470	(152,262)	6,368,470	6,933,590	565,120
DISBURSEMENTS	7,749,319	7,191,438	557,881	7,071,536	6,899,590	171,946
RECEIPTS OVER (UNDER) DISBURSEMENTS	(589,587)	(183,968)	405,619	(703,066)	34,000	737,066
CASH, JANUARY 1	2,324,015	2,324,015	0	2,275,088	2,290,015	14,927
CASH, DECEMBER 31	1,734,428	2,140,047	405,619	1,572,022	2,324,015	751,993
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	280,000	327,328	47,328	250,000	316,602	66,602
Sales taxes	820,000	856,523	36,523	800,000	878,329	78,329
Intergovernmental	77,500	62,468	(15,032)	429,500	457,256	27,756
Charges for services	166,500	173,152	6,652	167,600	171,337	3,737
Interest	25,000	38,419	13,419	25,000	44,042	19,042
Other	489,095	402,516	(86,579)	39,295	47,917	8,622
Total Receipts	1,858,095	1,860,406	2,311	1,711,395	1,915,483	204,088
DISBURSEMENTS						
County Commission	87,890	91,178	(3,288)	83,481	82,648	833
County Clerk	80,447	80,316	131	70,162	69,329	833
Elections	25,000	5,199	19,801	40,000	33,162	6,838
Buildings and grounds	123,900	116,883	7,017	115,515	112,006	3,509
Employee fringe benefits	95,300	96,269	(969)	98,000	101,488	(3,488)
County Treasurer	28,732	28,532	200	27,344	27,198	146
County Collector	81,053	78,092	2,961	76,792	72,869	3,923
Ex Officio Recorder of Deeds	21,850	19,848	2,002	15,560	8,642	6,918
Circuit Clerk	19,100	14,739	4,361	21,400	17,518	3,882
Associate Circuit Court	18,954	2,621	16,333	0	0	0
Associate Circuit (Probate)	1,000	619	381	1,000	588	412
Court administration	26,500	15,597	10,903	20,500	12,415	8,085
Public Administrator	21,250	26,736	(5,486)	11,760	12,879	(1,119)
Prosecuting Attorney	111,331	110,382	949	103,868	97,552	6,316
Juvenile Officer	20,000	16,474	3,526	40,000	17,109	22,891
County Coroner	16,156	14,843	1,313	14,247	11,872	2,375
Task Force	450,000	343,525	106,475	350,000	363,991	(13,991)
Public health and welfare services	21,111	21,623	(512)	23,611	15,472	8,139
Other	151,110	89,593	61,517	167,106	130,350	36,756
Debt service	300,000	533,052	(233,052)	0	0	0
Transfers out	390,000	268,810	121,190	373,800	554,027	(180,227)
Emergency Fund	56,000	0	56,000	52,000	0	52,000
Total Disbursements	2,146,684	1,974,931	171,753	1,706,146	1,741,115	(34,969)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(288,589)	(114,525)	174,064	5,249	174,368	169,119
CASH, JANUARY 1	677,290	677,290	0	502,922	502,922	0
CASH, DECEMBER 31	388,701	562,765	174,064	508,171	677,290	169,119

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	320,000	375,909	55,909	340,000	377,930	37,930
Sales taxes	0	0	0	500	2	(498)
Intergovernmental	431,340	412,514	(18,826)	413,193	415,515	2,322
Charges for services	60,000	53,930	(6,070)	50,000	89,578	39,578
Interest	10,000	16,527	6,527	10,000	18,405	8,405
Other	500	2,512	2,012	0	1,057	1,057
Total Receipts	821,840	861,392	39,552	813,693	902,487	88,794
<b>DISBURSEMENTS</b>						
Salaries	350,000	345,686	4,314	325,000	317,377	7,623
Employee fringe benefits	100,500	104,994	(4,494)	90,200	97,468	(7,268)
Supplies	94,750	89,220	5,530	85,100	96,618	(11,518)
Insurance	25,000	14,695	10,305	15,000	22,727	(7,727)
Road and bridge materials	182,000	153,244	28,756	139,000	117,353	21,647
Equipment repairs	69,000	69,309	(309)	79,500	88,542	(9,042)
Equipment purchases	150,000	71,636	78,364	150,000	101,700	48,300
Construction, repair, and maintenance	0	0	0	15,590	21,553	(5,963)
Other	9,500	53,449	(43,949)	7,300	9,615	(2,315)
Total Disbursements	980,750	902,233	78,517	906,690	872,953	33,737
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158,910)	(40,841)	118,069	(92,997)	29,534	122,531
CASH, JANUARY 1	199,640	199,640	0	170,106	170,106	0
CASH, DECEMBER 31	40,730	158,799	118,069	77,109	199,640	122,531
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	110,600	121,835	11,235	99,831	103,937	4,106
Charges for services	250	0	(250)	0	131	131
Interest	500	728	228	250	811	561
Other	0	11	11	250	0	(250)
Transfers in	40,000	24,810	(15,190)	33,800	30,000	(3,800)
Total Receipts	151,350	147,384	(3,966)	134,131	134,879	748
<b>DISBURSEMENTS</b>						
Assessor	151,484	148,312	3,172	134,266	134,249	17
Total Disbursements	151,484	148,312	3,172	134,266	134,249	17
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134)	(928)	(794)	(135)	630	765
CASH, JANUARY 1	935	935	0	305	305	0
CASH, DECEMBER 31	801	7	(794)	170	935	765

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	2,000	1,886	(114)	2,500	1,963	(537)
Charges for services	4,000	3,653	(347)	5,000	4,036	(964)
Interest	500	426	(74)	150	545	395
Total Receipts	6,500	5,965	(535)	7,650	6,544	(1,106)
DISBURSEMENTS						
Sheriff	15,000	11,327	3,673	12,500	7,775	4,725
Total Disbursements	15,000	11,327	3,673	12,500	7,775	4,725
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,500)	(5,362)	3,138	(4,850)	(1,231)	3,619
CASH, JANUARY 1	10,818	10,818	0	12,049	12,049	0
CASH, DECEMBER 31	2,318	5,456	3,138	7,199	10,818	3,619
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,250	903	(347)	1,250	1,007	(243)
Interest	50	61	11	50	119	69
Total Receipts	1,300	964	(336)	1,300	1,126	(174)
DISBURSEMENTS						
Prosecuting Attorney	2,800	1,016	1,784	3,500	1,659	1,841
Total Disbursements	2,800	1,016	1,784	3,500	1,659	1,841
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	(52)	1,448	(2,200)	(533)	1,667
CASH, JANUARY 1	1,720	1,720	0	2,253	2,253	0
CASH, DECEMBER 31	220	1,668	1,448	53	1,720	1,667
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	117,400	115,064	(2,336)	65,000	74,777	9,777
Intergovernmental	489,390	503,947	14,557	388,300	437,922	49,622
Charges for services	26,000	27,927	1,927	26,000	26,169	169
Interest	9,000	8,872	(128)	10,000	8,107	(1,893)
Other	114,241	118,676	4,435	101,500	117,392	15,892
Total Receipts	756,031	774,486	18,455	590,800	661,367	70,567
DISBURSEMENTS						
Salaries	463,471	436,837	26,634	418,600	417,470	1,130
Office expenditures	24,920	25,217	(297)	29,550	22,061	7,489
Equipment	9,000	15,159	(6,159)	11,500	4,935	6,565
Mileage and training	5,500	6,966	(1,466)	8,500	5,658	2,842
Clinic Supplies	36,300	46,002	(9,702)	37,500	37,293	207
East Prairie clinic	13,750	14,019	(269)	11,090	13,255	(2,165)
Election	0	0	0	4,235	4,235	0
Other	203,090	206,427	(3,337)	167,500	156,787	10,713
Total Disbursements	756,031	750,627	5,404	688,475	661,694	26,781
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	23,859	23,859	(97,675)	2,673	100,348
CASH, JANUARY 1	153,992	153,992	0	151,319	151,319	0
CASH, DECEMBER 31	153,992	177,851	23,859	53,644	153,992	100,348

The accompanying Notes to the Financial Statements are an integral part of this statement



## Exhibit B

MISSISSIPPI COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	112,880	117,019	4,139	109,052	117,852	8,800
Interest	43,000	45,789	2,789	34,500	38,924	4,424
Total Receipts	155,880	162,808	6,928	143,552	156,776	13,224
DISBURSEMENTS						
Transportation	21,000	22,004	(1,004)	21,000	18,942	2,058
Bus fund	10,000	10,000	0	10,000	10,000	0
Treasurer bond	1,875	1,875	0	0	0	0
Food	16,000	19,292	(3,292)	16,000	15,242	758
Other	1,000	152	848	1,000	419	581
Total Disbursements	49,875	53,323	(3,448)	48,000	44,603	3,397
RECEIPTS OVER (UNDER) DISBURSEMENTS	106,005	109,485	3,480	95,552	112,173	16,621
CASH, JANUARY 1	816,147	816,147	0	703,974	703,974	0
CASH, DECEMBER 31	922,152	925,632	3,480	799,526	816,147	16,621
<b><u>JOHNSON GRASS FUND</u></b>						
RECEIPTS						
Property taxes	20,000	24,616	4,616	42,000	55,121	13,121
Intergovernmental	0	49	49	0	66	66
Interest	1,500	1,292	(208)	2,500	6,187	3,687
Total Receipts	21,500	25,957	4,457	44,500	61,374	16,874
DISBURSEMENTS						
Salaries	1,100	1,043	57	1,100	1,003	97
Supplies	10,000	12,596	(2,596)	5,000	9,596	(4,596)
Equipment purchases	0	1,770	(1,770)	60,000	75,500	(15,500)
Contract work	25,000	18,095	6,905	50,000	30,300	19,700
Other	500	721	(221)	500	0	500
Total Disbursements	36,600	34,225	2,375	116,600	116,399	201
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,100)	(8,268)	6,832	(72,100)	(55,025)	17,075
CASH, JANUARY 1	19,918	19,918	0	74,943	74,943	0
CASH, DECEMBER 31	4,818	11,650	6,832	2,843	19,918	17,075
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	430,000	428,445	(1,555)	410,000	439,750	29,750
Intergovernmental	268,764	286,040	17,276	132,106	200,858	68,752
Charges for services	1,268,844	1,324,982	56,138	803,230	767,080	(36,150)
Interest	1,500	1,334	(166)	1,000	408	(592)
Other	17,000	11,038	(5,962)	5,000	17,149	12,149
Transfer in	300,000	244,000	(56,000)	275,000	315,000	40,000
Total Receipts	2,286,108	2,295,839	9,731	1,626,336	1,740,245	113,909
DISBURSEMENTS						
Sheriff	420,322	391,322	29,000	320,696	309,201	11,495
Jail	1,411,811	1,511,345	(99,534)	868,340	1,015,918	(147,578)
Juvenile detention	33,400	29,888	3,512	37,608	29,473	8,135
Lease payments	385,000	363,047	21,953	385,000	359,349	25,651
Other	5,000	2,200	2,800	2,500	0	2,500
Total Disbursements	2,255,533	2,297,802	(42,269)	1,614,144	1,713,941	(99,797)
RECEIPTS OVER (UNDER) DISBURSEMENTS	30,575	(1,963)	(32,538)	12,192	26,304	14,112
CASH, JANUARY 1	26,485	26,485	0	181	181	0
CASH, DECEMBER 31	57,060	24,522	(32,538)	12,373	26,485	14,112

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	95,000	78,200	(16,800)	400,000	439,880	39,880
Interest	250	1,637	1,387	2,500	4,285	1,785
Total Receipts	95,250	79,837	(15,413)	402,500	444,165	41,665
DISBURSEMENTS						
Lease principal and interest payment	242,009	226,596	15,413	400,000	400,000	0
Total Disbursements	242,009	226,596	15,413	400,000	400,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(146,759)	(146,759)	0	2,500	44,165	41,665
CASH, JANUARY 1	146,759	146,759	0	102,594	102,594	0
CASH, DECEMBER 31	0	0	0	105,094	146,759	41,665
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	4,500	4,802	302	4,800	4,442	(358)
Interest	400	293	(107)	200	411	211
Total Receipts	4,900	5,095	195	5,000	4,853	(147)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,000	3,545	4,455	8,000	4,303	3,697
Total Disbursements	8,000	3,545	4,455	8,000	4,303	3,697
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,100)	1,550	4,650	(3,000)	550	3,550
CASH, JANUARY 1	6,550	6,550	0	6,000	6,000	0
CASH, DECEMBER 31	3,450	8,100	4,650	3,000	6,550	3,550
<b><u>911 FUND</u></b>						
RECEIPTS						
Charges for services	72,000	82,999	10,999	65,000	74,808	9,808
Interest	4,500	6,043	1,543	3,500	5,212	1,712
Total Receipts	76,500	89,042	12,542	68,500	80,020	11,520
DISBURSEMENTS						
Rural addressing	5,000	0	5,000	1,000	3,498	(2,498)
Southwestern Bell Service	35,000	28,253	6,747	25,000	30,598	(5,598)
Equipment purchase	40,000	41,372	(1,372)	20,000	3,270	16,730
Equipment repair	10,000	15,090	(5,090)	10,000	1,512	8,488
Total Disbursements	90,000	84,715	5,285	56,000	38,878	17,122
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,500)	4,327	17,827	12,500	41,142	28,642
CASH, JANUARY 1	118,520	118,520	0	77,378	77,378	0
CASH, DECEMBER 31	105,020	122,847	17,827	89,878	118,520	28,642

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

MISSISSIPPI COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>BUILDING FUND</u></b>						
RECEIPTS						
Interest	0	0	0	2,500	3,975	1,475
Transfers in	0	0	0	285,000	209,027	(75,973)
Total Receipts	0	0	0	287,500	213,002	(74,498)
DISBURSEMENTS						
Building	0	0	0	350,000	293,285	56,715
Equipment	0	0	0	220,000	275,949	(55,949)
Total Disbursements	0	0	0	570,000	569,234	766
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(282,500)	(356,232)	(73,732)
CASH, JANUARY 1				356,232	356,232	0
CASH, DECEMBER 31	0	0	0	73,732	0	(73,732)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	3,500	3,790	290	2,500	3,530	1,030
Interest	100	94	(6)	50	125	75
Total Receipts	3,600	3,884	284	2,550	3,655	1,105
DISBURSEMENTS						
Salaries	5,000	3,779	1,221	0	8	(8)
Other	0	0	0	5,000	4,944	56
Total Disbursements	5,000	3,779	1,221	5,000	4,952	48
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	105	1,505	(2,450)	(1,297)	1,153
CASH, JANUARY 1	2,067	2,067	0	3,364	3,364	0
CASH, DECEMBER 31	667	2,172	1,505	914	2,067	1,153
<b><u>DRAINAGE DISTRICT FUND</u></b>						
RECEIPTS						
Property taxes	61,700	82,864	21,164	61,700	78,812	17,112
Interest	3,500	5,832	2,332	2,500	6,686	4,186
Total Receipts	65,200	88,696	23,496	64,200	85,498	21,298
DISBURSEMENTS						
Ditch maintenance	133,850	91,360	42,490	128,531	75,174	53,357
Total Disbursements	133,850	91,360	42,490	128,531	75,174	53,357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,650)	(2,664)	65,986	(64,331)	10,324	74,655
CASH, JANUARY 1	100,577	100,577	0	90,253	90,253	0
CASH, DECEMBER 31	31,927	97,913	65,986	25,922	100,577	74,655

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

MISSISSIPPI COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRIME REDUCTION FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	8,900	0	(8,900)
Charges for services	15,000	19,305	4,305	8,000	18,517	10,517
Interest	0	497	497	100	471	371
Total Receipts	15,000	19,802	4,802	17,000	18,988	1,988
DISBURSEMENTS						
Drug investigations	5,000	3,000	2,000	10,000	2,000	8,000
Law enforcement	10,000	16,545	(6,545)	7,000	7,160	(160)
Total Disbursements	15,000	19,545	(4,545)	17,000	9,160	7,840
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	257	257	0	9,828	9,828
CASH, JANUARY 1	11,608	11,608	0	1,780	1,780	0
CASH, DECEMBER 31	11,608	11,865	257	1,780	11,608	9,828
<b><u>FEDERAL CONFISCATED DRUG MONEY FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	2,000	0	(2,000)
Interest	100	53	(47)	250	874	624
Total Receipts	100	53	(47)	2,250	874	(1,376)
DISBURSEMENTS						
Law enforcement	9,532	9,485	47	12,800	10,296	2,504
Total Disbursements	9,532	9,485	47	12,800	10,296	2,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,432)	(9,432)	0	(10,550)	(9,422)	1,128
CASH, JANUARY 1	9,432	9,432	0	18,854	18,854	0
CASH, DECEMBER 31	0	0	0	8,304	9,432	1,128
<b><u>SPECIAL PROSECUTOR'S FUND</u></b>						
RECEIPTS						
Intergovernmental	77,493	43,699	(33,794)	49,712	64,317	14,605
Total Receipts	77,493	43,699	(33,794)	49,712	64,317	14,605
DISBURSEMENTS						
Salary	65,193	35,132	30,061	61,360	60,621	739
Office expenditures	15,000	11,305	3,695	0	234	(234)
Total Disbursements	80,193	46,437	33,756	61,360	60,855	505
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	(2,738)	(38)	(11,648)	3,462	15,110
CASH, JANUARY 1	2,738	2,738	0	(724)	(724)	0
CASH, DECEMBER 31	38	0	(38)	(12,372)	2,738	15,110

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CULTURAL PRODUCTIVITY GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	230,000	133,385	(96,615)	163,651	202,280	38,629
Total Receipts	230,000	133,385	(96,615)	163,651	202,280	38,629
DISBURSEMENTS						
Contract services	230,000	133,385	96,615	252,651	202,280	50,371
Total Disbursements	230,000	133,385	96,615	252,651	202,280	50,371
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(89,000)	0	89,000
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(89,000)	0	89,000
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	1,900	1,912	12	1,750	1,464	(286)
Total Receipts	1,900	1,912	12	1,750	1,464	(286)
DISBURSEMENTS						
Contract services	2,200	1,919	281	1,750	1,277	473
Total Disbursements	2,200	1,919	281	1,750	1,277	473
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(7)	293	0	187	187
CASH, JANUARY 1	301	301	0	114	114	0
CASH, DECEMBER 31	1	294	293	114	301	187
<b><u>SENIOR CITIZENS SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	220,000	214,232	(5,768)	225,000	219,750	(5,250)
Total Receipts	220,000	214,232	(5,768)	225,000	219,750	(5,250)
DISBURSEMENTS						
Contract services	220,000	214,232	5,768	225,000	219,750	5,250
Total Disbursements	220,000	214,232	5,768	225,000	219,750	5,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

MISSISSIPPI COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,500	837	(663)	1,500	2,779	1,279
Total Receipts	1,500	837	(663)	1,500	2,779	1,279
DISBURSEMENTS						
Office expenditures	2,518	1,174	1,344	1,500	2,952	(1,452)
Total Disbursements	2,518	1,174	1,344	1,500	2,952	(1,452)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,018)	(337)	681	0	(173)	(173)
CASH, JANUARY 1	1,018	1,018	0	1,191	1,191	0
CASH, DECEMBER 31	0	681	681	1,191	1,018	(173)
<b><u>JUVENILE JUSTICE TITLE V GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	99,623	99,620	(3)	2,000	0	(2,000)
Total Receipts	99,623	99,620	(3)	2,000	0	(2,000)
DISBURSEMENTS						
Contract services	99,623	99,620	3	99,623	0	99,623
Total Disbursements	99,623	99,620	3	99,623	0	99,623
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(97,623)	0	97,623
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	(97,623)	0	97,623
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	500	2,037	1,537	2,000	2,132	132
Interest	25	87	62	0	24	24
Total Receipts	525	2,124	1,599	2,000	2,156	156
DISBURSEMENTS						
Contract services	1,600	1,331	269	2,000	1,000	1,000
Total Disbursements	1,600	1,331	269	2,000	1,000	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,075)	793	1,868	0	1,156	1,156
CASH, JANUARY 1	1,156	1,156	0	0	0	0
CASH, DECEMBER 31	81	1,949	1,868	0	1,156	1,156

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit B

MISSISSIPPI COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	20,000	13,239	(6,761)	0	0	0
Interest	0	152	152	0	0	0
Transfers in	0	1,471	1,471	0	0	0
Total Receipts	20,000	14,862	(5,138)	0	0	0
DISBURSEMENTS						
Equipment purchases	20,000	14,862	5,138	0	0	0
Total Disbursements	20,000	14,862	5,138	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>RECORDER TECHNOLOGY FUND</u></b>						
RECEIPTS						
Charges for services	0	1,171	1,171	0	0	0
Interest	0	5	5	0	0	0
Total Receipts	0	1,176	1,176	0	0	0
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,176	1,176	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	1,176	1,176	0	0	0
<b><u>DRUG COURT GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	183,037	67,935	(115,102)	0	0	0
Total Receipts	183,037	67,935	(115,102)	0	0	0
DISBURSEMENTS						
Other	183,037	58,880	124,157	0	0	0
Total Disbursements	183,037	58,880	124,157	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	9,055	9,055	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	9,055	9,055	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

## MISSISSIPPI COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Other	5,600	5,312	(288)	0	5,610	5,610
Total Receipts	5,600	5,312	(288)	0	5,610	5,610
DISBURSEMENTS						
Miscellaneous	10,000	4,521	5,479	0	5,091	(5,091)
Total Disbursements	10,000	4,521	5,479	0	5,091	(5,091)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,400)	791	5,191	0	519	519
CASH, JANUARY 1	9,704	9,704	0		9,185	9,185
CASH, DECEMBER 31	5,304	10,495	5,191	0	9,704	9,704
<b><u>JUVENILE ASSESSMENT FUND</u></b>						
RECEIPTS						
Interest	135	96	(39)	0	133	133
Other	765	670	(95)	0	765	765
Total Receipts	900	766	(134)	0	898	898
DISBURSEMENTS						
Miscellaneous	2,000	2,256	(256)	0	0	0
Total Disbursements	2,000	2,256	(256)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,490)	(390)	0	898	898
CASH, JANUARY 1	6,640	6,640	0		5,742	5,742
CASH, DECEMBER 31	5,540	5,150	(390)	0	6,640	6,640

The accompanying Notes to the Financial Statements are an integral part of this statement



## Notes to the Financial Statements

MISSISSIPPI COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

**Summary of Significant Accounting Policies**

**A. Reporting Entity and Basis of Presentation**

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Mississippi County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Johnson Grass Board, the Senate Bill 40 Board, the Senior Citizen's Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

**B. Basis of Accounting**

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

**C. Budgets and Budgetary Practices**

The County Commission and other applicable boards are responsible for the preparation and approval of budget for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000 and RSMo Cumulative Supp. 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Recorder Technology Fund	2001
Law Library Fund	2000
Juvenile Assessment Fund	2000

Warrants issued were in excess of total budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
General Fund	2000
Senate Bill 40 Fund	2001
Law Enforcement Sales Tax Fund	2001
Crime Reduction Fund	2001
Circuit Clerk Interest Fund	2000
Law Library Fund	2000
Juvenile Assessment Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the Special Prosecutor's Fund, Cultural Productivity Grant Fund and Juvenile Justice Title V Grant Fund for the years ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Health Center Fund	2001 and 2000
Senate Bill 40 Fund	2000
Building Fund	2000
Juvenile Assessment Fund	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through

either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board, the Senate Bill 40 Board, the Senior Citizen's Board, and the 911 Board's deposits at December 31, 2000 and 2001 were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

### 3. Sales Taxes

In April 1996, Mississippi County voters approved a one-fourth of one percent sales tax levy for the purpose of funding senior citizens' services within the county. The county imposed this sales tax under Section 67.547, RSMo2000; however, the county also has another one-half of one percent sales tax levy for the General Revenue Fund under this law. With this additional senior citizens' sales tax, the county is levying three-fourths of one percent which is apparently above the statutory maximum allowed by Section 67.547. The ultimate outcome of this situation cannot be determined.

#### E. New Reporting Standard

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The County is required to implement this standard for the fiscal year ending December 31, 2002. The County has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

## Supplementary Schedule

## Schedule

MISSISSIPPI COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

			<u>Federal Expenditures</u> <u>Year Ended December 31,</u>	
Federal CFDA Number	Federal Grantor/pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	<u>2001</u>	<u>2000</u>
U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed through state Department of Public Safety				
07.unknown	HIDTA - Task Forces	99-HIDTA-	118,171	129,198
07.unknown	HIDTA - SUASA	99-HIDTA-	<u>33,230</u>	<u>48,993</u>
	Program Total		151,401	178,191
U.S. DEPARTMENT OF AGRICULTURE				
Department of Health –				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9167	77,655	N/A
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1999CKWX0067	15,252	34,357
Passed through:				
State Department of Public Safety-				
16.554	National Criminal History Improvement Program		4,492	
16.546	Title V Delinquency Prevention Program		58,880	
16.579	Byrne Formula Grant Program		168,214	128,950
16.546	Title V Juvenile Justice		99,620	
16.592	Local Law Enforcement Block Grants Program		13,239	
16.580	MOSMART Program		46,880	
16.540	Juvenile Justice and Delinquency Prevention (Weed and Seed)		<u>3,513</u>	<u>71,487</u>
	Program Total		394,838	234,794
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation				
Commission –				
20.205	Highway Planning and Construction	BRO-067(08)		<u>138,845</u>
	Program Total			138,845

## Schedule

MISSISSIPPI COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

			Federal Expenditures	
Federal CFDA Number	Federal Grantor/pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Year Ended December 31, 2001	2000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
State Department of Health –				
93.197	Childhood Lead Poisoning Prevention Projects – State and Community-Bases Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ER0146-9167CLPP	1,058	N/A
93.268	Immunization Grants	PG0064-91671AP	16,052	N/A
93.317	Immunization Grants	N/A	10,702	N/A
93.317A	Immunization Grants	N/A	<u>1,784</u>	<u>N/A</u>
	Program Total		29,596	N/A
State Department of Social Services -				
93.558	Temporary Assistance for Needy Families	N/A	133,385	202,280
93.563	Never Married Parenting Grant	N/A	19,754	27,003
93.563	Child Support Enforcement	N/A	<u>28,448</u>	
	Program Total		181,587	229,283
State Department of Health –				
93.575	Child Care and Development Block Grant	PG0067-9167	1,990	N/A
93.575	Child Care and Inspection Block Brant		<u>548</u>	<u>N/A</u>
	Program Total		2,538	N/A
State Department of Social Services –				
93.919	Comprehensive Breast and Cervical Cancer	ER0161-90050	23,611	N/A
93.940	HIV Prevention Activities – Health Department Bases	N/A	95	N/A
93.991	Preventive Health and Health Services Block Grant	AOC9000118	27,458	N/A
93.994	Maternal and Child Health Services	ER0146-9167MCH	<u>21,397</u>	<u>N/A</u>
	Program Total		72,561	N/A
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>925,428</u>	<u>781,113</u>

N/A – Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

## Notes to the Supplementary Schedule



MISSISSIPPI COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Mississippi County, Missouri, except for the programs accounted for in the Low Income Housing-Direct Program (CFDA 14.177) funding which is subgranted to the East Prairie Housing Authority. Federal financial assistance for the Low Income Housing-Direct Program has been audited and separately reported on by other independent auditors for the years ended September 30, 2001 and 2000.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts disbursed in cash.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal</u> <u>CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u> <u>Year Ended December 31,</u>	
		<u>2001</u>	<u>2000</u>
07.unknown	HIDTA – Task Force	118,171	129,198
07.unknown	HIDTA – SAUSA	33,230	48,993
16.546	Title V Juvenile Justice	99,620	0
16.540	Juvenile Justice and Delinquency Prevention (Weed and Seed)	3,513	71,487
16.710	Public Safety Partnership and Community Policing Grants	15,252	34,357
16.579	Byrne Formula Grant Program	168,214	128,950
93.558	Temporary Assistance for Needy Families	133,385	202,280
93.563	Never Married Parenting Grant	19,754	27,003

FEDERAL AWARDS –  
SINGLE AUDIT SECTION

## Auditor's Report

***Krauss and Head, L.L.P.***  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

Gary L. Krauss, C.P.A. \*  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

\* LICENSED IN MISSOURI AND ILLINOIS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Mississippi County, Missouri

**Compliance**

We have audited the compliance of Mississippi County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Mississippi County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

### Internal Control over Compliance

The management of Mississippi County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended for the information of the management of Mississippi County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

Schedule

MISSISSIPPI COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001, AND 2000

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified ☐ yes ☒ no

Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

Material weaknesses identified ☐ yes ☒ no

Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for Major programs: Unqualified

Any audit findings disclosed that are required to be Reported in accordance with Section .510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA or  
Other Identifying

Number

Program Title

07.unknown	HIDTA-Task Force
16.540	Juvenile Justice and Delinquency Prevention (Weed and Seed)
16.579	Byrne Formula Grant Program
16.710	Public Safety Partnership and Community Policing Grants
93.558	Temporary Assistance for Needy Families



Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

## Section II – Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

2001-1

Sales Tax

In April 1996, Mississippi County voters approved a one-fourth of one percent sales tax levy for the purpose of funding senior citizens' services within the county. The sales tax became effective October 1, 1996.

The county imposed this sales tax under Section 67-547, RSMo 1994; however, the county also has another one-half of one percent sales tax levy for the general fund under this law. With this additional senior citizens' sales tax, the county is levying three-fourths of one percent which is apparently above the statutory maximum allowed by Section 67-547. The county needs to review the various sales taxes being imposed to determine which are valid. The county may need to eliminate one of these sales taxes and reallocate the sales tax monies that are being collected.

This condition was noted in prior audits. The County Commission stated they would consult with legal counsel and review the sales taxes; however, no such action has been taken.

WE RECOMMEND the County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes.

### AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

*The County Clerk indicated they have consulted with their legal counsel regarding this issue, and counsel has no opinion.*

## Section III – Federal Award Findings and Questioned Costs

This section includes the audit findings that are required to be reported for an audit of federal awards.

There are not matters to be reported.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MISSISSIPPI COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mississippi County, Missouri, on the applicable finding in a prior audit report issued for the two years ended December 31, 1999.

99-1. Senior Citizen's Sales Tax

The county was levying three-fourths of one percent sales tax which is apparently above the statutory maximum allowed.

Recommendation:

The County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes. See 2001-1 finding.

Status:

Not implemented.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

MISSISSIPPI COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500 (e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-2. Subrecipient Monitoring

The county was not monitoring subrecipients receiving \$25,000 or more for compliance with applicable laws and regulations.

Recommendation:

The County Commissioner properly monitor subrecipients expenditures and enter into written agreements to ensure compliance with federal regulations.

Status:

Implemented

99-3. Payroll Expenditures

Recommendation:

The Special Prosecutor not be paid unless the county receives a time sheet.

Status:

Implemented

99-4. Procurement of Professional Service Contracts

Recommendation:

The County Commissioner obtain information required by law when contracting for professional services.

Status:

Implemented

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report-  
Auditor's Findings

MISSISSIPPI COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT  
AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Mississippi County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 5, 2002. We also have audited the compliance of Mississippi County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures, as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

Because the Port Authority Board of Trustees is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports for the years ended June 30, 2000 and 2001.

Our review was limited to the specific matters described in the preceding paragraphs. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.



The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the special-purpose financial statements of Mississippi County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards and OMB Circular-133, Audits of States, Local Governments, and Non-Profit Organization*

Several offices, including the Collector of Revenue, Recorder of Deeds, Prosecuting Attorney and Circuit Clerk's offices have little if no segregation of duties.

<b>1. Collector of Revenue</b>
--------------------------------

The office receives cash and checks in payment of property taxes and interest and penalties on delinquencies. Checks are paid out on monthly settlements. Subsidiary records are kept on amount still owed by property owners. There are two clerks in this office as well as the County Collector. Presently anyone in this office can receive cash and post receipts. The Collector can write checks and do bank reconciliations.

**WE RECOMMEND:** The Collector of Revenue:

The County should separate the duties of receiving payments and posting payments to subsidiary ledgers.

**AUDITEE'S RESPONSE:**

The County will investigate ways of adequately separating duties in this department.

<b>2. Recorder of Deeds</b>
-----------------------------

**WE RECOMMEND:** The Recorder of Deeds:

The Recorder of Deeds office has nine people in the office Presently all personnel are allowed to receive cash and checks, issue receipts, make deposits and do bank reconciliations. The Recorder should be the only one allowed to issue checks. Segregation of other duties should be separated.

**AUDITEE'S RESPONSE:**

The County will investigate ways of adequately separating duties in this department.

<b>3. Prosecuting Attorney</b>
--------------------------------

The office receives cash and money orders for fees for bad check collections. Although pre-numbered receipts, making deposits, issuing checks and reconciling the bank account.

**WE RECOMMEND:** The Prosecuting Attorney:

Investigate ways of segregating duties.

**AUDITEE'S RESPONSE:**

The office consists of the Prosecuting Attorney and an assistant. Given the current personnel constraints, it may not be possible to adequately segregate duties. Currently the Prosecuting Attorney reviews the monthly bank reconciliation as a control feature.

<b>4. Circuit Clerk</b>
-------------------------

Much of the duties in the Circuit Clerk's office are performed by the same employees who are in the Recorder of Deeds office. See comments of re: Recorder's Deeds

**WE RECOMMEND:** The Circuit Clerk:

See 3. Recorder of Deeds

**AUDITEE'S RESPONSE:**

The county will investigate ways of segregating duties.

<b>5. Software</b>
--------------------

The county currently uses a software vendor to provide a customized payroll system for the processing of payroll. This software vender is very small. Software changes are made and installed by the county without any documentation from the vendor with regard to the coding utilized in the software.

**WE RECOMMEND:**

The county should obtain the appropriate documentation from the vendor when installing software changes. Should the vendor go out of business or cease to exist, the county would then have the appropriate documentation to implement changes in the future. The county should consider obtaining a payroll package that is more widely distributed as a means of obtaining payroll software and better documentation of the software.

**AUDITEE'S RESPONSE:**

The county questions the benefits of changing the current payroll software and arrangement with the software vendor, which is used by other counties.

<b>6. Delinquent Property Taxes</b>
-------------------------------------

As of August 3, 2001 the county and related districts had \$549,834.02 in property tax receivables. This nearly equals one year's collections. Although delinquent real estate taxes create a lien against the property by operation of law, it can take several years for the county to collect the taxes and at times the county still may suffer a loss. There is a benefit to the county to timely collect property taxes.

**WE RECOMMEND:**

The county should investigate utilizing a collection agency to collect delinquent property taxes.

**AUDITEE'S RESPONSE:**

The county is unsure about the legality of hiring a collection agency and will take into consideration this recommendation.

**7.**

**Pre-numbered Checks**

The county utilizes blank check stock for payroll and accounts payable.

**WE RECOMMEND:**

The county should use only pre-numbered checks and account for spoiled checks.

**AUDITEE'S RESPONSE:**

The county will consider obtaining pre-numbered checks.

**8.**

**Health Center Voucher System**

The Health Center does not utilize a voucher system. Although there were instances noted that the Health Center did comply with bid requirements and some contracts were in place to verify the prices from come regularly purchased items.

**WE RECOMMEND:**

The Health Center department heads specifying the quantity and price per unit should issue purchase order numbers. This system will evidence the authorization of the purchase. Upon receipt of the goods ordered, one copy of the purchase order can be utilized as a receiving document.

**AUDITEE'S RESPONSE:**

The Health Center Director indicated a willingness to start a voucher system.

## Follow-Up on Prior Audit Findings

MISSISSIPPI COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mississippi County, Missouri, on findings in the Management Advisory Report (MAR) of the prior audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. Budgetary Practices

- A. Warrants were issued in excess of approved budgeted expenditures.
- B. Formal budgets were not prepared for all county funds.
- C. Public hearings were not held prior to the adoption of the budget amendments. Prior to amending the budgets, the expenditures of some funds exceeded the original budgets.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearing and filing the amended budget with the State Auditor's Office.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure budget amendments are made prior to incurring the actual expenditures and hold public hearings prior to adopting budget amendments as required by state law.

Status:

Partially Implemented.

2. County Expenditures

- A. The County employees failed to properly document mileage.
- B. Payments were made without acknowledging receipt of goods.
- C. Employees were allowed to use County vehicles without the County reporting commuting or personal usage income to the employee.
- D. The County did not have contracts on all agreements with various cities.

Recommendation:

The County Commission:

- A. Ensure employees properly document mileage.
- B. Require acknowledgement of goods and services prior to payment.
- C. Ensure the County complies with IRS guidelines for reporting fringe benefits related to county-owned vehicles.
- D. Enter into written contracts on all agreements.

Status:

- A., C. Implemented.
- B. Not Implemented.
- D. Partially Implemented.

3. Statutory Salaries

The County Salary Commission set salaries retroactively, rather than at the beginning of new terms.

Recommendation:

The County Commission:

Consult with legal counsel regarding past and current actions.

Status:

Implemented

4. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office does not timely deposit fees.

Recommendation:

The Prosecuting Attorney:

Deposit all receipts daily or when accumulated receipts exceed \$100.

Status:

Implemented.

5. Sheriff's Accounting Controls and Procedures

A. The Sheriff's Jail Department does not properly segregate duties.

B. Receipt slip issued by the Sheriff's Jail Department are not prenumbered.

Recommendation:

The Sheriff:

A. Adequately segregate accounting duties to the extent possible or ensures periodic supervisory reviews are performed and documented.

B. Issue prenumbered receipt slips for all monies received.

Status:

A. Not Implemented.

B. Implemented.

6. Schedule of Expenditures of Federal Awards

The County and Health Center failed to properly document federal awards as required.

Recommendation:

The County Clerk and Health Center Administrator:

Prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Partially implemented. The Health Center could not locate the 2000 schedule.



7. Personnel

The County paid health insurance in excess of the personnel policy and some employees did not submit monthly time sheets.

Recommendation:

Ensure employees compensation and benefits are in compliance with personnel policies and time sheets are prepared.

Status:

Implemented.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of McDonald County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of McDonald County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in dark ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-74  
August 30, 2002

MCDONALD COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001 AND 2000

# MCDONALD COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Reports:	
Financial Statements	1-2
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000
Notes to the Financial Statements	13-15
Schedule:	
Schedule of Findings, Years Ended December 31, 2001 and 2000	16
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17

## FINANCIAL SECTION

## Independent Auditor's Reports

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS

To the State Auditor  
and  
County Commission of  
McDonald County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of McDonald County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 17, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

McBride, Lock & Associates

May 17, 2002



McBRIDE, LOOK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
and  
County Commission of  
McDonald County, Missouri

We have audited the special-purpose financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of McDonald County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 01-1.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of McDonald County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of McDonald County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 17, 2002

## Financial Statements

MCDONALD COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 129,467	\$ 1,692,698	\$ 1,661,618	\$ 160,547
Special Road and Bridge	350,664	1,443,673	1,432,792	361,545
Assessment	337	159,045	163,050	(3,668)
Law Enforcement Training	2,064	6,325	11,663	(3,274)
Prosecuting Attorney Training	(2,766)	830	0	(1,936)
Health Department	(7,413)	233,324	216,417	9,494
Prosecuting Attorney Bad Check	6,721	22,710	21,636	7,795
Recorder's	41,773	9,874	25,108	26,539
Extradition and Transportation	(2,363)	9,292	8,425	(1,496)
Prosecuting Attorney Delinquent Sales Tax	1,097	780	1,254	623
Sheriff's Civil	454	19,442	11,544	8,352
Law Library	3,246	3,356	4,046	2,556
Circuit Court Interest	5,786	2,707	2,320	6,173
Recorder's Interest	692	97	461	328
Domestic Violence	1,035	1,665	2,229	471
DARE	1,098	3,718	3,049	1,767
911 Sales Tax	0	465,993	249,690	216,303
	<u>\$ 531,892</u>	<u>\$ 4,075,529</u>	<u>\$ 3,815,302</u>	<u>792,119</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

MCDONALD COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 36,134	\$ 1,688,644	\$ 1,595,311	\$ 129,467
Special Road and Bridge	396,274	1,363,737	1,409,347	350,664
Assessment	3,312	152,314	155,289	337
Law Enforcement Training	749	10,336	9,021	2,064
Prosecuting Attorney Training	14	1,093	3,873	(2,766)
Health Department	(23,017)	223,691	208,087	(7,413)
Prosecuting Attorney Bad Check	1,556	22,371	17,206	6,721
Recorder's	33,618	10,723	2,568	41,773
Extradition and Transportation	4,974	6,589	13,926	(2,363)
Prosecuting Attorney Delinquent Sales Tax	1,834	2,750	3,487	1,097
Sheriff's Civil	(2,481)	13,974	11,039	454
Law Library	2,269	4,688	3,711	3,246
Circuit Court Interest	4,728	3,116	2,058	5,786
Recorder's Interest	570	139	17	692
Domestic Violence	920	2,465	2,350	1,035
DARE	1,758	4,564	5,224	1,098
River Patrol	61	0	61	0
	<u>\$ 463,273</u>	<u>\$ 3,511,194</u>	<u>\$ 3,442,575</u>	<u>531,892</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,545,158	\$ 3,604,153	\$ 58,995	\$ 3,432,787	\$ 3,504,165	\$ 71,378
DISBURSEMENTS	3,733,946	3,560,334	173,612	3,750,576	3,434,940	315,636
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (188,788)	\$ 43,819	\$ 232,607	\$ (317,789)	\$ 69,225	\$ 387,014
CASH, JANUARY 1	523,918	529,759	5,841	455,844	460,534	4,690
CASH, DECEMBER 31	<u>\$ 335,130</u>	<u>\$ 573,578</u>	<u>\$ 238,448</u>	<u>\$ 138,055</u>	<u>\$ 529,759</u>	<u>\$ 391,704</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 418,882	\$ 450,226	\$ 31,344	\$ 350,644	\$ 380,640	\$ 29,996
Sales taxes	650,000	610,903	(39,097)	600,000	628,134	28,134
Intergovernmental	249,013	215,201	(33,812)	175,500	214,058	38,558
Charges for services	259,500	313,997	54,497	279,000	271,800	(7,200)
Interest	8,000	11,238	3,238	10,000	9,048	(952)
Loan proceeds	0	0	0	0	134,036	134,036
Other	27,250	81,821	54,571	166,686	50,928	(115,758)
Transfers in	7,000	9,312	2,312	57,000	0	(57,000)
Total Receipts	<u>\$ 1,619,645</u>	<u>\$ 1,692,698</u>	<u>\$ 73,053</u>	<u>\$ 1,638,830</u>	<u>\$ 1,688,644</u>	<u>\$ 49,814</u>
DISBURSEMENTS						
County Commission	\$ 81,840	\$ 81,471	\$ 369	\$ 60,340	\$ 59,314	\$ 1,026
County Clerk	79,268	79,606	(338)	80,227	78,667	1,560
Elections	29,000	27,422	1,578	62,750	71,428	(8,678)
Buildings and grounds	75,500	71,710	3,790	76,100	71,075	5,025
Employee fringe benefits	135,500	130,337	5,163	143,500	140,619	2,881
County Treasurer	30,300	28,898	1,402	30,150	29,027	1,123
County Collector	83,852	82,356	1,496	88,735	84,122	4,613
Ex Officio Recorder of Deeds	36,286	28,630	7,656	36,326	27,274	9,052
Circuit Clerk	14,800	9,408	5,392	14,800	10,260	4,540
Court administration	14,500	13,552	948	16,950	5,708	11,242
Public Administrator	27,000	42,470	(15,470)	6,800	6,258	542
Sheriff	280,242	298,348	(18,106)	226,788	228,400	(1,612)
Jail	228,766	279,726	(50,960)	218,376	220,968	(2,592)
Prosecuting Attorney	206,458	184,661	21,797	158,002	162,422	(4,420)
Juvenile Officer	30,996	24,852	6,144	18,298	21,208	(2,910)
County Coroner	18,100	16,145	1,955	13,930	12,230	1,700
General County Government	76,100	65,164	10,936	204,236	195,786	8,450
Civil Defense	4,485	2,564	1,921	4,922	2,581	2,341
Debt Service	66,384	66,383	1	48,500	47,442	1,058
Other	69,965	76,228	(6,263)	73,365	69,303	4,062
Transfers out	92,400	35,000	57,400	45,000	27,000	18,000
Emergency Fund	40,000	16,687	23,313	40,000	24,219	15,781
Total Disbursements	<u>\$ 1,721,742</u>	<u>\$ 1,661,618</u>	<u>\$ 60,124</u>	<u>\$ 1,668,095</u>	<u>\$ 1,595,311</u>	<u>\$ 72,784</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (102,097)	\$ 31,080	\$ 133,177	\$ (29,265)	\$ 93,333	\$ 122,598
CASH, JANUARY 1	129,467	129,467	0	36,134	36,134	0
CASH, DECEMBER 31	<u>\$ 27,370</u>	<u>\$ 160,547</u>	<u>\$ 133,177</u>	<u>\$ 6,869</u>	<u>\$ 129,467</u>	<u>\$ 122,598</u>

MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 5,000	\$ 6,345	\$ 1,345	\$ 5,000	\$ 5,986	\$ 986
Sales taxes	580,000	614,135	34,135	566,000	605,185	39,185
Intergovernmental	741,020	793,199	52,179	688,000	702,216	14,216
Interest	8,000	12,665	4,665	15,000	9,118	(5,882)
Other	50,000	17,329	(32,671)	0	41,232	41,232
Total Receipts	\$ 1,384,020	\$ 1,443,673	\$ 59,653	\$ 1,274,000	\$ 1,363,737	\$ 89,737
DISBURSEMENTS						
Salaries	\$ 373,000	\$ 371,598	\$ 1,402	\$ 360,504	\$ 354,632	\$ 5,872
Employee fringe benefits	87,500	67,055	20,445	91,103	68,443	22,660
Supplies	75,000	102,421	(27,421)	57,000	30,029	26,971
Insurance	18,000	16,431	1,569	16,000	16,493	(493)
Road and bridge materials	516,000	528,247	(12,247)	276,000	359,245	(83,245)
Equipment repairs	106,000	83,775	22,225	70,000	76,299	(6,299)
Equipment purchases	34,000	27,426	6,574	120,000	8,000	112,000
Construction, repair, and maintenance	200,000	131,100	68,900	470,000	354,675	115,325
Debt service	81,025	85,845	(4,820)	58,054	58,054	0
Other	8,500	18,894	10,394	66,000	83,477	(17,477)
Total Disbursements	\$ 1,499,025	\$ 1,432,792	\$ 66,233	\$ 1,584,661	\$ 1,409,347	\$ 175,314
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (115,005)	\$ 10,881	\$ 125,886	\$ (310,661)	\$ (45,610)	\$ 265,051
CASH, JANUARY 1	350,664	350,664	0	396,274	396,274	0
CASH, DECEMBER 31	<u>\$ 235,659</u>	<u>\$ 361,545</u>	<u>\$ 125,886</u>	<u>\$ 85,613</u>	<u>\$ 350,664</u>	<u>\$ 265,051</u>
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 147,730	\$ 133,754	\$ (13,976)	\$ 130,000	\$ 129,597	\$ (403)
Interest	150	291	141	400	179	(221)
Other	4,071	0	(4,071)	3,462	538	(2,924)
Transfers in	25,000	25,000	0	40,000	22,000	(18,000)
Total Receipts	\$ 176,951	\$ 159,045	\$ (17,906)	\$ 173,862	\$ 152,314	\$ (21,548)
DISBURSEMENTS						
Assessor	\$ 176,651	\$ 163,050	\$ 13,601	\$ 176,737	\$ 155,289	\$ 21,448
Total Disbursements	\$ 176,651	\$ 163,050	\$ 13,601	\$ 176,737	\$ 155,289	\$ 21,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 300	\$ (4,005)	\$ (4,305)	\$ (2,875)	\$ (2,975)	\$ (100)
CASH, JANUARY 1	337	337	0	3,312	3,312	0
CASH, DECEMBER 31	<u>\$ 637</u>	<u>\$ (3,668)</u>	<u>\$ (4,305)</u>	<u>\$ 437</u>	<u>\$ 337</u>	<u>\$ (100)</u>

MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 7,200	\$ 6,325	\$ (875)	\$ 4,100	\$ 10,336	\$ 6,236
Total Receipts	\$ 7,200	\$ 6,325	\$ (875)	\$ 4,100	\$ 10,336	\$ 6,236
DISBURSEMENTS						
Sheriff	\$ 8,000	\$ 11,663	\$ (3,663)	\$ 4,100	\$ 9,021	\$ (4,921)
Total Disbursements	\$ 8,000	\$ 11,663	\$ (3,663)	\$ 4,100	\$ 9,021	\$ (4,921)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (800)	\$ (5,338)	\$ (4,538)	\$ 0	\$ 1,315	\$ 1,315
CASH, JANUARY 1	2,064	2,064	0	749	749	0
CASH, DECEMBER 31	\$ 1,264	\$ (3,274)	\$ (4,538)	\$ 749	\$ 2,064	\$ 1,315
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,800	\$ 830	\$ (1,970)	\$ 4,500	\$ 1,093	\$ (3,407)
Total Receipts	\$ 2,800	\$ 830	\$ (1,970)	\$ 4,500	\$ 1,093	\$ (3,407)
DISBURSEMENTS						
Prosecuting Attorney	\$ 0	\$ 0	\$ 0	\$ 4,500	\$ 3,873	\$ 627
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 4,500	\$ 3,873	\$ 627
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,800	\$ 830	\$ (1,970)	\$ 0	\$ (2,780)	\$ (2,780)
CASH, JANUARY 1	(2,766)	(2,766)	0	14	14	0
CASH, DECEMBER 31	\$ 34	\$ (1,936)	\$ (1,970)	\$ 14	\$ (2,766)	\$ (2,780)
<b><u>HEALTH DEPARTMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 221,698	\$ 204,933	\$ (16,765)	\$ 226,765	\$ 198,670	\$ (28,095)
Other	52,000	18,391	(33,609)	58,550	20,021	(38,529)
Transfers in	17,400	10,000	(7,400)	5,000	5,000	0
Total Receipts	\$ 291,098	\$ 233,324	\$ (57,774)	\$ 290,315	\$ 223,691	\$ (66,624)
DISBURSEMENTS						
Salaries	\$ 133,485	\$ 131,179	\$ 2,306	\$ 128,683	\$ 126,599	\$ 2,084
Office expenditures	84,131	62,863	21,268	95,810	59,325	36,485
Equipment	1,600	1,361	239	4,500	2,912	1,588
Mileage and training	5,000	5,455	(455)	5,000	4,097	903
Fringe benefits	20,000	15,559	4,441	27,500	15,154	12,346
Other	0	0	0	2,500	0	2,500
Total Disbursements	\$ 244,216	\$ 216,417	\$ 27,799	\$ 263,993	\$ 208,087	\$ 55,906
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 46,882	\$ 16,907	\$ (29,975)	\$ 26,322	\$ 15,604	\$ (10,718)
CASH, JANUARY 1	(12,362)	(7,413)	4,949	(27,472)	(23,017)	4,455
CASH, DECEMBER 31	\$ 34,520	\$ 9,494	\$ (25,026)	\$ (1,150)	\$ (7,413)	\$ (6,263)



MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 18,500	\$ 22,512	\$ 4,012	\$ 17,000	\$ 20,490	\$ 3,490
Interest	150	192	42	300	148	(152)
Other	0	6	6	0	1,733	1,733
Total Receipts	\$ 18,650	\$ 22,710	\$ 4,060	\$ 17,300	\$ 22,371	\$ 5,071
DISBURSEMENTS						
Prosecuting Attorney	\$ 11,800	\$ 21,636	\$ (9,836)	\$ 15,900	\$ 17,206	\$ (1,306)
Transfers out	7,000	0	7,000	0	0	0
Total Disbursements	\$ 18,800	\$ 21,636	\$ (2,836)	\$ 15,900	\$ 17,206	\$ (1,306)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (150)	\$ 1,074	\$ 1,224	\$ 1,400	\$ 5,165	\$ 3,765
CASH, JANUARY 1	6,721	6,721	0	1,556	1,556	0
CASH, DECEMBER 31	\$ 6,571	\$ 7,795	\$ 1,224	\$ 2,956	\$ 6,721	\$ 3,765
<b><u>RECORDER'S FUND</u></b>						
RECEIPTS						
Charges for services	\$ 10,000	\$ 9,018	\$ (982)	\$ 10,000	\$ 9,722	\$ (278)
Interest	500	856	356	1,000	1,001	1
Total Receipts	\$ 10,500	\$ 9,874	\$ (626)	\$ 11,000	\$ 10,723	\$ (277)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	\$ 33,500	\$ 25,108	\$ 8,392	\$ 13,100	\$ 2,568	\$ 10,532
Total Disbursements	\$ 33,500	\$ 25,108	\$ 8,392	\$ 13,100	\$ 2,568	\$ 10,532
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (23,000)	\$ (15,234)	\$ 7,766	\$ (2,100)	\$ 8,155	\$ 10,255
CASH, JANUARY 1	41,773	41,773	0	33,618	33,618	0
CASH, DECEMBER 31	\$ 18,773	\$ 26,539	\$ 7,766	\$ 31,518	\$ 41,773	\$ 10,255
<b><u>EXTRADITION AND TRANSPORTATION FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 13,000	\$ 9,292	\$ (3,708)	\$ 0	\$ 6,589	\$ 6,589
Total Receipts	\$ 13,000	\$ 9,292	\$ (3,708)	\$ 0	\$ 6,589	\$ 6,589
DISBURSEMENTS						
Sheriff	\$ 10,000	\$ 8,425	\$ 1,575	\$ 4,974	\$ 13,926	\$ (8,952)
Total Disbursements	10,000	\$ 8,425	\$ 1,575	\$ 4,974	\$ 13,926	\$ (8,952)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,000	\$ 867	\$ (2,133)	\$ (4,974)	\$ (7,337)	\$ (2,363)
CASH, JANUARY 1	(2,363)	(2,363)	0	4,974	4,974	0
CASH, DECEMBER 31	\$ 637	\$ (1,496)	\$ (2,133)	\$ 0	\$ (2,363)	\$ (2,363)

MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,500	\$ 305	\$ (2,195)	\$ 3,000	\$ 2,750	\$ (250)
Other	0	475	475	0	0	0
Total Receipts	\$ 2,500	\$ 780	\$ (1,720)	\$ 3,000	\$ 2,750	\$ (250)
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,500	\$ 1,254	\$ 1,246	\$ 3,000	\$ 3,487	\$ (487)
Total Disbursements	\$ 2,500	\$ 1,254	\$ 1,246	\$ 3,000	\$ 3,487	\$ (487)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ (474)	\$ (474)	\$ 0	\$ (737)	\$ 237
CASH, JANUARY 1	1,097	1,097	0	1,834	1,834	0
CASH, DECEMBER 31	\$ 1,097	\$ 623	\$ (474)	\$ 1,834	\$ 1,097	\$ 237
<b><u>SHERIFF'S CIVIL FUND</u></b>						
RECEIPTS						
Charges for services	\$ 13,000	\$ 19,442	\$ 6,442	\$ 12,150	\$ 13,974	\$ 1,824
Total Receipts	\$ 13,000	\$ 19,442	\$ 6,442	\$ 12,150	\$ 13,974	\$ 1,824
DISBURSEMENTS						
Sheriff	\$ 13,212	\$ 11,544	\$ 1,668	\$ 9,416	\$ 11,039	\$ (1,623)
Total Disbursements	\$ 13,212	\$ 11,544	\$ 1,668	\$ 9,416	\$ 11,039	\$ (1,623)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (212)	\$ 7,898	\$ 8,110	\$ 2,734	\$ 2,935	\$ 201
CASH, JANUARY 1	454	454	0	(2,481)	(2,481)	0
CASH, DECEMBER 31	\$ 242	\$ 8,352	\$ 8,110	\$ 253	\$ 454	\$ 201
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 4,000	\$ 3,307	\$ (693)	\$ 2,000	\$ 4,632	\$ 2,632
Interest	56	49	(7)	0	56	56
Total Receipts	\$ 4,056	\$ 3,356	\$ (700)	\$ 2,000	\$ 4,688	\$ 2,688
DISBURSEMENTS						
Law library	\$ 3,400	\$ 4,046	\$ (646)	\$ 1,600	\$ 3,711	\$ (2,111)
Total Disbursements	\$ 3,400	\$ 4,046	\$ (646)	\$ 1,600	\$ 3,711	\$ (2,111)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 656	\$ (690)	\$ (1,346)	\$ 400	\$ 977	\$ 577
CASH, JANUARY 1	3,246	3,246	0	2,269	2,269	0
CASH, DECEMBER 31	\$ 3,902	\$ 2,556	\$ (1,346)	\$ 2,669	\$ 3,246	\$ 577

MCDONALD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT COURT INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 1,600	\$ 2,707	\$ 1,107	\$ 1,600	\$ 3,116	\$ 1,516
Total Receipts	\$ 1,600	\$ 2,707	\$ 1,107	\$ 1,600	\$ 3,116	\$ 1,516
DISBURSEMENTS						
Circuit Clerk	\$ 2,400	\$ 2,320	\$ 80	\$ 2,900	\$ 2,058	\$ 842
Total Disbursements	\$ 2,400	\$ 2,320	\$ 80	\$ 2,900	\$ 2,058	\$ 842
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (800)	\$ 387	\$ 1,187	\$ (1,300)	\$ 1,058	\$ 2,358
CASH, JANUARY 1	4,847	5,786	939	4,478	4,728	250
CASH, DECEMBER 31	\$ 4,047	\$ 6,173	\$ 2,126	\$ 3,178	\$ 5,786	\$ 2,608
<b><u>RECORDER'S INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 138	\$ 97	\$ (41)	\$ 130	\$ 139	\$ 9
Total Receipts	\$ 138	\$ 97	\$ (41)	\$ 130	\$ 139	\$ 9
DISBURSEMENTS						
Ex Officio Recorder of Deeds	\$ 500	\$ 461	\$ 39	\$ 600	\$ 17	\$ 583
Total Disbursements	\$ 500	\$ 461	\$ 39	\$ 600	\$ 17	\$ 583
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (362)	\$ (364)	\$ (2)	\$ (470)	\$ 122	\$ 592
CASH, JANUARY 1	739	692	(47)	585	570	(15)
CASH, DECEMBER 31	\$ 377	\$ 328	\$ (49)	\$ 115	\$ 692	\$ 577

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

MCDONALD COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence	2001, 2000
DARE	2001, 2000
River Patrol	2000
911 Sales Tax	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Civil Fund	2000
Law Enforcement Training	2001, 2000
Prosecuting Attorney Bad Check Fund	2001, 2000
Extradition and Transportation Fund	2000
Prosecuting Attorney Delinquent Sales Tax Fund	2000
Law Library	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Warrants were issued in excess of the available cash for the following funds:

<u>Fund</u>	<u>Years Ended December 31</u>
Assessment	2001
Law Enforcement Training	2001
Prosecuting Attorney Training	2001, 2000
Health Department	2000
Extradition and Transportation	2001, 2000

Deficit budget balances are presented for the following fund:

<u>Fund</u>	<u>Year Ended December 31,</u>
Health Department Fund	2000

However, the budget of this fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorders Fund	2001, 2000
Domestic Violence	2001, 2000
Law Library	2001, 2000
DARE	2001, 2000
Circuit Clerk Interest	2001, 2000
River Patrol	2001, 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial banks in the county's name.

At December 31, 2001, the reported amount of the 911 Board's deposits was \$216,303 and the total of all bank balances including certificates of deposit was \$221,548. Of the bank balance \$100,000 was covered by federal depository insurance. No additional pledged collateral was maintained. Therefore, \$121,548 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020 RSMo 2000, requires that depositories to pledge collateral securities to secure county's deposits not insured by the Federal Deposit Insurance Corporation.

## Schedule



MCDONALD COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1 County Road Monies

The prior audit disclosed that a balance of \$217,580 was due to the Special Road and Bridge Fund from county General Revenue. Our audit noted that there were no additional inappropriate deposits of funds into the General Fund from the Special Road and Bridge Fund. However the balance of \$217,580 has not been repaid. The county commissioners have again stated that they will repay the outstanding amount with interest when funds become available.

IT IS AGAIN RECOMMENDED THAT the county authorize a transfer of \$217,580 from the Special Road and Bridge fund to the county General Fund.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MCDONALD COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by McDonald County, Missouri on the applicable finding in the prior audit report issued for the three years ended December 31, 1999.

County Road Monies

The county did not distribute a portion of the General Revenue Fund property tax collections to the road funds as authorized by a ballot approved by the voters.

Recommendation:

The County Commission should transfer \$217,580 from the General Revenue Fund to the Special Road and Bridge Fund and make the required allocation to the road funds on a periodic basis.

Status:

Not Implemented. See finding number 01-1.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Macon County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Macon County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in dark ink, appearing to read "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-73  
August 30, 2002

**MACON COUNTY, MISSOURI**  
**FOR THE TWO YEARS**  
**ENDED DECEMBER 31, 2001**

\*  
\* \*  
\* \* \*  
\* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \*  
\* \* \*  
\* \*  
\*

**Casey and Company of Columbia, L.L.C.**  
**Certified Public Accountants**  
**Columbia, Missouri**

MACON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FINANCIAL SECTION	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.....	2-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-36
 <u>Exhibit</u>	 <u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001.....8
A-2	Year Ended December 31, 2000.....9
 B	 <u>General Revenue Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000..... 10
 C	 <u>Special Road and Bridge Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000..... 11
 D	 <u>Assessment Fund</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000..... 12
 E	 <u>Law Enforcement</u>
	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000..... 13

MACON COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
F	<u>Prosecuting Attorney Training Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	14
G	<u>Capital Improvement Sales Tax</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	15
H	<u>Prosecuting Attorney Delinquent Tax</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	16
I	<u>Law Enforcement Block Grant</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	17
J	<u>Prosecuting Attorney Bad Check</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	18
K	<u>Victims of Domestic Violence</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....	19
L	<u>Recorder's User Fee Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	20

MACON COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
M	<u>Sheriff Civil Fees Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	21
N	<u>County Park Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	22
O	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	23
P	<u>Enhanced 911 Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	24
Q	<u>Senate Bill 40 Board Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	25
R	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	26
S	<u>Circuit Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	27



MACON COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
FINANCIAL SECTION		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
T	<u>Associate Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	28
U	<u>Sound Recording Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	29
V	<u>Dare Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	30
W	<u>Community Development Block Grant Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	31
X	<u>County Employees Retirement Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	32
Y	<u>Election Services Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	33

MACON COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

**FINANCIAL SECTION**

---

Financial Statements:

Z	<u>Parents as Educators</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 and 2000.....	34
AA	<u>Local Emergency Planning Committee</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 .....	35
AB	<u>Recorder's Technology Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001 .....	36
Notes to the Financial Statements .....		37-41
Supplementary Schedule .....		42
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....		43-44
Notes to the Supplementary Schedule.....		45-47

---

**FEDERAL AWARDS – SINGLE AUDIT SECTION**

---

Independent Auditor's Report:

Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	50-52
---------------------------------------------------------------------------------------------------------------------------------------------------	-------

MACON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS – SINGLE AUDIT SECTION</u>	
Schedule	
Schedule of Findings and Questioned Costs (including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	54-59
Section I – Summary of Auditor's Results.....	54-55
Section II – Financial Statements Findings.....	55
Section III – Federal Award Findings and Questioned Costs .....	54-59
<u>Number</u> <u>Description</u>	
00-1      Sub-granting.....	55
00-2      Understanding the Grant Requirements.....	56
00-3      Reliance on Grant Administrator.....	57
00-4      Cost Allocation .....	58
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	60-61
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	62-64
<u>SECTION ON OTHER MATTERS</u>	
Letter on Other Matters .....	65-67

## FINANCIAL SECTION

## Independent Auditor's Reports

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Macon County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Macon County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Macon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Macon County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Macon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 - 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Macon County, Missouri

We have audited the special-purpose financial statements of various funds of Macon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Macon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do



not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Macon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Macon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

## Financial Statements

Exhibit A-1

MACON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 214,341	1,415,630	1,453,960	176,011
Special Road and Bridge	162,811	1,453,988	1,312,127	304,672
Assessment	36	165,833	165,854	15
Law Enforcement Training	26,514	7,377	4,721	29,170
Prosecuting Attorney Training	706	1,205	1,607	304
Capital Improvement Sales Tax	287,009	792,862	781,957	297,914
Prosecuting Attorney Delinquent Tax	92	758	0	850
Law Enforcement Block Grant	0	10,103	10,103	0
Prosecuting Attorney Bad Check	17,775	17,548	17,882	17,441
Victims of Domestic Violence	3,208	733	2,500	1,441
Recorder's User Fee	11,052	8,026	8,070	11,008
Sheriff Civil Fees	10,454	26,240	20,993	15,701
County Park	40,987	51,477	37,325	55,139
Health Center	228,013	432,018	458,335	201,696
Enhanced 911	185,570	437,781	463,970	159,381
Senate Bill 40 Board	45,680	145,336	98,125	92,891
Law Library	11,536	5,670	5,322	11,884
Circuit Clerk Interest	11,710	6,801	3,921	14,590
Associate Circuit Interest	1,672	1,424	2,336	760
Sound Recording	333	1,670	76	1,927
DARE	5,012	494	283	5,223
Community Development Block Grant	0	0	0	0
County Employees Retirement	4,510	57,584	57,663	4,431
Election Services	1,580	3,155	536	4,199
Local Emergency Planning Committee	0	8,981	3,664	5,317
Parents as Educators	1,126	2,281	1,750	1,657
Recorder's Technology Fund	0	1,828	0	1,828
Total	\$ 1,271,727	5,056,803	4,913,080	1,415,450

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MACON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 125,264	1,787,156	1,698,079	214,341
Special Road and Bridge	371,004	1,332,464	1,540,657	162,811
Assessment	12	156,872	156,848	36
Law Enforcement Training	20,612	8,661	2,759	26,514
Prosecuting Attorney Training	335	1,476	1,105	706
Capital Improvement Sales Tax	142,879	599,062	454,932	287,009
Prosecuting Attorney Delinquent Tax	1,601	363	1,872	92
Law Enforcement Block Grant	222	0	222	0
Prosecuting Attorney Bad Check	18,321	17,960	18,506	17,775
Victims of Domestic Violence	2,369	839	0	3,208
Recorder's User Fee	13,664	12,525	15,137	11,052
Sheriff Civil Fees	30,140	29,270	48,956	10,454
County Park	30,508	46,914	36,435	40,987
Health Center	279,504	481,688	533,179	228,013
Enhanced 911	321,598	423,393	559,121	185,870
Senate Bill 40 Board	60,209	114,165	128,594	45,780
Law Library	9,418	5,517	3,399	11,536
Circuit Clerk Interest	6,204	7,940	2,434	11,710
Associate Circuit Interest	1,010	1,711	1,049	1,672
Sound Recording	3	1,809	1,479	333
DARE	0	5,012	0	5,012
Community Development Block Grant	0	298,550	298,550	0
County Employees Retirement	6,723	59,094	61,307	4,510
Election Services	0	2,232	652	1,580
Parents as Educators	145	3,581	2,600	1,126
Total	\$ 1,441,745	5,398,254	5,567,872	1,272,127

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

MACON COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 280,200	279,100	(1,100)	239,000	276,096	37,096
Sales taxes	520,000	559,217	39,217	520,000	544,391	24,391
Intergovernmental	160,958	181,940	20,982	925,441	548,946	(376,495)
Charges for services	259,010	243,628	(15,382)	248,150	255,697	7,547
Interest	18,000	21,080	3,080	9,000	19,990	10,990
Other	109,873	91,665	(18,208)	99,900	97,036	(2,864)
Transfers in	45,000	39,000	(6,000)	45,000	45,000	0
Total Receipts	\$ 1,393,041	1,415,630	22,589	2,086,491	1,787,156	(299,335)
DISBURSEMENTS						
County Commission	84,390	83,196	1,194	83,740	84,261	(521)
County Clerk	70,331	69,685	646	69,787	69,149	638
Elections	20,976	18,682	2,294	44,184	43,111	1,073
Buildings and grounds	124,180	117,940	6,240	88,053	74,043	14,010
Employee fringe benefits	222,787	181,862	40,925	196,112	178,922	17,190
County Treasurer	29,220	28,917	303	29,205	29,000	205
County Collector	63,545	63,572	(27)	61,871	61,279	592
Ex Officio Recorder of Deeds	36,028	30,212	5,816	33,945	31,251	2,694
Circuit Clerk	8,946	7,152	1,794	9,260	7,772	1,488
Associate Circuit Court	7,775	6,675	1,100	7,275	6,600	675
Court administration	9,150	4,127	5,023	12,850	7,991	4,859
Public Administrator	43,965	43,315	650	27,915	30,335	(2,420)
Sheriff	350,422	343,252	7,170	326,707	321,860	4,847
Jail	73,200	62,760	10,440	70,700	60,088	10,612
Prosecuting Attorney	94,483	99,694	(5,211)	93,071	93,068	3
Juvenile Officer	67,358	72,607	(5,249)	66,780	54,350	12,430
County Coroner	15,140	15,778	(638)	9,890	7,777	2,113
Public health and welfare services	5,000	6,085	(1,085)	6,800	5,106	1,694
Data Processing	14,828	14,502	326	13,358	12,303	1,055
Health Insurance Premiums	0	13,982	(13,982)	0	0	0
Other	110,321	111,218	(897)	98,116	97,718	398
Transfers out	13,989	7,709	6,280	18,830	6,333	12,497
Emergency Fund	23,068	0	23,068	39,255	0	39,255
Grant pass thru	51,038	51,038	0	778,000	415,762	362,238
Total Disbursements	\$ 1,540,140	1,453,960	86,180	2,185,704	1,698,079	487,625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147,099)	(38,330)	108,769	(99,213)	89,077	188,290
CASH, JANUARY 1	214,341	214,341	0	125,264	125,264	0
CASH, DECEMBER 31	\$ 67,242	176,011	108,769	26,051	214,341	188,290

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit C

## MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 457,000	462,197	5,197	413,400	450,034	36,634
Intergovernmental	916,590	911,471	(5,119)	827,761	827,752	(9)
Interest	13,000	22,084	9,084	19,000	24,658	5,658
Other	18,000	52,883	34,883	25,000	30,020	5,020
Transfers in	2,373	5,353	2,980	0	0	0
Total Receipts	\$ 1,406,963	1,453,988	47,025	1,285,161	1,332,464	47,303
DISBURSEMENTS						
Salaries	521,500	510,259	11,241	500,000	488,776	11,224
Employee fringe benefits	187,184	168,313	18,871	182,445	168,652	13,793
Supplies	207,500	186,937	20,563	194,500	219,430	(24,930)
Insurance	24,000	25,500	(1,500)	17,500	23,125	(5,625)
Equipment repairs	95,000	70,530	24,470	90,000	93,512	(3,512)
Rentals	41,000	900	40,100	37,000	1,247	35,753
Equipment purchases	50,000	3,181	46,819	160,000	158,730	1,270
Construction, repair, and maintenance projects	313,000	286,756	26,244	348,000	311,828	36,172
Other	58,800	20,751	38,049	57,200	30,357	26,843
Transfers out	45,000	39,000	6,000	45,000	45,000	0
Total Disbursements	\$ 1,542,984	1,312,127	230,857	1,631,645	1,540,657	90,988
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136,021)	141,861	277,882	(346,484)	(208,193)	138,291
CASH, JANUARY 1	162,811	162,811	0	371,004	371,004	0
CASH, DECEMBER 31	\$ 26,790	304,672	277,882	24,520	162,811	138,291

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit D

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 158,864	157,487	(1,377)	155,742	149,563	(6,179)
Interest	1,800	2,040	240	700	2,029	1,329
Charges for services	1,200	1,756	556	1,200	1,930	730
Transfers in	10,830	4,550	(6,280)	18,830	3,350	(15,480)
Total Receipts	\$ 172,694	165,833	(6,861)	176,472	156,872	(19,600)
DISBURSEMENTS						
Assessor	172,687	165,854	6,833	176,483	156,848	19,635
Total Disbursements	\$ 172,687	165,854	6,833	176,483	156,848	19,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	7	(21)	(28)	(11)	24	35
CASH, JANUARY 1	36	36	0	12	12	0
CASH, DECEMBER 31	\$ 43	15	(28)	1	36	35

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit E

## MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 2,500	2,557	57	3,000	2,704	(296)
Charges for Services	6,000	4,820	(1,180)	6,000	5,957	(43)
Total Receipts	\$ 8,500	7,377	(1,123)	9,000	8,661	(339)
DISBURSEMENTS						
Sheriff	20,000	4,721	15,279	15,000	2,759	12,241
Total Disbursements	\$ 20,000	4,721	15,279	15,000	2,759	12,241
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	2,656	14,156	(6,000)	5,902	11,902
CASH, JANUARY 1	26,514	26,514	0	20,612	20,612	0
CASH, DECEMBER 31	\$ 15,014	29,170	14,156	14,612	26,514	11,902

The accompanying Notes to the Financial Statements are an integral part of this statement



## Exhibit F

MACON COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,400	1,205	(195)	1,400	1,476	76
Total Receipts	\$ 1,400	1,205	(195)	1,400	1,476	76
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,607	393	1,500	1,105	395
Total Disbursements	\$ 2,000	1,607	393	1,500	1,105	395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	(402)	198	(100)	371	471
CASH, JANUARY 1	706	706	0	335	335	0
CASH, DECEMBER 31	\$ 106	304	198	235	706	471

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit G

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT SALES TAX

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 520,000	559,125	39,125	520,000	544,136	24,136
Intergovernmental	444,000	216,889	(227,111)	435,200	41,980	(393,220)
Interest	10,000	16,848	6,848	5,000	12,946	7,946
Total Receipts	\$ 974,000	792,862	(181,138)	960,200	599,062	(361,138)
DISBURSEMENTS						
Supplies	6,000	4,587	1,413	6,000	5,604	396
Equipment	200,000	214,638	(14,638)	130,000	69,986	60,014
Materials	298,000	242,535	55,465	308,000	288,923	19,077
Special road districts	43,350	46,071	(2,721)	42,500	44,579	(2,079)
Federal bridge projects	560,000	274,126	285,874	544,000	35,562	508,438
Bridge contract	60,000	0	60,000	60,000	8,998	51,002
Custom work	5,000	0	5,000	5,000	1,280	3,720
Total Disbursements	\$ 1,172,350	781,957	390,393	1,095,500	454,932	640,568
RECEIPTS OVER (UNDER) DISBURSEMENTS	(198,350)	10,905	209,255	(135,300)	144,130	279,430
CASH, JANUARY 1	287,009	287,009	0	142,879	142,879	0
CASH, DECEMBER 31	\$ 88,659	297,914	209,255	7,579	287,009	279,430

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit H

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT TAX

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 300	743	443	1,000	324	(676)
Interest	15	15	0	60	39	(21)
Total Receipts	\$ 315	758	443	1,060	363	(697)
DISBURSEMENTS						
Prosecuting Attorney	300	0	300	2,000	1,872	128
Total Disbursements	\$ 300	0	300	2,000	1,872	128
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	758	743	(940)	(1,509)	(569)
CASH, JANUARY 1	92	92	0	1,601	1,601	0
CASH, DECEMBER 31	\$ 107	850	743	661	92	(569)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit I

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT BLOCK GRANT

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 10,000	10,000	0	0	0	0
Interest	75	103	28	0	0	0
Total Receipts	\$ 10,075	10,103	28	0	0	0
DISBURSEMENTS						
Sheriff	10,075	10,103	(28)	222	222	0
Total Disbursements	\$ 10,075	10,103	(28)	222	222	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(222)	(222)	0
CASH, JANUARY 1	0	0	0	222	222	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit J

## MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 17,000	16,626	(374)	15,000	16,980	1,980
Interest	1,000	922	(78)	1,000	980	(20)
Total Receipts	\$ 18,000	17,548	(452)	16,000	17,960	1,960
DISBURSEMENTS						
Prosecuting Attorney	25,275	17,882	7,393	26,000	18,506	7,494
Total Disbursements	\$ 25,275	17,882	7,393	26,000	18,506	7,494
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,275)	(334)	6,941	(10,000)	(546)	9,454
CASH, JANUARY 1	17,775	17,775	0	18,321	18,321	0
CASH, DECEMBER 31	\$ 10,500	17,441	6,941	8,321	17,775	9,454

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VICTIMS OF DOMESTIC VIOLENCE

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 700	605	(95)	600	680	80
Interest	75	128	53	100	159	59
Total Receipts	\$ 775	733	(42)	700	839	139
DISBURSEMENTS						
Victims' shelter	3,200	2,500	700	2,000	0	2,000
Total Disbursements	\$ 3,200	2,500	700	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,425)	(1,767)	658	(1,300)	839	2,139
CASH, JANUARY 1	3,208	3,208	0	2,369	2,369	0
CASH, DECEMBER 31	\$ 783	1,441	658	1,069	3,208	2,139

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 6,800	6,382	(418)	7,000	6,344	(656)
Interest	1,000	678	(322)	500	925	425
Other	966	966	0	0	5,256	5,256
Total Receipts	\$ 8,766	8,026	(740)	7,500	12,525	5,025
DISBURSEMENTS						
Ex Officio Recorder of Deeds	19,000	8,070	10,930	20,000	15,137	4,863
Total Disbursements	\$ 19,000	8,070	10,930	20,000	15,137	4,863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,234)	(44)	10,190	(12,500)	(2,612)	9,888
CASH, JANUARY 1	11,052	11,052	0	13,664	13,664	0
CASH, DECEMBER 31	\$ 818	11,008	10,190	1,164	11,052	9,888

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF CIVIL FEES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 24,000	25,326	1,326	21,500	27,780	6,280
Interest	1,000	914	(86)	500	1,490	990
Total Receipts	\$ 25,000	26,240	1,240	22,000	29,270	7,270
DISBURSEMENTS						
Sheriff	33,000	20,993	12,007	49,525	48,956	569
Total Disbursements	\$ 33,000	20,993	12,007	49,525	48,956	569
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,000)	5,247	13,247	(27,525)	(19,686)	7,839
CASH, JANUARY 1	10,454	10,454	0	30,140	30,140	0
CASH, DECEMBER 31	\$ 2,454	15,701	13,247	2,615	10,454	7,839

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit N

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COUNTY PARK FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 37,000	31,946	(5,054)	33,450	37,587	4,137
Intergovernmental	550	84	(466)	700	337	(363)
Services	0	7,068	7,068	0	4,920	4,920
Interest	2,500	3,131	631	1,300	2,797	1,497
Other	5,850	9,248	3,398	5,750	1,273	(4,477)
Total Receipts	\$ 45,900	51,477	5,577	41,200	46,914	5,714
DISBURSEMENTS						
Salaries and Benefits	14,500	14,184	316	14,640	14,949	(309)
Equipment	2,000	1,103	897	2,000	3,313	(1,313)
Other	21,550	22,038	(488)	24,560	18,173	6,387
Total Disbursements	\$ 38,050	37,325	725	41,200	36,435	4,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,850	14,152	6,302	0	10,479	10,479
CASH, JANUARY 1	40,987	40,987	0	30,508	30,508	0
CASH, DECEMBER 31	\$ 48,837	55,139	6,302	30,508	40,987	10,479

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit O

## MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 205,000	192,824	(12,176)	175,000	189,199	14,199
Intergovernmental	186,805	171,462	(15,343)	279,360	222,817	(56,543)
Charges for services	9,000	4,808	(4,192)	6,258	8,184	1,926
Interest	15,000	11,858	(3,142)	15,000	13,286	(1,714)
Other	54,750	51,066	(3,684)	62,240	48,202	(14,038)
Total Receipts	\$ 470,555	432,018	(38,537)	537,858	481,688	(56,170)
DISBURSEMENTS						
Salaries and fringe benefits	360,000	372,270	(12,270)	429,260	370,417	58,843
Office expenditures	28,500	26,708	1,792	26,100	27,300	(1,200)
Equipment	6,100	4,921	1,179	11,500	7,692	3,808
Mileage and training	14,000	12,491	1,509	15,000	14,168	832
Wellness/nursing/WIC	40,000	34,039	5,961	33,000	37,918	(4,918)
Debt Service	0	0	0	0	58,904	(58,904)
Other	12,000	7,906	4,094	10,000	16,780	(6,780)
Total Disbursements	\$ 460,600	458,335	2,265	524,860	533,179	(8,319)
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,955	(26,317)	(36,272)	12,998	(51,491)	(64,489)
CASH, JANUARY 1	228,013	228,013	0	279,504	279,504	0
CASH, DECEMBER 31	\$ 237,968	201,696	(36,272)	292,502	228,013	(64,489)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit P

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ENHANCED 911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 416,587	421,321	4,734	396,750	408,106	11,356
Charges for services	7,000	2,646	(4,354)	4,400	189	(4,211)
Interest	10,000	7,397	(2,603)	10,000	9,808	(192)
Other	200	6,117	5,917	175	5,290	5,115
Total Receipts	\$ 433,787	437,481	3,694	411,325	423,393	12,068
DISBURSEMENTS						
Salaries	325,798	302,894	22,904	305,241	259,807	45,434
Office expenditures	14,600	53,629	(39,029)	14,000	42,813	(28,813)
Equipment	79,250	96,632	(17,382)	104,000	248,310	(144,310)
Mileage and training	7,750	4,508	3,242	6,500	6,110	390
Other	6,090	6,307	(217)	6,990	2,081	4,909
Total Disbursements	\$ 433,488	463,970	(30,482)	436,731	559,121	(122,390)
RECEIPTS OVER (UNDER) DISBURSEMENTS	299	(26,489)	(26,788)	(25,406)	(135,728)	(110,322)
CASH, JANUARY 1	185,870	185,870	0	321,598	321,598	0
CASH, DECEMBER 31	\$ 186,169	159,381	(26,788)	296,192	185,870	(110,322)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Q

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SENATE BILL 40 BOARD FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 120,000	142,765	22,765	120,000	111,809	(8,191)
Interest	1,200	2,261	1,061	1,200	2,224	1,024
Other	0	310	310	0	32	32
Total Receipts	\$ 121,200	145,336	24,136	121,200	114,065	(7,135)
DISBURSEMENTS						
Administrative expenses	5,500	3,121	2,379	20,518	16,459	4,059
Service contracts and special supports	102,956	95,004	7,952	77,600	62,885	14,715
Building payments and repairs	0	0	0	22,744	49,250	(26,506)
Total Disbursements	\$ 108,456	98,125	10,331	120,862	128,594	(7,732)
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,744	47,211	34,467	338	(14,529)	(14,867)
CASH, JANUARY 1	45,680	45,680	0	60,209	60,209	0
CASH, DECEMBER 31	\$ 58,424	92,891	34,467	60,547	45,680	(14,867)

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit R

MACON COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 5,115	5,392	277	5,100	5,287	187
Interest	285	278	(7)	200	230	30
Total Receipts	\$ 5,400	5,670	270	5,300	5,517	217
DISBURSEMENTS						
Circuit Judge	4,452	5,322	(870)	8,000	3,399	4,601
Total Disbursements	\$ 4,452	5,322	(870)	8,000	3,399	4,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	948	348	(600)	(2,700)	2,118	4,818
CASH, JANUARY 1	11,536	11,536	0	9,418	9,418	0
CASH, DECEMBER 31	\$ 12,484	11,884	(600)	6,718	11,536	4,818

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 5,750	6,801	1,051	5,500	7,640	2,140
Other	0	0	0	0	300	300
Total Receipts	\$ 5,750	6,801	1,051	5,500	7,940	2,440
DISBURSEMENTS						
Circuit Clerk	17,000	3,921	13,079	11,500	2,434	9,066
Total Disbursements	\$ 17,000	3,921	13,079	11,500	2,434	9,066
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,250)	2,880	14,130	(6,000)	5,506	11,506
CASH, JANUARY 1	11,710	11,710	0	6,204	6,204	0
CASH, DECEMBER 31	\$ 460	14,590	14,130	204	11,710	11,506

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit T

## MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE CIRCUIT INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 1,500	1,424	(76)	1,500	1,711	211
Other	0	0	0	0	0	0
Total Receipts	\$ 1,500	1,424	(76)	1,500	1,711	211
DISBURSEMENTS						
Associate Circuit Judge	2,600	2,336	264	2,400	1,049	1,351
Total Disbursements	\$ 2,600	2,336	264	2,400	1,049	1,351
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(912)	188	(900)	662	1,562
CASH, JANUARY 1	1,672	1,672	0	1,010	1,010	0
CASH, DECEMBER 31	\$ 572	760	188	110	1,672	1,562

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit U

MACON COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SOUND RECORDING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,000	1,607	(393)	1,750	1,790	40
Interest	25	63	38	0	19	19
Total Receipts	\$ 2,025	1,670	(355)	1,750	1,809	59
DISBURSEMENTS						
Equipment	2,000	0	2,000	1,421	1,421	0
Supplies	200	76	124	329	58	271
Total Disbursements	\$ 2,200	76	2,124	1,750	1,479	271
RECEIPTS OVER (UNDER) DISBURSEMENTS	(175)	1,594	1,769	0	330	330
CASH, JANUARY 1	333	333	0	3	3	0
CASH, DECEMBER 31	\$ 158	1,927	1,769	3	333	330

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit V

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DARE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 150	269	119	0	12	12
Other	0	225	225	0	5,000	5,000
Total Receipts	\$ 150	494	344	0	5,012	5,012
DISBURSEMENTS						
Equipment	500	0	500	0	0	0
Supplies	500	283	217	0	0	0
Total Disbursements	\$ 1,000	283	717	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	211	1,061	0	5,012	5,012
CASH, JANUARY 1	5,012	5,012	0	0	0	0
CASH, DECEMBER 31	\$ 4,162	5,223	1,061	0	5,012	5,012

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit W

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 950	0	(950)	299,500	298,550	(950)
Total Receipts	\$ 950	0	(950)	299,500	298,550	(950)
DISBURSEMENTS						
Ethanol plant waterline	950	0	950	299,500	298,550	950
Total Disbursements	\$ 950	0	950	299,500	298,550	950
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit X

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COUNTY EMPLOYEES RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 51,500	47,326	(4,174)	54,700	47,995	(6,705)
Interest	400	356	(44)	300	377	77
Other	11,500	9,902	(1,598)	10,000	10,722	722
Total Receipts	\$ 63,400	57,584	(5,816)	65,000	59,094	(5,906)
DISBURSEMENTS						
County employees	63,400	57,663	5,737	65,000	61,307	3,693
Total Disbursements	\$ 63,400	57,663	5,737	65,000	61,307	3,693
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(79)	(79)	0	(2,213)	(2,213)
CASH, JANUARY 1	4,510	4,510	0	6,723	6,723	0
CASH, DECEMBER 31	\$ 4,510	4,431	(79)	6,723	4,510	(2,213)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Y

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION SERVICES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 720	3,016	2,296	1,000	2,199	1,199
Interest	35	139	104	20	33	13
Total Receipts	\$ 755	3,155	2,400	1,020	2,232	1,212
DISBURSEMENTS						
Election services	2,000	536	1,464	1,020	652	368
Total Disbursements	\$ 2,000	536	1,464	1,020	652	368
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,245)	2,619	3,864	0	1,580	1,580
CASH, JANUARY 1	1,580	1,580	0	0	0	0
CASH, DECEMBER 31	\$ 335	4,199	3,864	0	1,580	1,580

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Z

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PARENTS AS EDUCATORS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 60	41	(19)	0	11	11
Other Revenues	3,540	2,240	(1,300)	0	3,570	3,570
Total Receipts	\$ 3,600	2,281	(1,319)	0	3,581	3,581
DISBURSEMENTS						
Attendance Charge	3,600	1,750	1,850	0	2,600	(2,600)
Total Disbursements	\$ 3,600	1,750	1,850	0	2,600	(2,600)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	531	531	0	981	981
CASH, JANUARY 1	1,126	1,126	0	145	145	0
CASH, DECEMBER 31	\$ 1,126	1,657	531	145	1,126	981

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AA

MACON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LOCAL EMERGENCY PLANNING COMMITTEE FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 2,369	5,822	3,453
Operating Transfers In	3,159	3,159	0
Total Receipts	\$ 5,528	8,981	3,453
DISBURSEMENTS			
Emergency planning committee	5,100	3,664	1,436
Total Disbursements	\$ 5,100	3,664	1,436
RECEIPTS OVER (UNDER) DISBURSEMENTS	428	5,317	4,889
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 428	5,317	4,889

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AB

MACON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S TECHNOLOGY FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 0	1,811	1,811
Interest income	0	17	17
Total Receipts	\$ 0	1,828	1,828
DISBURSEMENTS			
Recorder	0	0	0
Total Disbursements	\$ 0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,828	1,828
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	1,828	1,828

The accompanying Notes to the Financial Statements are an integral part of this statement

## Notes to the Financial Statements



MACON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Macon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board of Trustees, the Enhanced 911 Board of Trustees, or the Senate Bill 40 Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with

Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Parents as Educators Fund for the year ended December 31, 2000 and the Records Technology Fund for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center	2000
Enhanced 911	2001 and 2000
Senate Board 40	2000
Law Library	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include full information on each of the following funds as a separate fund:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2001 and 2000
PA Training	2001 and 2000
PA Delinquent Tax	2001 and 2000
Law Enforcement	2001 and 2000
PA Bad Check	2001 and 2000
Domestic Violence	2001 and 2000
Recorder's User Fee	2001 and 2000
Sheriff Civil Fees	2001 and 2000
Sound Recording	2001 and 2000
DARE	2001 and 2000
CDBG	2001 and 2000
County Employee Retirement	2001 and 2000
Election Services	2001 and 2000
Local Emergency Planning	2001
Recorder's Technology	2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their s, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance of the county's custodial banks or by collateral securities held by the county's holding bank in the county's name or by an irrevocable letter of credit issued by the Federal Home Loan Bank.

The county's Health Center, Enhanced 911, and Senate Bill 40 Boards had deposits at December 31, 2001 and 2000 entirely covered by federal depositary insurance or by collateral securities held by the holding banks in the name of the respective boards.

## Supplementary Schedule

## Schedule

**MACON COUNTY, MISSOURI****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451161W	\$ 39,753	33,604
U.S. DEPARTMENT OF COMMERCE				
Direct program -				
11.300	Grants for Public Works and Economic Development	05-01-03211	51,038	415,762
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	94-ED-934 98-ED-16	0	298,550
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	2000UMWX0074	16,999	0
16.unknown	Equitable Sharing of Seized and Forfeited Property	2000UMWX0074	0	16,984
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2000-LBG-048	9,000	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,500	1,090
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-061 (12)	796	0
		BRO-061 (16)	194,657	7,754
20.600	State and Community Highway Safety	BRO-061 (17)	0	2,288
		BRO-061 (22)	4,859	19,208
		BRO-061 (23)	17,581	0
20.703	HEMP/U.S. DOT Haz-Mat	N/A	400	0

## Schedule

**MACON COUNTY, MISSOURI****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	50	788
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety -				
83.544	Public Assistance Grants		0	66,201
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Social Services -				
93.563	Child Support Enforcement	N/A	1,110	660
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067161C	638	4,250
Department of Social Services -				
93.667	Social Services Block Grant	PGA0671161S	1,735	0
Department of Health -				
93.994	Maternal and Child Health Services	(MCH)ERS1461161M	18,852	10,362
	Block Grant to the States	ERS1751161F	36,150	47,850
	Dental Sealant	(DENTAL)C100015042	0	77
	Total Expenditures of Federal Awards	\$	<u>395,118</u>	<u>925,428</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



MACON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Macon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-

through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly the schedule includes cash and non cash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

D. Sub-recipients

Of the federal expenditures presented in the schedule, the county provided \$466,800 to a sub-recipient under the Grants for Public Works and Economic Development (CFDA number 11.300) during the year ended December 31 2001 and 2000. See Schedule of Questioned Costs, finding 00-01. Sub-recipient granting is a material instance of noncompliance.

FEDERAL AWARDS –  
SINGLE AUDIT SECTION

## Independent Auditor's Report

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission

and

Officeholders of Macon County, Missouri

### Compliance

We have audited the compliance of Macon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in items 00-1 and 00-4 in the accompanying schedule of findings and questioned costs, Macon, County, Missouri did not comply with requirements regarding sub-granting and cost allocation that are applicable to its Public Works and Economic Development Program. Compliance with such requirements is necessary, in our opinion, for Macon County, Missouri, to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Macon County, Missouri, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001 and December 31, 2000.

#### Internal Control Over Compliance

The management of Macon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation

of the internal control over compliance that, in our judgment, could adversely affect Macon County, Missouri's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as finding numbers 00-2 and 00-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider 00-2 and 00-3 to be material weaknesses.

This report is intended for the information of the management of Macon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC  
Independent Auditor

May 31, 2002

## Schedule



MACON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   X   no

Reportable conditions identified that are  
not considered to be a material weaknesses?        yes   X   none reported

Noncompliance material to the financial statements  
noted?        yes   X   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?   X   yes        no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for  
major programs:

Qualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?

X yes        no

Identification of major programs:

CFDA Number      Program Title

11.300                      Grants for Public Works and Economic Development

14.228                      Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

       yes      X no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

**00-1**

**Sub-granting**

Federal Grantor: U.S. Department of Commerce

Pass-Through Grantor: None

Federal CFDA Number: 11.300

Program Title: Grants for Public Works and Economic Development

Pass-Through Entity Identifying Number: Not Applicable

Award Years: 2000, 2001

Questioned Costs: \$ 466,800

**FINDING:**

Macon County, Missouri sub-granted all of the funds received under the major program instead of expending the funds directly as required by the grant.

**WE RECOMMEND** that the county expend all awards directly or, if the county every passes monies through to another entity, that the county obtain the proper authority to do so and obtain proper contracts with the sub-recipient and conduct the proper monitoring of the sub-recipient.

**AUDITEE RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We concur with this recommendation and will either expend funds directly or sub-grant funds only when allowed by the grant and only with the proper contracts and monitoring in place.*

**00-2**

**Understanding the Grant Requirements**

Federal Grantor: U.S. Department of Commerce

Pass-Through Grantor: None

Federal CFDA Number: 11.300

Program Title: Grants for Public Works and Economic Development

Pass-Through Entity Identifying Number: Not Applicable

Award Years: 2000, 2001

Questioned Costs: None

**FINDING:**

Macon County, Missouri officials did not obtain an understanding of the federal requirements of the major programs to insure that full compliance with all grant provisions would be met. The contract the county entered into with a grant administrator did not cover all compliance provisions of federal awards. The contract between the county and the grant administrator covered some named compliance areas such as paying prevailing wage for example but the contract failed to include all compliance areas.

**WE RECOMMEND** the County Commission obtain understanding of the requirements of all grants received and administer them directly. Assistance in obtaining an understanding of grant requirements can be obtained from the federal agency making the grant, the state agency passing it through (if applicable), or the state auditor's office.

**AUDITEE RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We concur with this recommendation. The County Commission will obtain an understanding of all grants received by reading the contracts and checking all requirements with federal and state awarding agencies.*

**00-3****Reliance on a Grant Administrator**

Federal Grantor: U.S. Department of Commerce

Pass-Through Grantor: None

Federal CFDA Number: 11.300

Program Title: Grants for Public Works and Economic Development

Pass-Through Entity Identifying Number: Not Applicable

Award Years: 2000, 2001

Questioned Costs: \$ 9,000 (included in the amount in finding 00-1 above)

**FINDING:**

Macon County, Missouri paid an agency to administer its grants without making certain the agency was covering all aspects of the grant administration including the proper payment of

invoices according to grant requirements. The administrator knew the funds were being paid by Macon County, Missouri to the Northeast Missouri Grain Processors, LLC and completed all reports to the Department of Commerce as if the funds were paid to contractors, engineers, and other vendors directly. The county received copies of these reports for monitoring and did not ask for the reports to be completed accurately.

**WE RECOMMEND** that the county not allow incorrect reports to be prepared and subsequently filed with the federal government.

**AUDITEE RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We concur with the recommendation and will not submit incorrect information on federal reports. We believed all of our reports were complete and accurate and proper for filing because we relied on the services of professionals. We believed we did not have the expertise in the county to administer the grant properly.*

**00-4**

**Cost Allocation**

Federal Grantor: U.S. Department of Commerce

Pass-Through Grantor: None

Federal CFDA Number: 11.300

Program Title: Grants for Public Works and Economic Development

Pass-Through Entity Identifying Number: Not Applicable

Award Years: 2000, 2001

Questioned Costs: \$ 5,444 (included in the amount in finding 00-1 above)

**FINDING:**

Macon County, Missouri contracted the public works project in two portions. Part A was the grant's portion of the project and Part B was the non-grant portion of the project. The county allocated the costs between Part A and Part B based on a percentage of total costs instead of actual costs associated with the separate parts of the project. As a result, some Part B expenditures were charged to the grant.

**WE RECOMMEND** that the county process request for reimbursements from the grantor based on the actual costs incurred based on the project instead of a percentage basis.

**AUDITEE RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We concur with the recommendation and will request reimbursements for actual federal funds expended instead of a percentage of a total project. We believed all of our reimbursements requests were completed based on actual costs because we relied on the services of professionals. We believed we did not have the expertise in the county to administer the grant properly.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MACON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

MACON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**99-1**

**Schedule of Expenditures of Federal Awards**

Federal Grantor:	U.S. Department of Transportation
Pass- Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-061(15), BRO-061(17)/ BRO-061(18) & BRO-061(21)
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

**FINDING:**

The county schedule of expenditures of federal awards (SEFA) for the years ended December 31, 1999 and 1998 was not complete and accurate according to the county's expenditure records.

Recommendation:

Prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**STATUS:**

The recommendation has been partially implemented Immunization grants from the Health Center were omitted from the SEFA submitted to the State Auditor's Office but these grant amounts were added in time for the audit report and the County Clerk will be obtaining these amounts in the future.

## SECTION ON OTHER MATTERS

MACON COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Macon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We also have audited the compliance of Macon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000 and have issued our report thereon dated May 31, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Macon County and of its compliance with the types of compliance requirements applicable to its major federal programs but does not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that are required for an audit performed in accordance with *Government Auditing Standards* and OMB Circular A-133. *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider this matter and take appropriate corrective action.

1. Senate Bill 40 Record Keeping and Accounting

The Senate Bill 40 Board has adequate books and records for audit but the condition of the materials is disorganized and there is no general ledger software in use in spite of the low cost and ease of use of such software. Financial reports presented to the Board of Trustees, the County Clerk, and the auditor were lacking in sound financial reporting practices.

2. Senate Bill 40 Appearance of Conflict of Interest

The Senate Bill 40 Board partially funds a nonprofit organization that it also employs for both program and administrative functions (including service delivery monitoring). While the relationship is completely disclosed and no actual conflict of interest may exist, the situation has the appearance of being a potential conflict of interest. The Senate Bill 40 Board should try to eliminate the appearance of a conflict and to obtain better financial reports for the Board and for the County Clerk at budget reporting time.

3. Health Center Reports

The Health Center submitted financial reports, which did not add up properly. A spreadsheet program was in use for budget reporting with a line item reported which did not add into the total. The Health Center has multiple report formats on basically the same information and the re-entry of information in differing formats causes errors in presentation and confusion in using the information. The Health Center uses one general ledger for revenues and reporting and another for expenses without integrating them into one general ledger and this accounting system leads to confusion and errors.

4. In-Kind Federal Grants

The county is not including the in-kind value of immunizations dispensed through the Health Center on its schedule of expenditure of federal awards (SEFA). The County Clerk has made continuing improvement in making certain that the SEFA is complete and accurate as she implemented the recommendations from the prior audit.

This Letter on Other Matters is intended for the information of the management of Macon County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Livingston County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Livingston County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in cursive script, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-72  
August 30, 2002

LIVINGSTON COUNTY, MISSOURI

AUDIT REPORT

TWO YEARS ENDED DECEMBER 31, 2001 AND 2000



# LIVINGSTON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3
Financial Statements:	
	<u>Exhibit</u>
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1
Year Ended December 31, 2000	A-2
Comparative Statement of Receipts, Disbursements, And Change in Cash – Budget and Actual – Various Funds, Years Ended December 31, 2001 and 2000	B
Notes to the Financial Statements	14
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	16
Notes to the Supplementary Schedule	17
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditor's Report Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	19

LIVINGSTON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule of Findings and Questioned Costs, Years Ended December 31, 2001 and 2000	
Section I - Summary of Auditor's Results	21
Section II – Financial Statement Findings	22
Section III – Federal Award Findings and Questioned Costs	22
Follow-up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <b><i>Government Auditing Standards</i></b>	23
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	24

## FINANCIAL SECTION

## Independent Auditor's Reports

MCBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
And  
County Commission of  
Livingston County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Livingston County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Livingston County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Livingston County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Livingston County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 11, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

April 11, 2002

## McBRIDE, LOOK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
And  
County Commission of  
Livingston County, Missouri

We have audited the special-purpose financial statements of various funds of Livingston County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Livingston County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Livingston County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Livingston County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

April 11, 2002



## Financial Statements

LIVINGSTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 277,742	\$ 1,535,685	\$ 1,591,031	\$ 222,396
Special Road and Bridge	244,522	1,151,789	1,166,793	229,518
Assessment	47	149,535	142,845	6,737
Law Enforcement Training	2,209	8,230	9,023	1,416
Prosecuting Attorney Training	947	2,371	1,145	2,173
Recorder's User Fees	5,601	7,432	4,897	8,136
Prosecuting Attorney Bad Check	18	14,253	14,221	50
Child Abuse	1,379	741	0	2,120
Local Emergency Planning	16,651	4,960	234	21,377
911	33,507	183,853	171,399	45,961
Health Center	213,223	615,588	574,720	254,091
Senate Bill 40 Board	62,234	150,455	142,455	70,234
School Resource Officer (SRO)	2,554	21,901	24,091	364
Planning and Zoning	46	2	0	48
Law Library	315	4,620	4,523	412
Circuit Division Interest	13,297	1,723	1,236	13,784
	<u>\$ 874,292</u>	<u>\$ 3,853,138</u>	<u>\$ 3,848,613</u>	<u>878,817</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIVINGSTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 132,813	\$ 1,645,849	\$ 1,500,920	\$ 277,742
Special Road and Bridge	98,198	1,210,347	1,064,023	244,522
Assessment	41	133,533	133,527	47
Law Enforcement Training	1,737	8,272	7,800	2,209
Prosecuting Attorney Training	19	2,937	2,009	947
Recorder's User Fees	5,115	5,706	5,220	5,601
Prosecuting Attorney Bad Check	125	13,565	13,672	18
Child Abuse	599	780	0	1,379
Local Emergency Planning	13,237	3,449	35	16,651
911	46,162	168,789	181,444	33,507
Health Center	291,829	498,971	577,577	213,223
Senate Bill 40 Board	60,208	143,740	141,714	62,234
School Resource Officer (SRO)	15,570	45,461	58,477	2,554
Planning and Zoning	42	1,514	1,510	46
Law Library	285	4,430	4,400	315
Circuit Division Interest	14,185	2,551	3,439	13,297
Soybean Processing Study	0	9,000	9,000	0
	<u>\$ 680,165</u>	<u>\$ 3,898,894</u>	<u>\$ 3,704,767</u>	<u>874,292</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
REVENUES	\$ 4,038,709	\$ 3,853,138	\$ (185,571)	\$ 4,373,531	\$ 3,898,894	\$ (474,637)
DISBURSEMENTS	4,551,536	3,848,613	702,923	4,698,257	3,704,767	993,490
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (512,827)	\$ 4,525	\$ 517,352	\$ (324,726)	\$ 194,127	\$ 518,853
CASH, JANUARY 1	855,534	874,292	18,758	675,608	680,165	4,557
CASH, DECEMBER 31	<u>\$ 342,707</u>	<u>\$ 878,817</u>	<u>\$ 536,110</u>	<u>\$ 350,882</u>	<u>\$ 874,292</u>	<u>\$ 523,410</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 6,000	\$ 16,003	\$ 10,003	\$ 5,600	\$ 6,569	\$ 969
Sales taxes	843,000	818,850	(24,150)	780,000	817,952	37,952
Intergovernmental	399,088	285,930	(113,158)	430,243	416,855	(13,388)
Charges for services	204,600	235,300	30,700	210,791	210,007	(784)
Interest	12,000	17,059	5,059	8,000	12,677	4,677
Other	134,770	162,543	27,773	134,800	155,541	20,741
Transfers in	0	0	0	7,500	26,248	18,748
Total Receipts	<u>\$ 1,599,458</u>	<u>\$ 1,535,685</u>	<u>\$ (63,773)</u>	<u>\$ 1,576,934</u>	<u>\$ 1,645,849</u>	<u>\$ 68,915</u>
DISBURSEMENTS						
County Commission	\$ 60,688	\$ 67,422	\$ (6,734)	\$ 55,088	\$ 54,440	\$ 648
County Clerk	73,794	74,307	(513)	73,702	70,666	3,036
Elections	29,186	31,062	(1,876)	69,305	71,879	(2,574)
Buildings and grounds	171,810	86,388	85,422	93,770	92,164	1,606
Employee fringe benefits	241,690	103,403	138,287	228,060	218,441	9,619
County Treasurer and Ex Officio County Collector	58,564	62,606	(4,042)	53,021	52,957	64
Ex Officio Recorder of Deeds	38,858	40,150	(1,292)	36,200	35,232	968
Circuit Clerk	16,000	22,115	(6,115)	17,325	15,283	2,042
Associate Circuit Court	15,549	10,414	5,135	12,939	11,799	1,140
Probate Court	4,749	3,027	1,722	6,300	4,878	1,422
Court administration	21,100	0	21,100	41,000	0	41,000
Public Administrator	40,600	48,423	(7,823)	30,600	28,660	1,940
Sheriff	269,253	281,652	(12,399)	288,906	282,106	6,800
Jail	399,205	379,770	19,435	392,654	350,710	41,944
Prosecuting Attorney	75,188	79,533	(4,345)	74,883	73,152	1,731
Juvenile Officer	69,967	40,728	29,239	71,778	38,079	33,699
County Coroner	20,642	21,714	(1,072)	12,038	16,236	(4,198)
Other	133,755	231,653	(97,898)	75,830	70,098	5,732
Court Reporter	0	824	(824)	0	183	(183)
Public health and welfare services	3,100	2,825	275	2,500	1,580	920
Transfers out	8,239	0	8,239	26,373	11,170	15,203
Emergency Fund	75,000	3,015	71,985	47,308	1,207	46,101
Total Disbursements	<u>\$ 1,826,937</u>	<u>\$ 1,591,031</u>	<u>\$ 235,906</u>	<u>\$ 1,709,580</u>	<u>\$ 1,500,920</u>	<u>\$ 208,660</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (227,479)	\$ (55,346)	\$ 172,133	\$ (132,646)	\$ 144,929	\$ 277,575
CASH, JANUARY 1	277,742	277,742	0	132,813	132,813	0
CASH, DECEMBER 31	<u>\$ 50,263</u>	<u>\$ 222,396</u>	<u>\$ 172,133</u>	<u>\$ 167</u>	<u>\$ 277,742</u>	<u>\$ 277,575</u>

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 65,000	\$ 66,707	\$ 1,707	\$ 65,000	\$ 65,722	\$ 722
Intergovernmental	1,137,240	1,065,704	(71,536)	1,578,835	1,133,858	(444,977)
Interest	9,000	12,938	3,938	5,000	10,121	5,121
Other	500	6,440	5,940	950	646	(304)
Total Receipts	\$ 1,211,740	\$ 1,151,789	\$ (59,951)	\$ 1,649,785	\$ 1,210,347	\$ (439,438)
DISBURSEMENTS						
Salaries	\$ 85,744	\$ 85,743	\$ 1	\$ 81,561	\$ 81,561	\$ 0
Employee fringe benefits	19,500	17,449	2,051	18,567	17,694	873
Supplies	13,150	7,461	5,689	9,700	10,194	(494)
Insurance	7,000	3,447	3,553	6,000	5,325	675
Road and bridge materials	118,500	122,730	(4,230)	118,500	54,861	63,639
Equipment repairs	10,000	10,972	(972)	8,000	8,879	(879)
Rentals	21,000	12,128	8,872	21,000	7,884	13,116
Equipment purchases	10,000	1,217	8,783	31,000	41,170	(10,170)
Construction, repair, and maintenance	1,109,600	897,582	212,018	1,442,992	831,291	611,701
Other	27,400	8,064	19,336	10,400	5,164	5,236
Total Disbursements	\$ 1,421,894	\$ 1,166,793	\$ 255,101	\$ 1,747,720	\$ 1,064,023	\$ 683,697
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (210,154)	\$ (15,004)	\$ 195,150	\$ (97,935)	\$ 146,324	\$ 244,259
CASH, JANUARY 1	244,522	244,522	0	98,198	98,198	0
CASH, DECEMBER 31	\$ 34,368	\$ 229,518	\$ 195,150	\$ 263	\$ 244,522	\$ 244,259
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 134,000	\$ 148,580	\$ 14,580	\$ 112,414	\$ 125,812	\$ 13,398
Charges for services	1,000	0	(1,000)	500	0	(500)
Interest	500	955	455	1,000	551	(449)
Transfers in	8,239	0	(8,239)	26,373	7,170	(19,203)
Total Receipts	\$ 143,739	\$ 149,535	\$ 5,796	\$ 140,287	\$ 133,533	\$ (6,754)
DISBURSEMENTS						
Assessor	\$ 143,786	\$ 142,845	\$ 941	\$ 140,328	\$ 133,527	\$ 6,801
Total Disbursements	\$ 143,786	\$ 142,845	\$ 941	\$ 140,328	\$ 133,527	\$ 6,801
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (47)	\$ 6,690	\$ 6,737	\$ (41)	\$ 6	\$ 47
CASH, JANUARY 1	47	47	0	41	41	0
CASH, DECEMBER 31	\$ 0	\$ 6,737	\$ 6,737	\$ 0	\$ 47	\$ 47

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 5,600	\$ 4,654	\$ (946)	\$ 5,000	\$ 5,234	\$ 234
Interest	50	66	16	50	641	591
Other	2,000	3,510	1,510	3,000	2,397	(603)
Total Receipts	\$ 7,650	\$ 8,230	\$ 580	\$ 8,050	\$ 8,272	\$ 222
DISBURSEMENTS						
Sheriff	\$ 9,787	\$ 9,023	\$ 764	\$ 9,787	\$ 7,800	\$ 1,987
Total Disbursements	\$ 9,787	\$ 9,023	\$ 764	\$ 9,787	\$ 7,800	\$ 1,987
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,137)	\$ (793)	\$ 1,344	\$ (1,737)	\$ 472	\$ 2,209
CASH, JANUARY 1	2,209	2,209	0	1,737	1,737	0
CASH, DECEMBER 31	\$ 72	\$ 1,416	\$ 1,344	\$ 0	\$ 2,209	\$ 2,209
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,500	\$ 2,334	\$ (166)	\$ 2,500	\$ 2,628	\$ 128
Interest	20	37	17	10	309	299
Total Receipts	\$ 2,520	\$ 2,371	\$ (149)	\$ 2,510	\$ 2,937	\$ 427
DISBURSEMENTS						
Prosecuting Attorney	\$ 3,467	\$ 1,145	\$ 2,322	\$ 2,529	\$ 2,009	\$ 520
Total Disbursements	\$ 3,467	\$ 1,145	\$ 2,322	\$ 2,529	\$ 2,009	\$ 520
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (947)	\$ 1,226	\$ 2,173	\$ (19)	\$ 928	\$ 947
CASH, JANUARY 1	947	947	0	19	19	0
CASH, DECEMBER 31	\$ 0	\$ 2,173	\$ 2,173	\$ 0	\$ 947	\$ 947
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 5,500	\$ 7,232	\$ 1,732	\$ 6,000	\$ 5,465	\$ (535)
Interest	250	200	(50)	275	241	(34)
Total Receipts	\$ 5,750	\$ 7,432	\$ 1,682	\$ 6,275	\$ 5,706	\$ (569)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	\$ 9,000	\$ 4,897	\$ 4,103	\$ 5,000	\$ 5,220	\$ (220)
Total Disbursements	\$ 9,000	\$ 4,897	\$ 4,103	\$ 5,000	\$ 5,220	\$ (220)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,250)	\$ 2,535	\$ 5,785	\$ 1,275	\$ 486	\$ (789)
CASH, JANUARY 1	5,601	5,601	0	5,115	5,115	0
CASH, DECEMBER 31	\$ 2,351	\$ 8,136	\$ 5,785	\$ 6,390	\$ 5,601	\$ (789)

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 13,000	\$ 14,243	\$ 1,243	\$ 12,500	\$ 13,286	\$ 786
Interest	25	10	(15)	20	29	9
Transfers in	1,235	0	(1,235)	1,120	250	(870)
Total Receipts	\$ 14,260	\$ 14,253	\$ (7)	\$ 13,640	\$ 13,565	\$ (75)
DISBURSEMENTS						
Prosecuting Attorney	\$ 14,278	\$ 14,221	\$ 57	\$ 13,757	\$ 13,672	\$ 85
Total Disbursements	\$ 14,278	\$ 14,221	\$ 57	\$ 13,757	\$ 13,672	\$ 85
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18)	\$ 32	\$ 50	\$ (117)	\$ (107)	\$ 10
CASH, JANUARY 1	18	18	0	125	125	0
CASH, DECEMBER 31	\$ 0	\$ 50	\$ 50	\$ 8	\$ 18	\$ 10
<b><u>CHILD ABUSE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 1,000	\$ 695	\$ (305)	\$ 675	\$ 745	\$ 70
Interest	40	46	6	20	35	15
Total Receipts	\$ 1,040	\$ 741	\$ (299)	\$ 695	\$ 780	\$ 85
DISBURSEMENTS						
Green Hills Women's Shelter	\$ 2,419	\$ 0	\$ 2,419	\$ 1,294	\$ 0	\$ 1,294
Total Disbursements	\$ 2,419	\$ 0	\$ 2,419	\$ 1,294	\$ 0	\$ 1,294
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,379)	\$ 741	\$ 2,120	\$ (599)	\$ 780	\$ 1,379
CASH, JANUARY 1	1,379	1,379	0	599	599	0
CASH, DECEMBER 31	\$ 0	\$ 2,120	\$ 2,120	\$ 0	\$ 1,379	\$ 1,379
<b><u>LOCAL EMERGENCY PLANNING FUND</u></b>						
RECEIPTS						
Intergovernmental (Other)	\$ 0	\$ 4,418	\$ 4,418	\$ 0	\$ 2,984	\$ 2,984
Interest	400	542	142	400	465	65
Total Receipts	\$ 400	\$ 4,960	\$ 4,560	\$ 400	\$ 3,449	\$ 3,049
DISBURSEMENTS						
Emergency planning	\$ 17,051	\$ 234	\$ 16,817	\$ 13,000	\$ 35	\$ 12,965
Total Disbursements	\$ 17,051	\$ 234	\$ 16,817	\$ 13,000	\$ 35	\$ 12,965
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (16,651)	\$ 4,726	\$ 21,377	\$ (12,600)	\$ 3,414	\$ 16,014
CASH, JANUARY 1	16,651	16,651	0	13,237	13,237	0
CASH, DECEMBER 31	\$ 0	\$ 21,377	\$ 21,377	\$ 637	\$ 16,651	\$ 16,014

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 FUND</u></b>						
RECEIPTS						
Charges for services	\$ 165,721	\$ 182,859	\$ 17,138	\$ 163,910	\$ 167,754	\$ 3,844
Interest	1,000	994	(6)	2,000	1,035	(965)
Total Receipts	\$ 166,721	\$ 183,853	\$ 17,132	\$ 165,910	\$ 168,789	\$ 2,879
DISBURSEMENTS						
Salaries	\$ 94,060	\$ 69,337	\$ 24,723	\$ 94,456	\$ 76,042	\$ 18,414
Employee fringe benefits	15,508	12,357	3,151	11,958	12,520	(562)
Office expenditures	500	7,738	(7,238)	2,500	4,205	(1,705)
Equipment purchases	0	0	0	7,200	8,660	(1,460)
Equipment repairs	5,100	6,598	(1,498)	4,500	8,019	(3,519)
Contracted services	0	17,053	(17,053)	4,000	0	4,000
Mileage and training	4,900	0	4,900	2,000	669	1,331
Telephone network charge	76,640	58,316	18,324	77,520	71,329	6,191
Total Disbursements	\$ 196,708	\$ 171,399	\$ 25,309	\$ 204,134	\$ 181,444	\$ 22,690
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (29,987)	\$ 12,454	\$ 42,441	\$ (38,224)	\$ (12,655)	\$ 25,569
CASH, JANUARY 1	33,507	33,507	0	46,162	46,162	0
CASH, DECEMBER 31	\$ 3,520	\$ 45,961	\$ 42,441	\$ 7,938	\$ 33,507	\$ 25,569
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 309,651	\$ 311,320	\$ 1,669	\$ 292,948	\$ 290,927	\$ (2,021)
Intergovernmental	199,883	213,592	13,709	226,844	168,901	(57,943)
Charges for services	59,942	68,180	8,238	46,000	20,550	(25,450)
Interest	15,000	16,695	1,695	15,000	15,952	952
Other	0	5,801	5,801	0	2,641	2,641
Total Receipts	\$ 584,476	\$ 615,588	\$ 31,112	\$ 580,792	\$ 498,971	\$ (81,821)
DISBURSEMENTS						
Salaries	\$ 465,610	\$ 450,598	\$ 15,012	\$ 462,374	\$ 449,490	\$ 12,884
Office expenditures	46,840	40,590	6,250	46,040	45,975	65
Equipment	6,000	3,117	2,883	8,000	6,476	1,524
Mileage and training	7,500	9,379	(1,879)	9,000	7,132	1,868
Insurance	36,750	37,715	(965)	35,950	33,751	2,199
Community health	31,981	29,321	2,660	27,800	25,640	2,160
Other	15,000	4,000	11,000	10,000	9,113	887
Total Disbursements	\$ 609,681	\$ 574,720	\$ 34,961	\$ 599,164	\$ 577,577	\$ 21,587
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (25,205)	\$ 40,868	\$ 66,073	\$ (18,372)	\$ (78,606)	\$ (60,234)
CASH, JANUARY 1	213,223	213,223	0	286,172	291,829	5,657
CASH, DECEMBER 31	\$ 188,018	\$ 254,091	\$ 66,073	\$ 267,800	\$ 213,223	\$ (54,577)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	\$ 122,000	\$ 125,272	\$ 3,272	\$ 115,000	\$ 121,018	\$ 6,018
Intergovernmental	18,100	19,382	1,282	17,600	18,210	610
Interest	3,000	4,997	1,997	3,000	3,681	681
Other	1,000	804	(196)	1,000	831	(169)
Total Receipts	\$ 144,100	\$ 150,455	\$ 6,355	\$ 136,600	\$ 143,740	\$ 7,140
DISBURSEMENTS						
Salaries	\$ 35,631	\$ 35,631	\$ 0	\$ 35,631	\$ 35,631	\$ 0
Employee fringe benefits	2,900	4,146	(1,246)	2,900	2,835	65
Office expenditures	12,928	12,776	152	10,760	12,050	(1,290)
Purchase of services	101,732	89,692	12,040	105,071	91,198	13,873
Capital outlay	0	210	(210)	0	0	0
Total Disbursements	\$ 153,191	\$ 142,455	\$ 10,736	\$ 154,362	\$ 141,714	\$ 12,648
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (9,091)	\$ 8,000	\$ 17,091	\$ (17,762)	\$ 2,026	\$ 19,788
CASH, JANUARY 1	43,225	62,234	19,009	60,987	60,208	(779)
CASH, DECEMBER 31	\$ 34,134	\$ 70,234	\$ 36,100	\$ 43,225	\$ 62,234	\$ 19,009



LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SRO FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 61,855	\$ 21,901	\$ (39,954)	\$ 67,353	\$ 45,461	\$ (21,892)
Charges for services	0	0	0	0	0	0
Total Receipts	\$ 61,855	\$ 21,901	\$ (39,954)	\$ 67,353	\$ 45,461	\$ (21,892)
DISBURSEMENTS						
Salaries	\$ 28,417	\$ 20,942	\$ 7,475	\$ 27,167	\$ 26,912	\$ 255
Employee fringe benefits	6,920	3,149	3,771	6,950	6,565	385
Transfers out	0	0	0	25,000	25,000	0
Total Disbursements	\$ 35,337	\$ 24,091	\$ 11,246	\$ 59,117	\$ 58,477	\$ 640
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 26,518	\$ (2,190)	\$ (28,708)	\$ 8,236	\$ (13,016)	\$ (21,252)
CASH, JANUARY 1	2,554	2,554	0	15,570	15,570	0
CASH, DECEMBER 31	\$ 29,072	\$ 364	\$ (28,708)	\$ 23,806	\$ 2,554	\$ (21,252)
<b><u>PLANNING AND ZONING FUND</u></b>						
RECEIPTS						
Interest	\$ 0	\$ 2	\$ 2	\$ 0	\$ 7	\$ 7
Processing Fees	11,000	0	(11,000)	11,000	1,507	(9,493)
Total Receipts	\$ 11,000	\$ 2	\$ (10,998)	\$ 11,000	\$ 1,514	\$ (9,486)
DISBURSEMENTS						
Conditional use permit refunds and cost	\$ 10,000	\$ 0	\$ 10,000	\$ 10,000	\$ 1,510	\$ 8,490
Re-zoning costs	1,000	0	1,000	1,000	0	1,000
Total Disbursements	\$ 11,000	\$ 0	\$ 11,000	\$ 11,000	\$ 1,510	\$ 9,490
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 2	\$ 2	\$ 0	\$ 4	\$ 4
CASH, JANUARY 1	46	46	0	42	42	0
CASH, DECEMBER 31	\$ 46	\$ 48	\$ 2	\$ 42	\$ 46	\$ 4
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,000	\$ 4,620	\$ 2,620	\$ 2,000	\$ 4,430	\$ 2,430
Total Receipts	\$ 2,000	\$ 4,620	\$ 2,620	\$ 2,000	\$ 4,430	\$ 2,430
DISBURSEMENTS						
Office expenditures	\$ 2,000	\$ 4,523	\$ (2,523)	\$ 2,000	\$ 4,400	\$ (2,400)
Total Disbursements	\$ 2,000	\$ 4,523	\$ (2,523)	\$ 2,000	\$ 4,400	\$ (2,400)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 97	\$ 97	\$ 0	\$ 30	\$ 30
CASH, JANUARY 1	566	315	(251)	606	285	(321)
CASH, DECEMBER 31	\$ 566	\$ 412	\$ (154)	\$ 606	\$ 315	\$ (291)

LIVINGSTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 2,000	\$ 1,723	\$ (277)	\$ 2,300	\$ 2,551	\$ 251
Total Receipts	\$ 2,000	\$ 1,723	\$ (277)	\$ 2,300	\$ 2,551	\$ 251
DISBURSEMENTS						
Office expenditures	\$ 15,000	\$ 1,236	\$ 13,764	\$ 16,485	\$ 3,439	\$ 13,046
Total Disbursements	\$ 15,000	\$ 1,236	\$ 13,764	\$ 16,485	\$ 3,439	\$ 13,046
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,000)	\$ 487	\$ 13,487	\$ (14,185)	\$ (888)	\$ 13,297
CASH, JANUARY 1	13,297	13,297	0	14,185	14,185	0
CASH, DECEMBER 31	\$ 297	\$ 13,784	\$ 13,487	\$ 0	\$ 13,297	\$ 13,297
<b><u>SOYBEAN PROCESSING STUDY GRANT</u></b>						
RECEIPTS						
Grant	\$ 80,000	\$ 0	\$ (80,000)	\$ 9,000	\$ 9,000	\$ 0
Total Receipts	\$ 80,000	\$ 0	\$ (80,000)	\$ 9,000	\$ 9,000	\$ 0
DISBURSEMENTS						
Other	\$ 80,000	\$ 0	\$ 80,000	\$ 9,000	\$ 9,000	\$ 0
Total Disbursements	\$ 80,000	\$ 0	\$ 80,000	\$ 9,000	\$ 9,000	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

LIVINGSTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Livingston County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's User Fees Fund	2000
Law Library Fund	2001, 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The county's, Health Center Board and Senate Bill 40's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the County's, Health Center Board, or Senate Bill 40's respective custodial bank in the county's, Health Center Board or Senate Bill 40 Board's name, respectively.

## Supplementary Schedule

LIVINGSTON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
10.557	Department of Health - Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9159	\$ 43,115	\$ 36,436
	U.S. DEPARTMENT OF COMMERCE, ECONOMIC DEVELOPMENT ADMINISTRATION			
11.303	Direct program - Economic Development - Technical Assistance	N/A	0	9,000
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	97-UM-WX-0010	21,901	27,828
16.575	Crime Victim Assistance	ER13001046	36,621	3,006
16.unknown	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	N/A	1,535	1,186
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-059(10)	21,078	0
		BRO-059(12)	33	249,412
		BRO-059(13)	402,305	19,950
		BRO-059(14)	52,066	208,821
	Program Total		<u>475,482</u>	<u>478,183</u>
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state:			
93.268	Department of Health - Immunization Grants	Vaccines	47,835	28,862
93.563	Department of Social Services - Child Support Enforcement	N/A	1,574	2,377
93.575	Department of Health - Child Care and Development Block Grant	PGA067-01596	1,817	1,735
		PGA067-01595	2,075	1,875
	Program Total		<u>3,892</u>	<u>3,610</u>
93.994	Maternal and Child Health Services	ER0146-0159	16,426	19,394
		ERS46-1159M	3,922	0
		Vaccines	5,382	1,718
	Program Total		<u>25,730</u>	<u>21,112</u>
93.991	Preventative Health and Health Services Block Grant	Vaccines	0	344
	Total Expenditures of Federal Awards		<u>\$ 657,685</u>	<u>\$ 611,944</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



LIVINGSTON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Livingston County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions when government the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The program amounts for Immunization Grants (CFDA number 93.268), \$47,835 and \$28,862 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human

Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$5,382 and \$1,718 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The Preventive Health and Health Services Block Grant (CFDA number 93.991) also represent the original acquisition cost of \$ 344 during the year ended December 31, 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditor's Report

McBRIDE, LOOK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
And  
County Commission of  
Livingston County, Missouri

Compliance

We have audited the compliance of Livingston County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Livingston County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Livingston County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the county's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of the laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Livingston County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

April 11, 2002

## Schedule

LIVINGSTON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
INCLUDING MANagements PLAN FOR CORRECTIVE ACTION  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      X   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major program:

Material weaknesses identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning & Construction

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes      X   no



## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

### 01-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	BRO-059
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county prepared a SEFA for each of the two years ended December 31, 2001. However, the information presented by the County Clerk for some of the programs did not agree with the counties expenditure records. In addition, one program reported did not represent federal assistance monies and in another instance two federal programs were not reported on the county's SEFA. As a result, the county overreported expenditures on their SEFA Schedule by approximately \$27,000 for 2000, but underreported expenditures by \$41,000 in 2001.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE RECOMMEND the county clerk prepare a complete and accurate schedule of expenditures of federal awards.

### AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

A continued effort will be made to obtain the appropriate federal grant information from other county departments. I will also attempt to verify the figures submitted by other county departments with the appropriate state agencies in order to prepare an accurate schedule of expenditures of federal awards to be included with the county's 2003 budget.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

LIVINGSTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999 included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
In Accordance With OMB Circular A-133

LIVINGSTON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the audit concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999 included one audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of Federal awards.

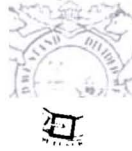
Finding 99-1 – Schedule of Expenditure of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-through Entity	
Identifying Numbers:	ER0045-9159
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Emergency Management-Public Assistance Grants
Pass-through Entity	
Identifying Numbers:	FEMA-1253-DR-MO
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

The County prepared a SEFA for each of the two years ended December 31, 1999. However, the information presented by the County Clerk for most of the programs did not agree with the county's expenditure records. In addition, one program reported did not represent federal assistance monies. As a result, the county over reported expenditures on their SEFA schedule by approximately \$97,000 for 1999 and \$28,000 for 1998.

**Status:**

Not fully implemented. The 2000 year SEFA differs from actual federal assistance expenditures by \$27,000. The 2001 SEFA differs from actual federal assistance expenditures by \$ 41,000.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Linn County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Linn County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in dark ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-71  
August 30, 2002

**LINN COUNTY, MISSOURI  
DECEMBER 31, 2000 AND 2001**



LINN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
Independent Auditors' Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-30
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31,2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-30
Notes to the Financial Statements .....	31-34
Supplementary Schedule:.....	35-40
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	36-37
Notes to the Supplementary Schedule .....	38-40
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Independent Auditors' Report:.....	42-44
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	43-44

LINN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	45-49
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	46-49
Section I - Summary of Auditors' Results .....	46-47
Section II - Financial Statement Findings .....	47-48
<u>Number</u>	<u>Description</u>
01-1.	Adoption of Budgets .....47
01-2.	Payroll Reconciliation.....47
01-3.	Warrants in Excess of Budgeted Amounts .....48
01-4.	Published Financial Statements .....48
Section III - Federal Award Findings and Questioned Costs .....	49
01-5.	Schedule of Federal Financial Assistance.....49
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	50-51
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	52-54

## FINANCIAL SECTION

## Independent Auditors' Reports

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Linn County, Missouri, (County) as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Linn County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 10, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

We have audited the special-purpose financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Linn County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-3, and 01-4.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Linn County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation

of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



## Financial Statements

Exhibit A-1

LINN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 466,282	\$ 1,211,258	\$ 1,187,397	\$ 490,143
Special Road and Bridge	259,198	2,060,274	1,577,154	742,318
Assessment	3,387	139,638	141,923	1,102
Law Enforcement Training	3,744	2,494	3,652	2,586
Prosecuting Attorney Training	6,073	402	1,206	5,269
911	18,421	126,519	114,244	30,696
Recorder's User Fees	12,632	7,755	5,107	15,280
Prosecuting Attorney Bad Checks	24,536	6,784	3,454	27,866
Domestic Violence	525	495	525	495
Juvenile Office Grant	(3,109)	19,860	18,290	(1,539)
CERF Retirement	-	44,807	44,807	-
Grant	-	9,221	9,196	25
DSF Grant	(5,418)	34,856	35,011	(5,573)
Election	2,432	2,621	-	5,053
CDBG Grant Linn Livingston	-	9,139	9,139	-
Associate Division Interest	2,413	-	2,333	80
Circuit Clerk Interest	2,981	3,728	602	6,107
Law Library	8,315	2,836	1,961	9,190
Health Center	539,063	546,823	536,796	549,090
Total	\$ 1,341,475	\$ 4,229,510	\$ 3,692,797	\$ 1,878,188

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

LINN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 365,783	\$ 1,213,869	\$ 1,113,370	\$ 466,282
Special Road and Bridge	429,818	1,937,228	2,107,848	259,198
Assessment	169	140,957	137,739	3,387
Law Enforcement Training	3,552	3,274	3,082	3,744
Prosecuting Attorney Training	6,104	736	767	6,073
911	10,454	119,941	111,974	18,421
Recorder's User Fees	15,194	6,152	8,714	12,632
Prosecuting Attorney Bad Checks	25,701	9,639	10,804	24,536
Domestic Violence	455	525	455	525
Juvenile Office Grant	(6,114)	23,263	20,258	(3,109)
CERF Retirement	-	40,447	40,447	-
Grant	-	660	660	-
DSF Grant	(5,201)	32,148	32,365	(5,418)
Election	-	2,432	-	2,432
CDBG Grant Linn Livingston	-	231,861	231,861	-
Associate Division Interest	2,511		98	2,413
Circuit Clerk Interest	2,392	1,006	417	2,981
Law Library	6,694	3,148	1,527	8,315
Health Center	548,400	555,075	564,412	539,063
Total	\$ 1,405,912	\$ 4,322,361	\$ 4,386,798	\$ 1,341,475

Exhibit B-1

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,958,933	\$ 4,229,510	\$ 270,577	\$ 4,613,814	\$ 4,322,361	\$ (291,453)
DISBURSEMENTS	4,437,988	3,692,797	745,191	5,301,171	4,386,798	914,373
RECEIPTS OVER (UNDER) DISBURSEMENTS	(479,055)	536,713	1,015,768	(687,357)	(64,437)	622,920
CASH, JANUARY 1	1,341,475	1,341,475	-	1,405,912	1,405,912	-
CASH, DECEMBER 31	<u>\$ 862,420</u>	<u>\$ 1,878,188</u>	<u>\$ 1,015,768</u>	<u>\$ 718,555</u>	<u>\$ 1,341,475</u>	<u>\$ 622,920</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-2

LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 106,542	\$ 141,072	\$ 34,530	\$ 104,700	\$ 112,435	\$ 7,735
Sales taxes	580,000	558,272	(21,728)	500,000	633,115	133,115
Intergovernmental	174,843	271,625	96,782	254,787	173,816	(80,971)
Charges for services	171,050	134,538	(36,512)	169,650	182,458	12,808
Interest	29,000	26,213	(2,787)	21,000	31,821	10,821
Other	29,632	48,728	19,096	28,975	34,185	5,210
Transfers in	34,200	30,810	(3,390)	69,500	46,039	(23,461)
Total Receipts	1,125,267	1,211,258	85,991	1,148,612	1,213,869	65,257
DISBURSEMENTS						
County Commission	77,271	72,758	4,513	70,474	66,154	4,320
County Clerk	77,873	69,090	8,783	75,961	67,920	8,041
Elections	77,802	57,907	19,895	91,480	85,464	6,016
Buildings and grounds	175,795	111,034	64,761	119,925	78,909	41,016
Employee fringe benefits	114,000	94,057	19,943	112,500	83,985	28,515
County Treasurer	73,689	63,525	10,164	72,381	59,324	13,057
Recorder of Deeds	41,132	41,350	(218)	40,664	39,961	703
Circuit Clerk	23,100	15,300	7,800	20,850	14,246	6,604
Associate Circuit Court	15,400	14,023	1,377	14,950	12,234	2,716
Court Administration	19,907	19,803	104	14,636	14,858	(222)
Public Administrator	31,550	33,905	(2,355)	19,820	19,268	552
Sheriff	229,748	228,393	1,355	239,327	219,072	20,255
Jail	130,000	100,454	29,546	130,000	115,695	14,305
Prosecuting Attorney	73,119	63,545	9,574	72,426	64,058	8,368
Juvenile Officer	57,286	39,890	17,396	50,687	33,071	17,616
County Coroner	20,070	14,412	5,658	13,230	15,347	(2,117)
Other general government	129,885	113,513	16,372	126,385	70,756	55,629
Miscellaneous	47,143	30,358	16,785	55,000	45,000	10,000
Planning and zoning	5,000	-	5,000	5,000	-	5,000
Health and welfare	800	800	-	800	300	500
Transfers out	11,980	3,280	8,700	12,309	7,748	4,561
Emergency Fund	-	-	-	85,000	-	85,000
Other	100,000	-	100,000	-	-	-
Total Disbursements	1,532,550	1,187,397	345,153	1,443,805	1,113,370	330,435
RECEIPTS OVER (UNDER) DISBURSEMENTS	(407,283)	23,861	431,144	(295,193)	100,499	395,692
CASH, JANUARY 1	466,282	466,282	-	365,783	365,783	-
CASH, DECEMBER 31	\$ 58,999	\$ 490,143	\$ 431,144	\$ 70,590	\$ 466,282	\$ 395,692

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-3

## LINN COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 45,000	\$ 49,805	\$ 4,805	\$ 43,000	\$ 48,344	\$ 5,344
Sales tax	520,000	559,038	39,038	500,000	539,997	39,997
Intergovernmental	1,231,540	1,415,558	184,018	1,921,794	1,295,361	(626,433)
Interest	25,000	32,954	7,954	25,000	38,891	13,891
Other	1,500	2,919	1,419	12,000	14,635	2,635
Total Receipts	1,823,040	2,060,274	237,234	2,501,794	1,937,228	(564,566)
DISBURSEMENTS						
Salaries	140,000	102,461	37,539	140,000	118,362	21,638
Employee fringe benefits	46,000	31,595	14,405	46,000	29,179	16,821
Supplies	4,800	2,676	2,124	5,100	3,341	1,759
Insurance	4,000	3,109	891	4,000	1,519	2,481
Road and bridge materials	243,000	222,477	20,523	215,000	221,897	(6,897)
Equipment purchases	65,000	6,321	58,679	65,000	10,185	54,815
Construction, repair, and maintenance	594,750	537,199	57,551	1,544,750	1,006,410	538,340
Other	771,447	640,506	130,941	790,813	670,916	119,897
Transfers out	33,000	30,810	2,190	65,000	46,039	18,961
Total Disbursements	1,901,997	1,577,154	324,843	2,875,663	2,107,848	767,815
RECEIPTS OVER (UNDER) DISBURSEMENTS	(78,957)	483,120	562,077	(373,869)	(170,620)	203,249
CASH, JANUARY 1	259,198	259,198	-	429,818	429,818	-
CASH, DECEMBER 31	\$ 180,241	\$ 742,318	\$ 562,077	\$ 55,949	\$ 259,198	\$ 203,249

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-4

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

Year Ended December 31,						
2001			2000			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b>RECEIPTS</b>						
Intergovernmental	\$ 147,512	\$ 137,482	\$ (10,030)	\$ 140,291	\$ 133,172	\$ (7,119)
Interest	1,500	2,083	583	600	2,332	1,732
Other	250	73	(177)	100	953	853
Transfers in	8,700	-	(8,700)	9,061	4,500	(4,561)
Total Receipts	157,962	139,638	(18,324)	150,052	140,957	(9,095)
<b>DISBURSEMENTS</b>						
Assessor	148,551	141,923	6,628	139,505	137,739	1,766
Total Disbursements	148,551	141,923	6,628	139,505	137,739	1,766
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,411	(2,285)	(11,696)	10,547	3,218	(7,329)
CASH, JANUARY 1	3,387	3,387	-	169	169	-
CASH, DECEMBER 31	\$ 12,798	\$ 1,102	\$ (11,696)	\$ 10,716	\$ 3,387	\$ (7,329)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-5

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,200	\$ 2,494	\$ (706)	\$ 3,000	\$ 3,274	\$ 274
Total Receipts	3,200	2,494	(706)	3,000	3,274	274
DISBURSEMENTS						
Training	4,500	3,652	848	4,500	3,082	1,418
Total Disbursements	4,500	3,652	848	4,500	3,082	1,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(1,158)	142	(1,500)	192	1,692
CASH, JANUARY 1	3,744	3,744	-	3,552	3,552	-
CASH, DECEMBER 31	\$ 2,444	\$ 2,586	\$ 142	\$ 2,052	\$ 3,744	\$ 1,692

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-6

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 700	\$ 402	\$ (298)	\$ 500	\$ 736	\$ 236
Total Receipts	700	402	(298)	500	736	236
DISBURSEMENTS						
Mileage/training	1,000	1,206	(206)	1,000	767	233
MO Prosecuting Services Fund	3,000	-	3,000	3,000	-	3,000
Total Disbursements	4,000	1,206	2,794	4,000	767	3,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	(804)	2,496	(3,500)	(31)	3,469
CASH, JANUARY 1	6,073	6,073	-	6,104	6,104	-
CASH, DECEMBER 31	\$ 2,773	\$ 5,269	\$ 2,496	\$ 2,604	\$ 6,073	\$ 3,469

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 119,000	\$ 125,289	\$ 6,289	\$ 117,731	\$ 119,064	\$ 1,333
Interest	500	1,230	730	100	877	777
Total Receipts	119,500	126,519	7,019	117,831	119,941	2,110
DISBURSEMENTS						
Personal services	44,670	44,670	-	42,543	42,543	-
Contractual services	72,974	69,574	3,400	71,784	69,431	2,353
Commodities	134	-	134	133	-	133
Training and education	3,400	-	3,400	1,000	-	1,000
Total Disbursements	121,178	114,244	6,934	115,460	111,974	3,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,678)	12,275	13,953	2,371	7,967	5,596
CASH, JANUARY 1	18,421	18,421	-	10,454	10,454	-
CASH, DECEMBER 31	\$ 16,743	\$ 30,696	\$ 13,953	\$ 12,825	\$ 18,421	\$ 5,596

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 6,000	\$ 7,132	\$ 1,132	\$ 6,000	\$ 5,408	\$ (592)
Interest	400	623	223	400	744	344
Total Receipts	6,400	7,755	1,355	6,400	6,152	(248)
DISBURSEMENTS						
Equipment	10,000	5,107	4,893	10,000	8,714	1,286
Total Disbursements	10,000	5,107	4,893	10,000	8,714	1,286
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,600)	2,648	6,248	(3,600)	(2,562)	1,038
CASH, JANUARY 1	12,632	12,632	-	15,194	15,194	-
CASH, DECEMBER 31	\$ 9,032	\$ 15,280	\$ 6,248	\$ 11,594	\$ 12,632	\$ 1,038

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-9

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,500	\$ 5,539	\$ (1,961)	\$ 8,500	\$ 8,151	\$ (349)
Interest	1,000	1,245	245	850	1,488	638
Total Receipts	8,500	6,784	(1,716)	9,350	9,639	289
DISBURSEMENTS						
Mileage/training	7,550	3,454	4,096	8,350	10,804	(2,454)
Total Disbursements	7,550	3,454	4,096	8,350	10,804	(2,454)
RECEIPTS OVER (UNDER) DISBURSEMENTS	950	3,330	2,380	1,000	(1,165)	(2,165)
CASH, JANUARY 1	24,536	24,536	-	25,701	25,701	-
CASH, DECEMBER 31	\$ 25,486	\$ 27,866	\$ 2,380	\$ 26,701	\$ 24,536	\$ (2,165)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-10

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 500	\$ 495	\$ (5)	\$ 425	\$ 525	\$ 100
Total Receipts	500	495	(5)	425	525	100
DISBURSEMENTS						
Shelter for victims	525	525	-	500	455	45
Total Disbursements	525	525	-	500	455	45
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	(30)	(5)	(75)	70	145
CASH, JANUARY 1	525	525	-	455	455	-
CASH, DECEMBER 31	\$ 500	\$ 495	\$ (5)	\$ 380	\$ 525	\$ 145

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-11

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
JUVENILE OFFICE GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 25,194	\$ 19,860	\$ (5,334)	\$ 28,199	\$ 23,263	\$ (4,936)
Total Receipts	25,194	19,860	(5,334)	28,199	23,263	(4,936)
DISBURSEMENTS						
Juvenile office grant	22,085	18,290	3,795	22,085	20,258	1,827
Total Disbursements	22,085	18,290	3,795	22,085	20,258	1,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,109	1,570	(1,539)	6,114	3,005	(3,109)
CASH, JANUARY 1	(3,109)	(3,109)	-	(6,114)	(6,114)	-
CASH, DECEMBER 31	\$ -	\$ (1,539)	\$ (1,539)	\$ -	\$ (3,109)	\$ (3,109)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-12

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CERF RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 55,000	\$ 44,807	\$ (10,193)	\$ 50,000	\$ 40,447	\$ (9,553)
Total Receipts	55,000	44,807	(10,193)	50,000	40,447	(9,553)
DISBURSEMENTS						
CERF retirement fees	55,000	44,807	10,193	50,000	40,447	9,553
Total Disbursements	55,000	44,807	10,193	50,000	40,447	9,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-13

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 29,000	\$ 9,221	\$ (19,779)	\$ 19,000	\$ 660	\$ (18,340)
Total Receipts	29,000	9,221	(19,779)	19,000	660	(18,340)
DISBURSEMENTS						
Miscellaneous grants	29,000	9,196	19,804	19,000	660	18,340
Total Disbursements	29,000	9,196	19,804	19,000	660	18,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	25	25	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 25	\$ 25	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-14

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
TAX SALE SURPLUS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ -	\$ -	\$ -	\$ 190	\$ -	\$ (190)
Total Receipts	-	-	-	190	-	(190)
DISBURSEMENTS						
Tax sale surplus	-	-	-	190	-	190
Total Disbursements	-	-	-	190	-	190
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-15

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DSF GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 38,531	\$ 34,856	\$ (3,675)	\$ 38,461	\$ 32,148	\$ (6,313)
Total Receipts	38,531	34,856	(3,675)	38,461	32,148	(6,313)
DISBURSEMENTS						
DSF grant	33,113	35,011	(1,898)	33,113	32,365	748
Total Disbursements	33,113	35,011	(1,898)	33,113	32,365	748
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,418	(155)	(5,573)	5,348	(217)	(5,565)
CASH, JANUARY 1	(5,418)	(5,418)	-	(5,201)	(5,201)	-
CASH, DECEMBER 31	\$ -	\$ (5,573)	\$ (5,573)	\$ 147	\$ (5,418)	\$ (5,565)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-16

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	\$ 2,621	\$ 1,621	\$ -	\$ 2,432	\$ 2,432
Total Receipts	1,000	2,621	1,621	-	2,432	2,432
DISBURSEMENTS						
Election	2,400	-	2,400	-	-	-
Total Disbursements	2,400	-	2,400	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	2,621	4,021	-	2,432	2,432
CASH, JANUARY 1	2,432	2,432	-	-	-	-
CASH, DECEMBER 31	\$ 1,032	\$ 5,053	\$ 4,021	\$ -	\$ 2,432	\$ 2,432

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-17

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CDBG GRANT LINN LIVINGSTON

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 9,139	\$ 9,139	\$ -	\$ -	\$231,861	\$ 231,861
Total Receipts	9,139	9,139	-	-	231,861	231,861
DISBURSEMENTS						
CDBG	9,139	9,139	-	-	231,861	(231,861)
Total Disbursements	9,139	9,139	-	-	231,861	(231,861)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-18

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE DIVISION INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-	-	-
DISBURSEMENTS						
Transfer out	-	2,333	(2,333)	-	98	(98)
Total Disbursements	-	2,333	(2,333)	-	98	(98)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,333)	(2,333)	-	(98)	(98)
CASH, JANUARY 1	2,413	2,413	-	2,511	2,511	-
CASH, DECEMBER 31	\$ 2,413	\$ 80	\$ (2,333)	\$ 2,511	\$ 2,413	\$ (98)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-19

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	\$ 1,395	\$ 1,395	\$ -	\$ 1,006	\$ 1,006
Transfer in	-	2,333	2,333	-	-	-
Total Receipts	-	3,728	3,728	-	1,006	1,006
DISBURSEMENTS						
Interest fund	400	602	(202)	-	417	(417)
Total Disbursements	400	602	(202)	-	417	(417)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	3,126	3,526	-	589	589
CASH, JANUARY 1	2,981	2,981	-	2,392	2,392	-
CASH, DECEMBER 31	\$ 2,581	\$ 6,107	\$ 3,526	\$ 2,392	\$ 2,981	\$ 589

The accompanying Notes to the Financial Statements are an integral part of these statements.

LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ -	\$ 2,700	\$ 2,700	\$ -	\$ 2,997	\$ 2,997
Interest	-	136	136	-	151	151
Total Receipts	-	2,836	2,836	-	3,148	3,148
DISBURSEMENTS						
Law Library	-	1,961	(1,961)	-	1,527	(1,527)
Total Disbursements	-	1,961	(1,961)	-	1,527	(1,527)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	875	875	-	1,621	1,621
CASH, JANUARY 1	8,315	8,315	-	6,694	6,694	-
CASH, DECEMBER 31	\$ 8,315	\$ 9,190	\$ 875	\$ 6,694	\$ 8,315	\$ 1,621

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-21

LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 226,000	\$ 227,867	\$ 1,867	\$ 185,000	\$ 202,742	\$ 17,742
Intergovernmental	191,000	201,606	10,606	182,000	192,658	10,658
Charges for services	96,000	87,069	(8,931)	137,000	117,059	(19,941)
Interest	40,000	28,446	(11,554)	31,000	39,421	8,421
Other	3,000	1,835	(1,165)	5,000	3,195	(1,805)
Total Receipts	556,000	546,823	(9,177)	540,000	555,075	15,075
DISBURSEMENTS						
Salaries	457,600	458,742	(1,142)	475,000	456,067	18,933
Office expenditures	32,400	29,826	2,574	32,000	31,669	331
Equipment	31,800	34,947	(3,147)	33,000	37,904	(4,904)
Mileage and training	14,200	12,071	2,129	15,000	12,867	2,133
Capital expenditures	20,000	1,210	18,790	20,000	25,905	(5,905)
Total Disbursements	556,000	536,796	19,204	575,000	564,412	10,588
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	10,027	10,027	(35,000)	(9,337)	25,663
CASH, JANUARY 1	539,063	539,063	-	548,400	548,400	-
CASH, DECEMBER 31	\$ 539,063	\$ 549,090	\$ 10,027	\$ 513,400	\$ 539,063	\$ 25,663

The accompanying Notes to the Financial Statements are an integral part of these statements.



## Notes to the Financial Statements

## LINN COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 1. Summary of Significant Accounting Policies

##### A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

##### B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

##### C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Election Fund	2000
CDBG Grant Fund	2000
Associate Division Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2000
Law Library Fund	2001 and 2000

LINN COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000
DSF Grant Fund	2001
Circuit Clerk Interest Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2001 and 2000
Law Library Fund	2001 and 2000
Associate Division Interest Fund	2001 and 2000

## LINN COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

#### Deposits

The County's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

Of the Health Center Board's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance and \$460,843 was covered by collateral pledged by one bank and held in the Health Center's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's deposits at December 31, 2000, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

## Supplementary Schedule

## Schedule

LINN COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.550	Food Distribution	N/A	\$ 40,950	\$ 32,706
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97 - PF - 840	9,139	231,861
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	12,594	7,557
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2000-LBG-046	8,070	
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A		2,358
Total pass-through programs			8,070	2,358
Total U.S. Department of Justice			20,664	9,915
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-058(27)	366,703	862,202
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	7,507	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	FEMA1253-DR-MO		22,516

(continued)

## Schedule

LINN COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PGA064-2158A	35,215	35,139
Department of Social Services -				
93.563	Child Support Enforcement	N/A	28,379	23,428
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0158C PGA067-0158S	2,620	2,259
Department of Social Services -				
93.658	Division of Family Services 50/50	A0C00380078	18,952	19,427
Department of Health -				
93.945	Diabetes Control Program	N/A	5,000	
93.991	Preventive Health and Health Services Block Grant	N/A		19,619
				418
				20,037
93.991	Chronic Disease Health Education Initiative Tobacco Match	A0C00380174	21,039	
93.994	Maternal and Child Health Services Block Grant to the States	ER5146-1158M	16,512	16,285
			3,962	2,092
			20,474	18,377
93.994	Dental Sealant Program	DH020027040	833	560
Total pass-through programs			132,512	119,227
Total U.S. Department of Health and Human Services			132,512	119,227
Total Expenditures of Federal Awards			\$ 577,475	1,278,427

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule



LINN COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Linn County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

## LINN COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$35,215 and \$35,139 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$-0- and \$418 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$3,962 and \$2,092 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for the Preventive Health and Health Services Block Grant and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

#### 2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditors' Report

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

#### Compliance

We have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Linn County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

## Internal Control Over Compliance

The management of Linn County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes        X   no

Reportable conditions identified that are  
not considered to be material weaknesses?   X   yes      \_\_\_\_\_ none reported

Noncompliance material to the financial statements  
noted?   X   yes      \_\_\_\_\_ no

Federal Awards

Internal control over major program(s):

Material weakness identified? \_\_\_\_\_ yes        X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes      \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes      \_\_\_\_\_ no

Identification of major program:

CFDA or Other Identifying	
<u>Number</u>	<u>Program Title</u>
20.205	Highway planning and construction



LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      X   no

**Section II - Financial Statement Findings**

This section includes the audit finding(s) that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1    Condition: As noted in note 1C in the notes to the financial statements, the County did not adopt budgets for some funds.

Criteria: The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Section 50.525 through 50.745, RSMo 2000, the County budget law.

Effect: The County is not in compliance with the County budget law.

Recommendation: We recommend the County adopt a budget for all funds.

Auditee's response: We will continue to work with applicable boards and officials to adopt budgets for all County funds.

01-2    Condition: The payroll records are not reconciled. Items on the 941's were not reconciled to the W-2's and W-3.

Criteria: Good internal control procedures would require that payroll reports be reconciled to payroll records in a timely manner so that errors can be detected and corrected.

Effect: Failure to reconcile payroll records could result in errors or intentional misstatement not being detected in a timely manner.

Recommendation: We recommend complete payroll records be maintained and reconciled.

Auditee's response: Future 941's will be reconciled to the W-2's and W-3.

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

01-3 Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740 RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will monitor future expenditures in an attempt to ensure that warrants do not exceed budgeted amounts in any fund.

01-4 Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not include all County funds.

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50.800 and 50.810, RSMo, 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's response: We will attempt to include all County funds in future published annual financial statements.

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-5	Federal Grantor:	U.S. Department of Transportation
	Pass-Through Grantor:	State Highway and Transportation Commission
	Federal CFDA Number:	20.205
	Program Title:	Highway Planning and Construction
	Pass-Through Entity	
	Identifying Number:	BRO-058(27)
	Award Years:	2001 and 2000
	Questioned Costs:	Not Applicable

Condition: The schedule of Federal Financial Assistance does not accurately report federal expenditures for the Health Center.

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (OMB Common Rule), Subpart C Section 20, (b)(2) states that grantees and subgrantees must maintain records that adequately identify the source and application of funds provided for financially-assisted activities.

Effect: Without proper controls for accurately identifying federal revenue and expenditures, the County's federal awards could potentially be reduced.

Recommendation: We recommend the County adopt procedures in which federal awards may be correctly identified.

Auditee's response: We will continue to attempt to accurately report federal expenditures.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

LINN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Linn County, Missouri, (County) on the applicable finding in the prior audit report issued for the two years ended December 31, 1999.

**Finding 99-1**

The County did not have adequate procedures to ensure budgets are prepared for all County funds.

Recommendation: The County Commission and other applicable officials implement procedures to ensure budgets are prepared for all County funds as required by state law.

Status: Not implemented. See Note 1C to the financial statements. See finding 01-1.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

## LINN COUNTY, MISSOURI

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

#### **Finding 99-2**

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	96-PF-22 and 97-PF-840
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-058-27
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

The County did not have a procedure in place to track federal financial assistance for the preparation of the SEFA. The County's Schedule of Federal Awards contained numerous errors and omissions.

LINN COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Recommendation: The County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the Health Center should provide complete federal grant information to the County Clerk.

Status: Not implemented. The Schedules of Federal Awards prepared by the County for the years ended December 31, 2001 and 2000, contained numerous errors by including funds which were not federal assistance and omitting funds which were federal assistance. See finding 01-5.





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Knox County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Knox County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in dark ink, appearing to read "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-70  
August 30, 2002

**KNOX COUNTY, MISSOURI  
DECEMBER 31, 2000 AND 2001**

# KNOX COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditors' Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-26
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001 .....
A-2	Year Ended December 31, 2000 .....
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....
Notes to the Financial Statements .....	27-30
Supplementary Schedule: .....	31-36
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	32-33
Notes to the Supplementary Schedule .....	34-36
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditors' Report: .....	38-40
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	39-40

KNOX COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	41-45
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	42-45
Section I - Summary of Auditors' Results .....	42-43
Section II - Financial Statement Findings .....	43-45
<u>Number</u>	<u>Description</u>
01-1.	Minutes of County Commission Meetings .....43
01-2.	Published Financial Statements .....43
01-3.	Warrants in Excess of Budgeted Amounts .....44
01-4.	Prepaid Payroll Checks .....44
01-5.	County Clerk's Account Book.....45
Section III - Federal Award Findings and Questioned Costs .....	45
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	47-48
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	49-51

## FINANCIAL SECTION

## Independent Auditors' Reports

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Knox County, Missouri, (County) as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Knox County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 1, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

We have audited the special-purpose financial statements of various funds of Knox County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Knox County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-2, 01-3, 01-4 and 01-5.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Knox County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to

record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

## Financial Statements

Exhibit A-1

KNOX COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 58,999	\$ 586,129	\$ 478,515	\$ 166,613
Special Road and Bridge	351,996	1,700,935	1,668,985	383,946
Assessment	1,111	78,920	79,621	410
Law Enforcement Training	798	1,834	2,220	412
Prosecuting Attorney Training	348	311	319	340
Sheriff's Fees	6,107	4,719	4,171	6,655
Recorder's User Fee	671	1,967	955	1,683
Health Center	90,289	354,187	321,448	123,028
Circuit Clerk's Interest	577	903	1,000	480
Prosecuting Attorney Crime	2,530	1,387	801	3,116
Children's Trust	1,893	176	-	2,069
Law Enforcement Sales Tax	3,606	148,980	152,462	124
LEPC	-	6,459	3,828	2,631
Law Library	926	350	222	1,054
Election	-	5,784	5,068	716
Technology	-	629	-	629
Total	\$ 519,851	\$ 2,893,670	\$ 2,719,615	\$ 693,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

KNOX COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 14,185	\$ 518,857	\$ 474,043	\$ 58,999
Special Road and Bridge	208,501	1,009,114	865,619	351,996
Assessment	175	71,509	70,573	1,111
Law Enforcement Training	836	1,467	1,505	798
Prosecuting Attorney Training	352	251	255	348
Sheriff's Fees	2,492	7,150	3,535	6,107
Recorder's User Fee	1,475	1,944	2,748	671
Health Center	93,142	300,237	303,090	90,289
Circuit Clerk's Interest	2,340	1,172	2,935	577
Prosecuting Attorney Crime	1,324	1,936	730	2,530
Children's Trust	1,623	270	-	1,893
Law Enforcement Sales Tax	220	163,025	159,639	3,606
Law Library	586	340	-	926
Total	<u>\$ 327,251</u>	<u>\$ 2,077,272</u>	<u>\$ 1,884,672</u>	<u>\$ 519,851</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>VARIOUS FUNDS</b>						
RECEIPTS	\$3,005,507	\$2,892,683	\$ (112,824)	\$2,590,862	\$2,072,962	\$ (517,900)
DISBURSEMENTS	3,188,178	2,719,615	468,563	2,618,909	1,884,672	734,237
RECEIPTS OVER (UNDER) DISBURSEMENTS	(182,671)	173,068	355,739	(28,047)	188,290	216,337
CASH, JANUARY 1	515,541	515,541	-	327,251	327,251	-
CASH, DECEMBER 31	\$ 332,870	\$ 688,609	\$ 355,739	\$ 299,204	\$ 515,541	\$ 216,337

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 147,300	\$ 154,852	\$ 7,552	\$ 145,800	\$ 143,788	\$ (2,012)
Sales taxes	230,000	281,265	51,265	220,000	232,792	12,792
Intergovernmental	1,000	1,592	592	1,000	678	(322)
Charges for services	99,670	96,843	(2,827)	90,213	87,690	(2,523)
Interest	7,000	6,208	(792)	5,000	6,337	1,337
Other	17,200	20,648	3,448	18,950	20,447	1,497
Transfers in	25,721	24,721	(1,000)	26,306	27,125	819
Total Receipts	527,891	586,129	58,238	507,269	518,857	11,588
<b>DISBURSEMENTS</b>						
County Commission	48,344	48,271	73	43,068	44,017	(949)
County Clerk	44,959	44,713	246	44,565	44,071	494
Elections	2,500	3,862	(1,362)	10,000	14,310	(4,310)
Buildings and grounds	86,526	66,732	19,794	84,712	68,656	16,056
Employee fringe benefits	53,100	54,602	(1,502)	39,300	38,951	349
County Treasurer	19,275	18,859	416	19,524	18,590	934
County Collector	47,439	46,280	1,159	46,144	45,503	641
Recorder of Deeds	15,673	13,166	2,507	15,478	13,279	2,199
Associate Circuit Court	3,975	2,322	1,653	4,150	1,964	2,186
Court Administration	969	189	780	969	292	677
Public Administrator	37,150	32,624	4,526	21,532	25,044	(3,512)
Prosecuting Attorney	47,089	47,061	28	46,690	46,923	(233)
Juvenile Officer	27,394	24,916	2,478	27,394	22,810	4,584
County Coroner	8,650	6,901	1,749	5,447	4,376	1,071
General	-	-	-	41,530	48,375	(6,845)
Public Defender/LEPC	-	52,926	(52,926)	4,730	6,713	(1,983)
Court Report	-	123	(123)	365	169	196
Transfers out	27,374	14,968	12,406	40,529	30,000	10,529
Emergency Fund	65,500	-	65,500	15,500	-	15,500
Other	48,077	-	48,077	-	-	-
Total Disbursements	583,994	478,515	105,479	511,627	474,043	37,584
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,103)	107,614	163,717	(4,358)	44,814	49,172
CASH, JANUARY 1	58,999	58,999	-	14,185	14,185	-
CASH, DECEMBER 31	\$ 2,896	\$ 166,613	\$ 163,717	\$ 9,827	\$ 58,999	\$ 49,172

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-3

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 313,100	\$ 327,061	\$ 13,961	\$ 307,200	\$ 306,301	\$ (899)
Sales tax	115,000	140,374	25,374	110,000	116,102	6,102
Intergovernmental	1,351,825	1,170,746	(181,079)	983,790	518,110	(465,680)
Interest	8,000	18,947	10,947	8,000	18,955	10,955
Other	94,500	43,807	(50,693)	60,500	49,646	(10,854)
Total Receipts	1,882,425	1,700,935	(181,490)	1,469,490	1,009,114	(460,376)
DISBURSEMENTS						
Salaries	240,000	258,204	(18,204)	240,000	217,508	22,492
Employee fringe benefits	158,130	52,507	105,623	50,000	81,863	(31,863)
Supplies	126,750	141,839	(15,089)	126,250	113,032	13,218
Insurance	10,000	11,946	(1,946)	9,396	20,963	(11,567)
Road and bridge materials	372,000	218,439	153,561	372,000	239,335	132,665
Equipment repairs	25,000	8,538	16,462	25,000	26,953	(1,953)
Rentals	5,000	10,090	(5,090)	5,000	3,650	1,350
Equipment purchases	202,200	279,418	(77,218)	152,000	120,897	31,103
Construction, repair, and maintenance	890,825	662,726	228,099	503,290	16,217	487,073
Other	1,050	557	493	1,150	695	455
Transfers out	24,721	24,721	-	26,506	24,506	2,000
Total Disbursements	2,055,676	1,668,985	386,691	1,510,592	865,619	644,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	(173,251)	31,950	205,201	(41,102)	143,495	184,597
CASH, JANUARY 1	351,996	351,996	-	208,501	208,501	-
CASH, DECEMBER 31	\$ 178,745	\$ 383,946	\$ 205,201	\$ 167,399	\$ 351,996	\$ 184,597

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-4

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 67,381	\$ 65,020	\$ (2,361)	\$ 65,197	\$ 60,948	\$ (4,249)
Interest	561	394	(167)	469	561	92
Other	-	506	506	-	-	-
Transfers in	11,374	13,000	1,626	11,529	10,000	(1,529)
Total Receipts	79,316	78,920	(396)	77,195	71,509	(5,686)
DISBURSEMENTS						
Assessor	79,316	79,621	(305)	77,195	70,573	6,622
Total Disbursements	79,316	79,621	(305)	77,195	70,573	6,622
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(701)	(701)	-	936	936
CASH, JANUARY 1	1,111	1,111	-	175	175	-
CASH, DECEMBER 31	\$ 1,111	\$ 410	\$ (701)	\$ 175	\$ 1,111	\$ 936

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-5

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,500	\$ 1,050	\$ (450)	\$ 1,500	\$ 1,467	\$ (33)
Interest	-	23	23	-	-	-
Other	-	761	761	-	-	-
Total Receipts	1,500	1,834	334	1,500	1,467	(33)
DISBURSEMENTS						
Training	1,500	2,220	(720)	1,500	1,505	(5)
Total Disbursements	1,500	2,220	(720)	1,500	1,505	(5)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(386)	(386)	-	(38)	(38)
CASH, JANUARY 1	798	798	-	836	836	-
CASH, DECEMBER 31	\$ 798	\$ 412	\$ (386)	\$ 836	\$ 798	\$ (38)

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ -	\$ 39	\$ 39			
Charges for service	250	261	11	\$ 200	\$ 232	\$ 32
Interest	20	11	(9)	10	19	9
Total Receipts	270	311	41	210	251	41
DISBURSEMENTS						
Mileage/training	300	319	(19)	100	255	(155)
Total Disbursements	300	319	(19)	100	255	(155)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30)	(8)	22	110	(4)	(114)
CASH, JANUARY 1	348	348	-	352	352	-
CASH, DECEMBER 31	\$ 318	\$ 340	\$ 22	\$ 462	\$ 348	\$ (114)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF'S FEES

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,000	\$ 4,515	\$ (2,485)	\$ 5,300	\$ 7,150	\$ 1,850
Interest	-	204	204	-	-	-
Total Receipts	7,000	4,719	(2,281)	5,300	7,150	1,850
DISBURSEMENTS						
Training	7,000	4,171	2,829	5,300	3,535	1,765
Total Disbursements	7,000	4,171	2,829	5,300	3,535	1,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	548	548	-	3,615	3,615
CASH, JANUARY 1	6,107	6,107	-	2,492	2,492	-
CASH, DECEMBER 31	\$ 6,107	\$ 6,655	\$ 548	\$ 2,492	\$ 6,107	\$ 3,615

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,920	\$ 1,934	\$ 14	\$ 2,000	\$ 1,874	\$ (126)
Interest	587	33	(554)	260	70	(190)
Other	1,528	-	(1,528)	-	-	-
Total Receipts	4,035	1,967	(2,068)	2,260	1,944	(316)
DISBURSEMENTS						
Office	1,900	-	1,900	1,000	869	131
Equipment	479	955	(476)	-	1,879	(1,879)
Total Disbursements	2,379	955	1,424	1,000	2,748	(1,748)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,656	1,012	(644)	1,260	(804)	(2,064)
CASH, JANUARY 1	671	671	-	1,475	1,475	-
CASH, DECEMBER 31	\$ 2,327	\$ 1,683	\$ (644)	\$ 2,735	\$ 671	\$ (2,064)

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-9

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 50,000	\$ 53,101	\$ 3,101	\$ 49,000	\$ 49,661	\$ 661
Intergovernmental	302,839	271,522	(31,317)	328,683	233,117	(95,566)
Charges for services	5,000	8,036	3,036	1,200	8,137	6,937
Interest	2,744	5,967	3,223	5,000	5,169	169
Other	600	15,561	14,961	3,500	4,153	653
Total Receipts	361,183	354,187	(6,996)	387,383	300,237	(87,146)
DISBURSEMENTS						
Salaries	239,067	241,981	(2,914)	247,120	219,235	27,885
Office expenditures	22,175	20,475	1,700	32,250	21,057	11,193
Equipment and supplies	3,000	3,590	(590)	2,500	3,903	(1,403)
Mileage and training	8,500	10,416	(1,916)	11,500	8,688	2,812
Principal and interest	8,879	8,877	2	19,000	8,877	10,123
Other	37,415	36,109	1,306	58,950	41,330	17,620
Total Disbursements	319,036	321,448	(2,412)	371,320	303,090	68,230
RECEIPTS OVER (UNDER) DISBURSEMENTS	42,147	32,739	(9,408)	16,063	(2,853)	(18,916)
CASH, JANUARY 1	90,289	90,289	-	93,142	93,142	-
CASH, DECEMBER 31	\$ 132,436	\$ 123,028	\$ (9,408)	\$ 109,205	\$ 90,289	\$ (18,916)

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CIRCUIT CLERK'S INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 500	\$ 903	\$ 403	\$ -	\$ 1,172	\$ 1,172
Total Receipts	500	903	403	-	1,172	1,172
DISBURSEMENTS						
Equipment	-	-	-	-	2,935	(2,935)
Turned over to Treasurer	-	1,000	(1,000)	-	-	-
Total Disbursements	-	1,000	(1,000)	-	2,935	(2,935)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(97)	(597)	-	(1,763)	(1,763)
CASH, JANUARY 1	577	577	-	2,340	2,340	-
CASH, DECEMBER 31	\$ 1,077	\$ 480	\$ (597)	\$ 2,340	\$ 577	\$ (1,763)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-11

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY CRIME FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 1,900	\$ 1,293	\$ (607)	\$ 900	\$ 1,828	\$ 928
Interest	110	94	(16)	70	108	38
Total Receipts	2,010	1,387	(623)	970	1,936	966
DISBURSEMENTS						
Mileage/training	900	801	99	1,000	730	270
Total Disbursements	900	801	99	1,000	730	270
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,110	586	(524)	(30)	1,206	1,236
CASH, JANUARY 1	2,530	2,530	-	1,324	1,324	-
CASH, DECEMBER 31	\$ 3,640	\$ 3,116	\$ (524)	\$ 1,294	\$ 2,530	\$ 1,236

The accompanying Notes to the Financial Statements are an integral part of these statements.



KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CHILDREN'S TRUST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 170	\$ 110	\$ (60)	\$ 115	\$ 175	\$ 60
Interest	80	66	(14)	70	95	25
Total Receipts	250	176	(74)	185	270	85
DISBURSEMENTS						
Children's Trust	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	176	(74)	185	270	85
CASH, JANUARY 1	1,893	1,893	-	1,623	1,623	-
CASH, DECEMBER 31	\$ 2,143	\$ 2,069	\$ (74)	\$ 1,808	\$ 1,893	\$ 85

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 120,000	\$ 140,985	\$ 20,985	\$ 110,000	\$ 116,179	\$ 6,179
Intergovernmental	-	1,496	1,496	-	-	-
Charges for services	1,080	5,467	4,387	-	1,080	1,080
Interest income	625	228	(397)	100	625	525
Other	100	304	204	-	9,076	9,076
Transfers in	15,000	500	(14,500)	29,000	36,065	7,065
Total Receipts	136,805	148,980	12,175	139,100	163,025	23,925
DISBURSEMENTS						
Salary	91,755	111,018	(19,263)	93,775	101,629	(7,854)
Office expense	2,500	3,824	(1,324)	2,300	2,019	281
Equipment	4,000	2,238	1,762	4,000	19,620	(15,620)
Mileage	4,000	5,762	(1,762)	8,000	6,456	1,544
Other	33,000	29,620	3,380	30,700	29,915	785
Total Disbursements	135,255	152,462	(17,207)	138,775	159,639	(20,864)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,550	(3,482)	(5,032)	325	3,386	3,061
CASH, JANUARY 1	3,606	3,606	-	220	220	-
CASH, DECEMBER 31	\$ 5,156	\$ 124	\$ (5,032)	\$ 545	\$ 3,606	\$ 3,061

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LEPC FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 2,322	\$ 6,459	\$ 4,137	\$ -	\$ -	\$ -
Total Receipts	2,322	6,459	4,137	-	-	-
DISBURSEMENTS						
General	2,322	3,828	(1,506)	-	-	-
Total Disbursements	2,322	3,828	(1,506)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENT	-	2,631	2,631	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 2,631	\$ 2,631	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
	\$ -	\$ 350	\$ 350	\$ -	\$ 340	\$ 340
Total Receipts	-	350	350	-	340	340
DISBURSEMENTS						
Law Library	500	222	278	500	-	500
Total Disbursements	500	222	278	500	-	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	128	628	(500)	340	840
CASH, JANUARY 1	926	926	-	586	586	-
CASH, DECEMBER 31	\$ 426	\$ 1,054	\$ 628	\$ 86	\$ 926	\$ 840

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ELECTION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ -	\$ 5,778	\$ 5,778	\$ -	\$ -	\$ -
Interest	-	6	6	-	-	-
Total Receipts	-	5,784	5,784	-	-	-
DISBURSEMENTS						
Election	-	5,068	(5,068)	-	-	-
Total Disbursements	-	5,068	(5,068)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	716	716	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 716	\$ 716	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 TECHNOLOGY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ -	\$ 627	\$ 627	\$ -	\$ -	\$ -
Interest	-	2	2	-	-	-
Total Receipts	-	629	629	-	-	-
DISBURSEMENTS						
Technology	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	629	629	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 629	\$ 629	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Notes to the Financial Statements

## KNOX COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 1. Summary of Significant Accounting Policies

##### A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

##### B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

##### C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk's Interest Fund	2001 and 2000
Election Fund	2001
Technology Fund	2001



KNOX COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

C. Budgets and Budgetary Practices, (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2001
Law Enforcement Training Fund	2001 and 2000
Prosecuting Attorney Training Fund	2001 and 2000
Recorder's User Fees Fund	2000
Health Center Fund	2001
Law Enforcement Sales Tax Fund	2001 and 2000
LEPC Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
LEPC Fund	2001
Law Library Fund	2001 and 2000

## KNOX COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

## Supplementary Schedule

## Schedule

KNOX COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed-through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	43-600192700	\$ 15,367	\$ 15,732
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97PF19 99-ME-03	319,936	
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	2,102	
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	99-LBG-053		9,000
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,081	1,099
Total pass-through programs			1,081	10,099
Total U.S. Department of Justice			3,183	10,099
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-B052-15		54,607
20.205	Highway Planning and Construction	BRO-052(14)	382,791	
Total pass-through programs			382,791	54,607
Total U.S. Department of Transportation			382,791	54,607

(continued)

## Schedule

KNOX COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	3,828	6,713
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	43-600192700	1,274	1,007
93.268	Immunization Grants	103001	7,268	7,000
93.575	Child Care and Development Block Grant	43-600192700	2,977	1,425
93.991	Preventive Health and Health Services Block Grant	43-12644820	35,786	9,433
				83
			35,786	9,516
93.994	Maternal and Child Health Services Block Grant to the States	43-600192700		
		43-12644820	11,640	16,500
		103001	818	417
			12,458	16,917
Total pass-through programs			59,763	35,865
Total U.S. Department of Health and Human Services			59,763	35,865
Total Expenditures of Federal Awards			\$ 784,868	123,016

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

KNOX COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Knox County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

## KNOX COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$7,268 and \$7,000 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$0 and \$83 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$818 and \$417 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for the Preventive Health and Health Services Block Grant and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

#### 2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



**FEDERAL AWARDS -  
SINGLE AUDIT SECTION**

## Independent Auditors' Report

# ARTHUR WHITE & ASSOCIATES, L.L.C.

---

## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

#### Compliance

We have audited the compliance of Knox County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Knox County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Knox County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes        none reported

Noncompliance material to the financial statements  
noted?   X   yes        no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   X   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   X   none reported

Type of auditors' report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?        yes   X   no

Identification of major programs:

CFDA or  
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grant
20.205	State Highway and Transportation Commission

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        X   no

**Section II - Financial Statement Findings**

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1    Condition: The minutes of County Commission meetings are not complete.

Criteria: As noted in the previous auditor's report, Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meeting held.

Effect: The County is not in compliance with Section 51.120, RSMo 2000.

Recommendation: We recommend that a complete record of County Commission meetings be prepared and approved on a timely basis.

Auditee's response: We will strive to prepare more complete minutes in the future.

01-2    Condition: Published financial statements do not include all County funds.

Criteria: As noted in note 1D in the notes to the financial statements, Sections 50.800 and 50.810, RSMo 2000, provide that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

Effect: The annual published financial statements of the County are not in compliance with Sections 50.800 and 50.801, RSMo 2000.

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Recommendation: We recommend that financial information for all County funds be properly reported in the annual published financial statements.

Auditee's response: We will try to include all County funds in published financial statements in the future.

- 01-3 Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740, RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will attempt to ensure that warrants do not exceed budgeted amount in any fund in the future.

- 01-4 Condition: The County has prepaid employees by issuing payroll checks prior to the time for which employees are being paid.

Criteria: Article 6 Sections 23 and 25 of the state Constitution prohibits uses of public monies for the aid of private individuals.

Effect: The County has violated the state constitution by paying employees before regular paydays.

Recommendation: We recommend the County discontinue the practice of making payroll advances.

Auditee's response: This practice will be discontinued.



## KNOX COUNTY, MISSOURI

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) YEARS ENDED DECEMBER 31, 2001 AND 2000

01-5 Condition: The County Clerk does not maintain an account book with the County Collector, which summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts.

Criteria: Section 51.150, RSMo 2000 requires the County Clerk to keep just accounts between the County and all persons chargeable with moneys payable into the County treasury.

Effect: Failure of the County Clerk to verify the tax books could result in errors or intentional misstatements going undetected.

Recommendation: We recommend the County Clerk maintain an account book from aggregate abstracts, court orders, monthly statements of collections, and the tax books to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Auditee's response: We will try to improve the system.

#### **Section III – Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510 (a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## Follow-Up on Prior Audit Findings

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standard*

KNOX COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

## KNOX COUNTY, MISSOURI

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

#### **Finding 99-1:**

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO – 052 (10); BRO – 052 (12); BRO – 052 (13); and BRO – 052 (14)
Award Year:	1999 and 1998
Questioned Costs:	\$62,161

- A. The County did not have specific procedures in place to track federal assistance for preparation of a schedule of expenditures of federal awards.

Recommendation: The County Clerk and the Health Center prepare a complete and accurate schedule of expenditures of federal awards.

Status: Implemented.

- B. The County held reimbursements for excessive periods of time before the related payments were made to the contractor.

Recommendation: Establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status: Implemented.

KNOX COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
IN ACCORDANCE WITH OMB CIRCULAR A-133

- C. The County incurred \$62,161 in engineering costs to various County bridge projects. There was no documentation to indicate that the County Commission considered other engineering firms when procuring these services. The \$62,161 was presented as questioned costs.

Recommendation: Resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

Status: Partially implemented. There is no indication that the questioned costs have been resolved with the grantor agency. The County now obtains qualifications and performance data from at least three engineering firms before contracting for these services.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Gentry County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Gentry County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-69  
August 30, 2002



GENTRY COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001 AND 2000

# GENTRY COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1-2
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Financial Statements:	
<u>Description</u>	<u>Exhibit</u>
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1
Year Ended December 31, 2000	A-2
Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	B
	7-14
Notes to the Financial Statements	15-18
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	19-20
Notes to the Supplementary Schedule	21-22
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditor's Report:	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	23-24

# GENTRY COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:	
Schedule of Findings and Questioned Costs Including Management's Plan for Corrective Action, Years Ended December 31, 2001 and 2000	25-27
Section I – Summary of Auditor's Results	
Section II – Financial Statement Findings	
Section III – Federal Award Findings and Questioned Costs	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	29

## FINANCIAL SECTION

## Independent Auditor's Reports

MCBRIDE, LOOK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
and  
County Commission of Gentry County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Gentry County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Gentry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Gentry County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Gentry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

May 31, 2002

McBRIDE, LOCKE & ASSOCIATES  
~~INDEPENDENT~~ AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
and  
County Commission of Gentry County, Missouri

We have audited the special-purpose financial statements of various funds of Gentry County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Gentry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Gentry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended for the information of the management of Gentry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 31, 2002

## Financial Statements

GENTRY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 147,862	\$ 930,812	\$ 1,048,902	\$ 29,772
Special Road and Bridge	7,598	857,258	875,292	(10,436)
Assessment	(5,224)	120,633	107,300	8,109
Special Election	338	16,376	16,715	(1)
Law Enforcement Training	261	1,185	1,258	188
Prosecuting Attorney Training	308	296	50	554
Prosecuting Attorney Bad Check	13,718	7,628	7,925	13,421
Emergency Preparedness	23,218	13,996	12,183	25,031
Children's Trust	2,095	215	0	2,310
Prosecuting Attorney Tax Collection	4,143	534	0	4,677
POST Commission	1,379	632	0	2,011
Circuit Clerk Interest	384	846	212	1,018
Tri-County Health Center	215,130	345,576	348,992	211,714
Emergency Dispatch	188,206	257,833	205,751	240,288
Emergency	59,500	30,000	0	89,500
Sheriffs Civil Fees Fund	5,286	9,974	13,275	1,985
Recorder User Fees	9,255	3,194	0	12,449
County Clerks Election Fund	0	685	0	685
Law Library	1,209	1,257	1,258	1,208
Victims Advocate Fund	0	28,911	25,360	3,551
Community Development Block Grant	5	0	0	5
Associate Circuit Division Interest	1,619	556	275	1,900
Recorder Technology Fund	0	813	0	813
	<u>\$ 676,290</u>	<u>\$ 2,629,210</u>	<u>\$ 2,664,748</u>	<u>\$ 640,752</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENTRY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 151,960	\$ 933,176	\$ 937,274	\$ 147,862
Special Road and Bridge	92,769	615,312	700,483	7,598
Assessment	10,050	90,194	105,468	(5,224)
Special Election	0	18,043	17,705	338
Law Enforcement Training	227	1,248	1,214	261
Prosecuting Attorney Training	97	311	100	308
Prosecuting Attorney Bad Check	19,409	5,988	11,679	13,718
Emergency Preparedness	21,607	12,723	11,112	23,218
Children's Trust	1,920	175	0	2,095
Prosecuting Attorney Tax Collection	3,744	399	0	4,143
POST Commission	869	510	0	1,379
Circuit Clerk Interest	255	414	285	384
Tri-County Health Center	228,910	344,152	357,932	215,130
Emergency Dispatch	154,799	193,992	160,585	188,206
Emergency	29,500	30,000	0	59,500
Sheriffs Civil Fees Fund	0	5,286	0	5,286
Recorder User Fee	8,408	3,102	2,255	9,255
Community Development Block Grant	9,419	1,500	10,914	5
Associate Circuit Division Interest	1,084	549	14	1,619
Law Library	811	1,545	1,147	1,209
	<u>\$ 735,838</u>	<u>\$ 2,258,619</u>	<u>\$ 2,318,167</u>	<u>\$ 676,290</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,457,808	\$ 2,581,869	\$ 124,061	\$ 2,621,876	\$ 2,229,725	\$ (392,151)
DISBURSEMENTS	1,858,856	2,622,398	(763,542)	2,024,424	2,286,994	(262,570)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 598,952	\$ (40,529)	\$ (639,481)	\$ 597,452	\$ (57,269)	\$ (654,721)
CASH, JANUARY 1	492,680	674,333	183,653	531,872	716,672	184,800
CASH, DECEMBER 31	<u>\$ 1,091,632</u>	<u>\$ 633,804</u>	<u>\$ (457,828)</u>	<u>\$ 1,129,324</u>	<u>\$ 659,403</u>	<u>\$ (469,921)</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 303,500	\$ 293,792	\$ 97,108	\$ 272,600	\$ 293,070	\$ 20,470
Sales taxes	215,000	235,908	20,908	290,947	301,727	10,780
Intergovernmental	150,050	175,060	25,010	117,550	119,857	2,307
Charges for services	136,200	154,274	18,074	131,800	118,935	(12,865)
Interest	20,000	15,287	(4,713)	12,500	20,072	7,572
Other	70,750	26,491	(44,259)	65,420	49,515	(15,905)
Transfers in	30,000	30,000	0	30,000	30,000	0
Total Receipts	<u>\$ 925,500</u>	<u>\$ 930,812</u>	<u>\$ 5,312</u>	<u>\$ 920,817</u>	<u>\$ 933,176</u>	<u>\$ 12,359</u>
DISBURSEMENTS						
County Commission	\$ 49,150	\$ 49,354	\$ (204)	\$ 47,750	\$ 49,361	\$ (1,611)
County Clerk	72,125	66,737	5,388	71,250	71,494	(244)
Elections	5,250	1,088	4,162	20,950	25,300	(4,350)
Buildings and grounds	86,475	79,879	6,596	102,500	71,861	30,639
Employee fringe benefits	81,100	54,813	26,287	72,200	82,522	(10,322)
County Treasurer and Ex Officio County Collector	50,065	51,020	(955)	44,465	44,666	(201)
Circuit Clerk and Ex Officio Recorder of Deeds	7,400	8,119	(719)	6,900	6,734	166
Associate Circuit and Probate Court	10,500	8,661	1,839	10,000	7,729	2,271
Court administration	21,200	14,205	6,995	11,200	2,041	9,159
Public Administrator	26,658	28,897	(2,239)	15,488	19,184	(3,696)
Sheriff	295,055	279,254	15,801	220,797	181,911	38,886
Jail	107,300	108,623	(1,323)	79,000	65,531	13,469
Prosecuting Attorney	56,560	56,516	44	53,796	53,704	92
Juvenile Officer	9,056	6,168	2,888	7,794	7,699	95
County Coroner	12,621	11,325	1,296	7,515	7,492	23
Other	118,663	147,172	(28,509)	172,372	195,675	(23,303)
Public health and welfare services	19,150	14,766	4,384	13,150	14,370	(1,220)
Transfers out	32,305	32,305	0	22,715	0	22,715
Emergency Fund	30,000	30,000	0	30,000	30,000	0
Total Disbursements	<u>\$ 1,090,633</u>	<u>\$ 1,048,902</u>	<u>\$ 41,731</u>	<u>\$ 1,009,842</u>	<u>\$ 937,274</u>	<u>\$ 72,568</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (165,133)	\$ (118,090)	\$ 47,043	\$ (89,025)	\$ (4,098)	\$ 84,927
CASH, JANUARY 1	147,862	147,862	0	121,960	151,960	30,000
CASH, DECEMBER 31	<u>\$ (17,271)</u>	<u>\$ 29,772</u>	<u>\$ 47,043</u>	<u>\$ 32,935</u>	<u>\$ 147,862</u>	<u>\$ 114,927</u>

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 17,000	\$ 15,984	\$ (1,016)	\$ 16,000	\$ 16,517	\$ 517
Intergovernmental	815,880	788,520	(27,360)	495,000	564,458	69,458
Charges for services	0	0	0	340,000	0	(340,000)
Interest	6,500	3,350	(3,150)	9,000	6,175	(2,825)
Other	26,700	24,404	(2,296)	41,100	28,162	(12,938)
Transfers in	0	25,000	25,000	0	0	0
Total Receipts	\$ 866,080	\$ 857,258	\$ (8,822)	\$ 901,100	\$ 615,312	\$ (285,788)
DISBURSEMENTS						
Salaries	\$ 172,584	\$ 160,889	\$ 11,695	\$ 160,000	\$ 147,046	\$ 12,954
Employee fringe benefits	10,500	11,696	(1,196)	11,000	10,345	655
Supplies	10,000	5,991	4,009	12,500	7,656	4,844
Insurance	16,600	17,301	(701)	20,000	14,834	5,166
Road and bridge materials	297,000	323,907	(26,907)	278,500	368,721	(90,221)
Equipment repairs	17,000	24,419	(7,419)	20,000	21,777	(1,777)
Equipment Rentals	7,000	923	6,077	0	15,191	(15,191)
Equipment purchases	200	4,794	(4,594)	5,200	3,497	1,703
Construction, repair, and maintenance	300,000	291,240	8,760	280,000	32,309	247,691
Other	4,750	4,132	618	89,350	49,107	40,243
Transfers out	30,000	30,000	0	30,000	30,000	0
Total Disbursements	\$ 865,634	\$ 875,292	\$ (9,658)	\$ 906,550	\$ 700,483	\$ 206,067
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 446	\$ (18,034)	\$ (18,480)	\$ (5,450)	\$ (85,171)	\$ (79,721)
CASH, JANUARY 1	7,598	7,598	0	92,769	92,769	0
CASH, DECEMBER 31	\$ 8,044	\$ (10,436)	\$ (18,480)	\$ 87,319	\$ 7,598	\$ (79,721)
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 77,084	\$ 86,838	\$ 9,754	\$ 85,615	\$ 88,519	\$ 2,904
Charges for services	400	449	49	300	385	85
Interest	1,180	1,014	(166)	600	1,172	572
Other	500	27	(473)	0	118	118
Transfers in	32,305	32,305	0	22,715	0	(22,715)
Total Receipts	\$ 111,469	\$ 120,633	\$ 9,164	\$ 109,230	\$ 90,194	\$ (19,036)
DISBURSEMENTS						
Assessor	\$ 105,689	\$ 107,300	\$ (1,611)	\$ 121,230	\$ 105,468	\$ 15,762
Total Disbursements	\$ 105,689	\$ 107,300	\$ (1,611)	\$ 121,230	\$ 105,468	\$ 15,762
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 5,780	\$ 13,333	\$ 7,553	\$ (12,000)	\$ (15,274)	\$ (3,274)
CASH, JANUARY 1	(5,224)	(5,224)	0	10,050	10,050	0
CASH, DECEMBER 31	\$ 526	\$ 8,109	\$ 7,553	\$ (1,950)	\$ (5,224)	\$ (3,274)

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 1,300	\$ 1,185	\$ (115)	\$ 1,000	\$ 1,248	\$ 248
Total Receipts	\$ 1,300	\$ 1,185	\$ (115)	\$ 1,000	\$ 1,248	\$ 248
DISBURSEMENTS						
Sheriff	\$ 1,300	\$ 1,258	\$ 42	\$ 1,200	\$ 1,214	\$ (14)
Total Disbursements	\$ 1,300	\$ 1,258	\$ 42	\$ 1,200	\$ 1,214	\$ (14)
	\$ 0	\$ (73)	\$ (73)	\$ (200)	\$ 34	\$ 234
RECEIPTS OVER (UNDER) DISBURSEMENTS	260	261	1	227	227	0
CASH, JANUARY 1	\$ 260	\$ 188	\$ (72)	\$ 27	\$ 261	\$ 234
CASH, DECEMBER 31						
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 200	\$ 296	\$ 96	\$ 0	\$ 311	\$ 311
Total Receipts	\$ 200	\$ 296	\$ 96	\$ 0	\$ 311	\$ 311
DISBURSEMENTS						
Prosecuting Attorney	\$ 400	\$ 50	\$ 350	\$ 100	\$ 100	\$ 0
Total Disbursements	\$ 400	\$ 50	\$ 350	\$ 100	\$ 100	\$ 0
	\$ (200)	\$ 246	\$ 446	\$ (100)	\$ 211	\$ 311
RECEIPTS OVER (UNDER) DISBURSEMENTS	308	308	0	97	97	0
CASH, JANUARY 1	\$ 108	\$ 554	\$ 446	\$ (3)	\$ 308	\$ 311
CASH, DECEMBER 31						
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 5,600	\$ 7,628	\$ 2,028	\$ 5,500	\$ 5,988	\$ 488
Total Receipts	\$ 5,600	\$ 7,628	\$ 2,028	\$ 5,500	\$ 5,988	\$ 488
DISBURSEMENTS						
Prosecuting Attorney	\$ 10,510	\$ 7,925	\$ 2,585	\$ 18,750	\$ 11,679	\$ 7,071
Total Disbursements	\$ 10,510	\$ 7,925	\$ 2,585	\$ 18,750	\$ 11,679	\$ 7,071
	\$ (4,910)	\$ (297)	\$ 4,613	\$ (13,250)	\$ (5,691)	\$ 7,559
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,718	13,718	0	19,409	19,409	0
CASH, JANUARY 1	\$ 8,808	\$ 13,421	\$ 4,613	\$ 6,159	\$ 13,718	\$ 7,559
CASH, DECEMBER 31						

GENENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY PREPAREDNESS FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 11,533	\$ 13,996	\$ 2,463	\$ 10,680	\$ 12,723	\$ 2,043
Total Receipts	\$ 11,533	\$ 13,996	\$ 2,463	\$ 10,680	\$ 12,723	\$ 2,043
DISBURSEMENTS						
Salaries	\$ 7,905	\$ 7,786	\$ 119	\$ 8,309	\$ 8,254	\$ 55
Office expenditures	1,174	1,014	160	559	684	(125)
Equipment	0	0	0	80	0	80
Mileage and training	1,350	1,085	265	1,000	1,065	(65)
Other	3,220	2,299	921	1,567	1,109	458
Total Disbursements	\$ 13,649	\$ 12,183	\$ 1,466	\$ 11,515	\$ 11,112	\$ 403
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,116)	\$ 1,813	\$ 3,929	\$ (835)	\$ 1,611	\$ 2,446
CASH, JANUARY 1	23,218	23,218	0	21,607	21,607	0
CASH, DECEMBER 31	\$ 21,102	\$ 25,031	\$ 3,929	\$ 20,772	\$ 23,218	\$ 2,446
<b><u>CHILDREN'S TRUST FUND</u></b>						
RECEIPTS						
Charges for services	\$ 175	\$ 215	\$ 40	\$ 200	\$ 175	\$ (25)
Total Receipts	\$ 175	\$ 215	\$ 40	\$ 200	\$ 175	\$ (25)
DISBURSEMENTS						
Shelter services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 175	\$ 215	\$ 40	\$ 200	\$ 175	\$ (25)
CASH, JANUARY 1	2,095	2,095	0	1,920	1,920	0
CASH, DECEMBER 31	\$ 2,270	\$ 2,310	\$ 40	\$ 2,120	\$ 2,095	\$ (25)
<b><u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u></b>						
RECEIPTS						
Charges for Services	\$ 400	\$ 534	\$ 134	\$ 400	\$ 399	\$ (1)
Total Receipts	\$ 400	\$ 534	\$ 134	\$ 400	\$ 399	\$ (1)
DISBURSEMENTS						
Prosecuting Attorney	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 400	\$ 534	\$ 134	\$ 400	\$ 399	\$ (1)
CASH, JANUARY 1	4,143	4,143	0	3,743	3,744	1
CASH, DECEMBER 31	\$ 4,543	\$ 4,677	\$ 134	\$ 4,143	\$ 4,143	\$ 0



GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>POST COMMISSION FUND</u></b>						
RECEIPTS						
Charges for Services	\$ 600	\$ 632	\$ 32	\$ 500	\$ 510	\$ 10
Total Receipts	\$ 600	\$ 632	\$ 32	\$ 500	\$ 510	\$ 10
DISBURSEMENTS						
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 600	\$ 632	\$ 32	\$ 500	\$ 510	\$ 10
CASH, JANUARY 1	1,379	1,379	0	869	869	0
CASH, DECEMBER 31	\$ 1,979	\$ 2,011	\$ 32	\$ 1,369	\$ 1,379	\$ 10
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 250	\$ 846	\$ 596			
Total Receipts	\$ 250	\$ 846	\$ 596			
DISBURSEMENTS						
Circuit Clerk	\$ 250	\$ 212	\$ 38			
Total Disbursements	\$ 250	\$ 212	\$ 38			
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 634	\$ 634			
CASH, JANUARY 1	384	384	0			
CASH, DECEMBER 31	\$ 384	\$ 1,018	\$ 634			
<b><u>TRI-COUNTY HEALTH CENTER FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 306,990	\$ 310,051	\$ 3,061	\$ 316,346	\$ 307,241	\$ (9,105)
Interest	14,000	9,984	(4,016)	10,500	14,084	3,584
Other	10,221	13,042	2,821	4,000	5,327	1,327
Transfers In	32,500	12,500	(20,000)	12,500	17,500	5,000
Total Receipts	\$ 363,711	\$ 345,576	\$ (18,135)	\$ 343,346	\$ 344,152	\$ 806
DISBURSEMENTS						
Salaries	\$ 280,750	\$ 268,213	\$ 12,537	\$ 293,325	\$ 284,836	\$ 8,489
Office expenditures	35,850	38,667	(2,817)	39,850	35,450	4,400
Equipment	5,750	497	5,253	10,500	3,937	6,563
Mileage and training	21,000	18,984	2,016	20,000	20,251	(251)
Other	11,500	10,995	505	14,700	10,884	3,816
Education	22,500	11,635	10,865	4,500	2,574	1,926
Total Disbursements	\$ 377,350	\$ 348,992	\$ 28,358	\$ 382,875	\$ 357,932	\$ 24,943
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,639)	\$ (3,416)	\$ 10,223	\$ (39,529)	\$ (13,780)	\$ 25,749
CASH, JANUARY 1	215,132	215,130	(2)	228,910	228,910	0
CASH, DECEMBER 31	\$ 201,493	\$ 211,714	\$ 10,221	\$ 189,381	\$ 215,130	\$ 25,749

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 30,000	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	\$ 0
Total Receipts	\$ 30,000	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	\$ 0
DISBURSEMENTS						
Emergency Fund	0	0	0	0	0	0
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 30,000	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	\$ 0
CASH, JANUARY 1	59,500	59,500	0	29,500	29,500	0
CASH, DECEMBER 31	<u>\$ 89,500</u>	<u>\$ 89,500</u>	<u>\$ 0</u>	<u>\$ 59,500</u>	<u>\$ 59,500</u>	<u>\$ 0</u>
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for Services	\$ 1,200	\$ 1,257	\$ 57	\$ 1,300	\$ 1,545	\$ 245
Total Receipts	\$ 1,200	\$ 1,257	\$ 57	\$ 1,300	\$ 1,545	\$ 245
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,200	\$ 1,258	\$ (58)	\$ 1,200	\$ 1,147	\$ 53
Total Disbursements	\$ 1,200	\$ 1,258	\$ (58)	\$ 1,200	\$ 1,147	\$ 53
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ (1)	\$ (1)	\$ 100	\$ 398	\$ 298
CASH, JANUARY 1	968	1,209	241	811	811	0
CASH, DECEMBER 31	<u>\$ 968</u>	<u>\$ 1,208</u>	<u>\$ 240</u>	<u>\$ 911</u>	<u>\$ 1,209</u>	<u>\$ 298</u>
<b><u>SHERIFFS CIVIL FEE FUND</u></b>						
RECEIPTS						
Charges for Services	\$ 10,000	\$ 9,974	\$ (26)			
Total Receipts	\$ 10,000	\$ 9,974	\$ (26)			
DISBURSEMENTS						
Sheriff	\$ 13,500	\$ 13,275	\$ 225			
Total Disbursements	\$ 13,500	\$ 13,275	\$ 225			
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,500)	\$ (3,301)	\$ 199			
CASH, JANUARY 1	5,286	5,286	0			
CASH, DECEMBER 31	<u>\$ 1,786</u>	<u>\$ 1,985</u>	<u>\$ 199</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31, 2001		
	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER USER FEE</u></b>			
RECEIPTS			
Charges for Services	\$ 3,000	\$ 3,194	\$ 194
Total Receipts	\$ 3,000	\$ 3,194	\$ 194
DISBURSEMENTS			
Circuit Clerk	\$ 0	\$ 0	\$ 0
Total Disbursements	\$ 0	\$ 0	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,000	\$ 3,194	\$ 194
CASH, JANUARY 1	9,255	9,255	0
CASH, DECEMBER 31	\$ 12,255	\$ 12,449	\$ 194

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENTRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY DISPATCH</u></b>						
RECEIPTS						
Interest	\$ 6,500	\$ 10,855	\$ 4,355	\$ 6,500	\$ 7,265	\$ 765
Other	\$ 39,000	\$ 42,184	\$ 3,184	\$ 0	\$ 96	\$ 96
Transfer In	\$ 182,176	\$ 204,794	\$ 22,618	\$ 182,176	\$ 186,631	\$ 4,455
Total Receipts	\$ 227,676	\$ 257,833	\$ 30,157	\$ 188,676	\$ 193,992	\$ 5,316
DISBURSEMENTS						
Salaries and Benefits	101,986	94,155	7,831	98,008	95,905	2,103
Office Expenditures	12,686	21,270	(8,584)	5,893	6,220	(327)
Equipment Repairs	16,170	14,950	1,220	1,498	7,467	(5,969)
Equipment	709	1,785	(1,076)	0	1,220	(1,220)
Mileage and Training	2,250	1,130	1,120	2,250	1,285	965
Contracted Serviced	41,333	33,459	7,874	42,935	40,169	2,766
Capital Expenditures	39,700	39,002	698	600	8,319	(7,719)
Total Disbursements	\$ 214,834	\$ 205,751	\$ 9,083	\$ 151,184	\$ 160,585	\$ (9,401)
RECEIPTS OVER (UNDER)	\$ 12,842	\$ 52,082	\$ 39,240	\$ 37,492	\$ 33,407	(4,085)
DISBURSEMENTS						
CASH, JANUARY 1	188,206	188,206	0	142,358	154,799	\$ 12,441
CASH, DECEMBER 31	\$ 201,048	\$ 240,288	\$ 39,240	\$ 179,850	\$ 188,206	\$ 8,356

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

GENTRY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Gentry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Tri-County Health Center Board, or the Emergency Dispatch Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2001 and 2000
Recorder Technology Fund	2001
County Clerk Election Fund	2001
Special Election Fund	2001 and 2000
Circuit Clerk Interest Fund	2000
Victims Advocate Fund	2001
Community Development Block Grant Fund	2000
Sheriff Civil Fee Fund	2000
Recorder User Fee Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Emergency Dispatch Fund	2000
Law Enforcement Training Fund	2000
Special Road and Bridge Fund	2001
Assessment Fund	2001
Law Library Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2001
Assessment Fund	2000
Prosecuting Attorney Training Fund	2000

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted.

Warrants were issued in excess of the available cash balances for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Road and Bridge Fund	2001
Special Election Fund	2001
Assessment Fund	2000

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2001
Emergency Dispatch Fund	2001 and 2000
Recorder User Fee Fund	2001
Community Development Block Grant Fund	2000
Law Library Fund	2001
Recorder Technology Fund	2001
Associate Circuit Division Interest Fund	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.



In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purpose of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

#### Deposits

The county's, Emergency Dispatch Board's, and the Tri-County Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

## Supplementary Schedule

GENTRY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
10.557	Department of Health -			
	Special Supplemental Nutrition Program	ER0045-0137	\$          0	\$      31,633
	for Women, Infants, and Children	ERS0451-B7W	32,875	10,566
		ERS045-2137	12,592	0
	Program Total		<u>45,467</u>	<u>42,199</u>
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14.228	Passed through state Department of Economic Development:			
	Community Development Block Grants/State's Program	97PF-10	0	10,914
	U.S. DEPARTMENT OF JUSTICE			
	Direct program:			
16.710	Public Safety Partnership and Community Policing Grants	MOO3800	55,538	0
		98UMUX2417	0	40,564
	Passed through:			
16.575	State Department of Public Safety -			
	Crime Victim Assistance	2000-VOCA-0035	28,937	5,931
16.unknown	Passed through Missouri Sheriff's Association:			
	Domestic Cannabis Eradication/ Suppression Program	N/A	1,035	696
	U. S. DEPARTMENT OF TRANSPORTATION			
20.205	Passed through state Highway and Transportation Commission			
	Highway Planning and Construction	BRO-038-(11)	209,849	32,700
		BRO-038-(12)	22,102	0
		BRO-038-(13)	24,688	0
		BRO-038-(14)	16,954	13,083
	Program Total		<u>273,593</u>	<u>45,783</u>
20.703	Passed through state Department of Public Safety			
	Interagency Hazardous Materials Public Sector Training			
	and Planning Grants	N/A	1,514	1,408
	GENERAL SERVICES ADMINISTRATION			
39.003	Passed through state Office of Administration -			
	Donation of Federal Surplus Personal Property	N/A	1,964	2,578
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
83.534	Passed through state Department of Public Safety:			
	Emergency Management - State and Local Assistance	N/A	4,421	3,835
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through:			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects	ERS146-0137L	0	177
		ERS146-1137L	867	458
		ERS146-2137L	425	0
	Program Total		<u>1,292</u>	<u>635</u>

GENTRY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
93.268	Immunization Grants	Vaccine	29,511	31,275
93.575	Child Care and Development Block Grant	PGA067-01375	0	720
		PGA067-11375	1,050	915
		PGA067-21375	445	0
		PGA067-0137C	0	1,075
		PGA067-1137C	595	530
	Program Total		<u>2,090</u>	<u>3,240</u>
93.991	Preventive Health and Health Services Block Grant	AOC00380188	0	20,816
		AOC01380046	20,680	11,905
		AOC02380048	6,875	0
		Vaccines	0	372
	Program Total		<u>27,555</u>	<u>33,093</u>
93.994	Maternal and Child Health Services Block Grants to States	ERS146-037M	0	28,894
		ERS146-1137M	34,288	13,051
		C100015075	65	548
		DH020027075	106	0
		Vaccines	3,320	1,862
	Program Total		<u>37,779</u>	<u>44,355</u>
	Total Expenditures of Federal Awards		<u>\$ 510,696</u>	<u>\$ 266,506</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

GENTRY COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Gentry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions which govern the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The program amounts for Immunization Grants (CFDA number 93.268), \$29,511 and \$29,403 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$350 represents the original acquisition cost of vaccines received by the Health

Center through the state Department of Health during the year ended December 31, 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$3,320 and \$1,750 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

The amounts presented for CFDA number 39.003 of \$1,964 and \$2,578 for the years ended December 31, 2001 and 2000, respectively, represent donations of Federal surplus property.

2. Subrecipient

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## Independent Auditor's Report

SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

---

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
and  
County Commission of Gentry County, Missouri

Compliance

We have audited the compliance of Gentry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Gentry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

#### Internal Control Over Compliance

The management of Gentry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Gentry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 31, 2002

## Schedule

GENTRY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major programs:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable conditions identified that is  
not considered to be a material weakness?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
20.205	Highway Planning and Construction
10.557	Special Supplemental Nutrition Program for Women, Infants and Children

Dollar threshold used to distinguish between Type A  
and Type B programs:   \$300,000  

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes      x   no

## Section II – Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

### 01-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	BRO-038
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children
Pass-through Entity	
Identifying Numbers:	ER0045-0137, ERSO45-2137, and ERSO451B7W
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have procedures in place to adequately identify federal assistance for the preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, the information presented by the County Clerk for some of the programs did not always agree with the county's expenditure records. Non-cash expenditures such as vaccinations were also not reported.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE RECOMMEND the county prepare a complete and accurate schedule of expenditures of federal awards to submit to the States Auditor's Office as part of the annual budget.

### AUDITEE'S RESPONSE

The county will continue to make efforts to provide an accurate SEFA. The County Clerk is limited to reporting the SEFA based upon what he receives from the responsible parties.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



GENTRY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

GENTRY COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	BRO-038(9) and BRO-038(10)
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately track federal assistance for preparation of the SEFA. Information presented for some programs did not agree with the county's expenditure records.

It was recommended that the County Clerk prepare complete and accurate schedules of expenditures of federal awards.

Current Status: Not implemented. See current Schedule of Findings and Questioned Costs, finding 01-1.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Chariton County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Chariton County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-68  
August 30, 2002

**CHARITON COUNTY, MISSOURI**

**FOR THE TWO YEARS  
ENDED DECEMBER 31, 2001**

\*  
\* \*  
\* \* \*  
\* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \* \*  
\* \* \* \*  
\* \* \*  
\* \*  
\*

**Casey and Company of Columbia, L.L.C.  
Certified Public Accountants  
Columbia, Missouri**

CHARITON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FINANCIAL SECTION	
Independent Auditor's Reports:	
Financial Statements .....	2-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-30
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	<u>General Revenue Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....10
C	<u>Special Road and Bridge Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....11
D	<u>Assessment Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....12
E	<u>Law Enforcement Training Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....13

CHARITON COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
F	<u>Law Enforcement Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	14
G	<u>Prosecuting Attorney Training Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	15
H	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	16
I	<u>Prosecuting Attorney Delinquent Tax Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	17
J	<u>Domestic Violence Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	18
K	<u>Recorder User Fee Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....	19
L	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000 .....	20

CHARITON COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
Financial Statements:		
<u>Exhibit</u>	<u>Description</u>	
M	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	21
N	<u>Circuit Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	22
O	<u>Drainage Districts Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	23
P	<u>Senate Bill 40 Board</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	24
Q	<u>Sheriff Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	25
R	<u>County Employee Retirement Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	26
S	<u>Prosecuting Attorney Retirement Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....	27



CHARITON COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
FINANCIAL SECTION	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
T	<u>Election Services Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....28
U	<u>CDGB Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 2001 and 2000.....29
V	<u>Enhanced 911 Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 2001.....30
Notes to the Financial Statements ..... 31-34	
Schedule:	
Schedule of Findings, Years Ended December 31, 2001 and 2000 ..... 35-36	
Letter on Other Matters ..... 37-40	

## FINANCIAL SECTION

## Independent Auditor's Reports

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the County Commission  
and

Officeholders of Chariton County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of

Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Chariton County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

# CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting & Consulting Firm

One Broadway Building  
1 East Broadway  
Columbia, MO 65203-4205  
573 / 442 - 8427  
FAX / 875 = 7876  
www.caseycpas.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Chariton County, Missouri

We have audited the special-purpose financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Chariton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We

noted an immaterial instance of noncompliance which we have reported to the management of the county in the accompanying Letter on Other Matters.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Chariton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Chariton County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2002

## Financial Statements



Exhibit A-1

CHARITON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 56,542	1,100,179	1,156,630	91
Special Road and Bridge	709,375	807,495	955,267	561,603
Assessment	2,894	121,967	120,988	3,873
Law Enforcement Training	2,021	2,287	3,714	594
Law Enforcement Sales Tax	971,630	267,761	197,839	1,041,552
Prosecuting Attorney Training	633	366	672	327
Prosecuting Attorney Bad Check	19,280	3,810	1,148	21,942
Prosecuting Attorney Delinquent Tax	8,114	340	0	8,454
Domestic Violence	3,472	579	0	4,051
Recorder User Fee	9,743	5,674	1,964	13,453
Health Center	170,616	333,160	331,093	172,683
Law Library	1,106	1,665	2,477	294
Circuit Clerk Interest	650	363	382	631
Drainage Districts	133,751	28,546	486	161,811
Senate Bill 40 Board	115,005	77,044	93,665	98,384
Sheriff Fund	3,687	8,109	9,217	2,579
County Employee Retirement Fund	17	34,021	33,974	64
Prosecuting Attorney Retirement Fund	4,755	2,149	4,500	2,404
Election Services	1,627	2,000	250	3,377
CDGB Fund	46	86,963	87,009	0
Enhanced 911	0	58,205	23,187	35,018
Total	\$ 2,214,964	2,942,683	3,024,462	2,133,185

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CHARITON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 131,688	1,128,765	1,203,911	56,542
Special Road and Bridge	770,339	829,971	890,935	709,375
Assessment	0	125,302	122,408	2,894
Law Enforcement Training	1,555	3,186	2,720	2,021
Law Enforcement Sales Tax	849,898	271,739	150,007	971,630
Prosecuting Attorney Training	466	532	365	633
Prosecuting Attorney Bad Check	16,581	6,482	3,783	19,280
Prosecuting Attorney Delinquent Tax	7,515	599	0	8,114
Domestic Violence	3,365	607	500	3,472
Recorder User Fee	10,136	4,951	5,344	9,743
Health Center	168,059	324,563	322,006	170,616
Law Library	458	2,693	2,045	1,106
Circuit Clerk Interest	392	258	0	650
Drainage Districts	121,526	28,605	16,380	133,751
Senate Bill 40 Board	126,972	57,171	69,138	115,005
Sheriff Fund	2,032	8,214	6,559	3,687
County Employee Retirement Fund	19	35,373	35,375	17
Prosecuting Attorney Retirement Fund	747	8,508	4,500	4,755
Election Services	0	1,627	0	1,627
CDBG Fund	0	154	108	46
Total	\$ 2,211,748	2,839,300	2,836,084	2,214,964

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 290,600	306,280	15,680	268,500	293,559	25,059
Sales taxes	255,000	275,035	20,035	220,000	255,724	35,724
Intergovernmental revenues	313,815	222,987	(90,828)	430,710	311,901	(118,809)
Charges for services	138,850	127,469	(11,381)	150,150	137,109	(13,041)
Interest	13,000	8,416	(4,584)	13,000	15,395	2,395
Other	78,475	117,992	39,517	74,375	85,077	10,702
Transfers in	35,000	42,000	7,000	30,000	30,000	0
Total Receipts	\$ 1,124,740	1,100,179	(24,561)	1,186,735	1,128,765	(57,970)
<b>DISBURSEMENTS</b>						
County Commission	71,652	69,284	2,368	71,852	71,197	655
County Clerk	87,920	82,085	5,835	87,728	85,467	2,261
Elections	13,130	14,219	(1,089)	36,900	44,119	(7,219)
Buildings and grounds	101,418	85,903	15,515	275,410	91,884	183,526
Employee fringe benefits	150,047	147,824	2,223	156,600	135,524	21,076
County Treasurer	61,081	56,210	4,871	53,595	54,089	(494)
Ex Officio County Collector	3,500	2,890	610	4,000	2,705	1,295
Circuit Clerk and Ex Officio Recorder of Deeds	63,140	46,244	16,896	62,695	54,232	8,463
Associate and Probate Circuit Court	12,800	6,293	6,507	12,800	6,783	6,017
Court administration	20,969	10,097	10,872	17,095	15,549	1,546
Public Administrator	26,102	21,050	5,052	17,075	13,625	3,450
Sheriff	352,140	403,837	(51,697)	400,315	409,397	(9,082)
Jail	88,800	30,273	58,527	89,300	59,916	29,384
Prosecuting Attorney	65,130	57,932	7,198	64,470	60,962	3,508
Juvenile Officer	17,924	11,552	6,372	17,924	11,255	6,669
County Coroner	15,869	12,233	3,636	13,498	14,005	(507)
Other	72,356	71,419	937	80,425	72,138	8,287
Transfers out	28,278	27,285	993	37,033	1,064	35,969
Emergency Fund	33,750	0	33,750	35,550	0	35,550
Total Disbursements	\$ 1,286,006	1,156,630	129,376	1,534,265	1,203,911	330,354
RECEIPTS OVER (UNDER) DISBURSEMENTS	(161,266)	(56,451)	104,815	(347,530)	(75,146)	272,384
CASH, JANUARY 1	56,542	56,542	0	131,688	131,688	0
CASH, DECEMBER 31	\$ (104,724)	91	104,815	(215,842)	56,542	272,384

Exhibit C

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 755,000	769,303	14,303	775,000	784,319	9,319
Interest	46,000	29,319	(16,681)	38,000	45,245	7,245
Other	0	8,873	8,873	500	407	(93)
Total Receipts	\$ 801,000	807,495	6,495	813,500	829,971	16,471
DISBURSEMENTS						
Salaries	175,000	153,546	21,454	180,000	166,171	13,829
Employee fringe benefits	53,150	43,562	9,588	55,100	46,661	8,439
Supplies	22,450	18,111	4,339	12,700	11,109	1,591
Insurance	15,750	11,214	4,536	13,750	9,147	4,603
Equipment repairs	15,000	8,698	6,302	12,000	9,628	2,372
Equipment purchases	168,000	3,676	164,324	367,000	116,169	250,831
Construction, repair, and maintenance	648,300	629,315	18,985	580,550	502,050	78,500
Federal bridge expenditures	280,000	45,145	234,855	45,000	0	45,000
Transfers out	35,000	42,000	(7,000)	30,000	30,000	0
Total Disbursements	\$ 1,412,650	955,267	457,383	1,296,100	890,935	405,165
RECEIPTS OVER (UNDER) DISBURSEMENTS	(611,650)	(147,772)	463,878	(482,600)	(60,964)	421,636
CASH, JANUARY 1	709,375	709,375	0	770,339	770,339	0
CASH, DECEMBER 31	\$ 97,725	561,603	463,878	287,739	709,375	421,636

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit D

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 126,000	120,068	(5,932)	122,600	122,661	61
Interest	1,500	1,145	(355)	450	1,785	1,335
Other	550	754	204	400	856	456
Transfers In	1,159	0	(1,159)	37,033	0	(37,033)
Total Receipts	\$ 129,209	121,967	(7,242)	160,483	125,302	(35,181)
DISBURSEMENTS						
Assessor	132,103	120,988	11,115	160,483	122,408	38,075
Total Disbursements	\$ 132,103	120,988	11,115	160,483	122,408	38,075
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,894)	979	3,873	0	2,894	2,894
CASH, JANUARY 1	2,894	2,894	0	0	0	0
CASH, DECEMBER 31	\$ 0	3,873	3,873	0	2,894	2,894

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit E

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 3,000	2,127	(873)	3,400	2,873	(527)
Interest	100	60	(40)	100	113	13
Other	100	100	0	0	200	200
Total Receipts	\$ 3,200	2,287	(913)	3,500	3,186	(314)
DISBURSEMENTS			0			0
Sheriff	3,950	3,714	236	5,050	2,720	2,330
Total Disbursements	\$ 3,950	3,714	236	5,050	2,720	2,330
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	(1,427)	(677)	(1,550)	466	2,016
CASH, JANUARY 1	2,021	2,021	0	1,555	1,555	0
CASH, DECEMBER 31	\$ 1,271	594	(677)	5	2,021	2,016

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit F

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Taxes	\$ 220,000	228,205	8,205	220,000	220,265	265
Intergovernmental Revenues	9,000	0	(9,000)	0	0	0
Interest	50,000	39,451	(10,549)	38,000	51,474	13,474
Other Revenues	0	105	105	0	0	0
Total Receipts	\$ 279,000	267,761	(11,239)	258,000	271,739	13,739
DISBURSEMENTS						
Lease Payment	199,156	131,852	67,304	202,450	137,454	64,996
Jail Building	50,000	0	50,000	0	0	0
Law Enforcement Expenses	76,400	65,987	10,413	33,200	12,553	20,647
Total Disbursements	\$ 325,556	197,839	127,717	235,650	150,007	85,643
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,556)	69,922	116,478	22,350	121,732	99,382
CASH, JANUARY 1	971,630	971,630	0	849,898	849,898	0
CASH, DECEMBER 31	\$ 925,074	1,041,552	116,478	872,248	971,630	99,382

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit G

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 500	346	(154)	500	495	(5)
Interest	50	20	(30)	25	37	12
Total Receipts	<u>\$ 550</u>	<u>366</u>	<u>(184)</u>	<u>525</u>	<u>532</u>	<u>7</u>
DISBURSEMENTS						
Prosecuting Attorney	700	672	28	800	365	435
Total Disbursements	<u>\$ 700</u>	<u>672</u>	<u>28</u>	<u>800</u>	<u>365</u>	<u>435</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(306)	(156)	(275)	167	442
CASH, JANUARY 1	633	633	0	466	466	0
CASH, DECEMBER 31	<u>\$ 483</u>	<u>327</u>	<u>(156)</u>	<u>191</u>	<u>633</u>	<u>442</u>

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit H

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 5,000	3,015	(1,985)	3,500	5,319	1,819
Interest	900	795	(105)	400	1,163	763
Total Receipts	\$ 5,900	3,810	(2,090)	3,900	6,482	2,582
DISBURSEMENTS						
Prosecuting Attorney	5,750	1,148	4,602	7,850	3,783	4,067
Total Disbursements	\$ 5,750	1,148	4,602	7,850	3,783	4,067
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	2,662	2,512	(3,950)	2,699	6,649
CASH, JANUARY 1	19,280	19,280	0	16,581	16,581	0
CASH, DECEMBER 31	\$ 19,430	21,942	2,512	12,631	19,280	6,649

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit I

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 150	20	(130)	450	132	(318)
Interest	300	320	20	280	467	187
Total Receipts	\$ 450	340	(110)	730	599	(131)
DISBURSEMENTS						
Prosecuting Attorney	1,000	0	1,000	1,000	0	1,000
Total Disbursements	\$ 1,000	0	1,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	340	890	(270)	599	869
CASH, JANUARY 1	8,114	8,114	0	7,515	7,515	0
CASH, DECEMBER 31	\$ 7,564	8,454	890	7,245	8,114	869

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit J

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 450	434	(16)	500	405	(95)
Interest	165	145	(20)	100	202	102
Total Receipts	\$ 615	579	(36)	600	607	7
DISBURSEMENTS						
Other	1,500	0	1,500	1,500	500	1,000
Total Disbursements	\$ 1,500	0	1,500	1,500	500	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(885)	579	1,464	(900)	107	1,007
CASH, JANUARY 1	3,472	3,472	0	3,365	3,365	0
CASH, DECEMBER 31	\$ 2,587	4,051	1,464	2,465	3,472	1,007

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER USER FEE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 4,300	5,267	967	4,200	4,338	138
Interest	600	407	(193)	425	613	188
Total Receipts	\$ 4,900	5,674	774	4,625	4,951	326
DISBURSEMENTS						
Ex Officio Recorder of Deeds	5,350	1,964	3,386	7,700	5,344	2,356
Total Disbursements	\$ 5,350	1,964	3,386	7,700	5,344	2,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	(450)	3,710	4,160	(3,075)	(393)	2,682
CASH, JANUARY 1	9,743	9,743	0	10,136	10,136	0
CASH, DECEMBER 31	\$ 9,293	13,453	4,160	7,061	9,743	2,682

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Taxes	\$ 95,997	99,025	3,028	94,721	96,063	1,342
Intergovernmental	144,081	170,099	26,018	152,885	172,960	20,075
Charges for Services	42,700	54,826	12,126	13,200	44,001	30,801
Interest	6,000	8,150	2,150	5,250	7,981	2,731
Other	150	1,060	910	23,189	3,558	(19,631)
Total Receipts	\$ 288,928	333,160	44,232	289,245	324,563	35,318
DISBURSEMENTS						
Salaries	284,268	272,475	11,793	285,261	271,245	14,016
Office Expenditures	40,450	39,860	590	37,150	37,117	33
Mileage and Training	13,500	13,740	(240)	16,000	11,155	4,845
Other	2,000	5,018	(3,018)	1,000	2,489	(1,489)
Total Disbursements	\$ 340,218	331,093	9,125	339,411	322,006	17,405
RECEIPTS OVER (UNDER) DISBURSEMENTS	(51,290)	2,067	53,357	(50,166)	2,557	52,723
CASH, JANUARY 1	170,616	170,616	0	168,059	168,059	0
CASH, DECEMBER 31	\$ 119,326	172,683	53,357	117,893	170,616	52,723

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 1,440	1,665	225	1,320	2,693	1,373
Total Receipts	\$ 1,440	1,665	225	1,320	2,693	1,373
DISBURSEMENTS						
Law Books	2,300	2,477	(177)	1,000	2,045	(1,045)
Total Disbursements	\$ 2,300	2,477	(177)	1,000	2,045	(1,045)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(860)	(812)	48	320	648	328
CASH, JANUARY 1	1,106	1,106	0	458	458	0
CASH, DECEMBER 31	\$ 246	294	48	778	1,106	328

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit N

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 186	363	177	336	258	(78)
Total Receipts	\$ 186	363	177	336	258	(78)
DISBURSEMENTS						
Supplies/Equipment	382	382	0	0	0	0
Total Disbursements	\$ 382	382	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(196)	(19)	177	336	258	(78)
CASH, JANUARY 1	650	650	0	392	392	0
CASH, DECEMBER 31	\$ 454	631	177	728	650	(78)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit O

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DRAINAGE DISTRICTS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax	\$ 21,746	22,410	664	22,391	20,530	(1,861)
Interest	7,840	6,136	(1,704)	3,909	8,075	4,166
Total Receipts	\$ 29,586	28,546	(1,040)	26,300	28,605	2,305
EXPENDITURES						
Supplies	100	486	(386)	275	40	235
Maintenance and Repair	56,200	0	56,200	101,225	16,340	84,885
Total Disbursements	\$ 56,300	486	55,814	101,500	16,380	85,120
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,714)	28,060	54,774	(75,200)	12,225	87,425
CASH, JANUARY 1	133,751	133,751	0	121,526	121,526	0
CASH, DECEMBER 31	\$ 107,037	161,811	54,774	46,326	133,751	87,425

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit P

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SENATE BILL 40 BOARD FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Taxes	\$ 57,990	69,605	11,615	49,419	49,268	(151)
Interest	6,700	7,362	662	4,500	7,844	3,344
Intergovernmental Revenues	3	77	74	0	59	59
Total Receipts	\$ 64,693	77,044	12,351	53,919	57,171	3,252
DISBURSEMENTS						
Contract Services	68,540	73,754	(5,214)	68,540	45,128	23,412
Repair/Upkeep	33,500	19,753	13,747	33,500	21,148	12,352
Miscellaneous	210	158	52	1,010	2,862	(1,852)
Total Disbursements	\$ 102,250	93,665	8,585	103,050	69,138	33,912
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,557)	(16,621)	20,936	(49,131)	(11,967)	37,164
CASH, JANUARY 1	115,005	115,005	0	126,972	126,972	0
CASH, DECEMBER 31	\$ 77,448	98,384	20,936	77,841	115,005	37,164

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Q

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 9,000	6,930	(2,070)	6,000	8,045	2,045
Interest	150	144	(6)	50	169	119
Other Revenues	0	1,035	1,035	0	0	0
Total Receipts	\$ 9,150	8,109	(1,041)	6,050	8,214	2,164
DISBURSEMENTS						
Sheriff	9,000	9,217	(217)	7,150	6,559	591
Total Disbursements	\$ 9,000	9,217	(217)	7,150	6,559	591
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	(1,108)	(1,258)	(1,100)	1,655	2,755
CASH, JANUARY 1	3,687	3,687	0	2,032	2,032	0
CASH, DECEMBER 31	\$ 3,837	2,579	(1,258)	932	3,687	2,755

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit R

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
COUNTY EMPLOYEE RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 35,000	33,366	(1,634)	35,000	35,209	209
Interest	20	12	(8)	45	12	(33)
Operating Transfers In	600	643	43	150	152	2
Total Receipts	\$ 35,620	34,021	(1,599)	35,195	35,373	178
DISBURSEMENTS						
State Retirement Fund	35,570	33,974	1,596	35,195	35,375	(180)
Total Disbursements	\$ 35,570	33,974	1,596	35,195	35,375	(180)
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	47	(3)	0	(2)	(2)
CASH, JANUARY 1	17	17	0	19	19	0
CASH, DECEMBER 31	\$ 67	64	(3)	19	17	(2)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 5,000	1,998	(3,002)	4,475	8,360	3,885
Interest	100	151	51	25	148	123
Total Receipts	\$ 5,100	2,149	(2,951)	4,500	8,508	4,008
DISBURSEMENTS						
State Retirement Fund	4,500	4,500	0	4,500	4,500	0
Total Disbursements	\$ 4,500	4,500	0	4,500	4,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	600	(2,351)	(2,951)	0	4,008	4,008
CASH, JANUARY 1	4,755	4,755	0	747	747	0
CASH, DECEMBER 31	\$ 5,355	2,404	(2,951)	747	4,755	4,008

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit T

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION SERVICES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Election Fees	\$ 550	1,913	1,363	1,200	1,605	405
Interest	50	87	37	0	22	22
Total Receipts	\$ 600	2,000	1,400	1,200	1,627	427
DISBURSEMENTS						
Election Expenses	1,500	250	1,250	1,200	0	1,200
Total Disbursements	\$ 1,500	250	1,250	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	1,750	2,650	0	1,627	1,627
CASH, JANUARY 1	1,627	1,627	0	0	0	0
CASH, DECEMBER 31	\$ 727	3,377	2,650	0	1,627	1,627

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit U

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CDBG FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 50,000	58,820	8,820	0	0	0
Transfers In	27,019	28,143	1,124	0	154	154
Total Receipts	\$ 77,019	86,963	9,944	0	154	154
DISBURSEMENTS						
Chair lift project	77,065	87,009	(9,944)	0	108	(108)
Total Disbursements	\$ 77,065	87,009	(9,944)	0	108	(108)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46)	(46)	0	0	46	46
CASH, JANUARY 1	46	46	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	46	46

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit V

CHARITON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ENHANCED 911 FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Sales Tax	\$ 0	46,205	46,205
Loan Proceeds	0	12,000	12,000
Total Receipts	\$ 0	58,205	58,205
DISBURSEMENTS			
Office Expenditures	0	212	(212)
Equipment	0	10,814	(10,814)
Debt Service	0	12,161	(12,161)
Total Disbursements	\$ 0	23,187	(23,187)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	35,018	35,018
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	35,018	35,018

The accompanying Notes to the Financial Statements are an integral part of this statement

## Notes to the Financial Statements



CHARITON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board of Trustees, the Senate Bill 40 Board of Trustees, or the Enhanced 911 Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Enhanced 911 Fund for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library	2001 and 2000
Sheriff	2001
CERF	2000
CDBG	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the General Fund for the years ended December 31, 2001 and December 31, 2000. However the budget of that fund also included other resources available to finance current or future year disbursements. Such resources were sufficient to offset the deficit budgeted balances present.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the year ended December 31, 2001 did not include the Enhanced 911 Fund.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The county's Health Center, Enhanced 911, and Senate Bill 40 Boards had deposits at December 31, 2001 and 2000 that were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the name of the respective boards.

## Schedule

CHARITON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## SECTION ON OTHER MATTERS

CHARITON COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Chariton County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1.     County Commission Minutes

As in prior audit reports, the county commission does not maintain adequate minutes of its meetings. Unofficial notes from the meetings are kept by one of the commissioners in a handwritten minutes book. These unofficial notes did not always include a record of votes taken as required by Section 610.020(5), RSMo, 2000. The County Clerk had not typed the minutes into the official record book or submitted them to the County Commission for their approval on a timely basis. Section 610.023(2), RSMo, 2000 states that each public governmental body shall make available for inspection and copying by the public of that body's public records. By not maintaining an official minute book, the only record of commission meetings available to the public is the unofficial notes. Official minutes can document the county's compliance with the Sunshine Law (Chapter 610, RSMo, 2000), bidding, and purchasing decisions.

2. Prison Boarding Expenses

During the year 2001 Prison Boarding Revenues were reported in the General Revenue Fund while Prison Boarding expenses were reported in both the General Revenue Fund and the Law Enforcement Sales Tax Fund. The revenue and expenses should be reported in the same fund in order to be able to see what the net financial effect of prison boarding actually is.

3. Community Development Block Grant Funds

Federal monies earned a small amount of interest for a short time in a bank account, which had been set up for the chair-lift project. County matching funds were also deposited in the same account to cover the cost of the project. Future block grant accounts should be set up so that federal monies can be deposited in non-interest bearing accounts so that a compliance issue does not result.

4. New Employee Documentation

No audit trail is being kept on the new hires. A memo or letter from the appropriate office holder stating the wages, start date and fund to be charged should be kept for audit purposes and for good record keeping on employees.

5. Health Center Petty Cash

The Health Center's petty cash is not reimbursed for the exact amount of the receipts in petty cash drawer. The request for petty cash reimbursements should be made for the exact amount of the receipts that were paid using petty cash.

6. Transfers between Funds

The budget documents reported unequal transfers between funds without the amounts transferred-in matching the amounts transferred-out across funds. Small amounts of difference between the funds remained after identifying the transfers that had been listed under inconsistent captions.



This Letter on Other Matters is intended for the information of the management of Chariton County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Cedar County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Cedar County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Charles Buchanan, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-67  
August 30, 2002

**Cedar County, Missouri**  
**Audit Report**  
**Two Years Ended December 31, 2001**

**Prepared by:**  
**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314)-869-2720 (Ofc)**  
**(314)-869-5955 (Fax)**

# CEDAR COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2
Financial Statements:	3
<u>Exhibit</u>	<u>Description</u>
Statement of Receipts, Disbursements, and Changes in Cash – Various Funds	
A-1 Year Ended December 31, 2001	4
A-2 Year Ended December 31, 2000	5
Comparative Statement of Receipts, Disbursements, and Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000:	
B General Revenue Fund	6
B Special Road and Bridge Fund	7
B Assessment Fund	7
B Law Enforcement Training Fund	7
B Prosecuting Attorney Training Fund	8
B Prosecuting Attorney Bad Check Fund	8
B Recorder Preservation Fund	8
B Family Crisis Fund	8
B Crime Victim's Advocate Fund	9
B Circuit Clerk Interest Fund	9
B Associate Circuit Division Interest	9
B Law Library	9
B Local Law Enforcement Block Grant	10

B	D.A.R.E. Fund	10
B	Microfilm Grant	10
B	Community Development Block Grant	10
B	Election Services Fund	11
B	Law Enforcement Sales Tax Fund	11
Notes to the Financial Statements		12-14
Supplementary Schedule		15
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000		16
Notes to the Supplementary Schedule		17-18
<u>FEDERAL AWARDS-SINGLE AUDIT SECTION</u>		19
Independent Auditor's Report:		20
Compliance With Requirements Applicable to Each Major Program and Control Over Compliance in Accordance With OMB Circular A-133		21-22
Schedule:		23
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000		24
Section I – Summary of Auditor's Results		24
Section II – Financial Statement Findings		24
Section III – Federal Award Findings and Questioned Costs		24
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		25-26
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133		27-28

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Cedar County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Cedar County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 19, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
April 19, 2002

Revised July 26, 2002

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Cedar County, Missouri

We have audited the special-purpose financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special purpose financial statements of various funds of Cedar County, Missouri are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Cedar County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan, CPA, PC  
April 19, 2002

## Financial Statements



A-1

CEDAR COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund	Cash, 1/1/01	Receipts	Disbursements	Cash, 12/31/01
General Revenue	\$392,036	\$1,036,939	\$1,309,665	\$119,310
Special Road and Bridge	177,608	610,724	616,813	171,519
Assessment	9,005	95,397	97,722	6,680
Law Enforcement Training	1,374	3,676	3,115	1,935
Prosecuting Attorney Training	470	496	235	731
Prosecuting Attorney Bad Check	13,801	13,854	11,081	16,574
Recorder Preservation	5,653	11,326	8,786	8,193
Family Crisis	40	800	0	840
Crime Victim's Advocate	2,459	26,195	23,972	4,682
Circuit Clerk Interest	7,415	3,788	51	11,152
Associate Circuit Division Interest	2,396	105	2,501	0
Law Library	7,322	5,435	4,115	8,642
Local Law Enforcement Block Grant	421	0	421	0
D.A.R.E.	6	100	0	106
Microfilm Grant	1,822	6,560	5,043	3,339
Community Development Block Grant	1,001	246,500	247,500	1
Election Services	1,727	2,435	0	4,162
Law Enforcement Sales Tax	0	34,929	2,620	32,309
Total	\$624,556	\$2,099,259	\$2,333,640	\$390,175

The accompanying Notes to the Financial Statements are an integral part of this statement.

CEDAR COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Fund</u>	Cash, 1/1/00	Receipts	Disbursements	Cash, 12/31/00
General Revenue	\$346,650	\$981,724	\$936,338	\$392,036
Special Road and Bridge	175,623	757,934	755,949	177,608
Assessment	9,796	90,775	91,566	9,005
Law Enforcement Training	2,011	1,855	2,492	1,374
Prosecuting Attorney Training	514	467	511	470
Prosecuting Attorney Bad Check	9,415	12,446	8,060	13,801
Recorder Preservation	7,556	6,858	8,761	5,653
Family Crisis	214	1,052	1,226	40
Crime Victim's Advocate	2,580	21,696	21,817	2,459
Circuit Clerk Interest	4,943	2,472	0	7,415
Associate Circuit Division Interest	1,508	888	0	2,396
Law Library	5,426	5,562	3,666	7,322
Local Law Enforcement Block Grant	421	0	0	421
D.A.R.E.	599	0	593	6
Microfilm Grant	2,485	7,387	8,050	1,822
Community Development Block Grant	0	1,001	0	1,001
Election Services	0	1,727	0	1,727
Law Enforcement Sales Tax	0	0	0	0
Total	\$569,741	\$1,893,844	\$1,839,029	\$624,556

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$2,274,958	\$2,099,259	(\$175,699)	\$2,066,231	\$1,893,844	(\$172,387)
DISBURSEMENTS	2,702,096	2,333,640	368,456	2,256,871	1,839,029	417,842
RECEIPTS OVER (UNDER) DISBURSEMENTS	(427,138)	(234,381)	192,757	(190,640)	54,815	245,455
CASH, JANUARY 1	624,556	624,556	0	569,741	569,741	0
CASH, DECEMBER 31	197,418	390,175	192,757	379,101	624,556	245,455
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	103,573	103,543	(30)	122,200	130,760	8,560
Sales taxes	425,000	424,923	(77)	390,000	425,521	35,521
Intergovernmental	205,058	220,095	15,037	163,148	145,585	(17,563)
Charges for services	230,350	229,848	(502)	188,650	198,892	10,242
Interest	18,561	19,284	723	24,000	25,042	1,042
Other	32,508	36,933	4,425	51,050	55,924	4,874
Transfers in	0	2,313	2,313	0	0	0
Total Receipts	1,015,050	1,036,939	21,889	939,048	981,724	42,676
DISBURSEMENTS						
County Commission	60,714	60,792	(78)	51,354	51,269	85
County Clerk	63,849	61,209	2,640	64,184	61,234	2,950
Elections	19,670	19,629	41	70,200	68,581	1,619
Buildings and grounds	390,200	366,545	23,655	188,000	77,100	110,900
Employee fringe benefits	73,500	73,721	(221)	69,200	72,370	(3,170)
County Treasurer	22,008	22,020	(12)	20,849	20,856	(7)
County Collector	55,853	52,217	3,636	50,988	51,213	(225)
Ex Officio Recorder of Deeds	28,860	27,873	987	27,050	27,171	(121)
Circuit and Associate Courts	34,155	32,377	1,778	26,440	24,278	2,162
Court Administration	8,200	8,032	168	6,635	6,317	318
Public Administrator	39,129	38,716	413	8,629	8,687	(58)
Sheriff	265,639	267,702	(2,063)	225,945	208,831	17,114
Jail	38,000	39,919	(1,919)	27,000	26,489	511
Prosecuting Attorney	61,345	61,533	(188)	54,641	54,737	(96)
Juvenile Officer	30,000	23,768	6,232	27,000	25,577	1,423
County Coroner	13,050	11,153	1,897	11,904	12,490	(586)
Insurance and bonds	41,000	27,718	13,282	30,000	24,282	5,718
University Extension Service	28,000	28,000	0	27,770	27,770	0
County road signs	831	310	521	13,000	12,519	481
Other	72,490	82,630	(10,140)	62,689	67,615	(4,926)
Health and Welfare	3,073	3,073	0	3,073	3,072	1
Transfers out	0	728	(728)	2,110	3,880	(1,770)
Emergency Fund	30,451	0	30,451	28,171	0	28,171
Total Disbursements	1,380,017	1,309,665	70,352	1,096,832	936,338	160,494
RECEIPTS OVER (UNDER) DISBURSEMENTS	(364,967)	(272,726)	92,241	(157,784)	45,386	203,170
CASH, JANUARY 1	392,036	392,036	0	346,650	346,650	0
CASH, DECEMBER 31	\$27,069	\$119,310	\$92,241	\$188,866	\$392,036	\$203,170

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	\$116,000	\$116,041	\$41	\$99,727	\$101,717	\$1,990
Intergovernmental	689,600	469,348	(220,252)	791,515	564,407	(227,108)
Charges for services	2,000	753	(1,247)	0	0	0
Interest	3,000	8,649	5,649	5,000	5,936	936
Other	9,900	15,933	6,033	87,600	85,480	(2,120)
Transfers in	0	0	0	100	394	294
Total Receipts	820,500	610,724	(209,776)	983,942	757,934	(226,008)
<b>DISBURSEMENTS</b>						
Salaries	210,000	197,437	12,563	227,880	198,079	29,801
Employee fringe benefits	45,120	42,956	2,164	35,000	33,377	1,623
Supplies	46,000	43,478	2,522	52,000	51,027	973
Insurance	8,000	9,032	(1,032)	6,000	6,766	(766)
Road and bridge materials	96,400	94,285	2,115	135,400	125,448	9,952
Equipment repairs	36,000	25,599	10,401	44,000	43,313	687
Equipment purchases	197,621	197,721	(100)	147,703	139,760	7,943
Construction, repair, and maintenance	250,000	4,410	245,590	266,000	76,323	189,677
Other	3,000	1,895	1,105	81,410	81,856	(446)
Total Disbursements	892,141	616,813	275,328	995,393	755,949	239,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,641)	(6,089)	65,552	(11,451)	1,985	13,436
CASH, JANUARY 1	177,608	177,608	0	175,623	175,623	0
CASH, DECEMBER 31	105,967	171,519	65,552	164,172	177,608	13,436
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	93,974	94,322	348	86,172	87,234	1,062
Interest	0	1,055	1,055	1,266	1,431	165
Other	0	20	20	0	0	0
Transfers in	0	0	0	2,110	2,110	0
Total Receipts	93,974	95,397	1,423	89,548	90,775	1,227
<b>DISBURSEMENTS</b>						
Assessor	102,948	97,722	5,226	99,344	91,566	7,778
Total Disbursements	102,948	97,722	5,226	99,344	91,566	7,778
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,974)	(2,325)	6,649	(9,796)	(791)	9,005
CASH, JANUARY 1	9,005	9,005	0	9,796	9,796	0
CASH, DECEMBER 31	31	6,680	6,649	0	9,005	9,005
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	906	906	0	0	0
Charges for services	3,000	2,770	(230)	3,000	1,855	(1,145)
Total Receipts	3,000	3,676	676	3,000	1,855	(1,145)
<b>DISBURSEMENTS</b>						
Sheriff	4,000	3,115	885	3,000	2,492	508
Total Disbursements	4,000	3,115	885	3,000	2,492	508
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	561	1,561	0	(637)	(637)
CASH, JANUARY 1	1,374	1,374	0	2,011	2,011	0
CASH, DECEMBER 31	\$374	\$1,935	\$1,561	\$2,011	\$1,374	(\$637)

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Other	\$500	\$496	(\$4)	\$500	\$467	(\$33)
Total Receipts	500	496	(4)	500	467	(33)
DISBURSEMENTS						
Training/Mileage	500	235	265	1,014	511	503
Total Disbursements	500	235	265	1,014	511	503
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	261	261	(514)	(44)	470
CASH, JANUARY 1	470	470	0	514	514	0
CASH, DECEMBER 31	470	731	261	0	470	470
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	10,000	13,854	3,854	9,000	12,446	3,446
Total Receipts	10,000	13,854	3,854	9,000	12,446	3,446
DISBURSEMENTS						
Prosecuting Attorney	23,300	11,081	12,219	18,415	8,060	10,355
Total Disbursements	23,300	11,081	12,219	18,415	8,060	10,355
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,300)	2,773	16,073	(9,415)	4,386	13,801
CASH, JANUARY 1	13,801	13,801	0	9,415	9,415	0
CASH, DECEMBER 31	501	16,574	16,073	0	13,801	13,801
<b><u>RECORDER PRESERVATION FUND</u></b>						
RECEIPTS						
Other	6,800	11,326	4,526	6,600	6,858	258
Total Receipts	6,800	11,326	4,526	6,600	6,858	258
DISBURSEMENTS						
Ex Officio Recorder of Deeds	6,200	8,786	(2,586)	10,054	8,761	1,293
Total Disbursements	6,200	8,786	(2,586)	10,054	8,761	1,293
RECEIPTS OVER (UNDER) DISBURSEMENTS	600	2,540	1,940	(3,454)	(1,903)	1,551
CASH, JANUARY 1	5,653	5,653	0	7,556	7,556	0
CASH, DECEMBER 31	6,253	8,193	1,940	4,102	5,653	1,551
<b><u>FAMILY CRISIS FUND</u></b>						
RECEIPTS						
Charges for services	1,000	800	(200)	1,450	1,052	(398)
Total Receipts	1,000	800	(200)	1,450	1,052	(398)
DISBURSEMENTS						
Domestic violence shelter	1,000	0	1,000	1,600	1,226	374
Total Disbursements	1,000	0	1,000	1,600	1,226	374
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	800	800	(150)	(174)	(24)
CASH, JANUARY 1	40	40	0	214	214	0
CASH, DECEMBER 31	\$40	\$840	\$800	\$64	\$40	(\$24)

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRIME VICTIM'S ADVOCATE FUND</u></b>						
RECEIPTS						
Intergovernmental	\$22,575	\$26,195	\$3,620	\$23,050	\$21,696	(\$1,354)
Total Receipts	22,575	26,195	3,620	23,050	21,696	(1,354)
DISBURSEMENTS						
Crime victims advocate	24,975	23,972	1,003	23,050	21,817	1,233
Total Disbursements	24,975	23,972	1,003	23,050	21,817	1,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,400)	2,223	4,623	0	(121)	(121)
CASH, JANUARY 1	2,459	2,459	0	2,580	2,580	0
CASH, DECEMBER 31	59	4,682	4,623	2,580	2,459	(121)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	2,500	1,287	(1,213)	800	2,472	1,672
Transfers in	0	2,501	2,501	0	0	0
Total Receipts	2,500	3,788	1,288	800	2,472	1,672
DISBURSEMENTS						
Circuit Clerk	0	51	(51)	350	0	350
Total Disbursements	0	51	(51)	350	0	350
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	3,737	1,237	450	2,472	2,022
CASH, JANUARY 1	7,415	7,415	0	4,943	4,943	0
CASH, DECEMBER 31	9,915	11,152	1,237	5,393	7,415	2,022
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST</u></b>						
RECEIPTS						
Interest	0	54	54	\$500	\$888	\$388
Charges for services	0	51	51	0	0	0
Total Receipts	0	105	105	500	888	388
DISBURSEMENTS						
Associate Circuit Division	0	0	0	370	0	370
Transfers out	0	2,501	(2,501)	0	0	0
Total Disbursements	0	2,501	(2,501)	370	0	370
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(2,396)	(2,396)	130	888	758
CASH, JANUARY 1	2,396	2,396	0	1,508	1,508	0
CASH, DECEMBER 31	2,396	0	(2,396)	1,638	2,396	758
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Other	5,600	5,435	(165)	5,000	5,562	562
Total Receipts	5,600	5,435	(165)	5,000	5,562	562
DISBURSEMENTS						
Publications	4,000	4,115	(115)	3,300	3,666	(366)
Total Disbursements	4,000	4,115	(115)	3,300	3,666	(366)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	1,320	(280)	1,700	1,896	196
CASH, JANUARY 1	7,322	7,322	0	5,426	5,426	0
CASH, DECEMBER 31	\$8,922	\$8,642	(\$280)	\$7,126	\$7,322	\$196

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u></b>						
RECEIPTS						
Interest	\$0	\$0	\$0	\$0	\$0	\$0
Other	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Transfers out	0	421	(421)	0	0	0
Total Disbursements	0	421	(421)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(421)	(421)	0	0	0
CASH, JANUARY 1	421	421	0	421	421	0
CASH, DECEMBER 31	421	0	(421)	421	421	0
<b><u>D.A.R.E. FUND</u></b>						
RECEIPTS						
Other	0	100	100	0	0	0
Total Receipts	0	100	100	0	0	0
DISBURSEMENTS						
Supplies	6	0	6	599	593	6
Total Disbursements	6	0	6	599	593	6
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6)	100	106	(599)	(593)	6
CASH, JANUARY 1	6	6	0	599	599	0
CASH, DECEMBER 31	0	106	106	0	6	6
<b><u>MICROFILM GRANT FUND</u></b>						
RECEIPTS						
Grants	8,759	6,560	(2,199)	1,065	7,387	6,322
Total Receipts	8,759	6,560	(2,199)	1,065	7,387	6,322
DISBURSEMENTS						
Microfilm expenditures	10,581	5,043	5,538	3,550	8,050	(4,500)
Total Disbursements	10,581	5,043	5,538	3,550	8,050	(4,500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,822)	1,517	3,339	(2,485)	(663)	1,822
CASH, JANUARY 1	1,822	1,822	0	2,485	2,485	0
CASH, DECEMBER 31	0	3,339	3,339	0	1,822	1,822
<b><u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	249,000	246,500	(2,500)	1,001	1,001	0
Total Receipts	249,000	246,500	(2,500)	1,001	1,001	0
DISBURSEMENTS						
Courthouse renovation	250,001	247,500	2,501	0	0	0
Total Disbursements	250,001	247,500	2,501	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,001)	(1,000)	1	1,001	1,001	0
CASH, JANUARY 1	1,001	1,001	0	0	0	0
CASH, DECEMBER 31	\$0	\$1	\$1	\$1,001	\$1,001	\$0

## EXHIBIT B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	\$700	\$0	(\$700)	\$1,727	\$351	(\$1,376)
Intergovernmental	0	1,707	1,707	0	0	0
Transfers in	0	728	728	0	1,376	1,376
Total Receipts	700	2,435	1,735	1,727	1,727	0
DISBURSEMENTS						
Election supplies	2,427	0	2,427	0	0	0
Total Disbursements	2,427	0	2,427	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,727)	2,435	4,162	1,727	1,727	0
CASH, JANUARY 1	1,727	1,727	0	0	0	0
CASH, DECEMBER 31	0	4,162	4,162	1,727	1,727	0
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	35,000	34,929	(71)	0	0	0
Total Receipts	35,000	34,929	(71)	0	0	0
DISBURSEMENTS						
Transfers out	0	2,620	(2,620)	0	0	0
Total Disbursements	0	2,620	(2,620)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	35,000	32,309	(2,691)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$35,000	\$32,309	(\$2,691)	\$0	\$0	\$0



## Notes to the Financial Statements

CEDAR COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Section 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Associate Circuit Division Interest and Local Law Enforcement Block Grant funds for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Recorder Preservation	2001
Circuit Clerk Interest	2001
Law Library	2001 and 2000
Microfilm Grant	2000
Law Enforcement Sales Tax	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

## Schedule

CEDAR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2001	2000
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
	Department of Economic Development -			
	Community Development Block Grants/State's Program	2001 99-PF-37	\$ 247,500	\$
	U.S. DEPARTMENT OF JUSTICE			
	Passed through:			
	State Department of Public Safety -			
	Crime Victim Assistance	2000-VOCA-0014	26,194	21,696
	Local Law Enforcement Block Grants Program	N/A	33,759	0
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-020-007	2,569	
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety:			
83.544	Public Assistance Grants	N/A	0	55,990
	Total Expenditures of Federal Awards		<u>\$ 310,022</u>	<u>\$ 77,686</u>

N/A - Not applicable

Notes to the Supplementary Schedule

## CEDAR COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE

#### 1. Summary of Significant Accounting Policies

##### A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Cedar County, Missouri, except for the programs accounted for in the Cedar County Memorial Hospital Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended March 31, 2001 and 2000.

##### B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because Cedar County expended no noncash awards for the years ended December 31, 2001 and 2000, the schedule includes expenditures of cash awards only.

##### C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

#### 2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

Federal Awards-  
Single Audit Section



## Independent Auditor's Report

**Charles Buchanan, CPA, PC**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The County Commission  
and  
Officeholders of Cedar County, Missouri

Compliance

We have audited the compliance of Cedar County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Cedar County, Missouri, complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000.

Internal Control Over Compliance

The management of Cedar County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan CPA, PC  
April 19, 2002

## Schedule

**Cedar County, Missouri**  
**Schedule of Findings and Questioned Costs**  
**(Including Management's Plan For Corrective Action)**  
**Two Years Ended December 31, 2001**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   x   no

Reportable condition identified that is not considered to be a material weakness?        yes   x   none reported

Noncompliance material to the financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness identified?        yes   x   no

Reportable condition identified that is not considered to be a material weakness?        yes   x   none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of OMB Circular A-133?        yes   x   no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

**Section II-Financial Statement Findings**

This section includes no audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III-Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

**CEDAR COUNTY, MISSOURI**  
**FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN**  
**AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE**  
**WITH *GOVERNMENT AUDITING STANDARDS***

The prior report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



**CEDAR COUNTY, MISSOURI**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings Question Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresent the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Carter County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Carter County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Kraus and Head, L.L.P., Business Consultants and Certified Public Accountants, is attached.

A handwritten signature in dark ink, appearing to read "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-66  
August 30, 2002

CARTER COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001

# CARTER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Auditor's Reports:.....	3-6
Financial Statements and Supplementary Schedule of Expenditures Of Federal Awards.....	3-4
Compliance and Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements:.....	7-19
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds
A-1	Year Ended December 31, 2001.....8
A-2	Year Ended December 31, 2000.....9
	<u>General Revenue Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....10
	<u>Special Road and Bridge Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Assessment Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Law Enforcement Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12
	<u>Prosecuting Attorney Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12

# CARTER COUNTY, MISSOURI

## TABLE OF CONTENTS

Page

### FINANCIAL SECTION

---

#### Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
B	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	12
B	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	13
B	<u>Recorder's User Fees Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Prosecuting Attorney Delinquent Tax Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Carter County Board for Handicap Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>Senior Citizen's Service Tax Board Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>Domestic Violence Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14

## CARTER COUNTY, MISSOURI

### TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
B	<u>Circuit Clerk's Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....15
B	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....15
B	<u>Associate Circuit Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....15
B	<u>Jail Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....16
B	<u>Multi Floral Rose Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....16
B	<u>Sheriff's Fees Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....16
B	<u>Salary Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17

# CARTER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
B	<u>South Van Buren Sewer District Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17
B	<u>Chemical Emergency Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17
B	<u>Cops in School R-2 Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>R-1 Cops in School Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Controlled Substance Enforcement Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Cops 2000 Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19
B	<u>South Van Buren Sewer O &amp; M Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19
B	<u>CVRBD Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19

# CARTER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
Notes to the Financial Statements.....	20-23
Supplementary Schedule:.....	24-26
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000.....	25-26
Notes to the Supplementary Schedule.....	27-28
<u>FEDERAL AWARDS – SINGLE AUDIT SECTION</u>	
Auditor’s Report.....	30-32
Compliance With Requirements Applicable To each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	31-32
Schedule.....	33-35
Schedule of Findings and Questioned Costs (Including Management’s Plan For Corrective Action), Years Ended December 2001 and 2000.....	34-35
Section I – Summary of Auditor’s Results.....	34
Section II – Financial Statement Findings.....	35



# CARTER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Schedule:	
Section III – Federal Award Findings and Questioned Costs.....	35
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	36-37
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	38-39
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report Auditor’s Findings.....	40-44
<u>Number</u>	<u>Description</u>
1.	County Bonds.....47
2.	Personnel Policies and Procedures.....47
3.	County Collector’s Accounting Controls and Procedures..... 48-49
4.	Circuit Clerk’s Accounting Controls and Procedures.....50-51
5.	Associate/Probate Division’s Accounting Controls and Procedures.....51-52
6.	Sheriff’s Accounting Controls and Procedures.....53-55
7.	Health Center.....56-58
Follow-Up on Prior Audit Findings.....	46-58

*Krauss and Head, L.L.P.*  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

Gary L. Krauss, C.P.A. \*  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

LICENSED IN MISSOURI AND ILLINOIS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Carter County, Missouri.

We have audited the accompanying special-purpose financial statements of various funds of **Carter County, Missouri**, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on the special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of The United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of **Carter County, Missouri**, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of **Carter County, Missouri**.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of **Carter County, Missouri**, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 5, 2002 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinions, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

***Krauss and Head, L.L.P.***  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

Gary L. Krauss, C.P.A. \*  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

ENSED IN MISSOURI AND ILLINOIS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Carter County, Missouri.

We have audited the special-purpose financial statements of various funds of ***Carter County, Missouri***, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 5, 2002. We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of ***Carter County, Missouri***, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of ***Carter County, Missouri***, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of *Carter County, Missouri*; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

## Financial Statements

Exhibit A-1

CARTER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 120,487	629,782	586,813	163,456
Special Road and Bridge	135,753	410,925	454,610	92,068
Assessment	178	74,495	74,673	0
Law Enforcement Training	2,380	2,214	4,519	75
Prosecuting Attorney Training	999	383	1,278	104
Health Center	124,538	689,036	676,632	136,942
Prosecuting Attorney Bad Check	227	926	641	512
Recorder's User Fees	14,288	3,759	5,260	12,787
Prosecuting Attorney Delinquent Tax	37	83	65	55
Senate Bill 40 Board	16,576	28,442	24,100	20,918
Senior Citizens Service Tax Board	101	10,533	10,500	134
Domestic Violence	270	237	180	327
Circuit Clerk's Interest	16,636	1,873	1,327	17,182
Law Library	951	2,995	2,515	1,431
Associate Circuit Interest	1,290	154	484	960
Jail	96	0	96	0
Multi Floral Rose	5,097	211	992	4,316
Sheriff's Fees	2,857	9,853	10,641	2,069
Salary	212	10	0	222
South Van Buren Sewer District	36,244	1,108,777	1,128,361	16,660
Chemical Emergency	3,900	5,079	4,579	4,400
COPS in School R-2	1,120	15,825	14,877	2,068
R-1 COPS in School	0	30,845	28,343	2,502
Controlled Substance Enforcement Activity	0	15,124	15,124	0
COPS 2000 Grant	0	34,937	34,785	152
South Van Buren Sewer O & M	0	39,031	3,744	35,287
CVRBD	0	1,594	0	1,594
Total	\$ 484,237	3,117,123	3,085,139	516,221

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CARTER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 103,404	579,539	562,456	120,487
Special Road and Bridge	129,839	431,624	425,710	135,753
Assessment	5	76,127	75,954	178
Law Enforcement Training	2,603	2,646	2,869	2,380
Prosecuting Attorney Training	569	430	0	999
Health Center	156,501	504,791	536,754	124,538
Prosecuting Attorney Bad Check	132	295	200	227
Recorder's User Fees	10,620	3,668	0	14,288
Prosecuting Attorney Delinquent Tax	684	201	848	37
Senate Bill 40 Board	11,817	26,891	22,132	16,576
Senior Citizens Service Tax Board	2,447	10,014	12,360	101
Domestic Violence	249	270	249	270
Circuit Clerk's Interest	14,592	2,335	291	16,636
Law Library	48	2,915	2,012	951
Associate Circuit Interest	1,240	414	364	1,290
Jail	2,064	32	2,000	96
Multi Floral Rose	7,515	307	2,725	5,097
Sheriff's Fees	2,443	8,690	8,276	2,857
Salary	203	9	0	212
South Van Buren Sewer District	500	1,583,874	1,548,130	36,244
Chemical Emergency	1,729	3,309	1,138	3,900
COPS in School R-2	3,652	12,806	15,338	1,120
Total	\$ 452,856	3,251,187	3,219,806	484,237

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,033,724	3,117,123	83,399	3,595,662	3,251,187	(344,475)
DISBURSEMENTS	2,832,325	3,085,139	(252,814)	4,129,875	3,219,806	910,069
RECEIPTS OVER (UNDER) DISBURSEMENTS	201,399	31,984	(169,415)	(534,213)	31,381	565,594
CASH, JANUARY 1	481,996	484,237	2,241	451,568	452,856	1,288
CASH, DECEMBER 31	683,395	516,221	(167,174)	(82,645)	484,237	566,882
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	13,400	17,239	3,839	14,670	13,913	(757)
Sales taxes	315,000	325,883	10,883	310,000	324,875	14,875
Intergovernmental	86,990	154,745	67,755	99,363	102,195	2,832
Charges for services	107,630	104,916	(2,714)	115,919	102,335	(13,584)
Interest	5,900	7,053	1,153	4,200	6,527	2,327
Other	15,944	10,579	(5,365)	24,624	20,016	(4,608)
Transfers in	16,500	9,367	(7,133)	20,541	9,678	(10,863)
Total Receipts	561,364	629,782	68,418	589,317	579,539	(9,778)
DISBURSEMENTS						
County Commission	47,100	45,275	1,825	53,415	50,189	3,226
County Clerk	26,475	25,017	1,458	26,475	25,100	1,375
Elections	1,900	644	1,256	18,725	15,230	3,495
Buildings and grounds	25,829	25,340	489	21,017	19,154	1,863
Employee fringe benefits	30,800	25,286	5,514	28,816	26,389	2,427
County Treasurer	13,540	12,993	547	13,340	12,986	354
County Collector	29,038	28,437	601	27,738	27,817	(79)
Ex Officio Recorder of Deeds	9,770	8,911	859	10,370	9,509	861
Circuit Clerk	6,750	4,802	1,948	8,700	4,891	3,809
Associate Circuit Court	9,250	7,581	1,669	9,250	7,988	1,262
Court administration	803	314	489	803	467	336
Public Administrator	21,229	17,914	3,315	20,754	17,576	3,178
Sheriff	179,237	176,491	2,746	146,908	164,410	(17,502)
Jail	19,571	19,581	(10)	42,100	24,587	17,513
Prosecuting Attorney	47,363	44,938	2,425	47,513	50,412	(2,899)
Juvenile Officer	22,086	23,685	(1,599)	25,167	22,679	2,488
County Coroner	10,414	5,814	4,600	5,775	5,128	647
Other General County Government	53,634	46,818	6,816	42,849	40,138	2,711
Court Reporter	327	246	81	311	219	92
Other	11,000	10,427	573	11,600	11,546	54
Transfers out	66,325	56,299	10,026	21,000	26,041	(5,041)
Emergency Fund	36,000	0	36,000	36,000	0	36,000
Total Disbursements	668,441	586,813	81,628	618,626	562,456	56,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,077)	42,969	150,046	(29,309)	17,083	46,392
CASH, JANUARY 1	120,487	120,487	0	103,404	103,404	0
CASH, DECEMBER 31	13,410	163,456	150,046	74,095	120,487	46,392

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	75,300	79,428	4,128	80,508	74,404	(6,104)
Intergovernmental	364,250	323,619	(40,631)	328,090	346,490	18,400
Interest	5,500	7,391	1,891	5,000	7,005	2,005
Other	100	487	387	300	3,725	3,425
Total Receipts	445,150	410,925	(34,225)	413,898	431,624	17,726
<b>DISBURSEMENTS</b>						
Salaries	157,040	143,651	13,389	144,208	145,704	(1,496)
Employee fringe benefits	28,714	22,685	6,029	18,832	17,139	1,693
Supplies	62,000	48,866	13,134	60,000	58,841	1,159
Insurance	20,000	16,058	3,942	20,000	17,694	2,306
Road and bridge materials	107,500	84,615	22,885	112,000	75,015	36,985
Equipment repairs	10,000	4,677	5,323	10,000	6,848	3,152
Equipment purchases	86,500	121,357	(34,857)	73,235	72,258	977
Other	27,900	12,701	15,199	25,591	32,211	(6,620)
Transfers out	1,000	0	1,000	1,000	0	1,000
Total Disbursements	500,654	454,610	46,044	464,866	425,710	39,156
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,504)	(43,685)	11,819	(50,968)	5,914	56,882
CASH, JANUARY 1	135,753	135,753	0	129,839	129,839	0
CASH, DECEMBER 31	80,249	92,068	11,819	78,871	135,753	56,882
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	54,347	52,062	(2,285)	54,347	48,865	(5,482)
Interest	200	206	6	200	198	(2)
Other	1,100	794	(306)	1,100	1,023	(77)
Transfers in	20,616	21,433	817	20,616	26,041	5,425
Total Receipts	76,263	74,495	(1,768)	76,263	76,127	(136)
<b>DISBURSEMENTS</b>						
Assessor	76,263	65,306	10,957	76,263	66,276	9,987
Transfers out	0	9,367	(9,367)	0	9,678	(9,678)
Total Disbursements	76,263	74,673	1,590	76,263	75,954	309
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(178)	(178)	0	173	173
CASH, JANUARY 1	178	178	0	5	5	0
CASH, DECEMBER 31	178	0	(178)	5	178	173

The accompanying Notes to Financial Statements are an integral part of this statement

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,450	2,121	(1,329)	4,150	2,347	(1,803)
Interest	90	68	(22)	115	85	(30)
Other	0	25	25	0	214	214
Total Receipts	3,540	2,214	(1,326)	4,265	2,646	(1,619)
<b>DISBURSEMENTS</b>						
Sheriff	5,800	4,519	1,281	6,800	2,869	3,931
Total Disbursements	5,800	4,519	1,281	6,800	2,869	3,931
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,260)	(2,305)	(45)	(2,535)	(223)	2,312
CASH, JANUARY 1	2,380	2,380	0	2,603	2,603	0
CASH, DECEMBER 31	120	75	(45)	68	2,380	2,312
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	800	343	(457)	1,000	396	(604)
Interest	70	40	(30)	40	34	(6)
Total Receipts	870	383	(487)	1,040	430	(610)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,840	1,278	562	1,570	0	1,570
Total Disbursements	1,840	1,278	562	1,570	0	1,570
RECEIPTS OVER (UNDER) DISBURSEMENTS	(970)	(895)	75	(530)	430	960
CASH, JANUARY 1	999	999	0	569	569	0
CASH, DECEMBER 31	29	104	75	39	999	960
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property Taxes	75,000	87,330	12,330	70,000	81,849	11,849
Intergovernmental	262,644	228,031	(34,613)	204,884	204,821	(63)
Interest	7,500	4,798	(2,702)	10,000	7,897	(2,103)
Other	267,974	368,877	100,903	253,550	210,224	(43,326)
Total Receipts	613,118	689,036	75,918	538,434	504,791	(33,643)
<b>DISBURSEMENTS</b>						
Salaries	408,007	427,411	(19,404)	352,446	349,330	3,116
Office expenditures	29,145	37,450	(8,305)	34,386	28,039	6,347
Equipment & Building	30,554	30,329	225	25,054	36,665	(11,611)
Mileage and training	46,100	40,740	5,360	46,964	42,458	4,506
Other Professional Services	23,503	35,145	(11,642)	19,115	19,235	(120)
Medical Supplies	53,250	47,179	6,071	55,353	51,402	3,951
Other Expenses	17,895	58,378	(40,483)	11,454	9,625	1,829
Total Disbursements	608,454	676,632	(68,178)	544,772	536,754	8,018
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,664	12,404	7,740	(6,338)	(31,963)	(25,625)
CASH, JANUARY 1	124,538	124,538	0	156,501	156,501	0
CASH, DECEMBER 31	129,202	136,942	7,740	150,163	124,538	(25,625)

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	0	906	906	0	290	290
Interest	0	20	20	5	5	0
Total Receipts	0	926	926	5	295	290
DISBURSEMENTS						
Mileage and training	702	641	61	0	200	(200)
Total Disbursements	702	641	61	0	200	(200)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(702)	285	987	5	95	90
CASH, JANUARY 1	227	227	0	132	132	0
CASH, DECEMBER 31	(475)	512	987	137	227	90
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Intergovernmental	3,500	3,106	(394)	3,300	3,109	(191)
Interest	650	653	3	450	559	109
Total Receipts	4,150	3,759	(391)	3,750	3,668	(82)
DISBURSEMENTS						
Salaries	6,069	4,538	1,531			0
Storage of Records	720	722	(2)	10,000	0	10,000
Total Disbursements	6,789	5,260	1,529	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,639)	(1,501)	1,138	(6,250)	3,668	9,918
CASH, JANUARY 1	14,288	14,288	0	10,620	10,620	0
CASH, DECEMBER 31	11,649	12,787	1,138	4,370	14,288	9,918
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	1,000	82	(918)	500	187	(313)
Interest	90	1	(89)	90	14	(76)
Total Receipts	1,090	83	(1,007)	590	201	(389)
DISBURSEMENTS						
Mileage and training	1,127	65	1,062	1,039	848	191
Other	0	0	0	200	0	200
Total Disbursements	1,127	65	1,062	1,239	848	391
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37)	18	55	(649)	(647)	2
CASH, JANUARY 1	37	37	0	684	684	0
CASH, DECEMBER 31	0	55	55	35	37	2

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD</u></b>						
<b>RECEIPTS</b>						
Property taxes	25,000	28,038	3,038	0	26,444	26,444
Interest	400	404	4	0	447	447
Total Receipts	25,400	28,442	3,042	0	26,891	26,891
<b>DISBURSEMENTS</b>						
Other	41,975	24,100	17,875	0	22,132	(22,132)
Total Disbursements	41,975	24,100	17,875	0	22,132	(22,132)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,575)	4,342	20,917	0	4,759	4,759
CASH, JANUARY 1	16,576	16,576	0	11,817	11,817	0
CASH, DECEMBER 31	1	20,918	20,917	11,817	16,576	4,759
<b><u>SENIOR CITIZENS SERVICE TAX BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	10,630	10,224	(406)	12,022	9,608	(2,414)
Sales taxes	170	153	(17)	115	170	55
Interest	220	156	(64)	203	236	33
Total Receipts	11,020	10,533	(487)	12,340	10,014	(2,326)
<b>DISBURSEMENTS</b>						
Contract services	10,700	10,500	200	12,450	12,360	90
Total Disbursements	10,700	10,500	200	12,450	12,360	90
RECEIPTS OVER (UNDER) DISBURSEMENTS	320	33	(287)	(110)	(2,346)	(2,236)
CASH, JANUARY 1	101	101	0	2,447	2,447	0
CASH, DECEMBER 31	421	134	(287)	2,337	101	(2,236)
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	300	230	(70)	220	255	35
Interest	15	7	(8)	5	15	10
Total Receipts	315	237	(78)	225	270	45
<b>DISBURSEMENTS</b>						
Domestic violence shelter	270	180	90	225	249	(24)
Total Disbursements	270	180	90	225	249	(24)
RECEIPTS OVER (UNDER) DISBURSEMENTS	45	57	12	0	21	21
CASH, JANUARY 1	270	270	0	249	249	0
CASH, DECEMBER 31	315	327	12	249	270	21

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK'S INTEREST FUND</u></b>						
RECEIPTS						
Interest	2,500	1,873	(627)	5,500	2,335	(3,165)
Total Receipts	2,500	1,873	(627)	5,500	2,335	(3,165)
DISBURSEMENTS						
Equipment	2,000	1,327	673	2,000	291	1,709
Total Disbursements	2,000	1,327	673	2,000	291	1,709
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	546	46	3,500	2,044	(1,456)
CASH, JANUARY 1	16,636	16,636	0	14,592	14,592	0
CASH, DECEMBER 31	17,136	17,182	46	18,092	16,636	(1,456)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Intergovernmental	0	2,995	2,995	0	2,915	2,915
Total Receipts	0	2,995	2,995	0	2,915	2,915
DISBURSEMENTS						
Dues	0	2,515	(2,515)	0	2,012	(2,012)
Total Disbursements	0	2,515	(2,515)	0	2,012	(2,012)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	480	480	0	903	903
CASH, JANUARY 1	0	951	951	0	48	48
CASH, DECEMBER 31	0	1,431	1,431	0	951	951
<b><u>ASSOCIATE CIRCUIT INTEREST FUND</u></b>						
Interest	0	154	154	0	414	414
Total Receipts	0	154	154	0	414	414
DISBURSEMENTS						
Refunds	0	484	(484)	0	364	(364)
Total Disbursements	0	484	(484)	0	364	(364)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(330)	(330)	0	50	50
CASH, JANUARY 1	0	1,290	1,290	0	1,240	1,240
CASH, DECEMBER 31	0	960	960	0	1,290	1,290

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

CARTER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>JAIL FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	75	32	(43)
Total Receipts	0	0	0	75	32	(43)
DISBURSEMENTS						
Supplies	96	96	0	0	0	0
Dues	0	0	0	2,126	2,000	126
Total Disbursements	96	96	0	2,126	2,000	126
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96)	(96)	0	(2,051)	(1,968)	83
CASH, JANUARY 1	96	96	0	2,064	2,064	0
CASH, DECEMBER 31	0	0	0	13	96	83
<b><u>MULTI FLORAL ROSE FUND</u></b>						
RECEIPTS						
Interest	300	211	(89)	310	307	(3)
Total Receipts	300	211	(89)	310	307	(3)
DISBURSEMENTS						
Refunds	5,397	992	4,405	7,825	2,725	5,100
Total Disbursements	5,397	992	4,405	7,825	2,725	5,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,097)	(781)	4,316	(7,515)	(2,418)	5,097
CASH, JANUARY 1	5,097	5,097	0	7,515	7,515	0
CASH, DECEMBER 31	0	4,316	4,316	0	5,097	5,097
<b><u>SHERIFF'S FEES FUND</u></b>						
RECEIPTS						
Charges for services	5,700	6,809	1,109	7,300	5,743	(1,557)
Interest	141	123	(18)	170	142	(28)
Other	2,795	2,921	126	0	2,805	2,805
Total Receipts	8,636	9,853	1,217	7,470	8,690	1,220
DISBURSEMENTS						
Car expense	4,200	1,399	2,801	0	0	0
Dues	0	3,000	(3,000)	0	0	0
Equipment / Canine	5,062	4,511	551	2,812	2,000	812
Supplies	200	1,578	(1,378)	2,812	1,123	1,689
Mileage	1,153	153	1,000	4,200	5,153	(953)
Total Disbursements	10,615	10,641	(26)	9,824	8,276	1,548
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,979)	(788)	1,191	(2,354)	414	2,768
CASH, JANUARY 1	2,857	2,857	0	2,443	2,443	0
CASH, DECEMBER 31	878	2,069	1,191	89	2,857	2,768

The accompanying Notes to Financial Statements are an integral part of this statement

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SALARY FUND</u></b>						
RECEIPTS						
Interest	0	10	10	7	9	2
Total Receipts	0	10	10	7	9	2
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	10	10	7	9	2
CASH, JANUARY 1	212	212	0	203	203	0
CASH, DECEMBER 31	212	222	10	210	212	2
<b><u>SOUTH VAN BUREN SEWER DISTRICT FUND</u></b>						
RECEIPTS						
Other	1,210,778	1,108,777	(102,001)	1,939,000	1,583,874	(355,126)
Total Receipts	1,210,778	1,108,777	(102,001)	1,939,000	1,583,874	(355,126)
DISBURSEMENTS						
Other	818,920	1,128,361	(309,441)	2,366,550	1,548,130	818,420
Total Disbursements	818,920	1,128,361	(309,441)	2,366,550	1,548,130	818,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	391,858	(19,584)	(411,442)	(427,550)	35,744	463,294
CASH, JANUARY 1	36,244	36,244	0	500	500	0
CASH, DECEMBER 31	428,102	16,660	(411,442)	(427,050)	36,244	463,294
<b><u>CHEMICAL EMERGENCY FUND</u></b>						
RECEIPTS						
Intergovernmental	1,750	4,866	3,116	3,023	3,083	60
Interest	226	213	(13)	150	226	76
Total Receipts	1,976	5,079	3,103	3,173	3,309	136
DISBURSEMENTS						
Other	5,200	4,579	621	4,739	1,138	3,601
Total Disbursements	5,200	4,579	621	4,739	1,138	3,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,224)	500	3,724	(1,566)	2,171	3,737
CASH, JANUARY 1	3,900	3,900	0	1,729	1,729	0
CASH, DECEMBER 31	676	4,400	3,724	163	3,900	3,737

The accompanying Notes to Financial Statements are an integral part of this statement



## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COPS IN SCHOOL R-2 FUND</u></b>						
RECEIPTS						
Intergovernmental	16,375	15,658	(717)	0	12,723	12,723
Interest	85	167	82	0	83	83
Total Receipts	16,460	15,825	(635)	0	12,806	12,806
DISBURSEMENTS						
Other	16,938	14,877	2,061	0	15,338	(15,338)
Total Disbursements	16,938	14,877	2,061	0	15,338	(15,338)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(478)	948	1,426	0	(2,532)	(2,532)
CASH, JANUARY 1	1,120	1,120	0	3,652	3,652	0
CASH, DECEMBER 31	642	2,068	1,426	3,652	1,120	(2,532)
<b><u>R-1 COPS IN SCHOOL FUND</u></b>						
RECEIPTS						
Intergovernmental	30,144	23,415	(6,729)	0	0	0
Interest	650	81	(569)	0	0	0
Transfers in	0	7,349	7,349	0	0	0
Total Receipts	30,794	30,845	51	0	0	0
DISBURSEMENTS						
Salaries	30,144	28,343	1,801	0	0	0
Total Disbursements	30,144	28,343	1,801	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	650	2,502	1,852	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	650	2,502	1,852	0	0	0
<b><u>CONTROLLED SUBSTANCE ENFORCEMENT ACTIVITY FUND</u></b>						
RECEIPTS						
Intergovernmental	20,000	15,124	(4,876)	0	0	0
Total Receipts	20,000	15,124	(4,876)	0	0	0
DISBURSEMENTS						
Salaries	10,000	4,674	5,326	0	0	0
Equipment	10,000	3,984	6,016	0	0	0
Other	0	6,466	(6,466)	0	0	0
Total Disbursements	20,000	15,124	4,876	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

The accompanying Notes to Financial Statements are an integral part of this statement

## Exhibit B

## CARTER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COPS 2000 GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	0	22,432	22,432	0	0	0
Interest	0	113	113	0	0	0
Transfers in	0	12,392	12,392	0	0	0
Total Receipts	0	34,937	34,937	0	0	0
DISBURSEMENTS						
Salaries	0	34,785	(34,785)	0	0	0
Total Disbursements	0	34,785	(34,785)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	152	152	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	152	152	0	0	0
<b><u>SOUTH VAN BUREN SEWER O &amp; M FUND</u></b>						
RECEIPTS						
Intergovernmental	0	38,805	38,805	0	0	0
Interest	0	226	226	0	0	0
Total Receipts	0	39,031	39,031	0	0	0
DISBURSEMENTS						
Interest payment	0	3,744	(3,744)	0	0	0
Total Disbursements	0	3,744	(3,744)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	35,287	35,287	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	35,287	35,287	0	0	0
<b><u>CVRBD FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,565	1,565	0	0	0
Interest	0	29	29	0	0	0
Total Receipts	0	1,594	1,594	0	0	0
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,594	1,594	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	1,594	1,594	0	0	0

The accompanying Notes to Financial Statements are an integral part of this statement

Notes to the  
Financial Statements

CARTER COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

**Summary of Significant Accounting Policies**

**A. Reporting Entity and Basis of Presentation**

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senior Citizens Service Tax Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

**B. Basis of Accounting**

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

**C. Budgets and Budgetary Practices**

The County Commission and other applicable boards are responsible for the preparation and approval of budget for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000 and RSMo Cumulative Supp. 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Law Library Fund	2001 and 2000
Associate Circuit Interest Fund	2001 and 2000
Cops 2000 Grant Fund	2001
South Van Buren Sewer O&M Fund	2001
CVBRD Fund	2001
Salary Fund	2001
Cops in School R-2 Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Health Center Fund	2001
Prosecuting Attorney Bad Check Fund	2000*
Domestic Violence Fund	2000
Sheriff's Fees Fund	2001
South Van Buren Sewer District Fund (Primarily due to timing of expenditures)	2001
Carter County Board for Handicap	2000

\*Revenue was budgeted, no expenditures were budgeted.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Prosecuting Attorney Bad Check Fund for the year ended December 31, 2001 and South Van Buren Sewer District Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Health Center Fund	2001 and 2000
Senate Bill 40 Fund	2001 and 2000
Law Library Fund	2001 and 2000
Associated Circuit Clerk Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000

E. New Reporting Standard

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The County is required to implement this standard for the fiscal year ending December 31, 2002. The County has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

F. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health center's deposits at December 31, 2001 were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

The Carter County Board for Handicapped deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

## Schedule

CARTER COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

			<u>Federal Expenditures</u> <u>Year Ended December 31,</u>	
Federal CFDA Number	Federal Grantor/pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	2001	2000
U.S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health –				
10.557	Special Supplemental Nutrition Program For Women, Infants, and Children	ERS0117	27,009.00	25,543.90
Office of Administration –				
10.665	Schools and Roads- Grants to States	N/A	28,498.74	129,068.38
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	19995HWX0665	61,504.57	16,375.13
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
12.112	Office of Administration- Payments to States in Lieu of Real Estate Taxes	N/A	91,735.00	64,299.00
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
14.228	Department of Economic Development – Community Development Block Grants/State’s Program	98-PF-07	34,746.56	37,844.88



## Schedule

CARTER COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

			<u>Federal Expenditures</u> <u>Year Ended December 31,</u>	
Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	2001	2000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health –				
93.268	Immunization Grants	PG0064-01171AP	11,152.00	
93.197	Childhood Lead Poisoning Prevention Projects	ER0146-0117CLPP	7,798.97	
93.575	Child Care and Development Block Grant	PGA067-0117S	1,320.00	1296.98
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer	ER0161-90033	10,287.00	2325.00
93.991	Preventive Health and Health Services	AOCC00380202	32,271.34	29,570.33
93.994	Maternal and Child Health Services	ERO146-0117MCH	14,976.00	7,850.63
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management – State and Local Assistance	N/A	4,579.39	3 ,082.66
83.544	Public Assistance Grants			
	40% DNR Grant		431,350.00	244,250.00
	USDA Rural Development		62,484.41	934,255.20
	DED CDBG		49,725.67	363,574.33
	Transportation Enhancement Fund Agreement			<u>227,040.00</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>861,639.68</u>	<u>2,094,175.39</u>

N/A – Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

## Notes to the Supplementary Schedule

CARTER COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Carter County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Surplus Property (CFDA number 39.003) represent the estimated fair market value of property received.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2000 and 2001.

FEDERAL AWARDS –  
SINGLE AUDIT SECTION

## Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Carter County, Missouri,

Compliance

We have audited the compliance of **Carter County, Missouri**, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the count's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, **Carter County, Missouri**, complied, in all material respects, with the requirements referred to above that are applicable to the major federal program for the years ended December 31, 2001 and 2000.

### Internal Control over Compliance

The management of ***Carter County, Missouri***, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of ***Carter County, Missouri***; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

Schedule



CARTER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2000 AND 2001

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified ☐ yes ☒ no

Reportable conditions identified that are  
not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements  
noted? ☐ yes ☒ no

Federal Awards

Internal control over major program:

Material weaknesses identified ☐ yes ☒ no

Reportable conditions identified that are  
not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for  
Major program: Unqualified

Any audit findings disclosed that are required to be  
Reported in accordance with Section .510(a) of OMB  
Circular A-133? ☐ yes ☒ no

Identification of major program:

CFDA or  
Other Identifying  
Number

Program Title

83.544

Public Assistance Grants

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

## **Section II – Financial Statement Findings**

There are no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III – Federal Award Findings and Questioned Costs**

There are no matters to be reported.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CARTER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carter County, Missouri, on the applicable findings in a prior audit report issued for the two years ended December 31, 1999.

There are no findings to address.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

**CARTER COUNTY, MISSOURI**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions of federal funds.

**RECOMMEND:** The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

**STATUS:**

Implemented

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report-  
Auditor's Findings



CARTER COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT  
AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 5, 2002. We also have audited the compliance of Carter County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to the major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 5, 2002.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures, as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

The accompanying Management Advisory Report presents our findings reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the special-purpose financial statements of Carter County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**CARTER COUNTY  
MANAGEMENT ADVISORY COMMENTS**

**1. RECORDS RETENTION**

The Treasurer disposed of all of the deposit notification forms received from the Missouri Department of Revenue for the CART sales tax during 2000 and 2001. These forms are important information for the County to retain. The County should request copies of these forms from Missouri Department of Revenue.

***AUDITEE'S RESPONSE***

The County will attempt to replace the forms disposed of.

**2. EMPLOYEE'S MANUAL**

The County does not have a comprehensive employee manual as was mentioned in the last audit report.

***AUDITEE'S RESPONSE***

The County will attempt to write a comprehensive employee manual.

**3. ERRORS IN PAYROLL REPORTING**

Wages listed on the quarterly payroll tax return for the fourth quarter 2001 are not the same as the amounts on the state unemployment tax return. The County has not provided any way to reconcile these differences.

***AUDITEE'S RESPONSE***

The County is investigating the need to file amended payroll tax returns for the period in question.

**4. SEGREGATION OF DUTIES**

Several departments, such as the Sheriff's Department, the Collector's Office, and the Circuit Clerk's Office have several duties concentrated in one person. These duties include receipt of cash or checks, posting to subsidiary ledgers, making deposits, writing checks and making bank reconciliations.

In the case of the Sheriff's Department, one person performed all of the above duties, although other people in the department could have been utilized for other functions. It had been represented to us that bank reconciliations were done monthly, but none was available for the month ended December 2001. We attempted to reconcile the account and found a slight difference of \$8.00. We recommend that the Sheriff's Department segregate the duties of cash receipts, making deposits, writing checks and making bank reconciliations. In addition, we recommend that the Sheriff review the bank reconciliations on a monthly basis.

### **AUDITEE'S RESPONSE**

The County will consider what it can do to segregate duties, given the limited personnel that are available.

## **5. HEALTH CENTER**

### **A. VOUCHING SYSTEM**

The Health Center does not currently utilize purchase orders for purchase of consumable items to verify vendor invoice prices or to act as a receiving document that could be utilized to verify vendor quantities billed. It was noted that some packing slips utilized by the vendor were kept by the Health Center and utilized as a means to verify vendor quantities.

### **AUDITEE'S RESPONSE**

The Health Center will consider employing a purchase order system.

### **B. CANCELLATION OF VENDOR INVOICES**

The Health Center currently staples a check stub to vendor invoices to evidence payment. The check stub could easily be separated from the vendor invoice allowing the vendor invoice to be paid again. All vendor invoices should be stamped paid when the check is issued.

### **AUDITEE'S RESPONSE**

The Health Center indicated a willingness to obtain a stamp and mark all vendor invoices as being paid when the check is issued.

### **C. VENDOR DISCOUNTS**

Some vendors allow a discount for payment of purchases made on a timely basis. In one instance, the Health Center made a payment of the vendor invoice on a timely basis, but did not take advantage of the vendor discount. The Health Center should review vendor invoices and when worthwhile, pay vendor invoices in time to take discounts. In instances in the past when vendor discounts should have been taken based on the date the payment has been made, the Health Center should ask the vendor to issue a credit to be utilized in the future.

### **AUDITEE'S RESPONSE:**

The health Center will more closely review vendor invoices for discounts and take advantage of discounts in the future.

**D. BIDS OBTAINED FROM VENDORS**

Once in the past two years, computers were purchased from a vendor that was not the low bid. When Health Center personnel were questioned with regard to the purchase, it was indicated that a bid from a supplier was selected because of the vendor's good history of dealing with the Health Center. The Board did not document this in their minutes. We recommend in all instances where the low bid is not selected, the Health Center document the exact reasons in Board minutes why the low bid were not selected.

***AUDITEE'S RESPONSE***

The Health Center will take this into consideration.

This report is intended for the information of the management of Carter County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

**CARTER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carter County, Missouri, on findings in the Management Advisory Report (MAR) of the prior audit report issued for the two years ended December 31, 1999.

<b>1.</b>	<b>County Bonds</b>
-----------	---------------------

During a review of bond coverage for officials and other county-paid employees who handle monies, the following concerns were noted.

- A. The Assessor's bond expired August 31, 1997 and was not renewed until March 2, 2000. Section 53.040, RSMo, 1994 states that the Assessor shall be bonded for a minimum of \$1,000.
- B. County-paid employees who handle monies were not covered by any employee bond during the two years ended December 31, 1999. Properly bonding all persons with access to monies would better protect the officials and county from risk of loss.

**RECOMMEND** the County Commission obtain adequate bond coverage for all officials and other county employees with access to monies.

**STATUS**

Implemented.

<b>2.</b>	<b>Personnel Policies and Procedures</b>
-----------	------------------------------------------

- A. The County does not have a comprehensive employee manual. Such a manual should detail personnel matters, such as vacation and sick leave policies, overtime and compensatory time policies, employee duties and responsibilities, lines of authority, grievance procedures, and any other items of interest to employees.

A comprehensive employee manual which summarizes both written and unwritten policies can benefit both county officials and employees by providing a basic understanding between management and employees regarding each other's rights and responsibilities. It can also help ensure that management's policies are fairly and consistently applied to all county employees. The County Commission has not established formal written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned responsibilities.

- B. The Sheriff receives a mileage allowance for use of his personal vehicle for county business. The Sheriff was not required to submit mileage reimbursement requests

for this allowance. However, this mileage allowance is not included on the Sheriff's W-2 form at year end. In addition, uniform allowances of \$25 a month were paid to the Sheriff and deputies during the two years ended December 31, 1999. These allowances totaled \$750 and \$950 for the years ended December 31, 1999 and 1998, respectively. The Sheriff and deputies are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

IRS Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- C. The Sheriff's deputies submit mileage reimbursement requests for transporting prisoners in their personal vehicles. As this mileage is accounted for to the County Commission, it is considered an expense reimbursement and is not taxable to the employee. However, the County issued 1099's to deputies for these reimbursements.

**RECOMMEND** The County Commission:

- A. Establish written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned duties.
- B. Ensure that mileage and uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.
- C. Ensure that amounts reported on 1099 forms do not include amounts for mileage reimbursement which have already been properly accounted for.

**STATUS**

- A. Not Implemented
- B.C. Implemented. The Sheriff now has a car and no mileage/uniform allowance is given.

<b>3. County Collector's Accounting Controls and Procedures</b>
-----------------------------------------------------------------

- A. The County Collector is required by Section 139.160, RSMo 1994, to file an annual settlement with the County Clerk by the first Monday in March of each year. As of May 25, 2000 the former County Collector had not filed an annual settlement for the year ended February 28, 1999. In addition, the former Collector did not disburse collections in a timely manner. Collections for the month of February 1999 were not disbursed until July 1999 and interest earned during the year ended February 28, 1999 was not distributed until January 2000. Also noted was that the current County Collector, who took office March 1, 1999, had not filed the annual settlement for the year ended February 29, 2000 as of May 25, 2000.

For the County Clerk to properly verify the various tax books, the County Collector needs to file annual settlements on a timely basis. In addition, timely annual settlements and distributions of funds are an essential part of the checks and balances system established by state law.

- B. The review of commissions withheld on current tax collections by the County Collector and paid to General Revenue disclosed calculation errors for the year ended February 29, 2000. Section 52.260, RSMo 1994, allows commissions of two and one-half percent on the first \$350,000 of current taxes collected and one percent on current collections over \$350,000. The County Collector withheld commissions at the rate of one percent on all current collections for the year ended February 29, 2000. In addition, errors were made in calculating the one-half percent mailing commission allowed under Section 52.250, RSMo 1994. The county receives all of the commissions retained from current tax collections. As a result of the errors noted above, the General Revenue Fund did not receive approximately \$9,600 in commissions that was distributed to political subdivisions.
- C. During a review of delinquent property taxes, it was brought to the auditors attention that there have been instances in which individuals are paying property taxes on land that they do not own. In most of these instances, the County Collector does not have the current address of the actual landowner or heir. Since the property taxes are paid by other individuals, these properties are not sold by the county at tax sale. Received was a list of twenty-two landowners that could not be located by the County Collector. Through use of Internet search engines, the auditors were able to tentatively identify and locate four of these property owners. The auditors forwarded these potential addresses to the County Collector.

The County Collector should make every reasonable effort to ensure that property owners receive their tax bills.

**RECOMMEND** the County Collector:

- A. Ensure annual settlements are filed as required by state law and ensure funds collected are distributed in a timely manner.
- B. Recalculate commissions for the year ended February 29, 2000, and withhold from the various political subdivisions' future distributions to correct for the error in commission calculation.
- C. Make every reasonable effort, including the use of internet resources to identify current landowner addresses, to ensure that property owners actually receive their tax bills.

**STATUS**

- A. Implemented
- B. Implemented
- C. Implemented as much as possible.



**4.****Circuit Clerk's Accounting Controls and Procedures**

- A. The Circuit Clerk's bank accounts were not adequately covered by collateral securities from December 1998 through March 1999, and therefore, monies were unsecured by various amounts during this time. In December 1998, when balances were at their highest, approximately \$528,300 was unsecured.

Section 483.312, RSMo 1998, requires the value of securities pledged by banks holding circuit court funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Circuit Clerk should enter into depositary agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Monthly listings of open items (liabilities) are not prepared on a timely basis. During the two years ended December 31, 1999, these listings were prepared approximately two to three times per year. In addition, these listings are not reconciled to the cash balance. The reconciled bank balance at November 30, 1999 exceeded the total identified open items by approximately \$2,200.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. Any discrepancies found should be investigated and resolved.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

**RECOMMEND** the Circuit Clerk:

- A. Monitor the bank account balances and ensure the depositary bank pledges adequate securities at all times in accordance with state law.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated

and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.

## **STATUS**

Not Implemented.

<b>5. Associate/Probate Division's Accounting Controls and Procedures</b>
---------------------------------------------------------------------------

The Associate/Probate Division processed receipt of approximately \$198,300 and \$234,748 in 1999 and 1998, respectively. We noted the following concerns regarding Associate/Probate Division Operations.

- A. A listing of accrued costs owed to the court is not maintained by the Associate Clerk. The Associate Judge indicated he periodically reviews open files. However, a complete and accurate accrued costs listing would allow the Associate Clerk to more easily review the amounts owed to the court, and take appropriate steps to ensure all amounts owed are collected on a timely basis.
- B. Monthly listings of open items (liabilities) are not prepared on a timely basis. Although the court is working on a current listing, the last open items listing was prepared as of December 31, 1997. That listing totaled \$15,923, \$5,310 less than the reconciled book balance.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. Any discrepancies found should be investigated and resolved.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 197 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not have any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- C. Checks totaling over \$671 have been outstanding longer than one year and were still carried on the books at December 31, 1999. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

Sections 50.470 through 50.500, RSMo 1994, provide for certain monies to be turned over to the County Treasurer for credit to the Unclaimed Fees Fund and Sections 447.500 through 447.595, RSMo 1994, provide for some unclaimed property to be distributed to the state's Unclaimed Property Section.

- D. Monies received are not deposited on a timely basis. During the audit period, deposits were made approximately once or twice a week.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- E. During a review of the Associate Circuit Interest Fund, it was noted one expenditure for \$641 for which adequate supporting documentation was not retained. While the Associate Judge approved the expenditure, it was not supported by an itemized invoice. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors.

Conditions similar to A., B., C., and D. were noted in our prior report.

**RECOMMEND** the Associate/Probate Division:

- A. Maintain a listing of accrued costs to help pursue timely collection.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Maintain adequate supporting documentation on expenditures from the Associate Circuit Interest Fund.

**STATUS**

- A. Not implemented.
- B. Not implemented.
- C. Not implemented.
- D. Implemented.
- E. Implemented.

**6.****Sheriff's Accounting Controls and Procedures**

- A. The Sheriff's Office processed receipts of approximately \$26,005 and \$33,564 in 1999 and 1998 respectively. We noted the following areas where the record-keeping system and internal controls could be improved:

1. During the year ended December 31, 1998, noted were several instances where money was receipted but could not be traced to a deposit. Bond and gun permit receipts totaling \$300 could not be traced to deposits and therefore, it appears a shortage exists.

During the prior audit of the three years ended December 31, 1997, it was also noted receipts totaling \$340 which could not be traced to deposits. The auditors recommended the Sheriff investigate these discrepancies and take action to ensure the undeposited receipts were recovered, or the Sheriff personally reimburse these amounts. Several recommendations were also made to help ensure the proper accounting for future receipts. While the Sheriff responded that those recommendation had been or would be implemented, most of the recommendations were not implemented, and monies are again unaccounted for.

2. The Sheriff's office accepts cash, checks, and money orders for payment of fees, gun permits, and bonds. Receipt slips are not issued for some monies received and the method of payment is not always marked on receipt slips issued. In addition, there is no accounting of the numerical sequence of receipt slips issued.

To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all monies received and total cash, checks, and money orders should be reconciled to bank deposits and monthly reports. In addition, the numerical sequence of receipt slips issued should be accounted for.

3. Receipts are not deposited intact on a timely basis. During the two years ended December 31, 1999, receipts were deposited approximately every one to two weeks. In addition, individual cash receipts comprising the deposit are not always indicated on the deposit slip. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100. In addition, individual receipts should be indicated on the deposit slip.
4. Bank reconciliations were not prepared for the Sheriff's account. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis.
5. Monies are deposited to the fee account and remitted to the County Treasurer on a monthly basis; however, the Sheriff does not file a formal monthly report of fees with the County Commission. Section 50.370, RSMo 1994, requires that an itemized and accurate list of fees collected be filed by county officials with the County Commission monthly.

6. The Sheriff's office receives service fees from courts and other counties for the service of summonses. A complete listing of accrued costs owed to the Sheriff's office is not maintained and monitoring procedures related to accrued costs are not adequate. A complete and accurate accrued costs listing would allow the Sheriff to more easily review the amounts owed for service fees, and take appropriate steps to ensure all amounts owed are collected on a timely basis.
- B. The duties of cash custody and record keeping have not been adequately segregated. The Sheriff's office manager is primarily responsible for collecting, recording, depositing, and disbursing all monies; however, the Sheriff's deputies and dispatchers may also receipt money. There are no documented reviews of the accounting records performed by the Sheriff or another supervisor.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. 1. During the two years ended December 31, 1999 and 1998, the county paid approximately \$38,653 and \$34,564, respectively, to other counties and cities to house Carter County prisoners. There are no written agreements between the county and the other counties or cities.

Section 432.070, RSMo 1994, requires all agreements to be in writing. Without written agreements, the responsibilities of parties to the contract cannot be clearly determined.

2. The Sheriff's office maintains a jail log which includes each prisoners name, the date of arrest, other arrest information and information related to the prisoner's release or transfer. However, the jail log does not always indicate where prisoners are housed. As a result, prisoner board bills cannot be reconciled to the jail log. Without such a reconciliation, the billing cannot be verified and there is less assurance board bills paid by the county are complete and accurate.
3. The county purchases meals from a local restaurant for prisoners temporarily housed in the county's holding cell. The restaurant submits invoices monthly for the total amount due, along with each meal ticket which includes the date and price of the meal. The deputy who picks up the meals signs the meal ticket and usually notes the name of the prisoner. However, we noted some instances where the prisoner name was not noted on the meal ticket.

Since prisoner logs are maintained by prisoner name, all invoices for meals should include the date and the prisoner's name. The meal invoices should be reconciled to the jail log to ensure the invoices are accurate and complete.

- D. An inventory listing of seized property is maintained; however, the listing has not been updated since the Sheriff took office in January 1997. In addition, several items located in the evidence room date back to the early 1980s.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, items relating to closed cases should be disposed of according to statutory guidelines.

Conditions similar to A.1 –A.4, B. and C. were also noted in prior audit reports.

### **RECOMMEND**

- A.1. Investigate the \$300 of undeposited receipts and take appropriate action to recover this amount.
2. Issue pre-numbered receipt slips for all monies received, indicate the method of payment, and reconcile total cash, checks, and money orders to bank deposits and monthly reports.
3. Deposit all receipts intact daily or when accumulated receipts exceed \$100. In addition, ensure that individual receipts are listed on the deposit slips.
4. Prepare monthly bank reconciliations.
5. File a monthly report of fees collected with the County Commission.
6. Maintain a complete and accurate listing of accrued costs and pursue timely collection.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. And the County Commission enter into a written contract between the county and the various counties and cities regarding the boarding of Carter County prisoners.
2. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
3. Reconcile meal invoices to the county jail log.
- D. Maintain a complete and current inventory listing of all seized property. In addition, old evidence from closed cases should be disposed of properly.

### **STATUS**

Implemented. Except C, still a problem with segregation of duties.

A review of county health center operations revealed the following concerns:

- A. The Health Center Board does not have a depositary contract with its bank. A depositary agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

The Health Center's bank accounts were not adequately covered by collateral securities, and therefore, monies were unsecured by various amounts during the audit period. From July 1998 through July 1999, approximately \$29,500 to \$37,900 was unsecured.

Section 110.020, RSMo 1994, requires the value of securities pledged by banks holding Health Center monies shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Health Center should enter into depositary agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. Noted were the following concerns with budgets and financial statements:
- 1.) The budgets did not include a cash reconciliation for 1999 and 1998. In addition, the January 1, 2000 beginning cash balance was understated by \$270 for the fiscal year 2000 budget.
  - 2.) Various mathematical errors were noted in the budget documents, resulting in inaccurate totals of actual revenue and expenditure amounts.
  - 3.) Actual revenue and expenditure amounts for 1998 were included on both 1999 and 2000 budgets as required by law. However, the amounts did not agree between the 1999 and 2000 budget documents. As a result, the actual amounts presented were erroneous in at least one of the years presented.
  - 4.) Amendments made to line items on the budgets were not properly recorded on the following year's budget. In addition, a budget amendment documented in the Board minutes of May 27, 1999 was not submitted to the County Clerk or to the State Auditor's Office in accordance with Section 50.622, RSMo Cum. Supp. 1997.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cum. Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- 5.) The Health Center did not publish financial statements for the two years ended December 31, 1999 in accordance with Sections 50.800 and 50.810, RSMo 1994.

To be of maximum assistance to the County Commission and to inform the public adequately, the budget documents should be complete and accurate. Similar conditions were noted in our prior report.

- C. We noted the following concerns with the financial records of the Health Center:

- 1.) Changes were made to financial records regarding the classification to receipts and disbursements for 1998 after year-end. As a result, the Health Center's financial records no longer agree to actual amounts recorded on the health Center's budget. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.
- 2.) Interest earned is not recorded in the Health Center's financial records.

To be of maximum assistance to the Health Center, financial records should be complete and accurate.

**RECOMMEND** the Health Center Board of Trustees:

- A. Enter into a written depositary agreement with any bank which holds board monies. In additions, monitor bank balances to ensure the depositary bank pledges adequate securities at all times in accordance with state law.
- B.1. Include a completed, accurate cash reconciliation with the annual budget.
2. Ensure budget columns are correctly totaled.
3. Ensure actual revenue and expenditure amounts are correctly and consistently recorded on budget documents from one year to the next.
4. Record budget amendments on subsequent years' budgets. In addition, ensure budget amendments are approved according to statutory guidelines and filed with the County Commission and State Auditor's Office.



5. Publish financial statements in accordance with state law.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
2. Ensure interest is accurately recorded on the financial records.

**STATUS**

Implemented, execept for B5.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Caldwell County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Caldwell County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-65  
August 30, 2002

CALDWELL COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001 AND 2000

# CALDWELL COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3
Financial Statements:	
	<u>Exhibit</u>
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1
Year Ended December 31, 2000	A-2
Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	B
Notes to the Financial Statements	14
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	18
Notes to the Supplementary Schedule	19
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Independent Auditor's Report:	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	21

CALDWELL COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000	
Section I - Summary of Auditor's Results	23
Section II - Financial Statement Findings	
<u>Number</u>	<u>Description</u>
01-1.	Budgetary and Reconciliation Controls
01-2.	County Sales Tax
01-3.	Excessive Interfund Transfer
01-4.	Procurement
Section III - Federal Award Findings and Questioned Costs	
01-5.	Schedule of Expenditures of Federal Awards
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	30
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	31

## FINANCIAL SECTION

## Independent Auditor's Reports

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
and  
County Commission of  
Caldwell County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Caldwell County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we also have issued our report dated May 29, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

May 29, 2002

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
and  
County Commission of  
Caldwell County, Missouri

We have audited the special-purpose financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Caldwell County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-2, 01-3 and 01-4.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Caldwell County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is considered to be a material weakness.

This report is intended for the information of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 29, 2002

## Financial Statements

CALDWELL COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (101,321)	\$ 942,785	\$ 906,852	\$ (65,388)
Special Road and Bridge	131,981	1,125,639	995,132	262,488
Assessment	(26,807)	154,065	109,118	18,140
Law Enforcement Training	4,058	4,526	4,446	4,138
Prosecuting Attorney Training	125	637	125	637
Health Center	(28,273)	336,603	316,356	(8,026)
Special Road and Bridge Sales Tax	164,311	239,874	250,449	153,736
Law Enforcement Sales Tax	2,241	252,182	253,731	692
Prosecuting Attorney Bad Check	2,692	13,386	12,295	3,783
Law Library	1,049	2,594	1,800	1,843
Domestic Violence	875	882	1,585	172
Sheriff Civil Fees	13,014	7,019	654	19,379
Record Storage	13,914	5,611	2,325	17,200
Circuit Clerk Interest	6,568	1,271	165	7,674
Planning and Zoning	0	17,274	17,274	0
Associate Circuit Division Interest	6,608	904	0	7,512
Prosecuting Attorney Delinquent Tax	2,929	636	0	3,565
Election Services	1,089	1,598	1,875	812
Local Emergency Planning Commission	2,687	0	0	2,687
	<u>\$ 197,740</u>	<u>\$ 3,107,486</u>	<u>\$ 2,874,182</u>	<u>\$ 431,044</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (55,737)	\$ 811,193	\$ 856,777	\$ (101,321)
Special Road and Bridge	(15,375)	1,077,871	930,515	131,981
Assessment	(6,212)	80,290	100,885	(26,807)
Law Enforcement Training	8,915	5,271	10,128	4,058
Prosecuting Attorney Training	1,310	908	2,093	125
Health Center	58,453	264,031	350,757	(28,273)
Special Road and Bridge Sales Tax	156,369	218,143	210,201	164,311
Law Enforcement Sales Tax	(1,086)	225,786	222,459	2,241
Prosecuting Attorney Bad Check	6,806	11,561	15,675	2,692
Law Library	642	3,188	2,781	1,049
Domestic Violence	580	295	0	875
Crime Victims Investigation	2,879	279	3,158	0
Sheriff Civil Fees	6,224	8,165	1,375	13,014
Record Storage	16,406	4,790	7,282	13,914
Circuit Clerk Interest	5,247	1,430	109	6,568
Planning and Zoning	0	20,996	20,996	0
Associate Circuit Division Interest	5,949	659	0	6,608
Prosecuting Attorney Delinquent Tax	2,151	908	130	2,929
Election Services	0	1,089	0	1,089
Local Emergency Planning Commission	2,687	0	0	2,687
	<u>\$ 196,208</u>	<u>\$ 2,736,853</u>	<u>\$ 2,735,321</u>	<u>\$ 197,740</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,953,648	\$ 3,106,582	\$ 152,934	\$ 2,179,561	\$ 2,713,201	\$ 533,640
DISBURSEMENTS	2,729,234	2,874,182	(144,948)	2,128,171	2,714,195	(586,024)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 224,414	\$ 232,400	\$ 7,986	\$ 51,390	\$ (994)	\$ (52,384)
CASH, JANUARY 1	188,445	188,445	0	185,421	185,421	0
CASH, DECEMBER 31	<u>\$ 412,859</u>	<u>\$ 420,845</u>	<u>\$ 7,986</u>	<u>\$ 236,811</u>	<u>\$ 184,427</u>	<u>\$ (52,384)</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 61,230	\$ 100,756	\$ 39,526	\$ 33,015	\$ 61,260	\$ 28,245
Sales taxes	220,550	233,294	12,744	220,000	210,587	(9,413)
Intergovernmental	91,740	94,170	2,430	101,310	72,764	(28,546)
Charges for services	115,673	124,604	8,931	158,650	100,678	(57,972)
Interest	2,380	1,905	(475)	2,775	2,387	(388)
Other	301,160	256,363	(44,797)	288,065	262,852	(25,213)
Transfers in	145,903	131,693	(14,210)	103,885	100,665	(3,220)
Total Receipts	<u>\$ 938,636</u>	<u>\$ 942,785</u>	<u>\$ 4,149</u>	<u>\$ 907,700</u>	<u>\$ 811,193</u>	<u>\$ (96,507)</u>
DISBURSEMENTS						
County Commission	\$ 67,227	\$ 69,357	\$ (2,130)	\$ 65,634	\$ 67,672	\$ (2,038)
County Clerk	61,538	65,783	(4,245)	62,613	69,612	(6,999)
Elections	2,500	0	2,500	10,000	0	10,000
Buildings and grounds	41,647	49,112	(7,465)	42,977	42,838	139
Employee fringe benefits	86,000	69,944	16,056	69,960	68,724	1,236
County Treasurer	46,820	47,403	(583)	46,480	44,684	1,796
Circuit Clerk	25,870	33,179	(7,309)	40,755	34,564	6,191
Associate Circuit	10,600	9,351	1,249	13,440	9,994	3,446
Public Administrator	21,402	22,116	(714)	11,400	11,739	(339)
Sheriff	243,002	272,008	(29,006)	234,178	232,004	2,174
Prosecuting Attorney	64,337	78,292	(13,955)	67,437	73,218	(5,781)
Juvenile Officer	11,120	6,830	4,290	11,235	6,404	4,831
County Coroner	8,490	8,267	223	11,490	7,913	3,577
Other	124,602	131,284	(6,682)	121,512	149,549	(28,037)
Transfers out	18,375	43,750	(25,375)	24,159	15,162	8,997
Emergency Fund	3,000	0	3,000	0	0	0
Variance (Note 5)	0	176	(176)	0	22,700	(22,700)
Total Disbursements	<u>\$ 836,530</u>	<u>\$ 906,852</u>	<u>\$ (70,322)</u>	<u>\$ 833,270</u>	<u>\$ 856,777</u>	<u>\$ (23,507)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 102,106	\$ 35,933	\$ (66,173)	\$ 74,430	\$ (45,584)	\$ (120,014)
CASH, JANUARY 1	(101,321)	(101,321)	0	(55,737)	(55,737)	0
CASH, DECEMBER 31	<u>\$ 785</u>	<u>\$ (65,388)</u>	<u>\$ (66,173)</u>	<u>\$ 18,693</u>	<u>\$ (101,321)</u>	<u>\$ (120,014)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 35,685	\$ 40,910	\$ 5,225	\$ 33,135	\$ 35,695	\$ 2,560
Sales taxes	82,000	93,799	11,799	66,025	82,400	16,375
Intergovernmental	410,250	402,000	(8,250)	286,500	414,465	127,965
Charges for services	0	0	0	0	2,225	2,225
Interest	6,725	9,713	2,988	7,125	7,336	211
Other	534,250	579,217	44,967	145,310	535,750	390,440
Total Receipts	\$ 1,068,910	\$ 1,125,639	\$ 56,729	\$ 538,095	\$ 1,077,871	\$ 539,776
DISBURSEMENTS						
Salaries	\$ 123,711	\$ 105,541	\$ 18,170	\$ 126,984	\$ 123,711	\$ 3,273
Employee fringe benefits	19,659	20,537	(878)	29,375	16,735	12,640
Supplies	36,825	38,080	(1,255)	38,050	40,152	(2,102)
Insurance	7,600	9,594	(1,994)	0	8,257	(8,257)
Road and bridge materials	176,700	156,845	19,855	180,705	176,806	3,899
Equipment repairs	15,000	39,503	(24,503)	15,000	50,712	(35,712)
Rentals	0	0	0	100	1,196	(1,096)
Equipment purchases	3,000	4,046	(1,046)	15,000	3,080	11,920
Construction, repair, and maintenance	576,665	582,764	(6,099)	73,920	444,806	(370,886)
Other	2,550	2,872	(322)	4,768	49,316	(44,548)
Transfers out	28,824	37,890	(9,066)	38,425	15,670	22,755
Variance (Note 5)	0	(2,540)	2,540	0	74	(74)
Total Disbursements	\$ 990,534	\$ 995,132	\$ (4,598)	\$ 522,327	\$ 930,515	\$ (408,188)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 78,376	\$ 130,507	\$ 52,131	\$ 15,768	\$ 147,356	\$ 131,588
CASH, JANUARY 1	131,981	131,981	0	(15,375)	(15,375)	0
CASH, DECEMBER 31	\$ 210,357	\$ 262,488	\$ 52,131	\$ 393	\$ 131,981	\$ 131,588
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 87,520	\$ 91,958	\$ 4,438	\$ 85,450	\$ 77,656	\$ (7,794)
Charges for services	1,490	640	(850)	700	1,492	792
Interest	285	324	39	180	286	106
Other	850	61,143	60,293	0	856	856
Transfers in	13,500	0	(13,500)	19,659	0	(19,659)
Total Receipts	\$ 103,645	\$ 154,065	\$ 50,420	\$ 105,989	\$ 80,290	\$ (25,699)
DISBURSEMENTS						
Assessor	\$ 88,525	\$ 109,480	\$ (20,955)	\$ 99,621	\$ 103,948	\$ (4,327)
Variance (Note 5)	\$ 0	\$ (362)	\$ 362	\$ 0	\$ (3,063)	\$ 3,063
Total Disbursements	\$ 88,525	\$ 109,118	\$ (20,593)	\$ 99,621	\$ 100,885	\$ (1,264)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 15,120	\$ 44,947	\$ 29,827	\$ 6,368	\$ (20,595)	\$ (26,963)
CASH, JANUARY 1	(26,807)	(26,807)	0	(6,212)	(6,212)	0
CASH, DECEMBER 31	\$ (11,687)	\$ 18,140	\$ 29,827	\$ 156	\$ (26,807)	\$ (26,963)

The accompanying Notes to the Financial Statements are an integral part of this statement.



CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 5,200	\$ 4,526	\$ (674)	\$ 8,000	\$ 5,271	\$ (2,729)
Total Receipts	\$ 5,200	\$ 4,526	\$ (674)	\$ 8,000	\$ 5,271	\$ (2,729)
DISBURSEMENTS						
Sheriff	\$ 9,200	\$ 4,446	\$ 4,754	\$ 6,000	\$ 10,128	\$ (4,128)
Total Disbursements	\$ 9,200	\$ 4,446	\$ 4,754	\$ 6,000	\$ 10,128	\$ (4,128)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,000)	\$ 80	\$ 4,080	\$ 2,000	\$ (4,857)	\$ (6,857)
CASH, JANUARY 1	4,058	4,058	0	8,915	8,915	0
CASH, DECEMBER 31	\$ 58	\$ 4,138	\$ 4,080	\$ 10,915	\$ 4,058	\$ (6,857)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 910	\$ 637	\$ (273)	\$ 950	\$ 778	\$ (172)
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130	\$ 130
Total Receipts	\$ 910	\$ 637	\$ (273)	\$ 950	\$ 908	\$ (42)
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,000	\$ 125	\$ 875	\$ 950	\$ 2,093	\$ (1,143)
Total Disbursements	\$ 1,000	\$ 125	\$ 875	\$ 950	\$ 2,093	\$ (1,143)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (90)	\$ 512	\$ 602	\$ 0	\$ (1,185)	\$ (1,185)
CASH, JANUARY 1	125	125	0	1,310	1,310	0
CASH, DECEMBER 31	\$ 35	\$ 637	\$ 602	\$ 1,310	\$ 125	\$ (1,185)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 103,000	\$ 105,914	\$ 2,914	\$ 102,000	\$ 103,017	\$ 1,017
Intergovernmental	103,882	110,019	6,137	99,702	100,516	814
Charges for services	38,875	55,268	16,393	17,325	37,934	20,609
Interest	500	630	130	3,700	4,807	1,107
Other	82,150	64,772	(17,378)	2,450	17,757	15,307
Total Receipts	\$ 328,407	\$ 336,603	\$ 8,196	\$ 225,177	\$ 264,031	\$ 38,854
DISBURSEMENTS						
Salaries	\$ 174,036	\$ 170,432	\$ 3,604	\$ 138,481	\$ 151,774	\$ (13,293)
Office expenditures	56,884	66,086	(9,202)	59,315	50,923	8,392
Equipment	3,850	999	2,851	3,700	584	3,116
Mileage and training	10,450	15,930	(5,480)	10,410	11,994	(1,584)
Other	83,187	62,909	20,278	71,724	135,482	(63,758)
Total Disbursements	\$ 328,407	\$ 316,356	\$ 12,051	\$ 283,630	\$ 350,757	\$ (67,127)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 20,247	\$ 20,247	\$ (58,453)	\$ (86,726)	\$ (28,273)
CASH, JANUARY 1	(28,273)	(28,273)	0	58,453	58,453	0
CASH, DECEMBER 31	\$ (28,273)	\$ (8,026)	\$ 20,247	\$ 0	\$ (28,273)	\$ (28,273)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE SALES TAX FUND</u></b>						
RECEIPTS						
Sales Tax	\$ 220,550	\$ 233,658	\$ 13,108	\$ 160,650	\$ 213,000	\$ 52,350
Interest	4,575	4,422	(153)	3,500	5,143	1,643
Other	0	1,794	1,794	0	0	0
Total Receipts	\$ 225,125	\$ 239,874	\$ 14,749	\$ 164,150	\$ 218,143	\$ 53,993
DISBURSEMENTS						
Gravel to Townships	\$ 190,500	\$ 231,412	\$ (40,912)	\$ 150,000	\$ 209,296	\$ (59,296)
Transfers out	0	19,030	(19,030)	0	0	0
Other	0	7	(7)	0	905	(905)
Total Disbursements	\$ 190,500	\$ 250,449	\$ (59,949)	\$ 150,000	\$ 210,201	\$ (60,201)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 34,625	\$ (10,575)	\$ (45,200)	\$ 14,150	\$ 7,942	\$ (6,208)
CASH, JANUARY 1	164,311	164,311	0	156,369	156,369	0
CASH, DECEMBER 31	\$ 198,936	\$ 153,736	\$ (45,200)	\$ 170,519	\$ 164,311	\$ (6,208)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales Tax	\$ 220,550	\$ 241,119	\$ 20,569	\$ 199,100	\$ 211,003	\$ 11,903
Interest	450	481	31	475	452	(23)
Other	14,000	10,582	(3,418)	1,075	14,331	13,256
Total Receipts	\$ 235,000	\$ 252,182	\$ 17,182	\$ 200,650	\$ 225,786	\$ 25,136
DISBURSEMENTS						
Office expenditures	\$ 17,360	\$ 22,670	\$ (5,310)	\$ 15,450	\$ 21,794	\$ (6,344)
Insurance	143,609	73,698	69,911	85,822	47,650	38,172
Building maintenance	150	0	150	0	0	0
Mileage and training	4,150	3,991	159	5,150	4,079	1,071
Jail	69,719	95,905	(26,186)	87,742	88,937	(1,195)
Vehicles	0	0	0	6,300	0	6,300
Transfers out	0	57,500	(57,500)	0	60,000	(60,000)
Variance (Note 5)	0	(33)	33	0	(1)	1
Total Disbursements	\$ 234,988	\$ 253,731	\$ (18,743)	\$ 200,464	\$ 222,459	\$ (21,995)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 12	\$ (1,549)	\$ (1,561)	\$ 186	\$ 3,327	\$ 3,141
CASH, JANUARY 1	2,241	2,241	0	(1,086)	(1,086)	0
CASH, DECEMBER 31	\$ 2,253	\$ 692	\$ (1,561)	\$ (900)	\$ 2,241	\$ 3,141
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 10,000	\$ 13,386	\$ 3,386	\$ 12,000	\$ 11,561	\$ (439)
Total Receipts	\$ 10,000	\$ 13,386	\$ 3,386	\$ 12,000	\$ 11,561	\$ (439)
DISBURSEMENTS						
Prosecuting Attorney	\$ 7,500	\$ 12,295	\$ (4,795)	\$ 9,000	\$ 15,675	\$ (6,675)
Total Disbursements	\$ 7,500	\$ 12,295	\$ (4,795)	\$ 9,000	\$ 15,675	\$ (6,675)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,500	\$ 1,091	\$ (1,409)	\$ 3,000	\$ (4,114)	\$ (7,114)
CASH, JANUARY 1	2,692	2,692	0	6,806	6,806	0
CASH, DECEMBER 31	\$ 5,192	\$ 3,783	\$ (1,409)	\$ 9,806	\$ 2,692	\$ (7,114)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,750	\$ 2,594	\$ (156)	\$ 2,000	\$ 3,188	\$ 1,188
Total Receipts	\$ 2,750	\$ 2,594	\$ (156)	\$ 2,000	\$ 3,188	\$ 1,188
DISBURSEMENTS						
Publications	\$ 3,250	\$ 1,800	\$ 1,450	\$ 2,600	\$ 2,781	\$ (181)
Total Disbursements	\$ 3,250	\$ 1,800	\$ 1,450	\$ 2,600	\$ 2,781	\$ (181)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ 794	\$ 1,294	\$ (600)	\$ 407	\$ 1,007
CASH, JANUARY 1	1,049	1,049	0	642	642	0
CASH, DECEMBER 31	\$ 549	\$ 1,843	\$ 1,294	\$ 42	\$ 1,049	\$ 1,007
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 300	\$ 882	\$ 582	\$ 250	\$ 295	\$ 45
Total Receipts	\$ 300	\$ 882	\$ 582	\$ 250	\$ 295	\$ 45
DISBURSEMENTS						
Abuse Shelter	\$ 1,175	\$ 1,585	\$ (410)	\$ 830	\$ 0	\$ 830
Total Disbursements	\$ 1,175	\$ 1,585	\$ (410)	\$ 830	\$ 0	\$ 830
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (875)	\$ (703)	\$ 172	\$ (580)	\$ 295	\$ 875
CASH, JANUARY 1	875	875	0	580	580	0
CASH, DECEMBER 31	\$ 0	\$ 172	\$ 172	\$ 0	\$ 875	\$ 875
<b><u>CRIME VICTIMS INVESTIGATION FUND</u></b>						
RECEIPTS						
Charges for services				\$ 0	\$ 273	\$ 273
Interest				0	6	6
Total Receipts				\$ 0	\$ 279	\$ 279
DISBURSEMENTS						
Law books and supplies				\$ 2,879	\$ 3,139	\$ (260)
Other				\$ 0	\$ 19	\$ (19)
Total Disbursements				\$ 2,879	\$ 3,158	\$ (279)
RECEIPTS OVER (UNDER) DISBURSEMENTS				\$ (2,879)	\$ (2,879)	\$ 0
CASH, JANUARY 1				2,879	2,879	0
CASH, DECEMBER 31				\$ 0	\$ 0	\$ 0

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 8,100	\$ 7,019	\$ (1,081)	\$ 6,500	\$ 8,165	\$ 1,665
Total Receipts	\$ 8,100	\$ 7,019	\$ (1,081)	\$ 6,500	\$ 8,165	\$ 1,665
DISBURSEMENTS						
Sheriff	\$ 13,000	\$ 654	\$ 12,346	\$ 6,000	\$ 1,375	\$ 4,625
Total Disbursements	\$ 13,000	\$ 654	\$ 12,346	\$ 6,000	\$ 1,375	\$ 4,625
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,900)	\$ 6,365	\$ 11,265	\$ 500	\$ 6,790	\$ 6,290
CASH, JANUARY 1	13,014	13,014	0	6,224	6,224	0
CASH, DECEMBER 31	\$ 8,114	\$ 19,379	\$ 11,265	\$ 6,724	\$ 13,014	\$ 6,290
<b><u>RECORD STORAGE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 4,400	\$ 5,611	\$ 1,211	\$ 5,100	\$ 4,493	\$ (607)
Interest	290	0	(290)	0	297	297
Total Receipts	\$ 4,690	\$ 5,611	\$ 921	\$ 5,100	\$ 4,790	\$ (310)
DISBURSEMENTS						
Office supplies	\$ 1,800	\$ 2,325	\$ (525)	\$ 6,600	\$ 3,282	\$ 3,318
Transfer out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,000	\$ (4,000)
Total Disbursements	\$ 1,800	\$ 2,325	\$ (525)	\$ 6,600	\$ 7,282	\$ (682)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,890	\$ 3,286	\$ 396	\$ (1,500)	\$ (2,492)	\$ (992)
CASH, JANUARY 1	13,914	13,914	0	16,406	16,406	0
CASH, DECEMBER 31	\$ 16,804	\$ 17,200	\$ 396	\$ 14,906	\$ 13,914	\$ (992)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 1,000	\$ 1,271	\$ 271	\$ 3,000	\$ 1,430	\$ (1,570)
Total Receipts	\$ 1,000	\$ 1,271	\$ 271	\$ 3,000	\$ 1,430	\$ (1,570)
DISBURSEMENTS						
Office supplies	\$ 1,500	\$ 165	\$ 1,335	\$ 4,000	\$ 109	\$ 3,891
Total Disbursements	\$ 1,500	\$ 165	\$ 1,335	\$ 4,000	\$ 109	\$ 3,891
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ 1,106	\$ 1,606	\$ (1,000)	\$ 1,321	\$ 2,321
CASH, JANUARY 1	6,568	6,568	0	5,247	5,247	0
CASH, DECEMBER 31	\$ 6,068	\$ 7,674	\$ 1,606	\$ 4,247	\$ 6,568	\$ 2,321

The accompanying Notes to the Financial Statements are an integral part of this statement.

CALDWELL COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PLANNING AND ZONING FUND</u></b>			
RECEIPTS			
Charges for services	\$ 19,575	\$ 17,274	\$ (2,301)
Total Receipts	\$ 19,575	\$ 17,274	\$ (2,301)
DISBURSEMENTS			
Transfers out	\$ 19,575	\$ 17,274	\$ 2,301
Total Disbursements	\$ 19,575	\$ 17,274	\$ 2,301
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 0	\$ 0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	\$ 0	\$ 0
<b><u>PROSECUTING ATTY DELINQUENT TAX FUND</u></b>			
RECEIPTS			
Other	\$ 900	\$ 636	\$ (264)
Total Receipts	\$ 900	\$ 636	\$ (264)
DISBURSEMENTS			
Other	\$ 750	\$ 0	\$ 750
Total Disbursements	\$ 750	\$ 0	\$ 750
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 150	\$ 636	\$ 486
CASH, JANUARY 1	2,929	2,929	0
CASH, DECEMBER 31	\$ 3,079	\$ 3,565	\$ 486
<b><u>ELECTION SERVICES FUND</u></b>			
RECEIPTS			
Other	\$ 500	\$ 1,598	\$ 1,098
Total Receipts	\$ 500	\$ 1,598	\$ 1,098
DISBURSEMENTS			
Other	\$ 1,000	\$ 1,875	\$ (875)
Total Disbursements	\$ 1,000	\$ 1,875	\$ (875)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ (277)	\$ 223
CASH, JANUARY 1	1,089	1,089	0
CASH, DECEMBER 31	\$ 589	\$ 812	\$ 223

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CALDWELL COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit	
Division Interest Fund	2001 and 2000
Prosecuting Attorney	
Delinquent Tax Fund	2000
Local Emergency	
Planning Commission Fund	2001 and 2000
Election Services Fund	2000
Planning and Zoning Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2001 and 2000
Special Road and Bridge Fund	2001 and 2000
Assessment Fund	2001 and 2000
Law Enforcement Training Fund	2000
Prosecuting Attorney Training Fund	2000
Health Center	2000
Special Road and Bridge Sales Tax Fund	2000
Law Enforcement Sales Tax Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001 and 2000
Law Library Fund	2000
Domestic Violence Fund	2001
Crime Victim Investigation Fund	2000
Record Storage Fund	2001 and 2000
Election Services Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2001
Law Enforcement Sales Tax Fund	2000

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Health Center Fund for the year ended December 31, 2001.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:



Fund	Years Ended December 31,
Law Enforcement Training Fund	2001 and 2000
Prosecuting Attorney Training Fund	2001 and 2000
Special Road and Bridge Sales Tax Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001 and 2000
Law Library Fund	2001 and 2000
Domestic Violence Fund	2001 and 2000
Sheriff Civil Fees Fund	2001 and 2000
Record Storage Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Planning and Zoning Fund	2001 and 2000
Associate Circuit Interest Fund	2001 and 2000
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000
Election Services Fund	2001 and 2000
Local Emergency Planning Commission Fund	2001 and 2000
Crime Victims Investigation Fund	2000

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the escrow bank in the county's name.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

To protect the safety of county deposits, Section 110.020, RSMo 2000 requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2001, Caldwell County collected \$48,101 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Caldwell County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections. See finding 01-2.

4. Prior Period Adjustment

The General Revenue Fund's cash balance at January 1, 2000, as previously stated has been decreased by \$24,736 to reflect a correction of the 1998 Planning and Zoning expenditures reported.

5. Variances

The variances reported are the differences between disbursements according to the County Clerk and Treasurer registers and the amount necessary for ending cash to equal the Treasurer's final settlement less outstanding warrants. See finding 01-1.

## Supplementary Schedule

CALDWELL COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U.S. DEPARTMENT OF AGRICULTURE			
10.599	Passed through state Department of Health - Summer Food Program for Children	EPS-146-0112I	\$ 0	\$ 57
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	97UMWX0535	0	6,560
	Passed through:			
16.575	State Department of Public Safety - Crime Victim Assistance	VOCA-0006	26,505	4,712
		VOCA-0008	7,977	0
	Program total		<u>34,482</u>	<u>4,712</u>
16.unknown	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	N/A	1,089	808
16.unknown	State Department of Health - Survey on Emergency Preparedness	TE-CX0177DOJ	0	500
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-013(16)	199,028	191,865
		BRO-013(18)	155,323	32,700
		BRO-013(19)	113,703	20,763
		BRO-013(20)	8,391	26,609
	Program total		<u>476,445</u>	<u>271,937</u>
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
83.544	Passed through state Department of Public Safety: Public Assistance Grants	N/A	0	49,086
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	N/A	7,579	11,231
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	314	701
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-0112S	0	570
		PGA067-1112S	240	80
		PGA067-2112S	160	0
		PGA067-0112C	0	975
		PGA067-1112C	1,123	165
		PGA067-2112C	440	0
	Program total		<u>1,963</u>	<u>1,790</u>
93.991	Preventive Health and Health Services Block Grant	N/A	0	134
93.994	Maternal and Child Health Services	N/A	853	669
	Block Grant to the States	ERS146-0112M	0	6,962
		ERS146-1112M	15,196	2,690
	Program total		<u>16,049</u>	<u>10,321</u>
	Total Expenditures of Federal Awards		<u>\$ 537,921</u>	<u>\$ 357,837</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

CALDWELL COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Caldwell County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions which govern the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The program amount for Immunization Grants (CFDA number 93.268), \$11,231 represents the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the year ended December 31, 2000. Of the amount for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$134 represents the original acquisition cost of vaccines received by the Health Center through the state

Department of Health during the year ended December 31, 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$853 and \$669 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$45,191 to the Townships under the Public Assistance Grant (CFDA number 83.544) during the year ended December 31, 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## Independent Auditor's Reports

SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

---

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
and  
County Commission of  
Caldwell County, Missouri

Compliance

We have audited the compliance of Caldwell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Caldwell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Caldwell County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 29, 2002

## Schedule

CALDWELL COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?   X   yes        no

Reportable condition identified that is  
not considered to be a material weakness?        yes   X   none reported

Noncompliance material to the financial statements  
noted?   X   yes        no

Federal Awards

Internal control over major program:

Material weakness identified?        yes   X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes        none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes        no

Identification of major program:

CFDA or Other Identifying Number	Program Title
----------------------------------------	---------------

20.205	Highway Planning and Construction
--------	-----------------------------------

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   X   no

## Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

### 01-1 Budgetary and Reconciliation Controls

As disclosed in Note 5 to the financial statements, variance amounts are reported in Exhibit B in order for the statements to be mathematically accurate as follows:

	<u>General Revenue</u>	<u>Road &amp; Bridge</u>	<u>Assessment</u>	<u>Law Enforcement Sales Tax</u>
2000:				
Expenditures per payroll and distribution registers	\$817,676	\$869,483	\$103,926	\$162,404
Treasurer's disbursements not recorded by County Clerk	<u>16,401</u>	<u>60,958</u>	<u>22</u>	<u>60,056</u>
Total expenditures	\$834,077	\$930,441	\$103,948	\$222,460
Variance	<u>22,700</u>	<u>74</u>	<u>(3,063)</u>	<u>(1)</u>
Expenditures necessary *	<u><u>\$856,777</u></u>	<u><u>\$930,515</u></u>	<u><u>\$100,885</u></u>	<u><u>\$222,459</u></u>
2001:				
Expenditures per payroll and distribution registers	\$895,743	\$959,687	\$109,448	\$196,204
Treasurer's disbursements not recorded by County Clerk	<u>10,933</u>	<u>37,985</u>	<u>32</u>	<u>57,560</u>
Total expenditures	\$906,676	\$997,672	\$109,480	\$253,764
Variance	<u>176</u>	<u>(2,540)</u>	<u>(362)</u>	<u>(33)</u>
Expenditures necessary *	<u><u>\$906,852</u></u>	<u><u>\$995,132</u></u>	<u><u>\$109,118</u></u>	<u><u>\$253,731</u></u>

\* Expenditures necessary for ending cash balances to equal the County Treasurer's final settlements less warrants outstanding.

These variances are caused by the following:

The county does not maintain a general ledger. The County Clerk does maintain manual warrant, payroll and distribution of expenditures registers. However, variances were noted for some funds disbursements between the warrant register and the disbursements according to the payroll and distribution of expenditures registers as follows:

	<u>Warrant Register</u>	<u>Payroll and Distribution Registers</u>	<u>Variance</u>
2000:			
General Revenue	\$844,014	\$817,676	\$26,338
Road & Bridge	869,638	869,483	155
Assessment	100,863	103,926	(3,063)
Law Enforcement Sales Tax	162,403	162,404	(1)
2001:			
General Revenue	\$897,474	\$895,743	\$1,731
Road & Bridge	959,402	959,687	(285)
Assessment	109,086	109,448	(362)
Law Enforcement Sales Tax	196,171	196,204	(33)

The county is required to report actual cash balances, receipts and disbursements in the budget documents submitted to the State. However, the budget document containing 2000 and 2001 actual amounts is not supported by the County Clerk's registers. For example, health insurance of \$19,903 in the General Revenue Fund for 2000 is reported twice; expenditures of \$26,609 are reported twice in the Road and Bridge Fund in 2000; and many other amounts reported did not agree with the payroll and distribution of expenditures registers. It should be noted that fewer variances were noted in 2001 indicating some improvement. Furthermore, bank charges, some jury fees and some interfund transfers are only recorded by the County Treasurer and are, therefore, omitted from the County Clerk's registers.

Disbursement testwork noted 4 of 60 untimely payment of warrants issued. Additionally, as disclosed in note 1.C. to the financial statements, warrants were issued in excess of budgeted amounts, and deficit balances were budgeted for some funds. Further, warrants were issued in excess of cash balances as follows:

	<u>2000</u>	<u>2001</u>
General Revenue Fund	\$101,321	\$65,388
Assessment Fund	26,807	0
Health Center	<u>28,273</u>	<u>8,026</u>
Total Deficit Spending	<u>\$156,401</u>	<u>\$73,414</u>

The balances of special revenue funds held by the county covered the deficit spending of the above funds, averting an overdraft of the bank account. However, special revenue funds are restricted by law to specific purposes.

Additionally, current procedures provide for the County Treasurer to reconcile the bank statements to the Treasurer's checkbook. This process precludes consideration of outstanding warrants. Therefore, audit attempted to reconcile the balances to the

Treasurer's final settlements, and to consider the outstanding warrants because they are deemed disbursed in the financial statements. The reconciliation to the final settlements resulted in variances of (\$147) and \$53 at December 31, 2001 and 2000, respectively. Reconciliation of warrants between the County Treasurer and County Clerk revealed the following variances:

	<u>General Revenue</u>	<u>Road and Bridge</u>
2000:		
Treasurer's checks paid	\$777,184	\$1,035,322
Outstanding warrants, 12/31/99	(57,874)	(136,985)
Outstanding warrants, 12/31/00	137,468	32,188
Treasurer's disbursements not recorded by County Clerk	<u>(16,401)</u>	<u>(60,958)</u>
Expected warrants issued	\$840,377	\$869,567
Variance	<u>3,637</u>	<u>71</u>
County Clerks' warrants issued	<u><u>\$844,014</u></u>	<u><u>\$869,638</u></u>
2001:		
Treasurer's checks paid	\$945,219	\$985,555
Outstanding warrants, 12/31/00	(137,468)	(32,188)
Outstanding warrants, 12/31/01	99,102	41,765
Treasurer's disbursements not recorded by County Clerk	<u>(10,933)</u>	<u>(37,985)</u>
Expected warrants issued	\$895,920	\$957,147
Variance	<u>1,554</u>	<u>2,255</u>
County Clerk's warrants issued	<u><u>\$897,474</u></u>	<u><u>\$959,402</u></u>

These misstatements and errors would be lessened by the use of a general ledger that provided budgetary comparisons. Proper budgetary and reconciliation controls would assist the county in complying with State statutes, including accurate reporting, timely payment of warrants, and assurance that the County Clerk and Treasurer reconcile fund activity and balances.

Similar issues had been noted in the prior audit.

WE RECOMMEND the County Clerk use the computer program to record all receipts and disbursements for each fund of the county, including bank charges, jury fees and interfund transfers. This register should also provide the actual balance per fund that is available to issue warrants against. This register would provide an independent source for the County Treasurer to reconcile the bank statements to. Until this can be fully implemented, we recommend the County Clerk ensure the mathematical accuracy and agreement of the warrant register to the distribution of expenditures and payroll registers no less than monthly. We also recommend the County Clerk provide the County



Commission with a monthly budget to actual comparison to assist in complying with budgetary and special revenue fund controls.

#### AUDITEE'S RESPONSE

The county will work on improving budgetary and reconciliation controls.

The Health Center had to remodel the new building in 2001 but knew a commitment from the bank was available to help finance the necessary repairs. This resulted in the deficit budget balance.

#### 01-2 County Sales Tax

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Caldwell County voters under the provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected for the year ended December 31, 2001:

	Year Ended December 31,	
	2001	2000
Actual sales tax revenues	\$ 207,674	\$ 201,049
Required percentage of revenue reduction	x 50%	x 50%
Required property tax revenue reduction	\$ 103,837	\$ 100,525
Assessed valuation	\$ 77,652,556	\$ 72,964,320
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	x 0.1238	x 0.1138
Actual property tax revenue reduction	\$ 96,134	\$ 83,033
Excess property tax revenues collected	\$ 7,703	\$ 17,492
Excess collected – 2000	17,492	
Excess collected – 1999	21,017	
Excess collected – 1998	1,889	
Excess at December 31, 2001	\$ 48,101	

Based upon the previous audit report, the county rolled back the property tax levy in 2001. However, the sales tax collections have continually increased each year causing the property tax roll-back to be insufficient.

WE RECOMMEND the County Commission reduce the property tax levy adequately to meet sales tax reduction requirements, including reductions for excess property taxes through 2001.

### AUDITEES'S RESPONSE

In 2002 the county will roll-back the property tax levy further to comply with state regulations.

#### 01-3 Excessive Interfund Transfer

In 2001 the county transferred \$19,030 from the Road and Bridge Sales Tax Fund to the General Revenue Fund for administrative purposes. The transfer was for 1999, 2000 and 2001. However, the transfer exceeded the 3 percent limitation imposed by Section 50.515, RSMo 2000 as follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Budgeted expenditures	\$190,500	\$150,000	\$257,550
Maximum percent	<u>x 3%</u>	<u>x 3%</u>	<u>x 3%</u>
Maximum transfer allowed	\$ 5,715	\$ 4,500	\$7,726
Variance	<u>902</u>	<u>1,890</u>	<u>(1,703)</u>
Actual amount transferred	<u>\$ 6,617</u>	<u>\$6,390</u>	<u>\$6,023</u>

WE RECOMMEND the county reduce the administrative transfer in 2002 by \$1,089 or return \$1,089 to the Road and Bridge Sales Tax Fund.

### AUDITEE'S RESPONSE

The county has returned the funds to the Road and Bridge Sales Tax Fund in 2002.

#### 01-4 Procurement

The county and Health Center do not always solicit bids on purchases of \$4,500 or more as required by Section 50.660, RSMo 2000. Additionally, the county and Health Center do not document support for sole source procurements or reasons for not accepting the lowest bids.

WE RECOMMEND the county and Health Center solicit bids on items costing \$4,500 or more, and retain documentation supporting sole source procurements and acceptance of bids that are not the lowest.

### AUDITEE'S RESPONSE

The county and Health Center will improve efforts to better document procurement actions in accordance with State regulations.

### Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

#### 01-5 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have procedures in place to adequately identify Federal assistance for the preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, the information presented for most programs did not agree with the county's expenditure records. In addition, some program expenditures were omitted, including \$49,086 from the Federal Emergency Management Agency; \$6,560, \$4,712, \$500, \$808, \$34,482 and \$1,089 from the U.S. Department of Justice; and \$701 and \$314 from the U.S. Department of Health and Human Services.

Without an accurate SEFA, Federal financial activity may not be audited and reported in accordance with Federal audit requirements which could result in future reductions of Federal funds.

WE RECOMMEND the county prepare a complete and accurate schedule of expenditures of Federal awards to submit to the State Auditor's Office as part of the annual budget.

#### AUDITEE'S RESPONSE

The county and Health Center will better communicate with elected officials and pass-through grantors to accurately report Federal award activity.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CALDWELL COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Caldwell County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 1999.

99-1 Financial Reporting

The county did not have procedures in place to ensure the county's budget documents were properly prepared and that they accurately presented financial activities of the county. Additionally, the County Clerk did not maintain a general ledger of revenue and expenditures but compiled the information required through receipt slips and manual registers.

Current Status: Not fully implemented. See current Schedule of Findings and Questioned Costs, finding 01-1.

99-2 County Sales Tax

The county did not sufficiently reduce its property tax revenues by 50% of the sales tax revenues as provided in the ballot issue passed by the Caldwell County voters under the provisions of Section 67.505, RSMo 1994, resulting in excess collections of \$22,906 as of December 31, 1999.

Current Status: Not fully implemented. See current Schedule of Findings and Questioned Costs, finding 01-2.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

CALDWELL COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-3    Schedule of Expenditures of Federal Awards

The county did not have procedures in place to adequately track federal assistance for preparation of the SEFA in that the information presented for most programs did not agree with the county's expenditure records. Additionally, some program expenditures were omitted from the schedule.

Current Status: Not implemented. See current Schedule of Findings and Questioned Costs, finding 01-5.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Bollinger County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Bollinger County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Kraus and Head, L.L.P., Business Consultants and Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-64  
August 30, 2002



BOLLINGER COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001

# BOLLINGER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Auditor's Reports: .....	3-6
Financial Statements.....	3-4
Compliance and Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements:.....	7-27
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds
A-1	Year Ended December 31, 2001.....8
A-2	Year Ended December 31, 2000 .....9
	<u>General Revenue Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....10
	<u>Special Road and Bridge Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Assessment Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....11
	<u>Law Enforcement Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12
	<u>Prosecuting Attorney Training Fund</u>
B	Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....12

# **BOLLINGER COUNTY, MISSOURI**

## **TABLE OF CONTENTS**

Page

### **FINANCIAL SECTION**

---

#### **Financial Statements:**

<u>Exhibit</u>	<u>Description</u>	
B	<u>Health Center Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	12
B	<u>Special Law Enforcement Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000.....	13
B	<u>Prosecuting Attorney Delinquent Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Recorder's User Fee Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	13
B	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>Children's Trust Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14
B	<u>Sheriff's Civil Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	14

# **BOLLINGER COUNTY, MISSOURI**

## **TABLE OF CONTENTS**

Page

### **FINANCIAL SECTION**

---

#### Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
B	<u>Senate Bill 40 Board Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Sheriff's Building Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Sheriff's Donation Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	15
B	<u>Associate Division Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Probate Division Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	16
B	<u>Dare Program Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	17
B	<u>Circuit Clerk Interest Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....	17

# **BOLLINGER COUNTY, MISSOURI**

## **TABLE OF CONTENTS**

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
B	<u>Election Service Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....17
B	<u>Dare Donation Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Recorder Technology Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Sheriff's Interest Fund</u> Comparative Statement of Receipts, Disbursements And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....18
B	<u>Rerorder's Grant Fund</u> Comparative Statement of Receipts, Disbursements, And Changes in Cash – Budget and Actual, Years, Ended December 31, 2001 and 2000.....19
Notes to the Financial Statements.....20-23	
Schedule.....24-25	
Schedule of Findings, Years Ended December 31, 2001 and 2000.....24-25	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standard</i> .....26-27	

# **BOLLINGER COUNTY, MISSOURI**

## **TABLE OF CONTENTS**

### **Page**

#### **FINANCIAL SECTION**

---

#### **MANAGEMENT ADVISORY REPORT SECTION**

Management Advisory Report Auditor's Findings.....28-33

<b><u>Number</u></b>	<b><u>Description</u></b>	
1.	Time Cards.....	31
2.	Vouching System.....	31
3.	Sheriff's Log.....	31
4.	Segregation of Duties.....	32
5.	Health Center.....	32-33
6.	Recorder's Grant Account.....	33

Follow-Up on Prior Audit Findings.....34-39

*Krauss and Head, L.L.P.*  
*Business Consultants*  
*and Certified Public Accountants*  
*301 Sovereign Court*  
*Suite 202*  
*St. Louis, MO 63011*

Gary L. Krauss, C.P.A. \*  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

LICENSED IN MISSOURI AND ILLINOIS

INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Bollinger County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of ***Bollinger County, Missouri***, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on the special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of The United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of ***Bollinger County, Missouri***, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of ***Bollinger County, Missouri***.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of ***Bollinger County, Missouri***, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America, the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 5, 2002 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002



***Krauss and Head, L.L.P.***  
*Business Consultants*  
*and Certified Public Accountants*  
301 Sovereign Court  
Suite 202  
St. Louis, MO 63011

Gary L. Krauss, C.P.A. \*  
Tim L. Head, C.P.A.

Phone 636-207-6730  
Fax 636-207-6731

LICENSED IN MISSOURI AND ILLINOIS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Bollinger County, Missouri

We have audited the special-purpose financial statements of various funds of ***Bollinger County, Missouri***, as of and for the years ended December 31, 2001 and 2000, and have issued our report there on dated June 5, 2002. We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of ***Bollinger County, Missouri***, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of ***Bollinger County, Missouri***, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of ***Bollinger County, Missouri*** and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Krauss and Head, L.L.P.  
Business Consultants and  
Certified Public Accountants

Original Signed by Auditor

St. Louis, MO 63011  
June 5, 2002

## Financial Statements

Exhibit A-1

BOLLINGER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 19,771	1,045,453	1,056,270	8,954
Special Road and Bridge	107,989	967,229	883,989	191,229
Assessment	21,048	91,150	98,194	14,004
Law Enforcement Training	783	2,063	1,634	1,212
Prosecuting Attorney Training	246	247	493	0
Health Center	221,749	465,565	423,459	263,855
Special Law Enforcement	219	4	120	103
Recorder's User Fee	1,619	5,958	5,095	2,482
Prosecuting Attorney Bad Check	2,381	3,936	5,200	1,117
Children's Trust	640	1,083	1,723	0
Sheriff's Civil	5,327	11,511	11,409	5,429
Senate Bill 40 Board	47,573	97,995	128,426	17,142
Sheriff's Building	55	3	58	0
Sheriff's Donation	14,889	2,733	14,359	3,263
Associate Division Interest	2,385	302	333	2,354
Probate Division Interest	592	0	0	592
Law Library	4,513	4,145	2,532	6,126
DARE Program	9,555	14,168	22,792	931
Circuit Division Interest	114	1,625	1,736	3
Election service	782	1,571	1,019	1,334
DARE Donation	0	85	23	62
Recorder Technology	0	1,535	0	1,535
Sheriff's Interest	260	3,176	2,848	588
Recorder's Grant	242	0	0	242 *
Total	\$ 462,732	2,721,537	2,661,712	522,557

\* Data requested has not been provided. Balance unknown.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BOLLINGER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 4,612	1,023,586	1,008,427	19,771
Special Road and Bridge	81,696	895,275	868,982	107,989
Assessment	35,575	81,846	96,373	21,048
Law Enforcement Training	1,562	1,744	2,523	783
Prosecuting Attorney Training	414	317	485	246
Health Center	206,346	397,870	382,467	221,749
Special Law Enforcement	469	50	300	219
Prosecuting Attorney Delinquent Sales Tax	12	2	14	0
Recorder's User Fee	4,229	5,529	8,139	1,619
Prosecuting Attorney Bad Check	354	5,227	3,200	2,381
Children's Trust	182	458	0	640
Sheriff's Civil	982	15,060	10,715	5,327
Senate Bill 40 Board	87,943	92,090	132,460	47,573
Sheriff's Building	112	12	69	55
Sheriff's Donation	978	14,581	670	14,889
Associate Division Interest	2,149	736	500	2,385
Probate Division Interest	1,282	783	1,473	592
Law Library	3,615	5,808	4,910	4,513
DARE Program	0	12,224	2,669	9,555
Circuit Division Interest	1,938	2,908	4,732	114
Election service	0	782	0	782
Sheriff's Interest	262	48	50	260
Recorder's Grant	242	0	0	242 *
Total	\$ 434,954	2,556,936	2,529,158	462,732

\* Data requested has not been provided. Balance unknown.

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 2,561,986	2,721,537	159,551	2,360,730	2,556,936	196,206
DISBURSEMENTS	2,737,244	2,661,712	75,532	2,598,247	2,529,158	69,089
RECEIPTS OVER (UNDER) DISBURSEMENTS	(175,258)	59,825	235,083	(237,517)	27,778	265,295
CASH, JANUARY 1	462,230	462,732	502	432,512	434,954	2,442
CASH, DECEMBER 31	286,972	522,557	235,585	194,995	462,732	267,737
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	181,700	152,428	(29,272)	168,800	161,625	(7,175)
Sales taxes	560,000	555,528	(4,472)	525,600	530,102	4,502
Intergovernmental	57,420	135,615	78,195	74,750	63,009	(11,741)
Charges for services	139,000	134,292	(4,708)	119,700	124,371	4,671
Interest	2,700	2,480	(220)	3,000	2,673	(327)
Other	47,160	65,110	17,950	29,900	119,006	89,106
Transfers in	22,500	0	(22,500)	23,043	22,800	(243)
Total Receipts	1,010,480	1,045,453	34,973	944,793	1,023,586	78,793
DISBURSEMENTS						
County Commission	59,100	59,017	83	59,300	58,995	305
County Clerk	48,430	48,632	(202)	47,690	48,473	(783)
Elections	13,480	12,253	1,227	54,550	57,597	(3,047)
Buildings and grounds	58,700	65,576	(6,876)	83,400	56,054	27,346
Employee fringe benefits	48,500	59,328	(10,828)	50,013	47,260	2,753
County Treasurer	25,501	23,769	1,732	26,001	24,803	1,198
County Collector	60,755	58,857	1,898	59,140	57,267	1,873
Ex Officio Recorder of Deeds	18,715	17,754	961	16,730	17,688	(958)
Circuit Clerk	13,224	10,266	2,958	13,305	9,519	3,786
Associate Circuit Court	6,252	7,824	(1,572)	5,694	5,455	239
Court administration	5,100	2,072	3,028	8,800	4,955	3,845
Public Administrator	17,925	17,892	33	10,000	9,712	288
Sheriff	315,223	321,478	(6,255)	180,343	235,450	(55,107)
Jail	99,160	108,744	(9,584)	112,170	127,813	(15,643)
Prosecuting Attorney	73,640	74,782	(1,142)	71,290	71,552	(262)
Juvenile Officer	45,000	36,570	8,430	45,000	40,227	4,773
County Coroner	15,690	13,867	1,823	18,289	14,670	3,619
General county government	67,740	112,274	(44,534)	0	120,631	(120,631)
Debt service	80,000	0	80,000	0	0	0
Other	1,000	315	685	95,722	306	95,416
Transfers out	5,000	5,000	0	28,070	0	28,070
Emergency Fund	20,000	0	20,000	30,000	0	30,000
Total Disbursements	1,098,135	1,056,270	41,865	1,015,507	1,008,427	7,080
RECEIPTS OVER (UNDER) DISBURSEMENTS	(87,655)	(10,817)	76,838	(70,714)	15,159	85,873
CASH, JANUARY 1	19,771	19,771	0	4,612	4,612	0
CASH, DECEMBER 31	(67,884)	8,954	76,838	(66,102)	19,771	85,873

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	249,700	210,852	(38,848)	196,500	204,014	7,514
Intergovernmental	560,150	545,853	(14,297)	555,520	539,991	(15,529)
Interest	8,000	6,424	(1,576)	5,000	7,364	2,364
Other	1,210	204,100	202,890	11,085	143,906	132,821
Total Receipts	819,060	967,229	148,169	768,105	895,275	127,170
<b>DISBURSEMENTS</b>						
Salaries	260,897	312,414	(51,517)	235,348	231,777	3,571
Employee fringe benefits	64,280	78,202	(13,922)	76,792	65,091	11,701
Supplies	91,000	75,451	15,549	71,000	78,881	(7,881)
Insurance	17,000	14,322	2,678	15,000	16,798	(1,798)
Road and bridge materials	100,000	72,934	27,066	110,000	67,409	42,591
Equipment repairs	60,000	72,960	(12,960)	60,000	63,651	(3,651)
Equipment purchases	150,000	119,813	30,187	165,000	113,166	51,834
Construction, repair, and maintenance	0	0	0	5,000	0	5,000
Debt service	0	0	0	60,000	42,222	17,778
Other	100,800	113,321	(12,521)	117,500	167,187	(49,687)
Transfers out	22,500	24,572	(2,072)	22,800	22,800	0
Total Disbursements	866,477	883,989	(17,512)	938,440	868,982	69,458
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,417)	83,240	130,657	(170,335)	26,293	196,628
CASH, JANUARY 1	107,989	107,989	0	81,696	81,696	0
CASH, DECEMBER 31	60,572	191,229	130,657	(88,639)	107,989	196,628
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	90,475	83,354	(7,121)	90,070	78,599	(11,471)
Interest	500	808	308	1,000	1,396	396
Other	1,000	1,988	988	1,030	1,851	821
Transfers in	23,975	5,000	(18,975)	28,070	0	(28,070)
Total Receipts	115,950	91,150	(24,800)	120,170	81,846	(38,324)
<b>DISBURSEMENTS</b>						
Assessor	115,950	98,194	17,756	118,140	96,373	21,767
Total Disbursements	115,950	98,194	17,756	118,140	96,373	21,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,044)	(7,044)	2,030	(14,527)	(16,557)
CASH, JANUARY 1	21,048	21,048	0	35,575	35,575	0
CASH, DECEMBER 31	21,048	14,004	(7,044)	37,605	21,048	(16,557)

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOU

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,500	2,010	510	1,500	1,600	100
Interest	150	53	(97)	150	144	(6)
Total Receipts	1,650	2,063	413	1,650	1,744	94
<b>DISBURSEMENTS</b>						
Sheriff	2,400	1,634	766	0	2,523	(2,523)
Total Disbursements	2,400	1,634	766	0	2,523	(2,523)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	429	1,179	1,650	(779)	(2,429)
CASH, JANUARY 1	783	783	0	1,562	1,562	0
CASH, DECEMBER 31	33	1,212	1,179	3,212	783	(2,429)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	250	235	(15)	280	255	(25)
Interest	60	12	(48)	90	62	(28)
Total Receipts	310	247	(63)	370	317	(53)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	556	493	63	0	485	(485)
Total Disbursements	556	493	63	0	485	(485)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(246)	(246)	0	370	(168)	(538)
CASH, JANUARY 1	246	246	0	414	414	0
CASH, DECEMBER 31	0	0	0	784	246	(538)
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	203,000	201,789	(1,211)	193,000	195,453	2,453
Intergovernmental	239,500	236,727	(2,773)	182,500	186,110	3,610
Interest	15,000	15,764	764	9,600	12,953	3,353
Other	16,500	11,285	(5,215)	9,300	3,354	(5,946)
Total Receipts	474,000	465,565	(8,435)	394,400	397,870	3,470
<b>DISBURSEMENTS</b>						
Salaries	255,700	235,264	20,436	228,890	230,879	(1,989)
Office expenditures	99,550	102,603	(3,053)	61,003	72,540	(11,537)
Equipment	5,150	2,545	2,605	3,900	950	2,950
Mileage and training	15,000	10,024	4,976	11,000	7,469	3,531
Contract services	34,600	26,971	7,629	32,000	13,120	18,880
Building mortgage	64,000	46,052	17,948	56,907	57,509	(602)
Total Disbursements	474,000	423,459	50,541	393,700	382,467	11,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	42,106	42,106	700	15,403	14,703
CASH, JANUARY 1	221,749	221,749	0	206,346	206,346	0
CASH, DECEMBER 31	221,749	263,855	42,106	207,046	221,749	14,703

The accompanying Notes to the Financial Statements are an integral part of this statement



Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Interest	1	4	3	10	10	0
Other	0	0	0	0	40	40
Total Receipts	1	4	3	10	50	40
DISBURSEMENTS						
Equipment	221	120	101	0	300	(300)
Total Disbursements	221	120	101	0	300	(300)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(220)	(116)	104	10	(250)	(260)
CASH, JANUARY 1	219	219	0	469	469	0
CASH, DECEMBER 31	(1)	103	104	479	219	(260)
<b><u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u></b>						
RECEIPTS						
Interest	0	0	0	2	2	0
Total Receipts	0	0	0	2	2	0
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	14	(14)
Total Disbursements	0	0	0	0	14	(14)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	2	(12)	(14)
CASH, JANUARY 1	0	0	0	12	12	0
CASH, DECEMBER 31	0	0	0	14	0	(14)
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	5,000	5,830	830	6,000	5,074	(926)
Interest	500	128	(372)	500	455	(45)
Total Receipts	5,500	5,958	458	6,500	5,529	(971)
DISBURSEMENTS						
Recorder of Deeds	6,000	5,095	905	0	8,139	(8,139)
Total Disbursements	6,000	5,095	905	0	8,139	(8,139)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	863	1,363	6,500	(2,610)	(9,110)
CASH, JANUARY 1	1,619	1,619	0	4,229	4,229	0
CASH, DECEMBER 31	1,119	2,482	1,363	10,729	1,619	(9,110)

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	5,000	3,710	(1,290)	3,000	5,080	2,080
Interest	150	226	76	200	147	(53)
Total Receipts	5,150	3,936	(1,214)	3,200	5,227	2,027
<b>DISBURSEMENTS</b>						
Transfer out	5,200	5,200	0	0	3,200	(3,200)
Total Disbursements	5,200	5,200	0	0	3,200	(3,200)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(1,264)	(1,214)	3,200	2,027	(1,173)
CASH, JANUARY 1	2,381	2,381	0	354	354	0
CASH, DECEMBER 31	2,331	1,117	(1,214)	3,554	2,381	(1,173)
<b><u>CHILDREN'S TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	450	1,054	604	350	420	70
Interest	40	29	(11)	500	38	(462)
Total Receipts	490	1,083	593	850	458	(392)
<b>DISBURSEMENTS</b>						
Domestic violence shelters	1,000	1,723	(723)	0	0	0
Total Disbursements	1,000	1,723	(723)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(510)	(640)	(130)	850	458	(392)
CASH, JANUARY 1	640	640	0	182	182	0
CASH, DECEMBER 31	130	0	(130)	1,032	640	(392)
<b><u>SHERIFF'S CIVIL FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	15,200	11,152	(4,048)	19,500	14,711	(4,789)
Interest	350	359	9	500	349	(151)
Total Receipts	15,550	11,511	(4,039)	20,000	15,060	(4,940)
<b>DISBURSEMENTS</b>						
Office expenditures	20,000	11,409	8,591	0	10,715	(10,715)
Total Disbursements	20,000	11,409	8,591	0	10,715	(10,715)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,450)	102	4,552	20,000	4,345	(15,655)
CASH, JANUARY 1	5,327	5,327	0	982	982	0
CASH, DECEMBER 31	877	5,429	4,552	20,982	5,327	(15,655)

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	82,100	84,105	2,005	77,000	86,424	9,424
Intergovernmental	0	0	0	500	0	(500)
Interest	1,000	2,864	1,864	3,500	1,690	(1,810)
Other	11,400	11,026	(374)	2,400	3,976	1,576
Total Receipts	94,500	97,995	3,495	83,400	92,090	8,690
DISBURSEMENTS						
Mental Health Trust Fund	33,117	33,117	0	39,579	39,579	0
Building maintenance	65,360	81,463	(16,103)	73,728	73,728	0
Other	13,846	13,846	0	19,153	19,153	0
Total Disbursements	112,323	128,426	(16,103)	132,460	132,460	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,823)	(30,431)	(12,608)	(49,060)	(40,370)	8,690
CASH, JANUARY 1	47,573	47,573	0	87,943	87,943	0
CASH, DECEMBER 31	29,750	17,142	(12,608)	38,883	47,573	8,690
<b><u>SHERIFF'S BUILDING FUND</u></b>						
RECEIPTS						
Interest	10	3	(7)	75	12	(63)
Other	0	0	0	925	0	(925)
Total Receipts	10	3	(7)	1,000	12	(988)
DISBURSEMENTS						
Equipment	65	58	7	0	69	(69)
Total Disbursements	65	58	7	0	69	(69)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55)	(55)	0	1,000	(57)	(1,057)
CASH, JANUARY 1	55	55	0	112	112	0
CASH, DECEMBER 31	0	0	0	1,112	55	(1,057)
<b><u>SHERIFF'S DONATION FUND</u></b>						
RECEIPTS						
Interest	300	675	375	25	322	297
Donations	500	2,058	1,558	9,975	14,259	4,284
Total Receipts	800	2,733	1,933	10,000	14,581	4,581
DISBURSEMENTS						
Office expenditure	15,000	14,359	641	0	670	(670)
Total Disbursements	15,000	14,359	641	0	670	(670)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,200)	(11,626)	2,574	10,000	13,911	3,911
CASH, JANUARY 1	14,889	14,889	0	978	978	0
CASH, DECEMBER 31	689	3,263	2,574	10,978	14,889	3,911

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	800	302	(498)	425	736	311
Total Receipts	800	302	(498)	425	736	311
DISBURSEMENTS						
Associate Division	1,685	333	1,352	0	500	(500)
Total Disbursements	1,685	333	1,352	0	500	(500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(885)	(31)	854	425	236	(189)
CASH, JANUARY 1	2,385	2,385	0	2,149	2,149	0
CASH, DECEMBER 31	1,500	2,354	854	2,574	2,385	(189)
<b><u>PROBATE DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	75	0	(75)	85	783	698
Total Receipts	75	0	(75)	85	783	698
DISBURSEMENTS						
Probate Division	592	0	592	0	1,473	(1,473)
Total Disbursements	592	0	592	0	1,473	(1,473)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(517)	0	517	85	(690)	(775)
CASH, JANUARY 1	592	592	0	1,282	1,282	0
CASH, DECEMBER 31	75	592	517	1,367	592	(775)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Interest	125	110	(15)	70	128	58
Other	5,675	4,035	(1,640)	5,700	5,680	(20)
Total Receipts	5,800	4,145	(1,655)	5,770	5,808	38
DISBURSEMENTS						
Publications	5,000	2,532	2,468	0	4,910	(4,910)
Total Disbursements	5,000	2,532	2,468	0	4,910	(4,910)
RECEIPTS OVER (UNDER) DISBURSEMENTS	800	1,613	813	5,770	898	(4,872)
CASH, JANUARY 1	4,513	4,513	0	3,615	3,615	0
CASH, DECEMBER 31	5,313	6,126	813	9,385	4,513	(4,872)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DARE PROGRAM FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	10,000	13,800	3,800	0	12,029	12,029
Interest	0	368	368	0	195	195
Total Receipts	10,000	14,168	4,168	0	12,224	12,224
<b>DISBURSEMENTS</b>						
Dare Program	10,000	22,792	(12,792)	0	2,669	(2,669)
Total Disbursements	10,000	22,792	(12,792)	0	2,669	(2,669)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(8,624)	(8,624)	0	9,555	9,555
CASH, JANUARY 1	9,555	9,555	0	0	0	0
CASH, DECEMBER 31	9,555	931	(8,624)	0	9,555	9,555
<b><u>CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	1,500	1,625	125	0	2,908	2,908
Total Receipts	1,500	1,625	125	0	2,908	2,908
<b>DISBURSEMENTS</b>						
Office expense	1,500	1,736	(236)	0	4,732	(4,732)
Total Disbursements	1,500	1,736	(236)	0	4,732	(4,732)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(111)	(111)	0	(1,824)	(1,824)
CASH, JANUARY 1	114	114	0	0	1,938	1,938
CASH, DECEMBER 31	114	3	(111)	0	114	114
<b><u>ELECTION SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	340	1,519	1,179	0	762	762
Interest	20	52	32	0	20	20
Total Receipts	360	1,571	1,211	0	782	782
<b>DISBURSEMENTS</b>						
Equipment	1,140	1,019	121	0	0	0
Total Disbursements	1,140	1,019	121	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(780)	552	1,332	0	782	782
CASH, JANUARY 1	782	782	0	0	0	0
CASH, DECEMBER 31	2	1,334	1,332	0	782	782

The accompanying Notes to the Financial Statements are an integral part of this statement

## Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DARE DONATION FUND</u></b>						
RECEIPTS						
Charges for services	0	83	83	0	0	0
Interest	0	2	2	0	0	0
Total Receipts	0	85	85	0	0	0
DISBURSEMENTS						
Dare expense	0	23	(23)	0	0	0
Total Disbursements	0	23	(23)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	62	62	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	62	62	0	0	0
<b><u>RECORDER TECHNOLOGY FUND</u></b>						
RECEIPTS						
Charges for services	0	1,531	1,531	0	0	0
Interest	0	4	4	0	0	0
Total Receipts	0	1,535	1,535	0	0	0
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,535	1,535	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	1,535	1,535	0	0	0
<b><u>SHERIFF'S INTEREST FUND</u></b>						
RECEIPTS						
Charges for services	0	3,135	3,135	0	42	42
Interest	0	41	41	0	6	6
Total Receipts	0	3,176	3,176	0	48	48
DISBURSEMENTS						
Other	0	2,848	(2,848)	0	50	(50)
Total Disbursements	0	2,848	(2,848)	0	50	(50)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	328	328	0	(2)	(2)
CASH, JANUARY 1	0	260	260	0	262	262
CASH, DECEMBER 31	0	588	588	0	260	260

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit B

BOLLINGER COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S GRANT FUND</u></b>						
RECEIPTS						
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1		242	242		242	242
CASH, DECEMBER 31	0	242	242	0	242	242

\*

\* Data requested has not been provided. Balance unknown.

The accompanying Notes to the Financial Statements are an integral part of this statement

## **Notes to the Financial Statements**



BOLLINGER COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

**Summary of Significant Accounting Policies**

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Bollinger County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budget for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000 and RSMo Cumulative Supp. 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds.

<u>Fund</u>	<u>Years Ended December 31.</u>
Sheriff's Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2000
Recorder's Grant Fund	2001 and 2000
Dare Program Fund	2000
Election Service Fund	2000
Dare Donation Fund	2001
Recorder Technology Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds.

<u>Fund</u>	<u>Year Ended December 31,</u>
Special Road & Bridge Fund	2001
Law Enforcement Training Fund	2000*
Prosecuting Attorney Training Fund	2000*
Special Law Enforcement Fund	2000*
Prosecuting Attorney Delinquent Sales Tax Fund	2000*
Recorder's User Fee Fund	2000*
Prosecuting Attorney Bad Check Fund	2000*
Children's Trust Fund	2001
Sheriff's Civil Fund	2000*
Sheriff's Building Fund	2000*
Sheriff's Donation Fund	2000*
Associate Division Interest Fund	2000*
Probate Division Interest Fund	2000*
Law Library Fund	2000*
Dare Program Fund	2001
Circuit Clerk Interest Fund	2001
Dare Donation Fund	2001*
Sheriff's Interest Fund	2001*

\* Revenue was budgeted-no expenditures were budgeted.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budget.

Deficit budget balances are presented for the General Revenue for the years ended December 31, 2001 and 2000 and Special Road and Bridge Funds for the year ended December 31, 2000. However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31.</u>
Health Center Fund	2001 and 2000
Senate Bill 40 Fund	2001 and 2000
Sheriff's Interest Fund	2001 and 2000
Recorder's Grant Fund	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2001, \$240,093 was covered by federal depositary insurance and \$1,674,559 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

Of the county's bank balance at December 31, 2000, \$293,322 was covered by federal depositary insurance and \$1,640,816 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center and Senate Bill 40 Boards' deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance.

Schedule

BOLLINGER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

BOLLINGER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report-  
Auditor's Findings

BOLLINGER COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT  
AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Bollinger County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 5, 2002.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Bollinger County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**BOLLINGER COUNTY  
MANAGEMENT ADVISORY COMMENTS**

**1. TIME CARDS**

Employees do not adequately attest to timecards. It was noted during our audit that employees are not currently signing time cards. An employee signature or at least an initial is evidential matter attesting to the accuracy of information on the time card.

In addition, it was noted that supervisors did not initial some employee's time cards.

The County still has some employees that are not required to prepare time cards. All employees, including elected officials should prepare time cards.

***AUDITEE'S RESPONSE***

The County will try to do a better job of making employees prepare and sign time cards. Time cards will also be required to be signed by supervisors.

**2. VOUCHING SYSTEM**

The County does not use a vouching system. Currently the County does not utilize a purchase order system. Purchase orders should be utilized to show authorization for purchases. Upon receipt of the items purchased, one copy of the purchase order could be utilized to verify quantities purchased. This copy of the purchase order could be used to match against the vendor invoice to verify quantity received and price per unit.

***AUDITEE'S RESPONSE***

The County will consider the utilization of a purchase order system when warranted.

**3. SHERIFF'S LOG**

The Sheriff's office does not currently have a backup plan for the evidence log. As is noted in the follow-up to prior advisory comments, the Sheriff's office currently has a manual log of items kept in the evidence log. The Sheriff's office currently is in the process of computerizing the inventory of items in the evidence room. When questioned about plans for offsite backup of the computer files, the personnel has no plans for backing-up data files or offsite backup. Offsite backup could easily be made and stored in a safe deposit box in the bank across the street.

***AUDITEE'S RESPONSE***

The Sheriff's office will consider establishing a plan for backing up the evidence log and storing offsite.

#### **4. SEGREGATION OF DUTIES**

Several offices including Recorder of Deeds, Assessor, Prosecuting Attorney, Collector, Treasurer, Circuit Clerk and Sheriff's office has inadequate segregation of duties. It is not uncommon for one person to perform cash receipts, depositing, record keeping, and disbursing functions. The County should investigate ways of separating these duties whenever possible.

##### ***AUDITEE'S RESPONSE***

The County will consider ways to segregate duties whenever possible, but wishes to point out that the County has limited resources and personnel. This means that adequate segregation of duties may not be feasible.

#### **5. HEALTH CENTER**

##### **A. PURCHASE ORDERS**

The County's Health Center is partially funded by property tax revenues. It was noted during an examination of disbursements at the Health Center that an appropriate voucher system is not in use. The Health Center should establish a method of issuing approved purchase orders specifying the quantity and price per unit of items ordered. One copy of the purchase order should be utilized as a receiving document. This should give the Health Center some verification of the accuracy of vendor invoices before payment is made to the vendor.

We noted in our audit that some drugs were paid for, with no evidence that the Health Center actually received the drugs in question. There may be DEA record keeping requirements that the Health Center needs to ensure compliance with.

##### ***AUDITEE'S RESPONSE***

The auditee indicated a willingness to establish an appropriate voucher system.

##### **B. VENDOR VOUCHERS**

The Health Center does not appropriately cancel vendor invoices. The Health Center normally pays more than one vendor invoice at one time. Normally the Health Center runs an adding machine tape of the vendor invoices and stamps the adding machine tape as paid instead of the vendor invoices. The method could mean that a vendor invoice could be accidentally separated and paid again. We recommend that the Health Center stamp each vendor invoice with the date and check number when paid.

##### ***AUDITEE'S RESPONSE***

The Health Center indicated a willingness to establish a method of canceling each vendor invoice when paid.

**A. SUBCONTRACT SERVICES**

The Health Center currently subcontracts some medical services. We noted some differences between what the Health Center had been invoiced and what had actually been paid. Personnel indicated that the amounts that the Health Center was to be billed were to be the same as the amounts allowable under the Medicare reimbursement rates. The Health Center should consider establishing the amounts to be paid under subcontracted services in an actual contract for services.

***AUDITEE'S RESPONSE***

Management will take this under consideration.

**B. COMPUTER BACKUPS**

The Health Center had a hard drive failure on its accounting system in 2001. Most of the data could not be replaced because of inadequate backup. There were adequate hard copies available for backing up data. The Health Center should undertake to obtain two weekly backups and store one offsite.

***AUDITEE'S RESPONSE***

Management will start regular backups.

**6. RECORDER'S GRANT FUND**

We were unable to obtain a record of revenue, expenditures and bank reconciliations from the recorder's grant account. The account should be monitored and reconciled monthly to ensure proper accountability and to remove questions.

***AUDITEE'S RESPONSE***

To date, we have not received adequate explanation of why this information has not been assembled or provided to us, despite numerous requests.

### Follow-Up on Prior Audit Findings

BOLLINGER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Bollinger County, Missouri, on findings in the Management Advisory Report (MAR) in a prior audit report issued for the two years ended December 31, 2001. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

<b>1.</b>	<b>Financial Conditions</b>
-----------	-----------------------------

Bollinger County's General Revenue Fund has been experiencing a declining cash balance.

Included in the 1999 disbursements is approximately \$26,000 transferred from the General Revenue Fund to the Assessment Fund, however based on the Assessment Fund's cash balance and financial resources, it is questionable why this transfer was made.

For 2000, the county budgeted receipts of \$944,793 and disbursements of \$1,015,507, resulting in an estimated ending cash balance of (\$66,102). Although the General Revenue Fund had a cash balance of only \$4,612 at December 31, 1999, the county passed a budget that allowed increases in disbursements to exceed anticipated increases in receipts. Given the county's poor financial condition, it appears the county should attempt to increase the cash balance of the General Revenue Fund.

Additionally, prior audit reports noted that \$30,800 was due from the General Revenue Fund to other county funds and political subdivisions as the result of excess commissions withheld. The County Commission indicated the General Revenue Fund did not have sufficient funds to repay these monies. Only because of non-compliance with state laws, does the county have any cash balance at December 31, 1999 and no corrective actions were apparently taken for 2000.

**RECOMMEND** the County Commission consider the various alternatives of increasing receipts and/or reducing disbursements.

**STATUS** the County continues to seek new revenues and maintain a tight grasp on expenditures.

<b>2.</b>	<b>Contracts</b>
-----------	------------------

The county does not have written agreements with various political subdivisions and individuals as follows:

- A. As noted in prior audit reports, the Sheriff provides dispatching services to an area municipality and an ambulance district.

- B. The Prosecuting Attorney does not have an office in the courthouse; he performs his county duties from an office building used in the operation of his private law practice.

The agreed upon payments are requested and approved through the county's annual budget process. However, there are no written agreements specifying how the rent and utilities amounts are determined and/or the percentage of secretaries salaries to be paid by the county. In addition, adequate supporting documentation such as employee time sheets is not maintained by the Prosecuting Attorney for filing with the County Clerk.

- C. Various transactions were entered into for which contracts could not be located.

Section 432.070, RSMo 1994, requires the county to have all contracts in writing. Written agreements should be prepared and should clearly specify the arrangements between applicable parties. In addition, all agreements should be approved by the County Commission.

**RECOMMEND** the County Commission ensure written agreements are entered into with all applicable political subdivisions and individuals documenting each parties contractual obligations.

**STATUS**

- A. The County represents that contracts are in place, but could not provide copies.  
B., C. Implemented.

<b>3. Personnel and Payroll Policies and Procedures</b>
---------------------------------------------------------

- A. Time sheets and/or records tracking accumulated leave balances are not maintained on full-time employees of the Ex-Officio Recorder of Deeds, the County Collector, and the Prosecuting Attorney.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

A similar condition was noted in prior audit reports.

- B. Although the County Commission has a written policy regarding sick leave and annual leave, the county's personnel manual does not address compensatory time or overtime. The Sheriff's office pays overtime for work in excess of 171 hours during a one month period. This procedure may not be in accordance with the FLSA. A written personnel policy regarding compensatory time or overtime for all employees is necessary to ensure compliance with the FLSA and to provide assurance that all employees are treated equitably.



**RECOMMEND** the County Commission:

- A. Require all county employees to complete time sheets which reflect actual time worked and leave balances earned and used. The time sheets should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk. In addition, the County Commission should require the County Clerk to maintain centralized leave records for all employees.
- B. Establish a written policy regarding compensatory time and overtime to ensure compliance with the FLSA.

**STATUS**

Partially Implemented. Not all time cards signed.

<b>4. General Fixed Assets</b>
--------------------------------

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk maintains a computerized inventory listing of fixed assets held by county officials. Additions to the inventory listing were not reconciled to equipment expenditures or the County Clerk's annual physical inventory to ensure all fixed assets are properly recorded.

Similar conditions were noted in the prior reports.

**RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

**STATUS**

Not Implemented

The County plans to establish a written policy within the next year.

<b>5. Sheriff's Accounting Controls and Procedures</b>
--------------------------------------------------------

- A. During the review, it was brought to the prior auditors that there were at least three instances where monies received by the Sheriff's office totaling \$736 were not deposited or were found to be missing.
- B. During the two years ended December 31, 1999, controls over the evidence room used for storing property taken in criminal cases were not adequate. A complete log of seized property was not maintained and occasionally property would turn up missing.

- C. The Sheriff has \$2,260 in two old bank accounts that has not been properly disbursed. Of this amount, \$2,144 was received from a Sheriff's sale in January, 1994. The remaining \$116 pertains to old outstanding checks. The Sheriff should review the January 1994 Sheriff's sale records to determine how the monies should be disbursed. In addition, any old unclaimed outstanding checks should be disposed of in accordance with state law.

A similar condition was noted in prior reports.

**RECOMMEND** the Sheriff:

- A. Adequately segregate duties or ensure independent, documented reviews of the records are performed. In addition, the Sheriff should ensure all missing monies are recovered and distributed to the appropriate parties.
- B. Ensure all evidence is inventoried in the seized property log and dispose of unclaimed items in a timely manner in accordance with state law.
- C. Disburse the amounts remaining from the 1994 Sheriff's sale and attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

**STATUS**

Not implemented.

<b>6. Circuit Clerk and Ex-Officio Recorder of Deeds' Accounting Controls and Procedures</b>
----------------------------------------------------------------------------------------------

During a review of the Circuit Clerk and Ex-Officio Recorder of Deeds' accounting procedures the following concerns were noted:

- C. Monthly listings of open items (liabilities) are not prepared on a timely basis for the Circuit Clerk's fee account. During the audit period, a listing of open items was last prepared for the month of February 1999 by the Office of State Courts Administrator. Consequently, open items have not been periodically reconciled with bank and book balances.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. Any discrepancies found should be investigated and resolved.

- D. Our review of the Circuit Clerk's interest account found that copy monies are being deposited into the account and used for various office expenditures. From January 1, 1998 to June 1, 2000, copy monies totaling \$3,644 were deposited in the Circuit Clerk's interest account, and only \$1,437 was turned over to the County Treasurer.

Similar conditions were noted in prior reports.

**RECOMMEND** the Circuit Clerk and Ex-Officio Recorder of Deeds:

- A. Prepare a complete listing of open items on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of inactive cases.
- B. Ensure the Circuit Clerk's interest account includes only interest earned on the Circuit Clerk's bank accounts. Copy monies should be receipted, deposited to the fee account, and remitted to the County Treasurer at least monthly, along with any interest earned on the Ex-Officio Recorder's bank account. In addition, any unidentified monies or old outstanding checks held by the court should be investigated and disposed of in accordance with state law.

**STATUS:**

- A. Not implemented.
- B. Implemented.



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Benton County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Benton County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Charles Buchanan, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-63  
August 30, 2002

**Benton County, Missouri**  
**Audit Report**  
**Two Years Ended December 31, 2001**

**Prepared by:**  
**Charles Buchanan, CPA, P. C.**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314)-869-2720 (Ofc)**  
**(314)-869-5955 (Fax)**

# BENTON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports:	
Financial Statements	1
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2
Financial Statements:	3
Exhibit	Description
	Statement of Receipts, Disbursements, and Changes in Cash – Various Funds:
A-1	Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
	4
	Comparative Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual, Years Ended December 31, 2001 and 2000:
B	General Revenue Fund
B	Special Road and Bridge Fund
B	Assessment Fund
B	Law Enforcement Fund
B	Prosecuting Attorney Training Fund
B	Capital Improvement Sales Tax Fund
B	Sales Use Tax Fund
B	Adult Abuse Fund
B	Prosecuting Attorney Bad Check Fund
B	Recorder's User Fees Fund
B	Prosecuting Attorney Delinquent Tax Fund
B	Juvenile Detention Fund
B	Sheriff Drug Fund
B	Sheriff Civil Fund
B	Circuit Clerk Interest Fund
B	Health Center Fund
B	Law Library Fund
B	D.A.R.E. Fund
	11

B	Local Law Enforcement Block Grant #2 Fund	12
B	Election Services Fund	12
	Notes to the Financial Statements	13-14
	Schedule of Findings, Years Ended December 31, 2001 and 2000	15
	Follow-up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17

**Charles Buchanan, CPA, P.C.**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Benton County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Benton County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Benton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Benton County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Benton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 28, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

Charles Buchanan, CPA, P.C.  
March 28, 2002



**Charles Buchanan, CPA, P.C.**  
**Certified Public Accountant**  
**8733 Riverview Blvd., Suite #2 North**  
**St. Louis, MO 63147**  
**(314) 869-2720 (Ofc)**  
**(314) 869-5955 (Fax)**

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Benton County, Missouri

We have audited the special-purpose financial statements of various funds of Benton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Benton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Benton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Benton County, Missouri; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Charles Buchanan, CPA, P.C.  
March 28, 2002

## Financial Statements

EXHIBIT A-1

BENTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund	Cash, 1/1/01	Receipts	Disbursements	Cash, 12/31/01
General Revenue	\$253,617	\$1,636,833	\$1,567,010	\$323,440
Special Road and Bridge	965,697	1,266,175	1,529,184	702,688
Assessment	7,112	187,737	194,848	1
Law Enforcement	2,046	6,955	3,415	5,586
Prosecuting Attorney Training	1,134	1,713	1,616	1,231
Capital Improvement Sales Tax	506,633	695,059	675,706	525,986
Sales Use Tax	142,978	98,893	114,402	127,469
Adult Abuse	369	484	0	853
Prosecuting Attorney Bad Check	3,029	14,690	16,416	1,303
Recorder's User Fees	25,330	17,820	26,933	16,217
Prosecuting Attorney Delinquent Tax	1,920	1,125	763	2,282
Juvenile Detention	7,679	37,500	32,563	12,616
Sheriff Drug	440	22	124	338
Sheriff Civil	2,914	13,852	12,236	4,530
Circuit Clerk Interest	8,924	2,817	5,033	6,708
Health Center	335,227	2,622,000	2,251,547	705,680
Law Library	6,213	7,677	9,255	4,635
D.A.R.E.	369	461	806	24
Local Law Enforcement Block Grant #2	7,891	249	7,099	1,041
Election Services	920	2,339	274	2,985
Total	\$2,280,442	\$6,614,401	\$6,449,230	\$2,445,613

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT A-2

BENTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund	Cash, 1/1/00	Receipts	Disbursements	Cash, 12/31/00
General Revenue	\$236,016	\$1,469,980	\$1,452,379	\$253,617
Special Road and Bridge	1,085,122	1,208,279	1,327,704	965,697
Assessment	6	187,299	180,193	7,112
Law Enforcement	1,338	5,466	4,758	2,046
Prosecuting Attorney Training	865	1,346	1,077	1,134
Capital Improvement Sales Tax	573,845	654,242	721,454	506,633
Sales Use Tax	158,578	63,331	78,931	142,978
Adult Abuse	215	632	478	369
Prosecuting Attorney Bad Check	6,789	15,513	19,273	3,029
Recorder's User Fees	21,569	14,268	10,507	25,330
Prosecuting Attorney Delinquent Tax	2,837	1,461	2,378	1,920
Juvenile Detention	14,532	30,619	37,472	7,679
Sheriff Drug	8,101	10,041	17,702	440
Sheriff Civil	10	14,795	11,891	2,914
Circuit Clerk Interest	7,356	2,341	773	8,924
Health Center	131,023	2,220,169	2,015,965	335,227
Law Library	7,136	8,690	9,613	6,213
D.A.R.E.	1,290	453	1,374	369
Local Law Enforcement Block Grant #2	0	15,542	7,651	7,891
Election Services	0	920	0	920
Total	\$2,256,628	\$5,925,387	\$5,901,573	\$2,280,442

## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$6,515,817	\$6,614,401	\$98,584	\$5,939,827	\$5,925,387	(\$14,440)
DISBURSEMENTS	8,009,517	6,449,230	1,560,287	6,860,721	5,901,573	959,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,493,700)	165,171	1,658,871	(920,894)	23,814	944,708
CASH, JANUARY 1	2,280,442	2,280,442	0	2,256,628	2,256,628	0
CASH, DECEMBER 31	786,742	2,445,613	1,658,871	1,335,734	2,280,442	944,708
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	187,850	249,547	61,697	193,100	177,753	(15,347)
Sales taxes	571,100	597,980	26,880	575,680	570,078	(5,602)
Intergovernmental	246,186	282,612	36,426	234,203	267,677	33,474
Charges for services	324,260	343,881	19,621	323,450	307,661	(15,789)
Interest	22,100	17,882	(4,218)	21,600	22,209	609
Other	68,440	78,466	10,026	65,300	58,395	(6,905)
Transfers in	67,950	66,465	(1,485)	42,570	66,207	23,637
Total Receipts	1,487,886	1,636,833	148,947	1,455,903	1,469,980	14,077
DISBURSEMENTS						
County Commission	85,788	85,894	(106)	85,173	85,253	(80)
County Clerk	65,875	64,335	1,540	64,980	63,000	1,980
Elections	32,360	21,900	10,460	63,600	54,263	9,337
Buildings and grounds	35,450	35,797	(347)	37,410	34,149	3,261
Employee fringe benefits	93,200	91,818	1,382	84,500	80,636	3,864
County Treasurer	31,214	30,737	477	31,195	30,695	500
County Collector	102,115	98,871	3,244	101,632	97,824	3,808
Ex Officio Recorder of Deeds	27,240	26,775	465	29,350	24,294	5,056
Circuit Clerk	39,900	25,519	14,381	38,050	21,130	16,920
Court Administration	44,934	36,095	8,839	45,397	12,694	32,703
Public Administrator	21,960	21,377	583	9,635	6,463	3,172
Sheriff	669,708	646,711	22,997	621,634	582,105	39,529
Jail	95,100	83,870	11,230	95,700	96,504	(804)
Prosecuting Attorney	119,832	118,856	976	111,373	111,534	(161)
Juvenile Officer	26,873	21,210	5,663	46,715	16,941	29,774
County Coroner	17,700	14,959	2,741	8,330	10,482	(2,152)
Emergency Management	15,900	14,549	1,351	17,040	15,730	1,310
University Extension	44,998	45,140	(142)	42,560	42,142	418
Brady Building Expense	2,280	1,629	651	2,270	1,698	572
Other	86,481	58,655	27,826	58,790	64,842	(6,052)
Health and Welfare	500	500	0	500	0	500
Transfers out	0	21,813	(21,813)	26,538	0	26,538
Emergency Fund	44,700	0	44,700	43,020	0	43,020
Total Disbursements	1,704,108	1,567,010	137,098	1,665,392	1,452,379	213,013
RECEIPTS OVER (UNDER) DISBURSEMENTS	(216,222)	69,823	286,045	(209,489)	17,601	227,090
CASH, JANUARY 1	253,617	253,617	0	236,016	236,016	0
CASH, DECEMBER 31	\$37,395	\$323,440	\$286,045	\$26,527	\$253,617	\$227,090

## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	\$286,300	\$321,018	\$34,718	\$273,700	\$279,846	\$6,146
Sales taxes	110,000	126,311	16,311	121,560	109,616	(11,944)
Intergovernmental	1,042,940	630,999	(411,941)	828,730	722,500	(106,230)
Charges for services	0	0	0	0	1,000	1,000
Interest	87,330	44,484	(42,846)	102,400	84,460	(17,940)
Other	137,050	143,363	6,313	11,000	10,857	(143)
Total Receipts	1,663,620	1,266,175	(397,445)	1,337,390	1,208,279	(129,111)
<b>DISBURSEMENTS</b>						
Salaries	485,000	445,128	39,872	445,000	396,391	48,609
Employee fringe benefits	105,500	75,604	29,896	85,500	61,844	23,656
Supplies	126,900	111,091	15,809	109,350	103,492	5,858
Insurance	18,500	19,359	(859)	18,000	16,512	1,488
Road and bridge materials	296,700	227,997	68,703	266,200	236,124	30,076
Equipment repairs	85,000	114,023	(29,023)	83,000	101,022	(18,022)
Rentals	20,700	13,459	7,241	20,500	5,404	15,096
Equipment purchases	405,000	355,230	49,770	267,300	230,332	36,968
Road and bridge construction	671,500	125,116	546,384	452,500	80,676	371,824
Other	76,300	13,237	63,063	27,100	71,781	(44,681)
Transfers out	25,000	28,940	(3,940)	2,700	24,126	(21,426)
Total Disbursements	2,316,100	1,529,184	786,916	1,777,150	1,327,704	449,446
RECEIPTS OVER (UNDER) DISBURSEMENTS	(652,480)	(263,009)	389,471	(439,760)	(119,425)	320,335
CASH, JANUARY 1	965,697	965,697	0	1,085,122	1,085,122	0
CASH, DECEMBER 31	313,217	702,688	389,471	645,362	965,697	320,335
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	182,135	180,267	(1,868)	175,973	165,616	(10,357)
Charges for services	3,800	2,622	(1,178)	3,000	3,965	965
Interest	3,500	2,103	(1,397)	2,000	3,716	1,716
Other	28,871	2,745	(26,126)	300	14,002	13,702
Transfers in	0	0	0	34,038	0	(34,038)
Total Receipts	218,306	187,737	(30,569)	215,311	187,299	(28,012)
<b>DISBURSEMENTS</b>						
Assessor	218,306	194,848	23,458	215,311	180,193	35,118
Total Disbursements	218,306	194,848	23,458	215,311	180,193	35,118
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,111)	(7,111)	0	7,106	7,106
CASH, JANUARY 1	7,112	7,112	0	6	6	0
CASH, DECEMBER 31	7,112	1	(7,111)	6	7,112	7,106
<b><u>LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	6,860	6,860	0	0	0
Charges for services	5,500	0	(5,500)	6,500	5,466	(1,034)
Other	0	95	95	50	0	(50)
Total Receipts	5,500	6,955	1,455	6,550	5,466	(1,084)
<b>DISBURSEMENTS</b>						
Sheriff	7,300	3,415	3,885	7,700	4,758	2,942
Total Disbursements	7,300	3,415	3,885	7,700	4,758	2,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	3,540	5,340	(1,150)	708	1,858
CASH, JANUARY 1	2,046	2,046	0	1,338	1,338	0
CASH, DECEMBER 31	\$246	\$5,586	\$5,340	\$188	\$2,046	\$1,858

## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$0	\$1,713	\$1,713	\$0	\$0	\$0
Charges for services	1,350	0	(1,350)	1,650	1,346	(304)
Total Receipts	1,350	1,713	363	1,650	1,346	(304)
DISBURSEMENTS						
Prosecuting Attorney	1,800	1,616	184	2,475	1,077	1,398
Total Disbursements	1,800	1,616	184	2,475	1,077	1,398
RECEIPTS OVER (UNDER) DISBURSEMENTS	(450)	97	547	(825)	269	1,094
CASH, JANUARY 1	1,134	1,134	0	865	865	0
CASH, DECEMBER 31	684	1,231	547	40	1,134	1,094
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	622,000	662,939	40,939	610,500	621,747	11,247
Interest	25,500	30,666	5,166	24,650	25,810	1,160
Other	1,000	1,454	454	2,500	6,685	4,185
Total Receipts	648,500	695,059	46,559	637,650	654,242	16,592
DISBURSEMENTS						
County Commission/Clerk	46,500	15,361	31,139	5,500	7,120	(1,620)
Prosecuting Attorney/Sheriff	144,075	136,141	7,934	119,500	140,262	(20,762)
Courthouse/Brady Building	102,500	54,723	47,777	251,780	177,192	74,588
Treasurer	2,350	1,500	850	2,500	1,500	1,000
Collector	2,200	3,965	(1,765)	6,500	1,824	4,676
Courts/Recorder	2,000	225	1,775	4,500	476	4,024
Assessor	7,500	2,398	5,102	7,500	4,667	2,833
Emergency Management	500	105	395	500	4,357	(3,857)
Public Administrator	500	0	500	500	0	500
Roads	631,500	461,288	170,212	368,500	382,782	(14,282)
Other	0	0	0	0	1,274	(1,274)
Total Disbursements	939,625	675,706	263,919	767,280	721,454	45,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(291,125)	19,353	310,478	(129,630)	(67,212)	62,418
CASH, JANUARY 1	506,633	506,633	0	573,845	573,845	0
CASH, DECEMBER 31	215,508	525,986	310,478	444,215	506,633	62,418
<b><u>SALES USE TAX FUND</u></b>						
RECEIPTS						
Interest	9,100	7,672	(1,428)	5,120	10,537	5,417
Other	133,500	91,221	(42,279)	111,630	52,794	(58,836)
Total Receipts	142,600	98,893	(43,707)	116,750	63,331	(53,419)
DISBURSEMENTS						
Medical insurance	110,000	114,402	(4,402)	111,630	78,931	32,699
Total Disbursements	110,000	114,402	(4,402)	111,630	78,931	32,699
RECEIPTS OVER (UNDER) DISBURSEMENTS	32,600	(15,509)	(48,109)	5,120	(15,600)	(20,720)
CASH, JANUARY 1	142,978	142,978	0	158,578	158,578	0
CASH, DECEMBER 31	\$175,578	\$127,469	(\$48,109)	\$163,698	\$142,978	(\$20,720)

## EXHIBIT B

BENTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ADULT ABUSE FUND</u></b>						
RECEIPTS						
Charges for services	\$600	\$455	(\$145)	\$550	\$611	\$61
Interest	15	29	14	10	21	11
Total Receipts	615	484	(131)	560	632	72
DISBURSEMENTS						
Spouse abuse	600	0	600	600	478	122
Total Disbursements	600	0	600	600	478	122
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	484	469	(40)	154	194
CASH, JANUARY 1	369	369	0	215	215	0
CASH, DECEMBER 31	384	853	469	175	369	194
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	16,000	14,400	(1,600)	14,500	15,017	517
Interest	500	290	(210)	1,300	496	(804)
Total Receipts	16,500	14,690	(1,810)	15,800	15,513	(287)
DISBURSEMENTS						
Salaries	14,965	556	14,409	13,720	0	13,720
Office expense	0	10	(10)	600	0	600
Other	4,508	0	4,508	1,320	0	1,320
Transfers out	0	15,850	(15,850)	0	19,273	(19,273)
Total Disbursements	19,473	16,416	3,057	15,640	19,273	(3,633)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,973)	(1,726)	1,247	160	(3,760)	(3,920)
CASH, JANUARY 1	3,029	3,029	0	6,789	6,789	0
CASH, DECEMBER 31	56	1,303	1,247	6,949	3,029	(3,920)
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	13,000	16,352	3,352	13,500	12,297	(1,203)
Interest	1,900	1,468	(432)	2,800	1,971	(829)
Total Receipts	14,900	17,820	2,920	16,300	14,268	(2,032)
DISBURSEMENTS						
Wages	7,000	0	7,000	7,000	0	7,000
Office expenditures	5,584	2,537	3,047	5,084	599	4,485
Equipment	10,700	15,721	(5,021)	8,000	500	7,500
Transfers out	0	8,675	(8,675)	0	9,408	(9,408)
Total Disbursements	23,284	26,933	(3,649)	20,084	10,507	9,577
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,384)	(9,113)	(729)	(3,784)	3,761	7,545
CASH, JANUARY 1	25,330	25,330	0	21,569	21,569	0
CASH, DECEMBER 31	16,946	16,217	(729)	17,785	25,330	7,545
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	1,500	999	(501)	2,500	1,222	(1,278)
Interest	250	126	(124)	270	239	(31)
Total Receipts	1,750	1,125	(625)	2,770	1,461	(1,309)
DISBURSEMENTS						
Prosecuting attorney	876	0	876	2,500	869	1,631
Transfers out	0	763	(763)	0	1,509	(1,509)
Total Disbursements	876	763	113	2,500	2,378	122
RECEIPTS OVER (UNDER) DISBURSEMENTS	874	362	(512)	270	(917)	(1,187)
CASH, JANUARY 1	1,920	1,920	0	2,837	2,837	0
CASH, DECEMBER 31	\$2,794	\$2,282	(\$512)	\$3,107	\$1,920	(\$1,187)



## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>JUVENILE DETENTION FUND</u></b>						
RECEIPTS						
Charges for services	\$32,100	\$36,830	\$4,730	\$34,500	\$29,732	(\$4,768)
Interest	870	670	(200)	950	887	(63)
Total Receipts	32,970	37,500	4,530	35,450	30,619	(4,831)
DISBURSEMENTS						
Detention center	39,868	32,563	7,305	46,386	37,472	8,914
Total Disbursements	39,868	32,563	7,305	46,386	37,472	8,914
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,898)	4,937	11,835	(10,936)	(6,853)	4,083
CASH, JANUARY 1	7,679	7,679	0	14,532	14,532	0
CASH, DECEMBER 31	781	12,616	11,835	3,596	7,679	4,083
<b><u>SHERIFF DRUG FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	8,700	0	(8,700)
Interest	20	22	2	0	249	249
Other	20,000	0	(20,000)	0	9,792	9,792
Total Receipts	20,020	22	(19,998)	8,700	10,041	1,341
DISBURSEMENTS						
Sheriff	18,000	124	17,876	8,700	17,702	(9,002)
Total Disbursements	18,000	124	17,876	8,700	17,702	(9,002)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,020	(102)	(2,122)	0	(7,661)	(7,661)
CASH, JANUARY 1	440	440	0	8,101	8,101	0
CASH, DECEMBER 31	2,460	338	(2,122)	8,101	440	(7,661)
<b><u>SHERIFF CIVIL FUND</u></b>						
RECEIPTS						
Charges for services	15,000	13,852	(1,148)	13,500	14,795	1,295
Other	0	0	0	1,500	0	(1,500)
Total Receipts	15,000	13,852	(1,148)	15,000	14,795	(205)
DISBURSEMENTS						
Sheriff	15,000	0	15,000	15,000	0	15,000
Transfers out	0	12,236	(12,236)	0	11,891	(11,891)
Total Disbursements	15,000	12,236	2,764	15,000	11,891	3,109
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,616	1,616	0	2,904	2,904
CASH, JANUARY 1	2,914	2,914	0	10	10	0
CASH, DECEMBER 31	2,914	4,530	1,616	10	2,914	2,904
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	2,000	2,817	817	2,000	2,341	341
Total Receipts	2,000	2,817	817	2,000	2,341	341
DISBURSEMENTS						
Circuit Court Division	6,720	5,033	1,687	2,000	773	1,227
Total Disbursements	6,720	5,033	1,687	2,000	773	1,227
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,720)	(2,216)	2,504	0	1,568	1,568
CASH, JANUARY 1	8,924	8,924	0	7,356	7,356	0
CASH, DECEMBER 31	\$4,204	\$6,708	\$2,504	\$7,356	\$8,924	\$1,568

## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$570,000	\$650,196	\$80,196	\$550,000	\$571,057	\$21,057
Intergovernmental	1,588,200	1,949,374	361,174	1,482,500	1,635,425	152,925
Interest	10,000	22,430	12,430	7,000	13,687	6,687
Other	65,000	0	(65,000)	15,000	0	(15,000)
Total Receipts	2,233,200	2,622,000	388,800	2,054,500	2,220,169	165,669
DISBURSEMENTS						
Salaries	1,418,770	1,359,231	59,539	1,275,858	1,214,199	61,659
Travel	115,250	116,916	(1,666)	107,500	104,875	2,625
Equipment	80,000	147,538	(67,538)	11,600	19,600	(8,000)
Office expenses	245,400	217,874	27,526	150,900	221,329	(70,429)
Other	709,007	409,988	299,019	639,665	455,962	183,703
Total Disbursements	2,568,427	2,251,547	316,880	2,185,523	2,015,965	169,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(335,227)	370,453	705,680	(131,023)	204,204	335,227
CASH, JANUARY 1	335,227	335,227	0	131,023	131,023	0
CASH, DECEMBER 31	0	705,680	705,680	0	335,227	335,227
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	8,500	7,545	(955)	0	8,526	8,526
Interest	150	132	(18)	0	164	164
Total Receipts	8,650	7,677	(973)	0	8,690	8,690
DISBURSEMENTS						
Office expenditures	8,840	9,255	(415)	0	8,944	(8,944)
Equipment	350	0	350	0	669	(669)
Total Disbursements	9,190	9,255	(65)	0	9,613	(9,613)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(540)	(1,578)	(1,038)	0	(923)	(923)
CASH, JANUARY 1	6,213	6,213	0	7,136	7,136	0
CASH, DECEMBER 31	5,673	4,635	(1,038)	7,136	6,213	(923)
<b><u>D.A.R.E. FUND</u></b>						
RECEIPTS						
Interest	50	11	(39)	45	53	8
Other	1,300	450	(850)	1,150	400	(750)
Total Receipts	1,350	461	(889)	1,195	453	(742)
DISBURSEMENTS						
Sheriff	1,600	806	794	2,000	1,374	626
Total Disbursements	1,600	806	794	2,000	1,374	626
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(345)	(95)	(805)	(921)	(116)
CASH, JANUARY 1	369	369	0	1,290	1,290	0
CASH, DECEMBER 31	\$119	\$24	(\$95)	\$485	\$369	(\$116)

## EXHIBIT B

## BENTON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT #2</u></b>						
RECEIPTS						
Intergovernmental	\$0	\$0	\$0	\$13,588	\$13,588	\$0
Interest	150	249	99	300	444	144
Other	0	0	0	1,510	1,510	0
Total Receipts	150	249	99	15,398	15,542	144
DISBURSEMENTS						
Equipment	8,040	7,099	941	15,350	7,651	7,699
Total Disbursements	8,040	7,099	941	15,350	7,651	7,699
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,890)	(6,850)	1,040	48	7,891	7,843
CASH, JANUARY 1	7,891	7,891	0	0	0	0
CASH, DECEMBER 31	1	1,041	1,040	48	7,891	7,843
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	950	2,339	1,389	950	920	(30)
Total Receipts	950	2,339	1,389	950	920	(30)
DISBURSEMENTS						
County Clerk	1,200	274	926	0	0	0
Total Disbursements	1,200	274	926	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	2,065	2,315	950	920	(30)
CASH, JANUARY 1	920	920	0	0	0	0
CASH, DECEMBER 31	\$670	\$2,985	\$2,315	\$950	\$920	(\$30)

BENTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Benton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Section 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Year(s) Ended December 31,</u>
Sales Use Tax	2001
Prosecuting Attorney Bad Check	2000
Recorder User Fee	2001
Sheriff Drug	2000
Law Library	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Year(s) Ended December 31,</u>
Circuit Clerk Interest	2001 and 2000
Law Library	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center Board's bank balance at December 31, 2001, \$100,000 was covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, \$459,584 was covered by collateral held by the pledging (or depository) bank's trust department or agent in the Health Center Board's name, and \$166,455 was uninsured and uncollateralized.

Of the Health Center Board's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, \$197,812 was covered by collateral held by the pledging (or depository) bank's trust department or agent in the Health Center Board's name, and \$97,438 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Health Center Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

BENTON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

BENTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Bates County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Bates County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill", is positioned above the printed name.

Claire C. McCaskill  
State Auditor

Report No. 2002-62  
August 30, 2002

BATES COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001 AND 2000

# BATES COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports:	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1-2
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000
Notes to the Financial Statements	14-17
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	18-19
Notes to the Supplementary Schedule	20
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
State Auditor's Report:	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	21-22

BATES COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000	23-24
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	25
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	26
<u>SECTION ON OTHER MATTERS</u>	
Letter on Other Matters	27

## FINANCIAL SECTION

## Independent Auditor's Reports

SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

---

McBRIDE LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the State Auditor  
and  
County Commission of  
Bates County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Bates County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Bates County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Bates County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Bates County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 9, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

May 9, 2002



McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
and  
County Commission of  
Bates County, Missouri

We have audited the special-purpose financial statements of various funds of Bates County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Bates County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Bates County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Bates County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 9, 2002

## Financial Statements

BATES COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 428,617	\$ 715,749	\$ 746,609	\$ 397,757
Special Road and Bridge	408,762	1,552,843	1,509,698	451,907
Assessment	14,283	151,356	153,569	12,070
Law Enforcement Training	21,587	13,217	16,457	18,347
Prosecuting Attorney Training	5,176	1,776	1,888	5,064
Law Enforcement Sales Tax	133,514	688,565	684,576	137,503
Recorder's User Fees	2,894	9,009	7,307	4,596
Sheriff's Civil Fees	2,068	11,020	10,000	3,088
Families in Crisis	500	1,465	1,311	654
Drug Abuse Resistance and Education	700	2,315	2,000	1,015
Local Emergency Planning Commission	4,852	8,487	6,386	6,953
Health Center	332,048	422,291	284,967	469,372
Election Services Fund	3,040	2,851	419	5,472
Prosecuting Attorney Delinquent Sales Tax	1,263	1,610	2,750	123
Prosecuting Attorney Bad Check	7,884	12,272	14,637	5,519
Sheriff's Federal Forfeiture	1,277	0	0	1,277
Recorder Technology Fund	0	2,243	0	2,243
Prosecuting Attorney's Federal Forfeiture	3,319	9	0	3,328
Law Library	2,347	6,037	8,374	10
Associate Circuit Division Interest	16,640	671	0	17,311
Circuit Clerk Interest	3,627	312	1,165	2,774
Senate Bill 40	85,165	148,524	84,747	148,942
CDBG	3	188,630	188,623	10
Total	<u>\$ 1,479,566</u>	<u>\$ 3,941,252</u>	<u>\$ 3,725,483</u>	<u>\$ 1,695,335</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 328,435	\$ 715,765	\$ 615,583	\$ 428,617
Special Road and Bridge	485,752	1,349,386	1,426,376	408,762
Assessment	9,527	166,518	161,762	14,283
Law Enforcement Training	16,508	12,321	7,242	21,587
Prosecuting Attorney Training	5,097	1,973	1,894	5,176
Law Enforcement Sales Tax	49,265	732,269	648,020	133,514
Recorder's User Fees	12,353	8,402	17,861	2,894
Sheriff's Civil Fees	4,647	8,921	11,500	2,068
Families in Crisis	90	1,255	845	500
Drug Abuse Resistance and Education	0	5,583	4,883	700
Local Emergency Planning Commission	8,065	0	3,213	4,852
Health Center	271,616	380,330	319,898	332,048
Election Services Fund	0	3,097	57	3,040
Prosecuting Attorney Delinquent Sales Tax	3,642	621	3,000	1,263
Prosecuting Attorney Bad Check	7,406	15,672	15,194	7,884
Sheriff's Federal Forfeiture	1,277	0	0	1,277
Prosecuting Attorney's Federal Forfeiture	3,302	17	0	3,319
Sheriff's Vest Donation	263	0	263	0
Law Library	2,931	6,281	6,865	2,347
Associate Circuit Division Interest	14,874	1,766	0	16,640
Circuit Clerk Interest	3,996	1,943	2,312	3,627
Senate Bill 40	26,122	114,446	55,403	85,165
CDBG	0	13,029	13,026	3
Total	<u>\$ 1,255,168</u>	<u>\$ 3,539,595</u>	<u>\$ 3,315,197</u>	<u>\$ 1,479,566</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,532,292	\$ 3,730,451	\$ 198,159	\$ 3,196,105	\$ 3,382,723	\$ 186,618
DISBURSEMENTS	4,028,201	3,511,099	517,102	3,549,573	3,219,077	330,496
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (495,909)	\$ 219,352	\$ 715,261	\$ (353,468)	\$ 163,646	\$ 517,114
CASH, JANUARY 1	1,463,473	1,463,473	0	1,191,355	1,191,355	0
CASH, DECEMBER 31	<u>\$ 967,564</u>	<u>\$ 1,682,825</u>	<u>\$ 715,261</u>	<u>\$ 837,887</u>	<u>\$ 1,355,001</u>	<u>\$ 517,114</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 371,700	\$ 400,669	\$ 28,969	\$ 368,000	\$ 369,439	\$ 1,439
Intergovernmental	24,350	14,962	(9,388)	25,700	23,499	(2,201)
Charges for services	212,200	214,168	1,968	201,100	215,259	14,159
Interest	30,150	28,457	(1,693)	14,200	30,358	16,158
Other	15,750	17,493	1,743	45,700	52,210	6,510
Transfers in	40,000	40,000	0	26,000	25,000	(1,000)
Total Receipts	<u>\$ 694,150</u>	<u>\$ 715,749</u>	<u>\$ 21,599</u>	<u>\$ 680,700</u>	<u>\$ 715,765</u>	<u>\$ 35,065</u>
DISBURSEMENTS						
County Commission	\$ 87,100	\$ 86,558	\$ 542	\$ 87,110	\$ 85,932	\$ 1,178
County Clerk	66,250	67,585	(1,335)	63,742	67,853	(4,111)
Elections	22,575	18,355	4,220	29,750	39,715	(9,965)
Buildings and grounds	327,250	255,909	71,341	299,275	77,694	221,581
Employee fringe benefits	70,800	55,115	15,685	61,300	61,072	228
Ex Officio Collector	70,312	64,725	5,587	64,331	61,808	2,523
Recorder of Deeds	70,359	70,565	(206)	67,154	64,366	2,788
Circuit Clerk	9,500	8,485	1,015	8,350	6,504	1,846
Associate Circuit Court	15,200	6,901	8,299	14,950	5,820	9,130
Court administration	18,000	13,755	4,245	16,902	7,097	9,805
Public Administrator	23,450	23,404	46	53,175	48,866	4,309
Public health and welfare services	2,000	2,000	0	1,750	1,750	0
Other	83,150	73,252	9,898	86,443	72,106	14,337
Transfers out	15,000	0	15,000	15,000	15,000	0
Emergency Fund	21,000	0	21,000	16,000	0	16,000
Total Disbursements	<u>\$ 901,946</u>	<u>\$ 746,609</u>	<u>\$ 155,337</u>	<u>\$ 885,232</u>	<u>\$ 615,583</u>	<u>\$ 269,649</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (207,796)	\$ (30,860)	\$ 176,936	\$ (204,532)	\$ 100,182	\$ 304,714
CASH, JANUARY 1	428,617	428,617	0	328,435	328,435	0
CASH, DECEMBER 31	<u>\$ 220,821</u>	<u>\$ 397,757</u>	<u>\$ 176,936</u>	<u>\$ 123,903</u>	<u>\$ 428,617</u>	<u>\$ 304,714</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 43,716	\$ 43,935	\$ 219	\$ 40,000	\$ 42,275	\$ 2,275
Intergovernmental	1,427,000	1,467,958	40,958	1,260,000	1,220,307	(39,693)
Charges for services	30,000	19,980	(10,020)	50,000	24,777	(25,223)
Interest	25,000	19,981	(5,019)	16,000	26,719	10,719
Other	3,000	989	(2,011)	1,000	35,308	34,308
Total Receipts	\$ 1,528,716	\$ 1,552,843	\$ 24,127	\$ 1,367,000	\$ 1,349,386	\$ (17,614)
DISBURSEMENTS						
Salaries	\$ 179,600	\$ 176,739	\$ 2,861	\$ 176,437	\$ 161,918	\$ 14,519
Employee fringe benefits	56,000	61,248	(5,248)	53,700	49,589	4,111
Supplies	8,600	5,973	2,627	10,100	4,418	5,682
Insurance	13,700	13,807	(107)	13,500	12,501	999
Equipment purchases and maintenance	241,300	235,510	5,790	161,500	150,473	11,027
Construction, repair, and maintenance	1,100,000	824,724	275,276	875,000	906,410	(31,410)
Distributions to road districts	150,000	150,000	0	150,000	114,150	35,850
Other	2,950	1,697	1,253	3,300	1,917	1,383
Transfers out	40,000	40,000	0	25,000	25,000	0
Total Disbursements	\$ 1,792,150	\$ 1,509,698	\$ 282,452	\$ 1,468,537	\$ 1,426,376	\$ 42,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (263,434)	\$ 43,145	\$ 306,579	\$ (101,537)	\$ (76,990)	\$ 24,547
CASH, JANUARY 1	408,762	408,762	0	485,752	485,752	0
CASH, DECEMBER 31	\$ 145,328	\$ 451,907	\$ 306,579	\$ 384,215	\$ 408,762	\$ 24,547
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 145,000	\$ 146,526	\$ 1,526	\$ 138,000	\$ 142,540	\$ 4,540
Charges for services	1,950	1,666	(284)	2,400	1,945	(455)
Interest	1,950	1,909	(41)	1,300	1,996	696
Other	1,575	1,255	(320)	1,600	5,037	3,437
Transfers in	15,000	0	(15,000)	15,000	15,000	0
Total Receipts	\$ 165,475	\$ 151,356	\$ (14,119)	\$ 158,300	\$ 166,518	\$ 8,218
DISBURSEMENTS						
Assessor	\$ 162,150	\$ 153,569	\$ 8,581	\$ 164,100	\$ 161,762	\$ 2,338
Total Disbursements	\$ 162,150	\$ 153,569	\$ 8,581	\$ 164,100	\$ 161,762	\$ 2,338
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,325	\$ (2,213)	\$ (5,538)	\$ (5,800)	\$ 4,756	\$ 10,556
CASH, JANUARY 1	14,283	14,283	0	9,527	9,527	0
CASH, DECEMBER 31	\$ 17,608	\$ 12,070	\$ (5,538)	\$ 3,727	\$ 14,283	\$ 10,556

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 3,500	\$ 3,540	\$ 40	\$ 3,000	\$ 3,389	\$ 389
Charges for services	8,000	6,938	(1,062)	6,000	7,878	1,878
Interest	1,100	659	(441)	650	1,054	404
Other	150	2,080	1,930	150	0	(150)
Total Receipts	\$ 12,750	\$ 13,217	\$ 467	\$ 9,800	\$ 12,321	\$ 2,521
DISBURSEMENTS						
Sheriff	\$ 9,750	\$ 16,457	\$ (6,707)	\$ 12,750	\$ 7,242	\$ 5,508
Total Disbursements	\$ 9,750	\$ 16,457	\$ (6,707)	\$ 12,750	\$ 7,242	\$ 5,508
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,000	\$ (3,240)	\$ (6,240)	\$ (2,950)	\$ 5,079	\$ 8,029
CASH, JANUARY 1	21,587	21,587	0	16,508	16,508	0
CASH, DECEMBER 31	\$ 24,587	\$ 18,347	\$ (6,240)	\$ 13,558	\$ 21,587	\$ 8,029
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 2,000	\$ 1,776	\$ (224)	\$ 1,500	\$ 1,973	\$ 473
Total Receipts	\$ 2,000	\$ 1,776	\$ (224)	\$ 1,500	\$ 1,973	\$ 473
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,750	\$ 1,888	\$ 862	\$ 6,400	\$ 1,894	\$ 4,506
Total Disbursements	\$ 2,750	\$ 1,888	\$ 862	\$ 6,400	\$ 1,894	\$ 4,506
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (750)	\$ (112)	\$ 638	\$ (4,900)	\$ 79	\$ 4,979
CASH, JANUARY 1	5,176	5,176	0	5,097	5,097	0
CASH, DECEMBER 31	\$ 4,426	\$ 5,064	\$ 638	\$ 197	\$ 5,176	\$ 4,979
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	\$ 520,000	\$ 514,930	\$ (5,070)	\$ 482,000	\$ 520,885	\$ 38,885
Intergovernmental	119,500	116,399	(3,101)	94,559	143,327	48,768
Charges for services	31,500	35,073	3,573	35,900	31,169	(4,731)
Interest	7,500	5,586	(1,914)	1,200	6,900	5,700
Other	7,000	11,827	4,827	7,400	22,105	14,705
Transfers in	7,000	4,750	(2,250)	11,500	7,883	(3,617)
Total Receipts	\$ 692,500	\$ 688,565	\$ (3,935)	\$ 632,559	\$ 732,269	\$ 99,710
DISBURSEMENTS						
Sheriff	\$ 308,150	\$ 291,395	\$ 16,755	\$ 277,757	\$ 272,576	\$ 5,181
Jail	134,950	133,553	1,397	127,130	119,707	7,423
Prosecuting Attorney	123,400	110,742	12,658	110,400	106,595	3,805
Juvenile Officer	68,885	46,247	22,638	70,576	45,757	24,819
County Coroner	17,115	14,304	2,811	10,475	9,045	1,430
Fringe Benefits	85,400	84,025	1,375	78,200	80,086	(1,886)
Other	6,000	4,310	1,690	6,000	14,254	(8,254)
Total Disbursements	\$ 743,900	\$ 684,576	\$ 59,324	\$ 680,538	\$ 648,020	\$ 32,518
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (51,400)	\$ 3,989	\$ 55,389	\$ (47,979)	\$ 84,249	\$ 132,228
CASH, JANUARY 1	133,514	133,514	0	49,265	49,265	0
CASH, DECEMBER 31	\$ 82,114	\$ 137,503	\$ 55,389	\$ 1,286	\$ 133,514	\$ 132,228

The accompanying Notes to the Financial Statements are an integral part of this statement.



BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 7,725	\$ 8,963	\$ 1,238	\$ 8,700	\$ 8,021	\$ (679)
Interest	385	46	(339)	350	381	31
Total Receipts	\$ 8,110	\$ 9,009	\$ 899	\$ 9,050	\$ 8,402	\$ (648)
DISBURSEMENTS						
Recorder	\$ 9,700	\$ 7,307	\$ 2,393	\$ 19,320	\$ 17,861	\$ 1,459
Total Disbursements	\$ 9,700	\$ 7,307	\$ 2,393	\$ 19,320	\$ 17,861	\$ 1,459
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,590)	\$ 1,702	\$ 3,292	\$ (10,270)	\$ (9,459)	\$ 811
CASH, JANUARY 1	2,894	2,894	0	12,353	12,353	0
CASH, DECEMBER 31	<u>\$ 1,304</u>	<u>\$ 4,596</u>	<u>\$ 3,292</u>	<u>\$ 2,083</u>	<u>\$ 2,894</u>	<u>\$ 811</u>
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 8,600	\$ 11,020	\$ 2,420	\$ 7,500	\$ 8,597	\$ 1,097
Interest	0	0	0	500	324	(176)
Total Receipts	\$ 8,600	\$ 11,020	\$ 2,420	\$ 8,000	\$ 8,921	\$ 921
DISBURSEMENTS						
Sheriff	\$ 10,000	\$ 10,000	\$ 0	\$ 11,500	\$ 11,500	\$ 0
Total Disbursements	\$ 10,000	\$ 10,000	\$ 0	\$ 11,500	\$ 11,500	\$ 0
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,400)	\$ 1,020	\$ 2,420	\$ (3,500)	\$ (2,579)	\$ 921
CASH, JANUARY 1	2,068	2,068	0	4,647	4,647	0
CASH, DECEMBER 31	<u>\$ 668</u>	<u>\$ 3,088</u>	<u>\$ 2,420</u>	<u>\$ 1,147</u>	<u>\$ 2,068</u>	<u>\$ 921</u>
<b><u>FAMILIES IN CRISIS FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 1,250	\$ 1,465	\$ 215	\$ 1,300	\$ 1,255	\$ (45)
Total Receipts	\$ 1,250	\$ 1,465	\$ 215	\$ 1,300	\$ 1,255	\$ (45)
DISBURSEMENTS						
Other	\$ 1,750	\$ 1,311	\$ 439	\$ 1,300	\$ 845	\$ 455
Total Disbursements	\$ 1,750	\$ 1,311	\$ 439	\$ 1,300	\$ 845	\$ 455
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ 154	\$ 654	\$ 0	\$ 410	\$ 410
CASH, JANUARY 1	500	500	0	90	90	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>\$ 654</u>	<u>\$ 654</u>	<u>\$ 90</u>	<u>\$ 500</u>	<u>\$ 410</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DRUG ABUSE RESISTANCE AND EDUCATION FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 5,000	\$ 2,315	\$ (2,685)	\$ 8,500	\$ 5,583	\$ (2,917)
Total Receipts	\$ 5,000	\$ 2,315	\$ (2,685)	\$ 8,500	\$ 5,583	\$ (2,917)
DISBURSEMENTS						
Transfers out	\$ 5,000	\$ 2,000	\$ 3,000	\$ 8,500	\$ 4,883	\$ 3,617
Total Disbursements	\$ 5,000	\$ 2,000	\$ 3,000	\$ 8,500	\$ 4,883	\$ 3,617
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 315	\$ 315	\$ 0	\$ 700	\$ 700
CASH, JANUARY 1	700	700	0	0	0	0
CASH, DECEMBER 31	\$ 700	\$ 1,015	\$ 315	\$ 0	\$ 700	\$ 700
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 2,000	\$ 8,487	\$ 6,487	\$ 3,000	\$ 0	\$ (3,000)
Total Receipts	\$ 2,000	\$ 8,487	\$ 6,487	\$ 3,000	\$ 0	\$ (3,000)
DISBURSEMENTS						
Other	\$ 3,000	\$ 6,386	\$ (3,386)	\$ 8,000	\$ 3,213	\$ 4,787
Total Disbursements	\$ 3,000	\$ 6,386	\$ (3,386)	\$ 8,000	\$ 3,213	\$ 4,787
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,000)	\$ 2,101	\$ 3,101	\$ (5,000)	\$ (3,213)	\$ 1,787
CASH, JANUARY 1	4,852	4,852	0	8,065	8,065	0
CASH, DECEMBER 31	\$ 3,852	\$ 6,953	\$ 3,101	\$ 3,065	\$ 4,852	\$ 1,787
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 110,000	\$ 118,813	\$ 8,813	\$ 114,000	\$ 115,558	\$ 1,558
Intergovernmental	174,820	171,610	(3,210)	168,896	223,035	54,139
Charges for services	15,270	6,234	(9,036)	13,000	1,909	(11,091)
Interest	15,000	17,969	2,969	12,000	11,484	(516)
Other	6,700	107,665	100,965	8,500	28,344	19,844
Total Receipts	\$ 321,790	\$ 422,291	\$ 100,501	\$ 316,396	\$ 380,330	\$ 63,934
DISBURSEMENTS						
Salaries and benefits	\$ 214,902	\$ 204,202	\$ 10,700	\$ 222,491	\$ 240,463	\$ (17,972)
Supplies and equipment	20,950	33,564	(12,614)	16,135	16,922	(787)
Miles and training	3,750	5,191	(1,441)	4,000	2,929	1,071
Contract personnel	11,000	11,245	(245)	10,400	10,050	350
Rent and utilities	13,080	5,903	7,177	13,940	6,929	7,011
Repairs and maintenance	13,608	14,273	(665)	3,500	12,850	(9,350)
Other	11,500	10,589	911	12,930	29,755	(16,825)
Total Disbursements	\$ 288,790	\$ 284,967	\$ 3,823	\$ 283,396	\$ 319,898	\$ (36,502)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 33,000	\$ 137,324	\$ 104,324	\$ 33,000	\$ 60,432	\$ 27,432
CASH, JANUARY 1	332,048	332,048	0	271,616	271,616	0
CASH, DECEMBER 31	\$ 365,048	\$ 469,372	\$ 104,324	\$ 304,616	\$ 332,048	\$ 27,432

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>			
RECEIPTS			
Intergovernmental	\$ 1,500	\$ 2,851	\$ 1,351
Total Receipts	\$ 1,500	\$ 2,851	\$ 1,351
DISBURSEMENTS			
Other	\$ 2,000	\$ 419	\$ 1,581
Total Disbursements	\$ 2,000	\$ 419	\$ 1,581
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ 2,432	\$ 2,932
CASH, JANUARY 1	3,040	3,040	0
CASH, DECEMBER 31	<u>\$ 2,540</u>	<u>\$ 5,472</u>	<u>\$ 2,932</u>
<b><u>SENATE BILL 40</u></b>			
RECEIPTS			
Property Tax	\$ 88,451	\$ 148,524	\$ 60,073
Total Receipts	\$ 88,451	\$ 148,524	\$ 60,073
DISBURSEMENTS			
Building and Operations	\$ 85,000	\$ 84,747	\$ 253
Total Disbursements	\$ 85,000	\$ 84,747	\$ 253
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,451	\$ 63,777	\$ 60,326
CASH, JANUARY 1	85,165	85,165	0
CASH, DECEMBER 31	<u>\$ 88,616</u>	<u>\$ 148,942</u>	<u>\$ 60,326</u>
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST</u></b>			
RECEIPTS			
Interest Income	\$ 0	\$ 671	\$ 671
Total Receipts	\$ 0	\$ 671	\$ 671
DISBURSEMENTS			
Equipment	\$ 8,372	\$ 0	\$ 8,372
Total Disbursements	\$ 8,372	\$ 0	\$ 8,372
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,372)	\$ 671	\$ 9,043
CASH, JANUARY 1	16,640	16,640	0
CASH, DECEMBER 31	<u>\$ 8,268</u>	<u>\$ 17,311</u>	<u>\$ 9,043</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST</u></b>			
RECEIPTS			
Interest Income	\$ 0	\$ 312	\$ 312
Total Receipts	\$ 0	\$ 312	\$ 312
DISBURSEMENTS			
Equipment and supplies	\$ 1,943	\$ 1,165	\$ 778
Total Disbursements	\$ 1,943	\$ 1,165	\$ 778
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,943)	\$ (853)	\$ 1,090
CASH, JANUARY 1	3,627	3,627	0
CASH, DECEMBER 31	<u>1,684</u>	<u>2,774</u>	<u>1,090</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

BATES COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Bates County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board of Trustees or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Delinquent Sales Tax	2001, 2000
Prosecuting Attorney Bad Check	2001, 2000
Sheriff's Federal Forfeiture	2001, 2000
Recorder Technology	2001
Law Library	2001, 2000
Associate Circuit Interest	2000
Circuit Clerk Interest	2000
Senate Bill 40 Board	2000
Prosecuting Attorney's Federal Forfeiture	2001, 2000
CDBG	2001, 2000
Election Services	2000
Sheriff's Vest Donation	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2001
Local Emergency Planning Commission	2001
Health Center	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check	2001, 2000
Prosecuting Attorney Federal Forfeiture	2001, 2000
Sheriff's Vest Donation	2000
Law Library	2001, 2000
Associate Circuit Interest	2001, 2000
Circuit Clerk Interest	2001, 2000
Senate Bill 40 Board	2001, 2000
CDBG	2001, 2000

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial banks in the county's name.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.



The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial banks in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Supplementary Schedule

BATES COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2001	2000
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
10.550	Department of Social Services - Food Distribution	N/A	\$ 20	\$ 0
10.557	Department of Health - Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0106 ERO045-1106 ERO045-2106	0 44,124 7,830	65,345 0 0
	Program Total		51,954	65,345
10.559	Summer Food Service Program for Children	ERS-146	0	57
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
14.228	Department of Economic Development- Community Development Block Grant	99-PF-23	188,623	13,019
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	98-UM-WK-2133	4,104	8,207
	Passed through:			
16.554	Missouri State Highway Patrol - Criminal History	95-RU-RX-K011	0	5,511
16.592	State Department of Public Safety - Local Law Enforcement Block Grants Program	N/A	0	8,990
16.unknown	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	N/A	574	1,165
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-007(9) BRO-007(10) BRO-007(11) BRO-007(12)	704 0 289,118 288,289	0 220,384 18,139 27,361
	Program Total		578,111	265,884
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	20,760	16,126

BATES COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	N/A	35,976	38,681
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	1,055	953
	Department of Health -	PG0067-01065	0	3,450
93.575	Child Care and Development Block Grant	PGA0067-11065	3,854	0
	Department of Health -			
93.994	Maternal and Child Health Services	ERS146-0106M	0	20,541
	Block Grant to the States	ERS146-1106M	15,872	0
		C100015004	97	33
	Program Total		15,969	20,574
	Total Expenditures of Federal Awards		\$ 901,000	\$ 447,962

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

BATES COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Bates County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions which govern the contents of this schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

The direct program amount for Immunization Grants (CFDA number 93.268), \$5,148 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the year ended December 31, 2000. The remaining amounts for Immunization Grants to the States represent cash disbursements.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditor's Report



SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor  
and  
County Commission of  
Bates County, Missouri

Compliance

We have audited the compliance of Bates County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Bates County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Bates County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Bates County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 9, 2002

## Schedule

BATES COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      X no

Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes      X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ yes      X no

Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? \_\_\_\_\_ yes      X no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        X   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

BATES COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



BATES COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## SECTION ON OTHER MATTERS

SUITE 406  
1221 BALTIMORE AVE.  
KANSAS CITY, MO 64105  
TELEPHONE: (816) 221-4559  
FACSIMILE: (816) 221-4563  
CERTIFIED PUBLIC ACCOUNTANTS

## MCBRIDE, LOCK & ASSOCIATES

### BATES COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Bates County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 9, 2002. We also have audited the compliance of \_Bates County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 9, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents a matter other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. This matter resulted from our audit of the special-purpose financial statements of Bates County but does not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider this matter and take appropriate corrective action.

#### Bids Not Obtained

The Health Center did not obtain bids for the purchase of a copier that cost in excess of \$4,500 as required by RSMo Section 50.660.

#### Auditee Response:

The copier was purchased from a company with whom we have had good success and prompt repairs.

This Letter on Other Matters is intended for the information of the management of Bates County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

May 9, 2002



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Barton County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Barton County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-61  
August 30, 2002

BARTON COUNTY, MISSOURI

AUDIT REPORT

FOR EACH OF THE TWO YEARS ENDED  
DECEMBER 31, 2001 AND 2000

# BARTON COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
Independent Auditor's Report on Financial Statements	1
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3
Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
Year Ended December 31, 2001	A-1 5
Year Ended December 31, 2000	A-2 6
Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	B 7
Notes to the Financial Statements	13
Schedule:	
Schedule of Findings, Years Ended December 31, 2001 and 2000	16
FOLLOW-UP ON PRIOR AUDIT:	
Follow-up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <i>Government Auditing     Standards</i>	17
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	18
SECTION ON OTHER MATTERS:	
Letter on Other Matters	19

## FINANCIAL SECTION

## Independent Auditor's Reports



McBRIDE, LOOK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the State Auditor  
and  
County Commission of  
Barton County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Barton County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Barton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Barton County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Barton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 28, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

McBride, Lock & Associates

February 28, 2002

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor  
And  
County Commission of  
Barton County, Missouri

We have audited the special-purpose financial statements of various funds of Barton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Barton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. - However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Barton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the

design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the County in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Barton County, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

February 28, 2002

## Financial Statements

BARTON COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 307,297	\$ 750,420	\$ 773,308	284,409
Special Road and Bridge	521,942	699,034	495,343	725,633
Assessment	(7,576)	140,725	132,991	158
Law Enforcement Training	8,715	4,812	5,368	8,159
Prosecuting Attorney Training	2,843	737	675	2,905
Recorder	51,595	8,195	759	59,031
Prosecuting Attorney Bad Check	23,408	16,419	29,135	10,692
Law Enforcement Sales Tax	245,932	535,011	587,041	193,902
Local Use Sales Tax	75,241	2,997	0	78,238
Emergency 911	356,980	123,062	56,496	423,546
Noxious Weed	5,737	0	337	5,400
Health Center	324,622	696,400	685,596	335,426
Special Law Enforcement Drug	3,676	124	0	3,800
Associate and Circuit Division Interest	6,632	3,757	4,843	5,546
Law Library	29,092	6,465	8,557	27,000
Drug Task Force	725	25	0	750
Federal Forfeitures	0	44,932	0	44,932
Total	<u>\$ 1,956,861</u>	<u>\$ 3,033,115</u>	<u>\$ 2,780,449</u>	<u>\$ 2,209,527</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BARTON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 313,641	\$ 762,899	\$ 769,243	\$ 307,297
Special Road and Bridge	403,660	885,718	767,436	521,942
Assessment	10	120,014	127,600	(7,576)
Law Enforcement Training	7,128	4,359	2,772	8,715
Prosecuting Attorney Training	2,851	845	853	2,843
Recorder	46,140	6,867	1,412	51,595
Prosecuting Attorney Bad Check	17,339	16,655	10,586	23,408
Law Enforcement Sales Tax	241,304	519,942	515,314	245,932
Local Use Sales Tax	75,172	4,182	4,113	75,241
Emergency 911	271,129	118,359	32,508	356,980
Noxious Weed	7,119	0	1,382	5,737
Health Center	314,990	701,891	692,259	324,622
Special Law Enforcement Drug	4,618	200	1,142	3,676
Associate and Circuit Division Interest	8,972	3,166	5,506	6,632
Law Library	28,804	7,653	7,365	29,092
FEMA	14,223	31,353	45,576	0
Drug Task Force	684	41	0	725
Total	<u>\$ 1,757,784</u>	<u>\$ 3,184,144</u>	<u>\$ 2,985,067</u>	<u>\$ 1,956,861</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,939,001	\$ 2,981,594	\$ 42,593	\$ 3,047,615	\$ 3,176,291	\$ 128,676
DISBURSEMENTS	4,440,266	2,771,892	1,668,374	4,320,440	2,976,560	1,343,880
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,501,265)	\$ 209,702	\$ 1,710,967	\$ (1,272,825)	\$ 199,731	\$ 1,472,556
CASH, JANUARY 1	1,915,139	1,924,093	8,954	1,724,361	1,724,362	1
CASH, DECEMBER 31	<u>\$ 413,874</u>	<u>\$ 2,133,795</u>	<u>\$ 1,719,921</u>	<u>\$ 451,536</u>	<u>\$ 1,924,093</u>	<u>\$ 1,472,557</u>
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 67,000	\$ 81,492	\$ 14,492	\$ 62,800	\$ 64,821	\$ 2,021
Sales taxes	441,100	433,427	(7,673)	416,000	432,248	16,248
Intergovernmental	39,375	31,534	(7,841)	70,600	66,315	(4,285)
Charges for services	131,225	160,868	29,643	142,170	147,722	5,552
Interest	20,000	16,444	(3,556)	20,000	22,651	2,651
Other	29,250	26,655	(2,595)	30,550	29,142	(1,408)
Transfers in	18,000	0	(18,000)	18,000	0	(18,000)
Total Receipts	<u>\$ 745,950</u>	<u>\$ 750,420</u>	<u>\$ 4,470</u>	<u>\$ 760,120</u>	<u>\$ 762,899</u>	<u>\$ 2,779</u>
DISBURSEMENTS						
County Commission	\$ 115,740	\$ 94,160	\$ 21,580	\$ 89,980	\$ 70,910	\$ 19,070
County Clerk	65,800	65,697	103	68,000	63,153	4,847
Elections	100,360	39,869	60,491	95,000	82,596	12,404
Buildings and grounds	158,500	81,724	76,776	163,000	99,251	63,749
Employee fringe benefits	72,000	62,373	9,627	74,000	52,556	21,444
County Treasurer	63,640	62,017	1,623	58,900	57,623	1,277
Ex Officio County Collector	500	891	(391)	500	202	298
Ex Officio Recorder of Deeds	37,775	31,739	6,036	31,977	30,523	1,454
Circuit Clerk	16,400	10,129	6,271	21,300	10,816	10,484
Court administration	14,500	12,113	2,387	14,932	11,382	3,550
Public Administrator	33,405	35,700	(2,295)	36,655	33,659	2,996
Jail	20,000	0	20,000	25,000	0	25,000
Prosecuting Attorney	99,090	88,921	10,169	96,370	74,581	21,789
Juvenile Officer	33,150	21,123	12,027	29,063	23,460	5,603
Other	101,010	87,252	13,758	99,453	84,318	15,135
Computer	48,600	44,180	4,420	49,100	47,133	1,967
Public health and welfare services	12,880	10,880	2,000	10,906	10,273	633
Transfers out	28,087	24,540	3,547	44,500	16,807	27,693
Emergency Fund	22,330	0	22,330	22,345	0	22,345
Total Disbursements	<u>\$ 1,043,767</u>	<u>\$ 773,308</u>	<u>\$ 270,459</u>	<u>\$ 1,030,981</u>	<u>\$ 769,243</u>	<u>\$ 261,738</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (297,817)	\$ (22,888)	\$ 274,929	\$ (270,861)	\$ (6,344)	\$ 264,517
CASH, JANUARY 1	307,298	307,297	(1)	313,642	313,641	(1)
CASH, DECEMBER 31	<u>\$ 9,481</u>	<u>\$ 284,409</u>	<u>\$ 274,928</u>	<u>\$ 42,781</u>	<u>\$ 307,297</u>	<u>\$ 264,516</u>



BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 670,000	\$ 670,805	\$ 805	\$ 655,000	\$ 659,262	\$ 4,262
Charges for services	10,000	6,184	(3,816)	5,000	25,025	20,025
Interest	32,000	20,892	(11,108)	20,000	33,746	13,746
Other	500	1,153	653	51,000	167,685	116,685
Total Receipts	\$ 712,500	\$ 699,034	\$ (13,466)	\$ 731,000	\$ 885,718	\$ 154,718
DISBURSEMENTS						
Salaries	\$ 65,820	\$ 84,504	\$ (18,684)	\$ 75,000	\$ 51,766	\$ 23,234
Employee fringe benefits	70,800	19,047	51,753	55,000	5,578	49,422
Supplies	12,900	8,069	4,831	9,000	13,021	(4,021)
Insurance	12,000	2,699	9,301	8,000	1,987	6,013
Road and bridge materials	73,000	14,253	58,747	41,500	12,505	28,995
Equipment repairs	32,000	9,537	22,463	22,000	15,575	6,425
Rentals	3,000	1,946	1,054	5,000	1,148	3,852
Equipment purchases	297,000	119,824	177,176	224,000	217,534	6,466
Construction, repair, and maintenance	455,000	124,098	330,902	481,500	338,416	143,084
Distributions to townships	84,000	84,000	0	20,000	84,000	(64,000)
Emergency fund	90,000	0	90,000	192,000	0	192,000
Other	18,000	9,366	8,634	0	7,906	(7,906)
Transfers out	18,000	18,000	0	0	18,000	(18,000)
Total Disbursements	\$ 1,231,520	\$ 495,343	\$ 736,177	\$ 1,133,000	\$ 767,436	\$ 365,564
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (519,020)	\$ 203,691	\$ 722,711	\$ (402,000)	\$ 118,282	\$ 520,282
CASH, JANUARY 1	519,209	521,942	2,733	403,660	403,660	0
CASH, DECEMBER 31	\$ 189	\$ 725,633	\$ 725,444	\$ 1,660	\$ 521,942	\$ 520,282
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 120,074	\$ 115,029	\$ (5,045)	\$ 108,530	\$ 103,308	\$ (5,222)
Charges for services	0	348	348	0	419	419
Interest	500	717	217	200	1,066	866
Other	550	231	(319)	400	396	(4)
Transfers in	27,962	24,400	(3,562)	44,500	14,825	(29,675)
Total Receipts	\$ 149,086	\$ 140,725	\$ (8,361)	\$ 153,630	\$ 120,014	\$ (33,616)
DISBURSEMENTS						
Assessor	\$ 141,510	\$ 132,991	\$ 8,519	\$ 153,660	\$ 127,600	\$ 26,060
Total Disbursements	\$ 141,510	\$ 132,991	\$ 8,519	\$ 153,660	\$ 127,600	\$ 26,060
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 7,576	\$ 7,734	\$ 158	\$ (30)	\$ (7,586)	\$ (7,556)
CASH, JANUARY 1	(7,576)	(7,576)	0	30	10	(20)
CASH, DECEMBER 31	\$ 0	\$ 158	\$ 158	\$ 0	\$ (7,576)	\$ (7,576)

BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 4,500	\$ 4,472	\$ (28)	\$ 3,000	\$ 2,575	\$ (425)
Interest	500	340	(160)	150	396	246
	0	0	0	0	1,388	1,388
Total Receipts	\$ 5,000	\$ 4,812	\$ (188)	\$ 3,150	\$ 4,359	\$ 1,209
DISBURSEMENTS						
Sheriff	\$ 13,000	\$ 5,368	\$ 7,632	\$ 9,000	\$ 2,772	\$ 6,228
Total Disbursements	\$ 13,000	\$ 5,368	\$ 7,632	\$ 9,000	\$ 2,772	\$ 6,228
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,000)	\$ (556)	\$ 7,446	\$ (5,850)	\$ 1,587	\$ 7,437
CASH, JANUARY 1	8,715	8,715	0	7,128	7,128	0
CASH, DECEMBER 31	<u>\$ 715</u>	<u>\$ 8,159</u>	<u>\$ 7,446</u>	<u>\$ 1,278</u>	<u>\$ 8,715</u>	<u>\$ 7,437</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	\$ 950	\$ 629	\$ (321)	\$ 1,000	\$ 684	\$ (316)
Interest	175	108	(67)	125	161	36
Total Receipts	\$ 1,125	\$ 737	\$ (388)	\$ 1,125	\$ 845	\$ (280)
DISBURSEMENTS						
Prosecuting Attorney	\$ 3,400	\$ 675	\$ 2,725	\$ 3,400	\$ 853	\$ 2,547
Total Disbursements	\$ 3,400	\$ 675	\$ 2,725	\$ 3,400	\$ 853	\$ 2,547
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,275)	\$ 62	\$ 2,337	\$ (2,275)	\$ (8)	\$ 2,267
CASH, JANUARY 1	2,843	2,843	0	2,850	2,851	1
CASH, DECEMBER 31	<u>\$ 568</u>	<u>\$ 2,905</u>	<u>\$ 2,337</u>	<u>\$ 575</u>	<u>\$ 2,843</u>	<u>\$ 2,268</u>
<b><u>RECORDER FUND</u></b>						
RECEIPTS						
Charges for services	\$ 4,000	\$ 6,099	\$ 2,099	\$ 5,000	\$ 4,196	\$ (804)
Interest	2,500	2,096	(404)	2,000	2,671	671
Total Receipts	\$ 6,500	\$ 8,195	\$ 1,695	\$ 7,000	\$ 6,867	\$ (133)
DISBURSEMENTS						
Ex-Officio Recorder of Deeds	\$ 51,000	\$ 759	\$ 50,241	\$ 53,000	\$ 1,412	\$ 51,588
Total Disbursements	\$ 51,000	\$ 759	\$ 50,241	\$ 53,000	\$ 1,412	\$ 51,588
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (44,500)	\$ 7,436	\$ 51,936	\$ (46,000)	\$ 5,455	\$ 51,455
CASH, JANUARY 1	51,595	51,595	0	46,140	46,140	0
CASH, DECEMBER 31	<u>\$ 7,095</u>	<u>\$ 59,031</u>	<u>\$ 51,936</u>	<u>\$ 140</u>	<u>\$ 51,595</u>	<u>\$ 51,455</u>

BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 16,000	\$ 15,609	\$ (391)	\$ 14,000	\$ 15,483	\$ 1,483
Interest	1,200	810	(390)	700	1,172	472
Other	0	0	0	1,000	0	(1,000)
Total Receipts	\$ 17,200	\$ 16,419	\$ (781)	\$ 15,700	\$ 16,655	\$ 955
DISBURSEMENTS						
Prosecuting Attorney	\$ 19,300	\$ 29,135	\$ (9,835)	\$ 11,800	\$ 10,586	\$ 1,214
Total Disbursements	\$ 19,300	\$ 29,135	\$ (9,835)	\$ 11,800	\$ 10,586	\$ 1,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,100)	\$ (12,716)	\$ (10,616)	\$ 3,900	\$ 6,069	\$ 2,169
CASH, JANUARY 1	23,408	23,408	0	17,339	17,339	0
CASH, DECEMBER 31	\$ 21,308	\$ 10,692	\$ (10,616)	\$ 21,239	\$ 23,408	\$ 2,169
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	\$ 440,000	\$ 433,348	\$ (6,652)	\$ 415,000	\$ 431,573	\$ 16,573
Charges for services	81,600	92,636	11,036	111,500	73,736	(37,764)
Interest	14,000	9,027	(4,973)	10,000	14,633	4,633
Total Receipts	\$ 535,600	\$ 535,011	\$ (589)	\$ 536,500	\$ 519,942	\$ (16,558)
DISBURSEMENTS						
Sheriff	\$ 338,545	\$ 299,280	\$ 39,265	\$ 324,356	\$ 267,264	\$ 57,092
Jail	416,800	273,340	143,460	379,795	238,264	141,531
Coroner	20,500	14,421	6,079	14,500	9,786	4,714
Total Disbursements	\$ 775,845	\$ 587,041	\$ 188,804	\$ 718,651	\$ 515,314	\$ 203,337
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (240,245)	\$ (52,030)	\$ 188,215	\$ (182,151)	\$ 4,628	\$ 186,779
CASH, JANUARY 1	245,932	245,932	0	241,304	241,304	0
CASH, DECEMBER 31	\$ 5,687	\$ 193,902	\$ 188,215	\$ 59,153	\$ 245,932	\$ 186,779
<b><u>LOCAL USE SALES TAX</u></b>						
RECEIPTS						
Interest	\$ 3,500	\$ 2,997	\$ (503)	\$ 4,000	\$ 4,182	\$ 182
Total Receipts	\$ 3,500	\$ 2,997	\$ (503)	\$ 4,000	\$ 4,182	\$ 182
DISBURSEMENTS						
Equipment	\$ 10,000	\$ 0	\$ 10,000	\$ 29,000	\$ 4,113	\$ 24,887
Capital improvements	60,000	0	60,000	50,000	0	50,000
Total Disbursements	\$ 70,000	\$ 0	\$ 70,000	\$ 79,000	\$ 4,113	\$ 74,887
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (66,500)	\$ 2,997	\$ 69,497	\$ (75,000)	\$ 69	\$ 75,069
CASH, JANUARY 1	75,241	75,241	0	75,172	75,172	0
CASH, DECEMBER 31	\$ 8,741	\$ 78,238	\$ 69,497	\$ 172	\$ 75,241	\$ 75,069

BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
Charges for services	\$ 100,600	\$ 108,097	\$ 7,497	\$ 98,800	\$ 101,442	\$ 2,642
Interest	18,000	14,965	(3,035)	0	16,917	16,917
Total Receipts	\$ 118,600	\$ 123,062	\$ 4,462	\$ 98,800	\$ 118,359	\$ 19,559
DISBURSEMENTS						
Supplies	\$ 1,000	\$ 115	\$ 885	\$ 500	\$ 12	\$ 488
Training	50,000	2,230	47,770	10,000	1,471	8,529
Equipment	255,000	26,556	228,444	200,000	2,659	197,341
Telephone services	32,000	27,595	4,405	30,000	28,366	1,634
Transfers out	50,000	0	50,000	50,000	0	50,000
Total Disbursements	\$ 388,000	\$ 56,496	\$ 331,504	\$ 290,500	\$ 32,508	\$ 257,992
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (269,400)	\$ 66,566	\$ 335,966	\$ (191,700)	\$ 85,851	\$ 277,551
CASH, JANUARY 1	356,980	356,980	0	271,129	271,129	0
CASH, DECEMBER 31	\$ 87,580	\$ 423,546	\$ 335,966	\$ 79,429	\$ 356,980	\$ 277,551
<b><u>NOXIOUS WEED FUND</u></b>						
RECEIPTS						
Total Receipts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DISBURSEMENTS						
Noxious Weed	\$ 5,700	\$ 337	\$ 5,363	\$ 7,100	\$ 1,382	\$ 5,718
Total Disbursements	\$ 5,700	\$ 337	\$ 5,363	\$ 7,100	\$ 1,382	\$ 5,718
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,700)	\$ (337)	\$ 5,363	\$ (7,100)	\$ (1,382)	\$ 5,718
CASH, JANUARY 1	5,737	5,737	0	7,118	7,119	1
CASH, DECEMBER 31	\$ 37	\$ 5,400	\$ 5,363	\$ 18	\$ 5,737	\$ 5,719
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 103,328	\$ 107,707	\$ 4,379	\$ 105,155	\$ 98,183	\$ (6,972)
Intergovernmental	476,857	506,890	30,033	408,917	522,376	113,459
Charges for services	36,580	35,533	(1,047)	33,090	38,023	4,933
Interest	8,517	15,912	7,395	18,802	16,060	(2,742)
Other	18,623	30,358	11,735	26,646	27,249	603
Total Receipts	\$ 643,905	\$ 696,400	\$ 52,495	\$ 592,610	\$ 701,891	\$ 109,281
DISBURSEMENTS						
Salaries	\$ 556,702	\$ 553,077	\$ 3,625	\$ 538,091	\$ 548,476	\$ (10,385)
Office expenditures	37,108	42,900	(5,792)	31,500	33,863	(2,363)
Equipment	17,128	19,761	(2,633)	17,432	13,934	3,498
Mileage and training	29,686	29,175	511	23,458	30,541	(7,083)
Other	31,563	27,196	4,367	37,140	39,615	(2,475)
Inservice/education	2,500	4,158	(1,658)	2,000	2,475	(475)
Contractor labor/professional fees	15,906	9,329	6,577	12,606	23,355	(10,749)
Building and parking lot	0	0	0	300	0	300
Total Disbursements	\$ 690,593	\$ 685,596	\$ 4,997	\$ 662,527	\$ 692,259	\$ (29,732)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (46,688)	\$ 10,804	\$ 57,492	\$ (69,917)	\$ 9,632	\$ 79,549
CASH, JANUARY 1	318,404	324,622	6,218	306,626	314,990	8,364
CASH, DECEMBER 31	\$ 271,716	\$ 335,426	\$ 63,710	\$ 236,709	\$ 324,622	\$ 87,913

BARTON COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FEMA FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,353	\$ 31,353
Total Receipts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,353	\$ 31,353
DISBURSEMENTS						
Townships	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 30,021	\$ (20,021)
Other	0	0	0	4,223	15,555	(11,332)
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 14,223	\$ 45,576	\$ (31,353)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 0	\$ 0	\$ (14,223)	\$ (14,223)	\$ 7
CASH, JANUARY 1	0	0	0	14,223	14,223	0
CASH, DECEMBER 31	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7
<b><u>DRUG TASK FORCE FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	35	25	(10)	200	41	(159)
Other	0	0	0	143,780	0	(143,780)
Total Receipts	\$ 35	\$ 25	\$ (10)	\$ 143,980	\$ 41	\$ (143,939)
DISBURSEMENTS						
Salaries	\$ 0	\$ 0	\$ 0	\$ 109,500	\$ 0	\$ 109,500
Mileage and training	0	0	0	6,710	0	6,710
Equipment	0	0	0	9,810	0	9,810
Supplies	0	0	0	1,800	0	1,800
Other	0	0	0	16,800	0	16,800
Total Disbursements	\$ 0	\$ 0	\$ 0	\$ 144,620	\$ 0	\$ 144,620
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 35	\$ 25	\$ (10)	\$ (640)	\$ 41	\$ 681
CASH, JANUARY 1	722	725	3	684	684	0
CASH, DECEMBER 31	\$ 757	\$ 750	\$ (7)	\$ 44	\$ 725	\$ 681
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	\$ 0	\$ 3,757	\$ 3,757	\$ 0	\$ 3,166	\$ 3,166
Total Receipts	\$ 0	\$ 3,757	\$ 3,757	\$ 0	\$ 3,166	\$ 3,166
DISBURSEMENTS						
Equipment	\$ 6,631	\$ 4,843	\$ 1,788	\$ 8,971	\$ 5,506	\$ 3,465
Total Disbursements	\$ 6,631	\$ 4,843	\$ 1,788	\$ 8,971	\$ 5,506	\$ 3,465
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,631)	\$ (1,086)	\$ 5,545	\$ (8,971)	\$ (2,340)	\$ 6,631
CASH, JANUARY 1	6,631	6,632	1	8,971	8,972	1
CASH, DECEMBER 31	\$ 0	\$ 5,546	\$ 5,546	\$ 0	\$ 6,632	\$ 6,632

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

BARTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Barton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Law Enforcement Drug Fund	2001, 2000
Law Library Fund	2001, 2000
Federal Forfeitures Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
PA Bad Check Fund	2001
FEMA Fund	2000
Health Center	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Warrants were issued in excess of the available cash balance:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2000

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Law Enforcement Drug Fund	2001, 2000
Associate Circuit Division Interest Fund	2001, 2000
Law Library Fund	2001, 2000
Health Center Fund	2001, 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.



In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the county treasurer's name.

The Health Center's deposits at December 31, 2001 and 2000, were entirely covered by Federal depository insurance or by collateral securities held by the County's custodial bank in the Health Center's name.

## SCHEDULE

BARTON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

BARTON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999 included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
In Accordance with OMB Circular A-133

BARTON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the audit concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999 included one audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of Federal awards.

**1) Amounts Claimed for Reimbursement**

The County did not reconcile total amounts claimed for reimbursement to the Department of Transportation to their actual expenditures for the Project. The County submitted claims for reimbursement exceeding actual costs incurred by \$28,082 due to error in preparing one of the reimbursement claims.

**Follow-up of Prior Audit**

The County has contacted the Department of Transportation to determine how the monies were to be repaid. The monies was repaid in two parts; first by deducting \$10,734.61 from BRO-006(12) progress invoice, and second by issuing a warrant for \$15,388.59 dated July 31, 2000 which was the net amount remaining after adjusting for \$1,959.38 for additional guard railing.

## SECTION ON OTHER MATTERS



McBRIDE, LOOK & ASSOCIATES

BARTON COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Barton County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 28, 2002.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the State Auditor's next audit of the County.

This Letter on Other Matters represents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Barton County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the County should consider these matters and take appropriate corrective action.

1. Environmental Protection Grant Not Recorded in Financial Records.

The administrator of the Health Center has chosen not to include the EPA award with other receipts and disbursements, which is the normal procedure of other awards from pass-through accounts and/or Federal grants. She has a separate bank account from which she disburses funds as needed and records receipts when received.

This fund was expended during the year end 2000, but expenditures were not included in the Health Center's financial reports.

We recommend the Health Center's Board of Directors require full disclosure of all fund balances, receipts and disbursements within the financial statements and to be included in the Center's annual reports.

Auditee Response:

The auditee agreed to incorporate these funds into the accounting records in the future.

## 2. Procurement

Section 50.660, RSMo 2000 requires the county to offer bids for purchases greater than \$4,500 made from any one person, firm or corporation during any period of ninety days. However the county purchased \$8,710 and \$7,848 of rock from one supplier during the periods of July 1, 2000 through September 30, 2000 and October 1, 2000 through December 31, 2000, respectively without procuring bids.

We recommend the county establish procedures to ensure compliance with state statutes regarding procurement.

Auditee Response:

The county does not bid rock because all rock hauler charges vary less than \$0.05 per ton and mileage and availability are basis for the selection of the supplier.

This Letter on Other Matters is intended for the information of the State Auditor of Missouri, management of Barton County, Missouri, and other applicable government officials, and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

McBride, Lock & Associates

February 28, 2002



**OVERSIGHT OF THE STATE'S  
PROCUREMENT CARD PROGRAM**

**From The Office Of State Auditor  
Claire McCaskill**

*State officials have not implemented effective controls to prevent inappropriate use of state procurement cards.*

**Report No. 2002-60  
August 29, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

August 2002

**State credit cards are issued to employees with excessive spending limits and no assessment of who actually needs one, which leaves the state unnecessarily liable**

This audit evaluates the state's procurement card purchasing system, in which 2,600 employees have state credit cards for state business purchases. During our audit period, 99 percent of the purchases were made by four departments: conservation, transportation, natural resources and mental health. Auditors analyzed how employees used the cards and departments reviewed these purchases. The state started this program in 1998 to reduce administrative costs of processing small dollar purchases. The following highlights the findings.

**Spending limits are too high**

Audit analysis showed 1,500 of the employee cardholders only needed a \$1,000 monthly limit, instead of the \$3,000 limit available to each cardholder. In fact, about one-third of the employees seldom or never used their card and 50 percent spent less than \$400 a month. In addition, analysis showed the maximum \$1,000 individual purchase limit as unnecessarily high. About 55 percent of the employees reviewed by auditors had no individual transaction greater than \$299. The state is ultimately liable for all purchases made on these cards and such high limits expose the state to unnecessary risk. (See pages 3 and 6)

**Most purchases made without prior review, and some with no review**

State card guidelines did not require employees to seek approval for purchases beforehand, unless the purchase exceeded the \$1,000 single transaction limit. As a result, department officials relied on after-the-fact reviews to check for allowable and appropriate purchases. In addition, auditors found no indication of any pre-purchase or post-purchase review by conservation employees. (See page 13)

**Employee cardholders did not give preference to Missouri businesses**

State law requires purchase preference be given to Missouri products and firms when quality is equal or better and the price is the same or less. Auditors found about \$488,000 in goods purchased from non-Missouri vendors during the audit period. For example, conservation employees routinely bought hunting and fishing equipment from a Nebraska-based vendor when a Missouri-based vendor carried similar products. (See page 11)

YELLOW SHEET

### **Cards not issued based on job duties**

Office of Administration officials allowed departments to decide the number and type of employees who could have cards, resulting in varying practices by department. For example, nearly half (1,037 of 2,107) of the conservation employees have cards, while less than 1 percent (45 of 9,388) of the mental health employees have cards. (See page 4)

### **Employees buy some unallowable items with cards**

State card guidelines prohibit employees from using cards to buy postage stamps, auto repairs, telephone equipment or items for personal use. Auditors found conservation employees bought more than \$2,700 in postage stamps and transportation employees bought more than \$2,600 in auto repairs. In addition, a transportation employee purchased \$10,000 in watches, cutlery, fishing knives, travel cases and beverage coolers for resale in the department's employee catalogue store. Because the employee bought these items for others' personal use and not official state business, state officials called the purchases inappropriate. (See page 11)

### **Attractive items bought with cards, but not inventoried**

Conservation and transportation employees purchased items - including digital cameras, binoculars, television and power tools - considered attractive for personal use, but did not identify or inventory these items as state property, which is required by state regulations. (See page 11)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# OVERSIGHT OF THE STATE'S PROCUREMENT CARD PROGRAM

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>3</b>
1. An Excessive Number of Procurement Cards Issued to State Employees and Higher Than Necessary Spending Limits Leave the State Exposed to Unwarranted Liability .....	3
Conclusion .....	8
Recommendations .....	8
2. The Procurement Card Program Needs More Safeguards and Oversight .....	10
Conclusion .....	14
Recommendations .....	14
 <b>APPENDIX</b>	
OBJECTIVES, SCOPE AND METHODOLOGY .....	16



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
Jefferson City, MO 65102

Over 2,600 state employees have procurement cards which obligate the state to pay for their purchases. The objective of this report was to determine whether (1) the issuance of procurement cards and purchasing limits for state employees were commensurate with their assigned job responsibilities, and (2) employees used procurement cards in accordance with state procurement statutes and regulations. To accomplish these objectives, we reviewed the Office of Administration's procurement card guidelines and analyzed procurement card usage by employees from four departments (conservation, mental health, natural resources, and transportation) between January and June 2001. Our methodology is shown in the Appendix, page 16.

Our review showed officials of the Office of Administration and the four departments reviewed did not assign procurement cards and purchasing limits based on cardholder job responsibilities. For example, all employees had at least a \$3,000 monthly spending limit. Our analysis showed 1,500 of these employees only needed a \$1,000 monthly limit, resulting in unwarranted potential liability to the state. We also found current controls did not ensure employees only procured allowable and appropriate items or gave purchase preference to Missouri businesses.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 4, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John B. Mollet, CISA
In-Charge Auditor:	Jeff W. Slinkard
Audit Staff:	Michelle J. Holland



## **RESULTS AND RECOMMENDATIONS**

### **1. An Excessive Number of Procurement Cards Issued to State Employees and Higher Than Necessary Spending Limits Leave the State Exposed to Unwarranted Liability**

Office of Administration (OA) officials, in implementing the state's procurement card program, did not limit the number of employees state departments could issue procurement cards to and allowed the departments to give all employees a standard \$3,000 monthly purchase limit.<sup>1</sup> Although employees can be held accountable for purchasing personal items using state procurement cards, the state is ultimately liable for all purchases made on these cards. At June 30, 2001, about half of the employees in one department had been issued cards, while less than 1 percent in another department had been issued cards. Collectively, four state departments issued procurement cards to over 2,500 employees. Much of the resulting potential liability is unwarranted and exposes the state to unnecessary risk because 1) about one-third of the employees never used their cards or only used them once a month, and 2) 50 percent of the card users spent less than \$400 a month. The standard \$3,000 monthly purchase limit was not based on what employees needed to perform their jobs. In addition, OA personnel have not analyzed spending patterns since the program's inception to show the necessity of such limits.

#### **Procurement Card Program**

The OA established the state's procurement card program in 1998 to reduce administrative costs of processing small dollar purchases (\$1,000 or less), and to provide a more convenient and efficient procurement method than the former purchase order system. Under a typical purchase order system, a state employee obtained supervisory approval, prepared a purchase order and took the order to a local merchant to obtain the goods. The merchant would then bill the state for the purchase and the state would pay the merchant during the next payment cycle. Under the procurement card program, employees can take their card directly to a merchant (with or without prior supervisory approval) and procure the needed goods. The merchant electronically bills the procurement card carrier for payment, and the carrier sends the state a single statement for all procurement charges during a one-month period. Accordingly, the state only has to process one payment to the carrier rather than processing hundreds of payments to individual merchants.

The OA has overall responsibility for administering the state's procurement card program and each participating state department has designated program coordinators. The OA established standard program policies, procedures and purchase dollar limits based on general statutory guidelines for state procurement outlined under Chapter 34, RSMo 2000.

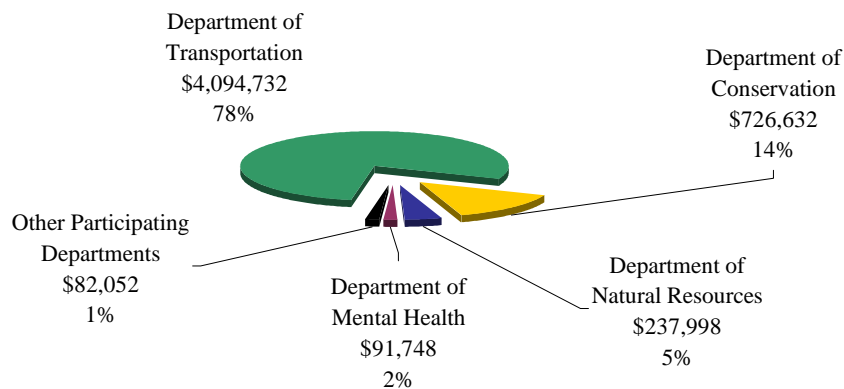
---

<sup>1</sup> Department of Transportation employees have monthly purchase card limits ranging from \$3,000 to \$25,000.

### **Four departments have accounted for a majority of procurement card expenditures**

Most state departments did not participate in the procurement card program between January and June 2001. During this period, state employees used procurement cards to buy about \$5.2 million in goods. Our analysis shows over 2,500 employees in four departments accounted for 99 percent of all purchases made during this period, with Department of Transportation (transportation) and Department of Conservation (conservation) employees making 92 percent of these purchases as shown in Figure 1.1.<sup>2</sup>

**Figure 1.1: Percentage Breakdown of Total Procurement Card Expenditures**



Source: SAO analysis of procurement card data

### **Departments were not required to justify the cards issued**

The OA did not establish any criteria related to the number or type of employees who could have procurement cards. Lacking any guidance, the four departments we reviewed used different approaches in issuing procurement cards to employees. For example, conservation officials allowed first-line supervisors to approve which employees (including part-time employees) received procurement cards and issued the cards to about 50 percent of department employees. On the other hand, Department of Natural Resources (natural resources) officials required senior management approval for all procurement cards and issued cards to only about 13 percent of department employees.

Our review found no documentation the departments analyzed employee purchasing patterns to determine who should receive cards. Table 1.1 shows employee card information by department.

<sup>2</sup> A total of 11 state departments made purchases with state procurement cards between January 1, 2001, and June 30, 2001 (see Appendix, page 16 for a breakdown by department).

**Table 1.1: Employee Procurement Card Holders by Department**

Department	Number of Employees	Cards Issued	Percentage with Cards
Transportation	6,508	1,191	18.3
Conservation	2,107	1,037	49.2
Natural Resources	1,758	231	13.1
Mental Health	9,388	45	0.5
All other participating departments	<u>10,012</u>	<u>180</u>	1.8
Totals	<u>29,773</u>	<u>2,684</u>	9.0

Source: SAO analysis of procurement card data

### Procurement card spending limits were not based on needs analysis

The OA allowed departments to permit a maximum \$1,000 on a single transaction, with a \$3,000 monthly limit. According to an OA official, the \$1,000 single transaction limit was based on 1) a state statute (Section 34.040, RSMo 2000) that allows purchases less than \$3,000 to be done non-competitively, and 2) an undocumented informal study that showed most individual non-competitive purchases were less than \$1,000.

However, the official explained the procurement card program gives state departments the ability to tailor spending limits for each employee. For example, one employee can have a \$1,000 limit per transaction and \$3,000 total per month; while another employee can have a \$200 limit per transaction and \$500 total per month.

When department officials issued procurement cards to their employees, we found they automatically authorized all employees the \$1,000 single transaction and \$3,000 monthly spending limits and did not analyze past or anticipated employee purchasing patterns to determine these limits. Moreover, OA officials approved transportation officials request for a higher \$3,000 single transaction spending limit for transportation employees, along with higher total monthly spending limits (\$5000, \$10,000, and \$25,000) for the employees. These spending limits were not based on any needs analysis. Table 1.2 shows the monthly spending limits for each department, and total potential monthly and annual liability to the state.

**Table 1.2: Potential Maximum Credit Liability by Department**

Department	Cards Issued	Monthly Credit Limits	Monthly Liability	Annual Liability
Transportation	113	\$25,000	\$ 2,825,000	\$ 33,900,000
Transportation	701	\$10,000	7,010,000	84,120,000
Transportation	377	\$ 5,000	1,885,000	22,620,000
Conservation	1,037	\$ 3,000	3,111,000	37,332,000
Natural Resources	231	\$ 3,000	693,000	8,316,000
Mental Health	45	\$ 3,000	135,000	1,620,000
All other participating departments	<u>180</u>	\$ 3,000	<u>540,000</u>	<u>6,480,000</u>
Totals	<u>2,684</u>		<u>\$ 16,199,000</u>	<u>\$ 194,388,000</u>

Source: SAO analysis of procurement card data

### About one-third of employees never or infrequently used their cards

At the time of our audit, OA and department officials had not evaluated the extent employees used procurement cards. Our analysis showed over 400 transportation and conservation employees did not use their procurement cards during the 6-month period reviewed. Additionally, another 340 of these departments' employees only used their procurement cards on the average once a month for purchases mostly less than \$100. Table 1.3 summarizes card usage results within each of the four departments reviewed.

**Table 1.3: Procurement Cards Never or Seldom Used by Department**

Department	Cards Issued	Cards Not Used	Percentage Not Used	Cards Seldom Used	Percentage Seldom Used
Transportation	1,191	216	18	153	13
Conservation	1,037	190	18	187	18
Natural Resources	231	34	15	18	8
Mental Health	45	3	7	7	16
Totals	<u>2,504</u>	<u>443</u>	18	<u>365</u>	15

Source: SAO analysis of procurement card data

Table 1.3 indicates a large number of employees did not have a valid need for procurement cards. Continuing to allow these employees to hold procurement cards represents an unwarranted liability to the state. Department officials offered varying reasons for the number of cards they issued. Transportation and conservation officials considered it cost effective and important for their field staff to be able to purchase needed supplies. Based on our analysis, natural resources officials recognized it is not a sound business practice to allow employees to hold procurement cards when the data indicates they do not need them. They said the number of cards issued will be evaluated to determine if all current cardholders have a continued need for procurement authority.

### Authorized transaction limits were excessive

Our analysis of employees' purchases made between January and June 2001 showed most transactions were significantly less than an employee's maximum authorized transaction limit. For example, 55 percent of the employees in the 4 departments reviewed had no individual transactions greater than \$299, but had authorized single transaction limits of \$1,000 or more. In addition, nearly 80 percent of transportation employees had no individual transactions greater than \$999, but had authorized single transaction limits of \$3,000. Table 1.4 summarizes our results by department for the 6-month period reviewed.

**Table 1.4: Maximum Single Transaction Amounts by Employee and Department**

Maximum Transaction Amounts	Transportation		Conservation		Natural Resources		Mental Health		Totals	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
\$0 to \$299	399	41	603	71	125	64	17	40	1144	55
\$300-\$499	135	14	111	13	36	18	9	22	291	14
\$500-\$799	142	14	66	8	27	14	10	24	245	12
\$800-\$999	96	10	56	7	5	3	6	14	163	8
\$1,000 or greater	206	21	11	1	1	1	0	0	218	11
Totals <sup>1</sup>	978	100	847	100	194	100	42	100	2,061	100

<sup>1</sup>Total and percent of total are based on the number of cards used during the audit period.

Source: SAO analysis of procurement card data

### Total monthly spending limits were also excessive

Our analysis showed over 80 percent of conservation and natural resources employees spent less than \$800 a month, which indicates they did not need a \$3,000 monthly limit. In addition, about 66 percent (540 employees) of transportation employees, with \$10,000 spending limits, spent less than \$5,000 per month. Moreover, of the 113 transportation employees with \$25,000 monthly spending limits, only two of these employees spent more than \$10,000 in one month. Table 1.5 summarizes our results by department for the 6-month period reviewed.

**Table 1.5: Average Monthly Spending by Employee and Department**

Monthly Expenditures	Transportation		Conservation		Natural Resources		Mental Health		Totals	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
\$0 to \$199	212	22	402	47	58	30	12	29	684	33
\$200-\$399	144	15	154	18	46	24	5	12	349	17
\$400-\$799	158	16	148	17	51	26	6	14	363	18
\$800-\$999	58	6	40	5	13	6	4	10	115	6
\$1,000-\$1,999	182	19	90	10	20	10	10	24	302	15
\$2,000-\$2,999	81	8	11	2	5	3	4	9	101	5
\$3,000-\$4,999	82	8	2	1	1	1	1	2	86	4
\$5,000-\$9,999	59	6	0	0	0	0	0	0	59	2
\$10,000-\$25,000	2	0 <sup>2</sup>	0	0	0	0	0	0	2	0 <sup>2</sup>
Totals <sup>1</sup>	978	100	847	100	194	100	42	100	2,061	100

<sup>1</sup>Total and percent of total are based on the number of cards used during the audit period.

<sup>2</sup>Percentage less than 1 percent.

Source: SAO analysis of procurement card data

Authorizing employees higher spending limits than needed to perform their jobs is not a generally accepted business practice. OA and department officials said management controls are better with the procurement card program than with the previously used purchase order system and do not consider the current authorized spending limits a serious management control issue. Nevertheless, the state's procurement card program permits state employee cardholders to spend up to pre-authorized limits without obtaining prior supervisory approval. Accordingly, higher than necessary spending limits increases the potential for program abuses to occur before

management identifies the problem and can intervene. Our analysis shows the \$194 million annual potential liability for issued cards at June 30, 2001 should have been \$30 million based on card usage.

## **Conclusion**

The procurement card program may offer increased efficiencies to the state, but it also increases risk to the state from potential financial liability. In implementing this program, neither OA nor department officials performed any analyses to mitigate risks by determining 1) which employees needed procurement cards to perform their official duties, and 2) the appropriate dollar amount of spending limits each employee needed. These weaknesses contributed to many employees receiving procurement cards they did not need along with unnecessarily high procurement authority.

## **Recommendations**

We recommend the Commissioner, Office of Administration direct department officials to:

- 1.1 Identify employees who have not used their procurement cards, or have infrequently used their cards since September 30, 2001, and terminate their procurement authority.
- 1.2 Adjust employees' single and monthly dollar transactions limits based on their past procurement activities and their need to perform assigned duties.

## **Office of Administration Responses**

- 1.1 *We agree that purchasing cards should only be issued to those employees that have a legitimate state business need to use the card. We will ask the agencies to perform a review of their cards issued to determine which cards should be canceled.*
- 1.2 *As the Office of Administration investigated the feasibility of a state purchasing card program, we examined the state's FY-97 non-travel payments for invoices less than \$5,000. We found that 93% of the transactions (approximately 925,000) were for amounts less than \$1,000 but they represented only 44% of total dollars expended. Thus, a program that would consolidate the payment of the state's small dollar purchases was needed. We determined that the time and paperwork involved in authorizing, purchasing and paying for these small dollar transactions was not cost justified. We also found that many agencies were not using the purchase order controls for small dollar purchases, but were allowing employees to authorize merchants to direct bill the state for items needed. Thus, a system to document and control these purchases was needed.*

*The benefits of the purchasing card program include: elimination of small dollar purchase orders, ease of use in making the purchases, detailed expenditure reports for each card, control of expenditures customized to each card, quick vendor payment (48 hours instead of 30 days) for better vendor relations, reporting purchases from minority and women owned businesses and the ability to consolidate individual payments to many*

*vendors into one monthly payment to the card company. The implementation of the card program in each agency also includes the signing of an interagency agreement that covers the agency responsibility to ensure that sufficient controls are in place and adequate training is provided for those authorized to make purchases on behalf of the state.*

*The purpose of the purchasing card program is to facilitate agency purchases of goods costing less than \$1,000 each, with a monthly limit of \$3,000. The individual purchase and monthly dollar limits were set as maximums to encourage agency use of the program. Implementation options provide the flexibility for agencies to reduce allowed amounts per purchase and total purchases in a month to align with each employee's purchasing needs. We will ask the agencies to review their individual and monthly transaction limits and reduce them where needed.*

*The potential maximum credit liability calculated by the SAO is no greater than the liability that existed prior to implementing the procurement card program. In fact the previous system of allowing employees to direct bill their purchases had no real upper limit in place. The purchasing card provides a more effective mechanism for setting limits and reviewing the detailed spending of each employee.*

## **2. The Procurement Card Program Needs More Safeguards and Oversight**

While the procurement card system was intended to be a more cost-effective method of purchasing small-dollar items, it eliminated generally accepted controls over employee purchases. The procurement card program was implemented without adequate controls and guidelines to ensure procurement of only allowable and appropriate items. None of the departments required employees to obtain prior supervisory approval before using their procurement cards to make purchases, and one department did not perform post-supervisory reviews of employee purchases. Our analysis showed the employees 1) purchased various unallowable goods or inappropriate items, and 2) did not adequately record and track items as required by state regulations. Moreover, employees spent nearly \$500,000 on items, such as sporting goods equipment, from out-of-state businesses, which may have been purchased from in-state businesses at similar costs.

### **Procurement cards streamlined purchasing but increased risks**

In using procurement cards to pay for goods and services, some departments have eliminated traditional internal controls and generally accepted business practices over purchasing. The typical purchasing process usually involves a separation of duties between the employee requesting a good or item and a supervisor approving the purchase. A third person then requests the goods and arranges the purchase from a competitively approved vendor and price. The goods are shipped to a central receiving department and accounts payable staff approve the payment after seeing a materials receiving report. This process includes controls to ensure an employee cannot easily buy unnecessary goods, pay too much for a product, direct business to relatives or friends, or divert goods for personal use.

The four departments we reviewed implemented their procurement card programs without traditional controls such as purchase requisitions, purchase orders, and receiving reports. Instead, a cardholder often decides what is needed and from which merchant, receives the item, and approves the payment with no review by other officials. The Commissioner of Administration and department officials stated they implemented the procurement card program to streamline administrative procedures associated with the traditional purchase order system. Accordingly, they said requiring employees to obtain prior approval before making purchases would negate many procurement card program benefits.

Eliminating some of the traditional controls can help agencies reduce the administrative cost of processing small, routine purchases. However, agencies must balance these cost savings against the increased risk of inappropriate card use. The OA state procurement card manual states the card is not intended to avoid or bypass appropriate procurement or payment procedures.



## **Employees used procurement cards to buy inappropriate and unallowable items**

State employees purchased items that were either unallowable or inappropriate. The OA procurement card guidelines specifically prohibit purchase of postage stamps, automotive repairs, telephone equipment, and items for personal use. However, we found conservation employees used their cards for over \$2,700 in postage stamps, and transportation employees used their cards for over \$2,600 in auto repairs. Additionally, a transportation employee purchased wristwatches, cutlery, fishing knives, travel cases and six-pack beverage coolers collectively costing over \$10,000 for resale in the department's employee catalogue store. Although the employee did not purchase these items for her own personal use, the items were purchased for other employees' personal use and not for use in official state business. An OA official stated these purchases were an inappropriate use of procurement cards.

Personal use items that were bought using the procurement cards were not adequately identified and tracked as state property as required by state regulations.<sup>3</sup> Transportation officials did not maintain a list of sensitive items employees were required to inventory, and conservation officials limit sensitive items requiring inventory to all firearms, titled and registered equipment such as boat motors, computers, and all mobile and portable two-way radios. Conservation and transportation employees purchased items that were attractive for personal use and could be easily pilfered, but were not identified as state property and inventoried. These items included digital cameras, binoculars, televisions, and power tools.

Attractive items  
were not  
inventoried

## **State employees did not give preference to Missouri businesses**

State law<sup>4</sup> requires purchase preference be given to Missouri products and firms when quality is equal or better and the delivered price is the same or less. During the audit period, employees in all four departments used their procurement cards to purchase approximately \$488,223 in goods from non-Missouri vendors (over 9 percent of all procurement card activity) as shown in Table 2.1. Department officials said they thought the "buy-Missouri" preference statute did not apply to purchases made with procurement cards, but only to purchases made via competitive bids. Accordingly, they said employees were not required to give preference to in-state businesses or to obtain supervisory approval before making purchases with out-of-state vendors. An OA official stated the buy Missouri preference applies to procurement card purchases and department officials need to ensure employees follow this requirement when using procurement cards.

<sup>3</sup> 15 CSR 40-2.031 requires departments to implement appropriate procedures for adequate control, and perform annual inventories for items considered "attractive or easily pilfered" such as televisions and power tools.

<sup>4</sup> Sections 34.070 and 34.100, RSMo 2000.

**Table 2.1: Summary of Non-Missouri Vendor Purchases by Department**

Department	Total Cardholder Expenditures	Total Non-Missouri Expenditures <sup>1</sup>	Percentage
Transportation	\$ 4,094,732	\$ 258,823	6
Conservation	726,632	174,046	24
Natural Resources	237,998	32,180	14
Mental Health	<u>91,748</u>	<u>23,174</u>	25
Totals	\$ <u>5,151,110</u>	\$ <u>488,223</u>	9

<sup>1</sup> Mail order or Internet purchases from non-Missouri vendors.

Source: SAO analysis of procurement card data

Officials from these four departments did not ensure in-state vendors were used when possible. For example, limited tests showed transportation employees purchased office and industrial supplies from out-of-state vendors that could have been purchased from in-state vendors. Similarly, conservation employees routinely purchased hunting and fishing equipment, such as fishing vests and binoculars from a Nebraska-based vendor even though the same or similar products were available at the same prices from Missouri-based vendors. A conservation official said some employees prefer to buy from the Nebraska vendor because they have found better quality for the price and faster delivery service.

### **Cardholders circumvented pre-purchase authorization limit requirements.**

We identified several occasions where employees exceeded their single transaction limits of \$1,000 or \$3,000 by splitting charges, which department policies prohibit without prior authorization. Splitting charges is when an employee makes sequential purchases of smaller dollar transactions on the same day to stay below single transaction limits. Table 2.2 shows examples of employees using the same procurement cards to make more than one purchase in the same day and often a few minutes apart from the same vendor. Individually, the transactions fell below the single transaction limits, but the total exceeded the single transaction limit and would require prior purchase approval. We found no documented evidence that supervisors approved these split purchases.

**Table 2.2: Same Day and Merchant Transactions Potentially Avoiding Authorization Limits**

Department	Transaction		First		Second		Total
	Limit	Date	Transaction	Amount	Transaction	Amount	
Transportation	\$ 3,000	3-29-01	3:04 p.m.	\$ 2,568	3:12 p.m.	\$1,300	\$ 3,868
Transportation	\$ 3,000	1-22-01	8:10 a.m.	\$ 2,090	8:17 a.m.	\$1,644	\$ 3,734
Conservation	\$ 1,000	3-19-01	No record	\$ 803	No record	\$ 203	\$ 1,006
Mental Health	\$ 1,000	2-28-01	11:29 a.m.	\$ 959	11:32 a.m.	\$ 453	\$ 1,412
Mental Health	\$ 1,000	4-25-01	3:00 p.m.	\$ 956	3:16 p.m.	\$ 331	\$ 1,287
Mental Health <sup>1</sup>	\$ 1,000	1-04-01	No record	\$ 492	No record	\$ 792	\$ 1,230

<sup>1</sup>The first transaction includes two \$246 transactions and the second transaction includes three \$246 transactions.

Source: SAO analysis of procurement card data

## State employees procured most goods without prior authorization or review

OA and department officials did not require employees to obtain supervisory approval prior to making procurement card purchases unless a purchase exceeded applicable transaction limits of \$1,000 or \$3,000. Our analysis showed 99 percent of procurement card purchases did not exceed these limits. As a result, most card purchases did not require prior approval to ensure items were allowable under card guidelines, or an appropriate use of state funds. Lacking prior supervisory approval of employees' purchases, department officials relied on after-the-fact reviews to check for allowable and appropriate purchases. While officials of three of the four departments performed these post-purchase reviews, conservation officials did not document any such reviews. Table 2.3 shows post-purchase review procedures for the four state department programs reviewed.

A conservation official said post-purchase review by fiscal office staff is not done because all cardholders were trained on their responsibilities and limitations with these cards. He said supervisors also received cardholder training and were aware they were expected to review employee purchases. However, our review of 128 purchases showed no evidence of supervisory review. Department fiscal office staff received cardholder statements from supervisory level staff and assumed supervisors had reviewed the purchases. Fiscal office staff said they rely on the OA to complete additional reviews of the transactions and concluded that all purchases were appropriate since they had not received any negative feedback from OA personnel. An official from the OA-Division of Accounting said division staff spot check some charges as the statements are processed, but they rely on each department to review purchases made.

**Table 2.3: Department Post-Purchase Review Process**

Department	Procedures
Transportation	<ul style="list-style-type: none"><li>• Supervisory review conducted, documented on 100 percent of transactions.</li><li>• Limited fiscal office staff review conducted and documented.</li><li>• Some reliance placed on Office of Administration for final transaction review prior to payment of invoice.</li><li>• Department quality assurance staff review 10 percent of transactions per quarter to determine cardholder compliance. (ongoing program)</li></ul>
Conservation	<ul style="list-style-type: none"><li>• No documentation of any supervisory review or approval of transactions.</li><li>• No documented fiscal office staff review of transactions.</li><li>• No internal audit or quality assurance function conducting transaction reviews.</li></ul>
Natural Resources	<ul style="list-style-type: none"><li>• Supervisory review conducted, documented on 100 percent of transactions</li><li>• Fiscal office staff (multi-level management) review 100 percent of transactions.</li><li>• Department internal audit staff conduct limited review of transactions.</li></ul>
Mental Health	<ul style="list-style-type: none"><li>• Supervisory review (intermittent) conducted and documented.</li><li>• Divisional/Fiscal office staff (intermittent) review conducted and documented.</li><li>• No internal audit or quality assurance function conducting transaction reviews.</li></ul>

Source: SAO analysis

## Conclusion

The absence of generally accepted internal controls, such as supervisory review and approval, in the procurement card program has resulted in employees procuring some unallowable and inappropriate items. The lack of acceptable controls has also resulted in employees violating state statutes requiring preference for procuring goods from Missouri businesses. Although employees are using their procurement cards to buy numerous items that are attractive for personal use and could be easily pilfered, department officials did not always ensure these items were recorded or tracked in accordance with state regulations.

## Recommendations

We recommend the Commissioner, Office of Administration direct department officials to:

- 2.1 Establish procedures that require supervisory review and approval for procurement card purchases that involve items that can be easily converted to personal use or pilfered, and require documented independent review of a sample of purchases.
- 2.2 Establish guidelines that ensure compliance with state law regarding preference being given to Missouri products and businesses and that all out-of-state purchases receive documented supervisory approval.
- 2.3 Implement more effective inventory controls that permanently identify and record merchandise typically considered attractive for personal use.

## Office of Administration Responses

- 2.1 *Per the interagency agreement with OA, the agency has accepted "...full responsibility to review State Purchasing Company (card) statements, ensure that each purchase included on the statement is for official state business only, is payable from the appropriations of the Agency and is less than \$1,000 (unless approval exception)." When an agency authorizes an employee to use a purchasing card, it is pre-approving his use of the card for purchases within the purchasing card guidelines. It is then up to the agency to have sufficient internal controls in place to ensure those guidelines are followed. A monthly statement is received by the agency for each card. The agency has also agreed to "...ensure that all disbursement data entering the accounting system is accurate, authorized, properly coded, adequately documented and that the good(s) purchased through use of the Card was received by the Agency." We will remind agencies that their procedures should ensure that the purchases of such items are properly controlled.*
- 2.2 *We will direct agencies to establish necessary controls that will ensure compliance with 34.070 RSMo.*
- 2.3 *The interagency agreement with OA requires that "The Agency shall maintain the necessary internal controls and implement recommendations resulting from audits by OA and/or other independent audits of the Program including the State Auditor." We will*

*remind the agencies to establish the controls necessary to ensure compliance with their interagency agreement and recommendations of the State Auditor. If we find an agency cannot comply with the terms of the agreement, we have the authority to terminate the use of the state purchasing card program in that agency.*

## OBJECTIVES, SCOPE AND METHODOLOGY

### Objectives

Our objectives were to determine whether state officials implemented effective procedures and controls to ensure (1) the issuance of procurement cards and purchasing limits for state employees were commensurate with their assigned job responsibilities, and (2) employees used procurement cards in accordance with state procurement statutes and regulations.

### Scope and Methodology

To examine processes and requirements for the procurement card program, we collected documentation and did interviews at the OA and selected departments. We reviewed the OA's program objectives, structure, expectations of department officials, interagency agreements, and general program policies and procedures. We interviewed the OA's state program administrator and responsible officials from selected departments. We also obtained and reviewed selected departments' specific programs and the policies and procedures established for cardholders.

To analyze procurement card transactions, we obtained statewide procurement card expenditure data from United Missouri Bank (the contracted program administrator) for the period January 1, 2001 through June 30, 2001. This data showed procurement activity by department, employee, account, date, merchant, product, and amount. Using this data, we analyzed the percentage of employees assigned cards and their use, and verified open accounts to cardholder agreements to ensure that all cardholders could be identified. Table I.1 summarizes the number of cards issued and the charges during the 6-month period reviewed for the 11 departments participating in the procurement card program.

**Table I.1: Procurement Cards Used by 11 Departments**

Department	Cards Issued <sup>1</sup>	Charges	Percentage of Total
Transportation	1,191	\$ 4,094,732	78.2
Conservation	1,037	726,632	13.9
Natural Resources	231	237,998	4.5
Mental Health	45	91,748	1.8
Public Safety	19	30,928	0.6
Office of Administration	72	21,673	0.4
Office of State Courts Administrator	16	17,124	0.3
Health	47	9,466	0.2
Elementary and Secondary Education <sup>2</sup>	6	2,323	
Secretary of State <sup>2</sup>	17	419	
State Auditor's Office <sup>2</sup>	3	119	
Totals	<u>2,684</u>	<u>\$ 5,233,162</u>	

<sup>1</sup>As of June 30, 2001

<sup>2</sup>Percentage less than one-tenth of a percent

Source: Prepared by SAO based on procurement card data

## **APPENDIX**

We also identified the four departments (conservation, mental health, natural resources, and transportation) which had the highest procurement card expenditures during that period and quantified all transactions by dollar value to establish usage level increments. We determined actual card use based on the transactions and compared these transactions to allowable credit limits. Based on our analysis, we identified cardholders who did not use or seldom used the cards, and computed the total potential state liability based on the volume of outstanding cards.

To conduct a detailed review of card use, we selected a stratified sample from the population of transactions for each of the four departments. We used three categories of transaction amounts (1) below \$250 (2) \$250 to \$750, and (3) over \$750. Based on this criteria, we judgmentally selected 552 transactions for review: 221 from transportation, 128 from conservation, 123 from natural resources, and 80 from mental health. We then reviewed supporting documentation such as receipts for each selected transaction to evaluate the item purchased, supervisors' authorization, and compared the purchased item against the department's acceptable procurement policies and procedures. In addition, we determined whether the purchased item was from an in-state vendor in accordance with applicable state laws.

We conducted random field visits at transportation and conservation locations to evaluate specific employee transactions and the methods used to record and track transactions we selected for testing.

We obtained comments on the contents of this report from the Commissioner of Administration and other key officials from the OA during a meeting on April 30, 2002. We also obtained comments from officials responsible for these cards at the respective departments. We incorporated these comments into the report as appropriate.

We performed our audit work between July 2001 and January 2002.



**AUDRAIN COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-59  
August 27, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Audrain, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Audrain County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Formal budgets were not prepared or obtained for all county funds for the two years ended December 31, 2001, resulting in a significant omission from the county's financial statements. No information regarding the increasing fund balance of the Special Law Enforcement Bond Fund was conveyed in the county's budget document. Although many of the unbudgeted funds are not under the direct control of the County Commission, budgets are still needed to comply with the law.
- The County Treasurer's failure to adequately perform accounting procedures including receipting, recording, and month-end reconciling resulted in some record keeping errors related to the county's two main bank accounts not being identified or corrected in a timely manner. In addition, some known discrepancies have not been investigated and resolved. As a result, the bank balances do not reconcile to the fund ledger balances.
- The county does not have adequate procedures in place to track federal financial assistance for preparation of the schedule of expenditures of federal awards. The county's schedules for 2000 and 2001 contained several errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions of federal funds.

(over)

YELLOW SHEET

- Interest totaling approximately \$127,000 earned from June 2000 to December 2001 has not been allocated to the various funds held in the county revenue checking account.
- The county's procedures are not adequate to ensure fixed assets purchases are added to the property records. In addition, the statutorily required periodic inventories and inspections have not been performed and no reports have been filed with the County Clerk.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

AUDRAIN COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: .....

2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards .....

3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....

5-6

Financial Statements: .....

7-15

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001 .....

8

A-2

Year Ended December 31, 2000 .....

9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000 .....

10-15

Notes to the Financial Statements .....

16-19

Supplementary Schedule: .....

20-22

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 .....

21-22

Notes to the Supplementary Schedule .....

23-25

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: .....

27-29

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133 .....

28-29

AUDRAIN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	30-36
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	31-36
Section I - Summary of Auditor's Results .....	31-32
Section II - Financial Statement Findings .....	32-34
<u>Number</u>	<u>Description</u>
01-1.	Omission of Budgetary Information ..... 32-33
01-2.	County Treasurer's Accounting Controls and Procedures..... 33-34
Section III - Federal Award Findings and Questioned Costs .....	35-36
01-3.	Schedule of Expenditures of Federal Awards..... 35-36
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-40
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	41-42
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	44-47
<u>Number</u>	
1.	Interest Allocations .....46
2.	Fixed Assets ..... 46-47
Follow-Up on Prior Audit Findings .....	48-50
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	52-57

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Audrain County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Audrain County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Audrain County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Audrain County.

As more fully described in Note 1 to the financial statements, the county's financial statements do not include statements of receipts, disbursements, and changes in cash - budget and actual for various funds totaling \$594,000 and \$610,000 in receipts, and \$432,000 and \$344,000 in disbursements for the years ended December 31, 2001 and 2000, respectively. Statements of receipts, disbursements, and changes in cash - budget and actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects of the omission of the information discussed in the preceding paragraph, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Audrain County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 15, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Audrain County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 15, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Cheryl Colter, CPA, CGFM
Audit Staff:	Stacy Griffin-Lowery
	Terri Crader





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Audrain County, Missouri

We have audited the special-purpose financial statements of various funds of Audrain County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 15, 2002. That report expressed a qualified opinion on the special-purpose financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Audrain County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Audrain County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Audrain County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 15, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

AUDRAIN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,370,154	2,427,285	2,403,971	1,393,468
Special Road and Bridge	534,591	1,984,008	1,788,954	729,645
Assessment	187,825	245,637	204,003	229,459
Law Enforcement Training	751	4,342	3,847	1,246
Prosecuting Attorney Training	1,022	690	520	1,192
Bridge Trust	288,968	1,253,326	1,298,444	243,850
Emergency 911	154,657	280,118	277,548	157,227
Prosecuting Attorney Administrative	2,324	16,357	14,006	4,675
Law Enforcement Sales Tax	487	1,511,985	1,505,523	6,949
Sheriff Civil Fee	48	34,272	33,124	1,196
Election Services	3,250	4,865	1,362	6,753
Hospital Tax	61,730	455,328	425,000	92,058
Rothwell Trust	181,562	5,832	0	187,394
Recorder's Technology	0	2,879	850	2,029
Victims of Domestic Violence	1,829	5,124	4,553	2,400
Recorder User Fee	4,622	11,094	11,458	4,258
Prosecuting Attorney Delinquent Tax	128	3,088	2,652	564
DARE/Investigation	167	800	59	908
Local Emergency Planning Commission	17,003	5,054	9,881	12,176
Special Law Enforcement Bond	697,592	549,802	389,078	858,316
Sheriff Canine	108	125	200	33
Local Law Enforcement Block Grant	34	0	34	0
Law Library	3,670	9,804	8,953	4,521
Associate Circuit Division Interest	927	34	88	873
Children's Emergency	1,319	1,750	1,501	1,568
Circuit Interest	15,682	3,910	3,015	16,577
Juvenile	950	595	310	1,235
Total	\$ 3,531,400	8,818,104	8,388,934	3,960,570

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

AUDRAIN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,062,661	2,440,244	2,132,751	1,370,154
Special Road and Bridge	516,609	1,765,868	1,747,886	534,591
Assessment	149,064	222,177	183,416	187,825
Law Enforcement Training	1,240	6,217	6,706	751
Prosecuting Attorney Training	1,684	948	1,610	1,022
Bridge Trust	14	1,128,351	839,397	288,968
Emergency 911	204,519	269,337	319,199	154,657
Prosecuting Attorney Administrative	2,884	16,858	17,418	2,324
Law Enforcement Sales Tax	14,268	1,265,773	1,279,554	487
Sheriff Civil Fee	3,261	33,604	36,817	48
Election Services	0	4,570	1,320	3,250
Hospital Tax	67,398	404,332	410,000	61,730
Rothwell Trust	172,089	9,473	0	181,562
Community Development Block Grant	0	3,500	3,500	0
Victims of Domestic Violence	1,300	1,098	569	1,829
Recorder User Fee	15,301	9,987	20,666	4,622
Prosecuting Attorney Delinquent Tax	1,825	1,322	3,019	128
DARE/Investigation	157	950	940	167
Local Emergency Planning Commission	16,885	5,544	5,426	17,003
Special Law Enforcement Bond	418,458	535,995	256,861	697,592
Sheriff Canine	0	31,373	31,265	108
Local Law Enforcement Block Grant	0	4,534	4,500	34
Law Library	5,465	9,396	11,191	3,670
Associate Circuit Division Interest	1,009	74	156	927
Children's Emergency	1,610	890	1,181	1,319
Circuit Interest	14,215	4,397	2,930	15,682
Juvenile	1,538	620	1,208	950
Total	\$ 2,673,454	8,177,432	7,319,486	3,531,400

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## AUDRAIN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 8,148,580	8,224,045	75,465	7,407,888	7,567,752	159,864
DISBURSEMENTS	9,209,823	7,956,302	1,253,521	8,437,248	6,976,074	1,461,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,061,243)	267,743	1,328,986	(1,029,360)	591,678	1,621,038
CASH, JANUARY 1	2,790,157	2,787,369	(2,788)	2,191,564	2,195,691	4,127
CASH, DECEMBER 31	1,728,914	3,055,112	1,326,198	1,162,204	2,787,369	1,625,165
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	372,200	414,952	42,752	365,200	368,148	2,948
Sales taxes	990,000	1,019,596	29,596	980,000	1,028,424	48,424
Intergovernmental	511,250	403,687	(107,563)	335,873	454,867	118,994
Charges for services	401,500	469,440	67,940	389,400	439,890	50,490
Interest	30,000	49,420	19,420	20,000	51,706	31,706
Other	37,000	50,190	13,190	48,010	77,209	29,199
Transfers in	20,000	20,000	0	20,000	20,000	0
Total Receipts	2,361,950	2,427,285	65,335	2,158,483	2,440,244	281,761
DISBURSEMENTS						
County Commission	94,268	90,292	3,976	82,265	82,285	(20)
County Clerk	102,550	99,657	2,893	96,625	93,870	2,755
Elections	17,100	9,344	7,756	58,000	55,629	2,371
Buildings and grounds	159,000	133,804	25,196	149,850	123,643	26,207
Employee fringe benefits	155,000	139,334	15,666	143,000	124,066	18,934
County Treasurer	38,177	37,248	929	37,924	36,482	1,442
County Collector	89,050	85,109	3,941	79,600	70,454	9,146
Ex Officio Recorder of Deeds	88,380	84,607	3,773	83,755	79,289	4,466
Circuit Clerk	22,650	11,777	10,873	19,250	11,044	8,206
Associate Circuit Court	6,500	2,621	3,879	12,550	1,294	11,256
Associate Circuit (Probate)	14,600	13,084	1,516	15,500	13,338	2,162
Court administration	13,420	2,798	10,622	14,150	6,270	7,880
Public Administrator	53,600	51,937	1,663	33,240	30,049	3,191
Prosecuting Attorney	247,620	245,685	1,935	237,250	229,865	7,385
Juvenile Officer	338,607	226,533	112,074	317,837	200,424	117,413
County Coroner	23,910	20,014	3,896	11,910	13,645	(1,735)
Public health and welfare services	6,050	3,500	2,550	5,650	4,520	1,130
Other	287,490	264,627	22,863	273,540	235,584	37,956
Transfers out	915,000	882,000	33,000	796,000	721,000	75,000
Emergency Fund	71,000	0	71,000	66,000	0	66,000
Total Disbursements	2,743,972	2,403,971	340,001	2,533,896	2,132,751	401,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(382,022)	23,314	405,336	(375,413)	307,493	682,906
CASH, JANUARY 1	1,370,154	1,370,154	0	1,062,661	1,062,661	0
CASH, DECEMBER 31	988,132	1,393,468	405,336	687,248	1,370,154	682,906

## Exhibit B

## AUDRAIN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	819,700	933,859	114,159	821,800	799,931	(21,869)
Intergovernmental	881,000	866,325	(14,675)	820,610	857,099	36,489
Interest	25,000	31,587	6,587	10,000	33,669	23,669
Other	27,500	152,237	124,737	40,000	29,944	(10,056)
Transfers In	0	0	0	0	45,225	45,225
Total Receipts	1,753,200	1,984,008	230,808	1,692,410	1,765,868	73,458
<b>DISBURSEMENTS</b>						
Salaries	340,045	314,240	25,805	326,045	292,173	33,872
Employee fringe benefits	118,000	90,804	27,196	108,000	84,483	23,517
Supplies	105,800	106,234	(434)	103,000	98,670	4,330
Insurance	19,000	19,952	(952)	18,000	18,280	(280)
Road and bridge materials	70,000	54,250	15,750	70,000	65,536	4,464
Equipment repairs	60,000	43,529	16,471	80,000	48,178	31,822
Rentals	1,000	0	1,000	3,000	150	2,850
Equipment purchases	260,000	215,782	44,218	385,400	228,223	157,177
Special Road Districts	665,326	653,028	12,298	650,445	569,121	81,324
Construction, repair, and maintenance	310,000	255,489	54,511	400,000	301,768	98,232
Other	78,500	15,646	62,854	80,000	21,304	58,696
Transfers out	20,000	20,000	0	20,000	20,000	0
Total Disbursements	2,047,671	1,788,954	258,717	2,243,890	1,747,886	496,004
RECEIPTS OVER (UNDER) DISBURSEMENTS	(294,471)	195,054	489,525	(551,480)	17,982	569,462
CASH, JANUARY 1	534,666	534,591	(75)	561,834	516,609	(45,225)
CASH, DECEMBER 31	240,195	729,645	489,450	10,354	534,591	524,237
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	219,830	238,671	18,841	239,700	217,265	(22,435)
Charges for services	3,300	6,966	3,666	4,000	3,223	(777)
Interest	1,700	0	(1,700)	4,500	1,689	(2,811)
Other	10,000	0	(10,000)	21,600	0	(21,600)
Total Receipts	234,830	245,637	10,807	269,800	222,177	(47,623)
<b>DISBURSEMENTS</b>						
Assessor	272,580	204,003	68,577	271,025	183,416	87,609
Total Disbursements	272,580	204,003	68,577	271,025	183,416	87,609
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,750)	41,634	79,384	(1,225)	38,761	39,986
CASH, JANUARY 1	187,825	187,825	0	149,064	149,064	0
CASH, DECEMBER 31	150,075	229,459	79,384	147,839	187,825	39,986

## Exhibit B

## AUDRAIN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	5,500	4,342	(1,158)	5,500	6,217	717
Total Receipts	5,500	4,342	(1,158)	5,500	6,217	717
DISBURSEMENTS						
Sheriff	6,000	3,847	2,153	6,500	6,706	(206)
Total Disbursements	6,000	3,847	2,153	6,500	6,706	(206)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	495	995	(1,000)	(489)	511
CASH, JANUARY 1	751	751	0	1,240	1,240	0
CASH, DECEMBER 31	251	1,246	995	240	751	511
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	900	690	(210)	1,000	948	(52)
Total Receipts	900	690	(210)	1,000	948	(52)
DISBURSEMENTS						
Prosecuting Attorney	1,800	520	1,280	2,500	1,610	890
Total Disbursements	1,800	520	1,280	2,500	1,610	890
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	170	1,070	(1,500)	(662)	838
CASH, JANUARY 1	1,022	1,022	0	1,684	1,684	0
CASH, DECEMBER 31	122	1,192	1,070	184	1,022	838
<b><u>BRIDGE TRUST FUND</u></b>						
RECEIPTS						
Sales taxes	990,000	1,021,063	31,063	980,000	1,029,935	49,935
Intergovernmental	500,000	232,263	(267,737)	260,000	96,943	(163,057)
Interest	1,500	0	(1,500)	5,000	1,473	(3,527)
Total Receipts	1,491,500	1,253,326	(238,174)	1,245,000	1,128,351	(116,649)
DISBURSEMENTS						
Salaries	224,550	201,160	23,390	220,180	164,595	55,585
Office Expense	17,200	6,212	10,988	2,200	1,148	1,052
Equipment	100,000	85,473	14,527	50,000	1,789	48,211
Supplies	15,000	6,796	8,204	15,000	5,036	9,964
Mileage	4,000	3,159	841	2,000	655	1,345
Bridge Construction	1,348,800	995,644	353,156	903,120	620,949	282,171
Transfers Out	0	0	0	0	45,225	(45,225)
Total Disbursements	1,709,550	1,298,444	411,106	1,192,500	839,397	353,103
RECEIPTS OVER (UNDER) DISBURSEMENTS	(218,050)	(45,118)	172,932	52,500	288,954	236,454
CASH, JANUARY 1	288,968	288,968	0	(45,211)	14	45,225
CASH, DECEMBER 31	70,918	243,850	172,932	7,289	288,968	281,679



## Exhibit B

## AUDRAIN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
Telephone tax	268,000	279,662	11,662	250,000	267,313	17,313
Interest	1,500	350	(1,150)	2,000	1,664	(336)
Other	250	106	(144)	1,000	360	(640)
Total Receipts	269,750	280,118	10,368	253,000	269,337	16,337
DISBURSEMENTS						
Office expenditures	4,000	3,785	215	4,100	3,332	768
Equipment	154,000	84,906	69,094	210,200	97,584	112,616
Mileage and training	8,500	2,423	6,077	7,600	3,999	3,601
Legal expense	500	0	500	800	0	800
Signs	2,000	2,505	(505)	2,500	1,989	511
Salaries and fringe benefits	237,000	182,137	54,863	167,637	212,295	(44,658)
Other	150	1,792	(1,642)	500	0	500
Transfers out	10,500	0	10,500	21,600	0	21,600
Total Disbursements	416,650	277,548	139,102	414,937	319,199	95,738
RECEIPTS OVER (UNDER) DISBURSEMENTS	(146,900)	2,570	149,470	(161,937)	(49,862)	112,075
CASH, JANUARY 1	154,657	154,657	0	204,519	204,519	0
CASH, DECEMBER 31	7,757	157,227	149,470	42,582	154,657	112,075
<b><u>PROSECUTING ATTORNEY ADMINISTRATIVE FUND</u></b>						
RECEIPTS						
Charges for services	17,000	16,357	(643)	14,000	16,858	2,858
Total Receipts	17,000	16,357	(643)	14,000	16,858	2,858
DISBURSEMENTS						
Equipment and maintenance	11,000	14,006	(3,006)	13,000	17,418	(4,418)
Other	7,000	0	7,000	3,000	0	3,000
Total Disbursements	18,000	14,006	3,994	16,000	17,418	(1,418)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	2,351	3,351	(2,000)	(560)	1,440
CASH, JANUARY 1	2,324	2,324	0	2,884	2,884	0
CASH, DECEMBER 31	1,324	4,675	3,351	884	2,324	1,440

## Exhibit B

## AUDRAIN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	495,000	510,639	15,639	490,000	515,342	25,342
Intergovernmental	136,250	116,721	(19,529)	23,000	0	(23,000)
Interest	1,000	0	(1,000)	2,500	878	(1,622)
Other	10,000	2,625	(7,375)	0	28,553	28,553
Transfers In	915,000	882,000	(33,000)	796,000	721,000	(75,000)
Total Receipts	1,557,250	1,511,985	(45,265)	1,311,500	1,265,773	(45,727)
DISBURSEMENTS						
Public safety	539,850	563,630	(23,780)	356,200	370,522	(14,322)
Jail	832,750	761,739	71,011	799,800	757,300	42,500
Employee fringe benefits	172,000	180,154	(8,154)	154,000	151,732	2,268
Total Disbursements	1,544,600	1,505,523	39,077	1,310,000	1,279,554	30,446
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,650	6,462	(6,188)	1,500	(13,781)	(15,281)
CASH, JANUARY 1	487	487	0	14,268	14,268	0
CASH, DECEMBER 31	13,137	6,949	(6,188)	15,768	487	(15,281)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	32,500	34,272	1,772	35,000	33,604	(1,396)
Total Receipts	32,500	34,272	1,772	35,000	33,604	(1,396)
DISBURSEMENTS						
Equipment and services	32,500	33,124	(624)	35,000	36,817	(1,817)
Total Disbursements	32,500	33,124	(624)	35,000	36,817	(1,817)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,148	1,148	0	(3,213)	(3,213)
CASH, JANUARY 1	48	48	0	3,261	3,261	0
CASH, DECEMBER 31	48	1,196	1,148	3,261	48	(3,213)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	2,500	0	(2,500)
Charges for services	3,500	4,865	1,365	4,000	4,570	570
Interest	10	0	(10)	50	0	(50)
Total Receipts	3,510	4,865	1,355	6,550	4,570	(1,980)
DISBURSEMENTS						
Elections	6,500	1,362	5,138	6,000	1,320	4,680
Total Disbursements	6,500	1,362	5,138	6,000	1,320	4,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,990)	3,503	6,493	550	3,250	2,700
CASH, JANUARY 1	3,250	3,250	0	0	0	0
CASH, DECEMBER 31	260	6,753	6,493	550	3,250	2,700

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HOSPITAL TAX FUND</u></b>						
RECEIPTS						
Property taxes	410,000	450,301	40,301	405,000	398,779	(6,221)
Interest	3,690	5,027	1,337	3,645	5,553	1,908
Total Receipts	413,690	455,328	41,638	408,645	404,332	(4,313)
DISBURSEMENTS						
Health and welfare	410,000	425,000	(15,000)	405,000	410,000	(5,000)
Total Disbursements	410,000	425,000	(15,000)	405,000	410,000	(5,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,690	30,328	26,638	3,645	(5,668)	(9,313)
CASH, JANUARY 1	73,805	61,730	(12,075)	70,160	67,398	(2,762)
CASH, DECEMBER 31	77,495	92,058	14,563	73,805	61,730	(12,075)
<b><u>ROTHWELL TRUST FUND</u></b>						
RECEIPTS						
Interest	7,000	5,832	(1,168)	7,000	9,473	2,473
Total Receipts	7,000	5,832	(1,168)	7,000	9,473	2,473
DISBURSEMENTS						
Health and welfare	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,000	5,832	(1,168)	7,000	9,473	2,473
CASH, JANUARY 1	172,200	181,562	9,362	165,200	172,089	6,889
CASH, DECEMBER 31	179,200	187,394	8,194	172,200	181,562	9,362

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

AUDRAIN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Audrain County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Audrain County Hospital Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Community Development Block Grant Fund	2000
Recorder's Technology Fund	2001
Victims of Domestic Violence Fund	2001 and 2000
Recorder User Fee Fund	2001 and 2000
Dare/Investigation Fund	2001 and 2000
Local Emergency Planning Commission Fund	2001 and 2000

Special Law Enforcement Bond Fund	2001 and 2000
Sheriff Canine Fund	2001 and 2000
Local Law Enforcement Block Grant Fund	2001 and 2000
Law Library Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Children's Emergency Fund	2001 and 2000
Circuit Interest Fund	2001 and 2000
Juvenile Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2000
Prosecuting Attorney Administrative Fund	2000
Sheriff Civil Fees Fund	2001 and 2000
Hospital Tax Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Hospital Tax Fund	2001 and 2000
Rothwell Trust Fund	2001 and 2000
Community Development Block Grant Fund	2000
Dare/Investigation Fund	2001 and 2000
Sheriff Canine Fund	2001 and 2000
Local Law Enforcement Block Grant Fund	2001 and 2000
Law Library Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Children's Emergency Fund	2001 and 2000
Circuit Interest Fund	2001 and 2000
Juvenile Fund	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The Audrain County Hospital Board of Trustees' deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

3. Prior Period Adjustment

The Sheriff Civil Fee Fund and Juvenile Fund cash balances of \$3,261 and \$1,538, respectively, at January 1, 2000, were not previously reported, but have been added so the county's financial statements will include these funds. The Jury Script Fund and Circuit Judge Fund cash balances of \$50 and \$9, respectively, at January 1, 2000, are not being reported since it was determined these are not operating funds.

## Supplementary Schedule



## Schedule

AUDRAIN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2001	2000
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	N/A	0	3,500
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO-1640479	3,984	0
	U.S. DEPARTMENT OF JUSTICE			
	Passed through:			
	State Department of Public Safety -			
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	1,815	0
16.579	Byrne Formula Grant Program	2000-NCD2-015	31,083	0
16.592	Local Law Enforcement Block Grants Program	99-LBG-078	0	4,050
	Missouri Sheriff's Meth-Amphetamine Relief Team -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	TF-2001-13	95,782	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,341	997
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-004(23)	146,275	118,681
		BRO-004(25)	95,344	23,054
		BRO-004(26)	27,377	0
	Program Total		<u>268,996</u>	<u>141,735</u>
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration:			
39.003	Donation of Federal Surplus Personal Property	N/A	0	47
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	EMK-2002-GR-2523	1,238	1,337

Schedule

AUDRAIN COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Social Services:				
93.563	Child Support Enforcement	N/A	83,553	79,101
93.658	Foster Care Title IV-E	N/A	1,700	1,200
93.667	Social Services Block Grant	ERO-172032	0	6,566
Total Expenditures of Federal Awards			\$ 489,492	238,533

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

AUDRAIN COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Audrain County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$3,984 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2001.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Audrain County, Missouri

Compliance

We have audited the compliance of Audrain County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Audrain County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance



of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-3.

#### Internal Control Over Compliance

The management of Audrain County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Audrain County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

May 15, 2002 (fieldwork completion date)

Schedule

AUDRAIN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ yes        x   no

Reportable conditions identified that are  
not considered to be material weaknesses?

  x   yes      \_\_\_\_\_ none reported

Noncompliance material to the financial statements  
noted?

  x   yes      \_\_\_\_\_ no

Federal Awards

Internal control over major program:

Material weaknesses identified?

\_\_\_\_\_ yes        x   no

Reportable conditions identified that are  
not considered to be material weaknesses?

  x   yes      \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major program:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?

  x   yes      \_\_\_\_\_ no

Identification of major program:

CFDA or  
Other Identifying

Number

Program Title

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

       yes

  x   no

## Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

### 01-1.

#### Omission of Budgetary Information

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the two years ended December 31, 2001. The lack of budgetary information for these funds, especially the Special Law Enforcement Bond Fund, is a significant omission from the county's financial statements. The County Commission indicated they did not believe a budget was necessary for this fund because the only disbursements are scheduled lease payments related to the county jail facility. No discretionary disbursements are made from this fund. However, a significant fund balance is accumulating in this fund and plans for these monies should be conveyed in the county's budget document. In addition, although most of the unbudgeted funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Receipts which were not budgeted totaled approximately \$594,000 and \$610,000 for 2001 and 2000, respectively. Disbursements which were not budgeted totaled approximately \$432,000 and \$344,000 for 2001 and 2000, respectively. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

A similar condition was noted in the two prior reports.

**WE AGAIN RECOMMEND** the County Commission along with other applicable officials ensure budgets are prepared for all county funds as required by state law.

**AUDITEE'S RESPONSE**

*Beginning with the 2003 budget year the County Commission will prepare a budget for the Special Law Enforcement Bond Fund. In addition, the County Commission will make written requests and provide budget forms to all other appropriate officials for other county funds not currently included in the budget.*

<b>01-2. County Treasurer's Accounting Controls and Procedures</b>
--------------------------------------------------------------------

Failure by the County Treasurer to adequately perform accounting procedures including receipting, recording, and month-end reconciling has resulted in some record keeping errors not being identified. Problems noted related primarily to the treasurer's two main bank accounts - the county revenue bank account which contains monies of the major county operating funds and the general bank account which contains monies of the treasurer's agency funds and funds administered by county officials other than the county commission. Some problems were also noted with the payroll bank account.

Receipt records are not reconciled to deposits and bank reconciliations have not been prepared by the County Treasurer for the county revenue bank account since July 2000. The County Treasurer indicated some reconciliations were prepared after July 2000, that these reconciliations contained discrepancies she was unable to resolve, and that the documentation of these efforts was not retained. Because proper reconciliations have not been performed, errors have occurred without timely detection. For example, in January 2001, \$15,437 of private car tax monies were deposited into the county revenue bank account without being receipted or recorded in the fund ledger. This error was not detected by the Treasurer until February 2002. In addition, unexplained discrepancies have existed in the County Treasurer's records for this account since July 2000. At our request, the Treasurer attempted to reconcile the bank balance for this account to the fund ledger balances for each month of 2001, and quantify the unresolved differences for each month. The unresolved differences varied from \$152,755 to \$9,054. We prepared a bank reconciliation for this account, and determined the reconciled bank balance exceeded the fund ledger balances and unrecorded receipts of the various funds held in the account by \$2,503 at December 31, 2001.

Although the County Treasurer prepares bank reconciliations for her other bank accounts, differences between reconciled bank balances and fund ledger balances are not always investigated and resolved. At December 31, 2001, the fund ledger balances of the funds held in the treasurer's general bank account and payroll bank account exceeded the reconciled bank balances by \$1,126 and \$126, respectively. Although the County Treasurer is aware of

the differences, she has not investigated and resolved them as of April 30, 2002. The County Treasurer should work to identify the discrepancies between the reconciled bank balances and the fund ledger balances.

To ensure receipts are accounted for properly and errors are detected and corrected on a timely basis, receipt slips should be issued for all monies received, receipts should be promptly recorded in the fund ledger, details of the receipt records should be reconciled to the composition of deposits, bank balances should be reconciled to fund ledger balances on a monthly basis, and any discrepancies noted should be investigated and resolved on a timely basis.

**WE RECOMMEND** the County Treasurer issue receipt slips for all monies received, record receipts in the fund ledger promptly, reconcile the details of the receipt records to the composition of deposits, and reconcile bank balances to fund ledger balances on a monthly basis. In addition, the difference between the reconciled bank balances and the fund ledger balances should be investigated and resolved on a timely basis. If the reasons for the current differences cannot be determined, the County Treasurer should transfer excess monies from the county revenue bank account to the treasurer's general and payroll bank accounts to bring them into balance. Any remaining excess funds in the county revenue account should be recorded as receipts of the General Revenue Fund to bring the account into balance.

#### **AUDITEE'S RESPONSE**

*We are now receipting in all monies received and currently reconciling the bank statements to the fund ledgers monthly. We have transferred money from the payroll bank account to the county revenue bank account to help bring the payroll bank account back into balance, and have receipted in the private car tax money. We have always tried to reconcile to the bank statement, but came up with differences. These reconciliations were not retained if we had unresolved differences.*

*I will make the necessary adjustments to bring the bank accounts back into balance by the end of September 2002.*

### Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-3.</b>	<b>Schedule of Expenditures of Federal Awards</b>
--------------	---------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-004(23), BRO-004(25), and BRO-004(26)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as part of the annual budget.

The county does not have adequate procedures in place to track federal financial assistance for the preparation of the SEFA. The county's SEFA schedule contained several errors and omissions. For example, expenditures reported for Highway Planning and Construction were overstated by approximately \$354,000 in 2001 and understated by approximately \$46,000 in 2000, because the bridge projects that were federally funded were not properly identified. In addition, expenditures from six federal programs totaling approximately \$17,000 were omitted from the schedule, because the County Clerk did not know that they were federally funded or was unaware of the grants and did not request grant information from other county officials.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*New accounting procedures were put in place in January 2002 to ensure future SEFA reports are accurate. The new procedures will enable better tracking of expenditures.*

*The County Clerk will contact the appropriate officials to ensure all federal programs are reported accurately.*



Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

AUDRAIN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Audrain County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 1999.

99-1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds. No documentation was available to indicate the County Commission obtained financial information regarding these funds prior to preparing the county's consolidated budget.
- B. The annual published financial statements did not include the financial activity of several county funds.

Recommendation:

The County Commission ask each office holder for budgetary and actual information on funds they control and record the repeated requests for such information in the County's minutes. And, we recommend that the County Commission review the Treasurer's annual settlement of funds to identify all funds controlled by the Treasurer in order to make certain that the reports the County Commission issues are complete and accurate.

Status:

Not implemented. See finding number 01-1 for similar budgetary concerns. With regard to the published financial statements, although this condition is not repeated in the current report, the recommendation remains as stated above.

99-2. County Treasurer's Records and Procedures

The County Treasurer maintained an excessive number of bank accounts.

Recommendation:

The Treasurer combine bank accounts while continuing to keep accurate records on fund balances in accounts shared by different funds.

Status:

Partially implemented. The County Treasurer combined several bank accounts, but has not kept accurate records. See finding number 01-2.

99-3. Computer Controls and Property Tax System

- A. The county did not have an adequate password system. Passwords used by the Assessor's office and County Clerk's office were not changed on a regular basis and the County Collector's office did not use passwords.
- B. No security system was in place to detect and stop incorrect log-on attempts.
- C. The computer program did not generate tax book page or control totals, but only a summary total at the end of each tax book.

Recommendation:

The County Commission implement a comprehensive computer security system to effectively employ the use of passwords and prevent repeated attempts to enter the computer system by trial-and-error. And, the computer system should be used to generate page and control totals on the tax books.

Status:

Partially implemented. A security system was implemented to detect and stop incorrect log-on attempts and tax books contained page and summary totals. The Collector's office began using passwords, but some of them are not kept confidential. In addition, passwords used by the various offices are not changed on a regular basis. Although not repeated in the current report, the recommendation remains as stated above.

99-4. General Fixed Assets Records and Procedures

- A. The County Clerk's office had no documentation indicating inventory information received from various offices was spot checked or verified. In addition, the County Clerk did not reconcile general fixed asset purchases to general fixed asset inventory additions.
- B. The County Clerk did not maintain property records in a manner that balances can be reconciled from period to period. In addition, assets are not numbered, tagged, or otherwise identified as county property and quarterly inspections of county-owned land and buildings were not performed.

Recommendation:

The County Commission maintain a complete and accurate fixed asset inventory with control totals reflecting the balance at the beginning of each year, the total additions and deletions equaling to the ending balance. All the detail should then tie to these control totals.

Status:

Not implemented. Because of changes to statutory provisions addressing county-owned property the current report concerns and recommendations differ from those addressed in the prior report. However, implementation of the current recommendations should satisfy the same concerns. See MAR finding number 2.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

AUDRAIN COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



AUDRAIN COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Audrain County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 15, 2002. That report expressed a qualified opinion on the special-purpose financial statements. We also have audited the compliance of Audrain County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 15, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. This Management Advisory Report includes no findings arising from our audit of the elected county officials referred to above. However, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit

of the special-purpose financial statements of Audrain County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.**

### **Interest Allocations**

Interest earned on the county revenue checking account maintained by the County Treasurer has not been allocated to the various funds held in that account. This account earned approximately \$127,000 in interest during the period from July 2000 to December 2001. As of April 30, 2002, these interest monies had not been allocated or credited to the various funds held in the bank account.

Various statutory provisions and Attorney General's Opinions require the allocation of interest to various funds. Interest allocations should be performed on a timely basis to ensure interest monies are equitably distributed to all funds and accounted for properly.

**WE RECOMMEND** the County Treasurer allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

### **AUDITEE'S RESPONSE**

*We will distribute the interest in August or September of 2002, and then continue to distribute it on a more regular basis.*

**2.**

### **Fixed Assets**

Each county official or their designee is responsible for performing periodic inventories and inspections. Our review determined that the various required inventories and inspections have not been performed and no reports have been filed with the County Clerk. As similarly discussed in the prior three reports, the county's overall procedures are not adequate to ensure fixed assets purchases are included in the general fixed asset records. Additions are not always recorded in the property records as they occur and fixed asset purchases per the expenditure records are not reconciled to additions to the property records. Many of the fixed assets purchased during the two years ended December 31, 2001, were not included on the fixed asset records. Examples of items omitted from the records include five Sheriff's department cars costing a total of approximately \$84,000, a Road and Bridge Department truck costing approximately \$59,000, and two Road and Bridge Department trailers costing a total of approximately \$27,000.

Adequate fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

#### **AUDITEE'S RESPONSE**

*The County Commission is currently working toward establishing procedures to improve record keeping and accounting for the county's general fixed assets.*

This report is intended for the information of the management of Audrain County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## AUDRAIN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Audrain County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1.     Budgetary Practices and Published Financial Statements

See the audit report on Audrain County, Missouri, for the two years ended December 31, 1999 (report number 2000-67).

2.     County Treasurer's Records and Procedures

See the audit report on Audrain County, Missouri, for the two years ended December 31, 1999 (report number 2000-67).

3.     County Expenditures

See the audit report on Audrain County, Missouri, for the two years ended December 31, 1999 (report number 2000-67).

4.     Computer Controls and Property Tax System

See the audit report on Audrain County, Missouri, for the two years ended December 31, 1999 (report number 2000-67).

5.     Prosecuting Attorney Controls

- A.     Administration fees were remitted to the County Treasurer only monthly.
- B.     Checks and money orders received as restitution were not always remitted to the victims on a timely basis. Some checks and money orders were being held for more than a year.

Recommendation:

The Prosecuting Attorney:

- A. Turn administration fees received over to the County Treasurer daily or when receipts exceed \$100.
- B. Remit restitution received to the victims more timely.

Status:

- A. Partially implemented. The Prosecuting Attorney considered our recommendation and implemented a policy of remitting administration fees to the County Treasurer twice per month; and, it appeared this policy was regularly followed. These remittances often exceeded \$500. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Improvement was noted. The Prosecuting Attorney adopted a policy of holding restitution no longer than one year before remitting it to the victim. He indicated that he believes it is necessary to hold the checks and money orders to serve as evidence in pending criminal cases. Although not repeated in the current MAR, our recommendation remains as stated above.

6. General Fixed Asset Records and Procedures

See the audit report on Audrain County, Missouri, for the two years ended December 31, 1999 (report number 2000-67).

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



AUDRAIN COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1836, the county of Audrain was named after either James S. Audrain, a Missouri Representative or Colonel Charles H. Audrain. Audrain County is a county-organized, third-class county and is part of the Twelfth Judicial Circuit. The county seat is Mexico.

Audrain County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Audrain County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,348,811	31	1,168,079	28
Sales taxes	1,019,596	23	1,028,424	24
Federal and state aid	1,270,012	29	1,311,966	31
Fees, interest, and other	772,874	17	697,643	17
Total	\$ 4,411,293	100	4,206,112	100

The following chart shows how Audrain County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,908,239	45	1,684,297	44
Public safety	492,232	12	443,934	11
Health and Welfare	3,500	0	4,520	0
Highways and roads	1,788,954	43	1,747,886	45
Total	\$ 4,192,925	100	3,880,637	100

In addition, Audrain County has a Law Enforcement Sales Tax Fund, with receipts of approximately \$1,512,000 and \$1,266,000 in 2001 and 2000, respectively, for the purpose of public safety; and a Bridge Trust Fund, with receipts of approximately \$1,253,000 and \$1,128,000 in 2001 and 2000, respectively, for the purpose of bridge improvements.

The county maintains approximately 213 county bridges and 527 miles of county roads.

The county's population was 25,362 in 1970 and 25,853 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	160.9	149.4	95.3	59.1	41.2
Personal property		72.9	70.2	20.0	15.0	9.3
Railroad and utilities		33.2	32.5	25.2	18.4	14.3
Total	\$	267.0	252.1	140.5	92.5	64.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Audrain County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1500	.1500
Special Road and Bridge Fund*		.2700	.2700
Hospital Maintenance		.1700	.1700
Senate Bill 40 Board Fund		.2000	.2000

\* The county retains all tax proceeds from areas not within road districts. The county has four road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. Three road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2002	2001
State of Missouri	\$	81,144	76,559
General Revenue Fund		434,166	408,560
Special Road and Bridge Fund		707,777	672,436
Assessment Fund		146,251	136,220
Health Center Fund		457,717	432,585
Senate Bill 40 Board		535,117	506,466
Schools Fund		8,852,208	8,460,014
Library Fund		533,633	505,357
Special Road Districts Fund		422,679	396,627
Nursing Home Fund		90,045	85,802
Fire Districts		265,361	256,137
Ambulance District		111,647	107,351
Cities and Village Tax		1,205,908	1,110,178
County Employee's Retirement		57,849	48,580
Commissions and fees:			
General Revenue Fund		225,815	209,590
County Collector		5,600	5,400
Total	\$	<u>14,132,916</u>	<u>13,417,863</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2002	2001
Real estate	93.9 %		95.2 %
Personal Property	89.9		93.2
Railroad and utilities	99.8		100.0

Audrain County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Bridge Trust		.0050	2004	None
Special Law Enforcement *		.0050	None	None

\* The proceeds of this sales tax are allocated 50 percent to the Law Enforcement Sales Tax Fund and 50 percent to the Special Law Enforcement Bond Fund.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Richard Webber, Presiding Commissioner	\$	26,821	25,980
Roger Young, Associate Commissioner (1)		29,078	23,980
Thomas Groves, Associate Commissioner (1)		29,078	23,980
Virginia L. Pehle, Recorder of Deeds		37,300	36,025
Shelley Harvey, County Clerk		37,300	36,025
Thomas I. Osborne, Prosecuting Attorney		55,800	54,100
Stuart D. Miller, Sheriff		48,750	39,750
Doris F. Schutte, County Treasurer		27,797	26,854
M. Pat Farnen, County Coroner		15,750	
Kevin Farnen, County Coroner			7,750
Connie J. Hagan, Public Administrator (2)		50,500	26,642
Bonnie Hill-Deimeke, County Collector (3), year ended February 28 (29),	37,425	36,238	
Marsha Peery, County Assessor (4), year ended August 31,		44,150	42,900
Sam L. Kuder, County Surveyor (5)		N/A	N/A

- (1) The Associate Commissioners' salary amounts for 2000 included a \$2,282 mid-term salary increase given in 1999 pursuant to Section 50.333.13, RSMo, which the Missouri Supreme Court held was unconstitutional. The 2001 and 2000 salary amounts included cost of living adjustments on the mid-term salary increase, totaling \$68 per year. Both associate commissioners are repaying their mid-term raises and the related cost of living adjustments, totaling \$4,700, in monthly installments of \$200 each beginning in July 2001.
- (2) The 2001 amount includes \$7,500 earned in 2000, while the 2000 amount includes fees received from probate cases and \$7,500 earned in 1999.
- (3) Includes \$5,600 and \$5,400, respectively, of commissions earned for collecting city property taxes.
- (4) Includes \$900 annual compensation received from the state.
- (5) Compensation on a fee basis.

State-Paid Officials:

Penny J. Creed, Circuit Clerk	47,300	46,127
Linda R. Hamlett, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk	0	4 *
Recorder of Deeds	2 *	0
County Clerk	3	0
Prosecuting Attorney	7	0
Sheriff	42 **	0
County Treasurer	1 *	0
County Collector	5 ***	0
County Assessor	5	0
Associate Division	0	3 *
Probate Division	0	1
Road and Bridge	21	0
Buildings and Grounds	2	
Emergency Management	1 *	0
Total	<u>89</u>	<u>8</u>

\* Includes one part-time employee

\*\* Includes seven part-time employees

\*\*\* Includes four part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Audrain County's share of the Twelfth Judicial Circuit's expenses is 41.36 percent.

The county entered into a lease agreement with a not-for-profit corporation on June 1, 1997. The terms of the agreement called for the corporation to issue bonds of \$5,595,000 for the purpose of constructing a new jail and for the corporation to lease the jail back to the county for payments totaling the principal and interest due to the outstanding bonds. The bonds are scheduled to be paid off in 2017. The remaining principal and interest due on the bonds at December 31, 2001, was \$5,030,000 and \$2,658,655, respectively.



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER RETENTION AND RECRUITMENT**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-58  
August 22, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Elementary and Secondary Education (DESE), Teacher Retention and Recruitment.**

-----

Our audit indicates that the state has problems in both recruiting and retaining teachers. We found that there were 4,256 individuals who received an initial teaching certificate and became eligible to teach in the 1994-95 school year. We reviewed the work history of these individuals and noted the following:

<i><b>Years of Teaching in a Missouri Public School</b></i>	<i><b>Number of Individuals</b></i>	<i><b>Percentage</b></i>
<i>Taught 7 years</i>	<i>771</i>	<i>18 percent</i>
<i>Taught 6 years</i>	<i>896</i>	<i>21 percent</i>
<i>Taught 5 years</i>	<i>361</i>	<i>8 percent</i>
<i>Taught 4 years</i>	<i>295</i>	<i>7 percent</i>
<i>Taught 3 years</i>	<i>243</i>	<i>6 percent</i>
<i>Taught 2 years</i>	<i>245</i>	<i>6 percent</i>
<i>Taught 1 year</i>	<i>270</i>	<i>6 percent</i>
<i>Never Taught</i>	<i>1,175</i>	<i>28 percent</i>

Only 18 percent of those individuals receiving an initial certificate in fiscal year 1995 taught for all seven years from school year 1995 to 2001 and 28 percent never entered a Missouri public school district as a teacher. In addition, the DESE compiled some statistics on new hires and discovered that already 700 of the 4,646 teachers (15 percent) new to public education hired in Missouri's school districts in school year 1999-00 have left the public teaching workforce in the state after only one year. Due to the high turnover rates for beginning teachers, the percentage of the teaching work force with experience of 0 to 5 years has actually increased from 21 percent in 1992 to 31 percent in 2001.

With a high percent of education graduates and/or teachers receiving their initial certification never entering the public teaching workforce coupled with a high turnover rate, the experience level of the state's public school educators is declining and the school districts are continually faced with recruiting new teachers and battling to address teacher shortages in certain areas.

(over)

YELLOW SHEET

Our review noted that the state has an abundance of certified teachers; however, a relatively small percentage choose to be teaching in a Missouri public school. We requested the DESE determine the total number of individuals holding a valid certificate versus those holding a valid certificate and employed in a school district. We determined that of approximately 257,500 individuals in Missouri holding a valid teaching certificate, only 29 percent were employed in a Missouri public school during the 2000-01 school year. Of this 29 percent employed, 25 percent were classroom teachers and the remaining 4 percent were in administrative positions.

Our audit of teacher retention and recruitment noted several areas where significant improvements are needed. In Missouri, teacher shortages are concentrated in specific areas known as critical need areas. School districts are forced to fill these areas with teachers who are not fully certified. Our report notes that the Department of Elementary and Secondary Education (DESE) only recently evaluated and summarized information to quantify those subjects taught by teachers who were not fully certified. In addition, the DESE currently counts some teachers who are not fully certified to teach subject areas as qualified. Parents of public school students in Missouri are not required to be notified when their children are placed in a classroom with a teacher who is not fully certified to teach the class.

Our audit notes that the DESE has not complied with a state law which requires information relating to the retention and recruitment of teachers to be reported to the General Assembly. In addition, recent information provided to the State Board of Education relating to teacher supply and demand was erroneous. Furthermore, recent changes to state certification policies appear inconsistent.

Missouri school administrators cite stringent certification requirements and low salaries as predominant reasons for teacher shortages in the state.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER RETENTION AND RECRUITMENT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR’S REPORT .....	1-3
EXECUTIVE SUMMARY .....	4-5
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	6-21
Background .....	7

<u>Number</u>	<u>Description</u>	
1.	Identifying and Quantifying Teacher Shortage Areas .....	11
2.	Reporting of Courses Taught By Unqualified Teachers .....	13
3.	Notification to Parents of Unqualified Teachers .....	14
4.	Required Reporting to the General Assembly .....	14
5.	Certification Policy Changes .....	15
6.	Certification Requirements .....	16
7.	Efforts and Incentives to Address Teacher Shortages .....	17
APPENDICES .....		22-33

Appendix

A	Teacher Demand by Certification Area, Year Ended June 30, 2001 .....	23
B	Percentage of Courses Taught by Unqualified Teachers (by Subject Area) Three Years Ended June 30, 2001 .....	24
C	Missouri Public School Districts’ Average Teacher Salaries Year Ended June 30, 2001 .....	25
D	Summary of Teacher Certification Classifications .....	30

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
D. Kent King, Commissioner  
Department of Elementary and Secondary Education  
Jefferson City, MO 65102

We have audited the teacher retention and recruitment efforts of the Department of Elementary and Secondary Education (DESE). The objectives of this audit were to:

1. Determine whether a teacher shortage exists in Missouri.
2. Determine whether the DESE adequately monitors, identifies, and reports information regarding teacher recruitment and retention and areas of teacher shortages.
3. Review efforts and incentives offered by Missouri and those of other states to retain and recruit teachers to address any teacher shortages.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws, regulations, and procedures including those relating to career ladder, minimum salary requirements, and retention and recruitment reporting. We also reviewed the teacher certification processes and requirements, interviewed and surveyed applicable personnel, and reviewed certain relevant records, statistics, and state and national reports.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Appendices are presented for informational purposes. This information was obtained from the DESE's management and was not subjected to the procedures applied in the audit of teacher retention and recruitment.

The accompanying Management Advisory Report presents our findings arising from our audit of Missouri's teacher retention and recruitment efforts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 10, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Stephen Garner
	Paul Rozycki

## EXECUTIVE SUMMARY

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER RETENTION AND RECRUITMENT  
EXECUTIVE SUMMARY

Our audit indicates that the state has problems in both recruiting and retaining teachers. In Missouri, teacher shortages are concentrated in specific areas known as critical need areas. School districts are forced to fill these areas with teachers who are not fully certified. Audit results noted that 28 percent of the individuals who received an initial teaching certificate in fiscal year 1995 never taught in a Missouri public school. In addition, only 18 percent of these individuals taught each of the 7 years since obtaining their initial certification. Our review also found that only 25 percent of the individuals holding a Missouri teaching certificate were employed as a classroom teacher in a Missouri public school during the 2000-01 school year. Missouri school administrators cite stringent certification requirements and low salaries as predominant reasons for teacher shortages in the state. Missouri average teacher salaries rank low when compared to other states, and these salary levels improved only slightly in recent years despite significant increases in funding dedicated to education.

Our audit of teacher retention and recruitment noted several areas where significant improvements are needed. Our report notes that the Department of Elementary and Secondary Education (DESE) only recently evaluated and summarized information to quantify those subjects taught by teachers who were not fully certified. In addition, the DESE currently counts some teachers who are not fully certified to teach subject areas as qualified. Parents of public school students in Missouri are not required to be notified when their children are placed in a classroom with a teacher who is not fully certified to teach the class.

Our audit notes that the DESE has not complied with a state law which requires information relating to the retention and recruitment of teachers to be reported to the General Assembly. In addition, recent information provided to the State Board of Education relating to teacher supply and demand was erroneous. Furthermore, recent changes to state certification policies appear inconsistent.

Our report recommends support for financial incentives targeted towards critical shortages in geographical and subject areas, the career ladder programs, and the National Board Certification. We also recommend the DESE evaluate the benefits of offering incentives to allow retirees to re-enter the teaching workforce.

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER RETENTION AND RECRUITMENT  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

**BACKGROUND**

**Teacher shortages are a problem in Missouri**

Our review looked for indicators to determine the extent of any teacher shortages in the state's public schools. One of the primary indicators of a teacher shortage in Missouri is the number of courses taught by unqualified teachers. Missouri's unqualified teacher data was not quantified until recently. According to the Department of Elementary and Secondary Education's (DESE) data, the percentage of courses taught by unqualified teachers, those who were teaching with a special assignment certificate, provisional certificate, substitute certificate, no certificate, or incorrect certificate, in the state grew from 8.3 percent in school year 1999 to 10 percent in school year 2001. We were unable to compare Missouri's shortage to other states as there were no national statistics available on teacher shortages.

Information obtained during our review indicates Missouri's shortage is concentrated in specific critical need areas. A study by Southwest Missouri State University of school year 2001, based on school administrator surveys, identified math, science, special education, and foreign language as areas with the most critical shortages. The study polled administrators on sixty certification areas. This study reported that thirty-four of those areas were identified as having a considerable shortage, twenty-one areas had some shortage, and the remaining five areas had a balanced supply of teachers. No areas were identified as having a surplus of teachers.

In a review conducted by the University of Missouri-Columbia (UMC) published in January 2000, superintendents were surveyed on various recruitment and retention issues. In this study the district superintendents indicated that 88 percent of their districts had more difficulty in meeting their instructional hiring needs during the 1998-99 school year than in previous years. The superintendents were further surveyed as to the methods they used for dealing with gaps in their professional staff. The most frequent solution (33 percent of the responses) was to request provisional certification from the DESE to allow a member of the existing staff to teach in the classroom where there were no qualified applicants. An additional 16 percent of the superintendents indicated that they would place someone without the appropriate certification or someone with less experience and/or less-than-desirable qualifications in the classroom. Other superintendents (7 percent) indicated they would increase class sizes. Another 7 percent stated that they would cancel classes that were unable to be filled. According to information provided by the DESE, school administrators have cited stringent certification requirements and low salaries as predominant reasons for teacher shortages in the state.



Therefore, the real consequence of the districts being unable to obtain qualified educators is the negative impact it is having on the quality of education and opportunities available for Missouri's students.

### **Teacher salary and funding information**

In 1993, the Outstanding Schools Act (OSA), commonly referred to as Senate Bill 380, was passed. The goal of this school funding bill was to improve the quality of education in Missouri's public schools and improve equity in educational funding for school children. The OSA made changes in local minimum tax levies and these levies became an integral part of the state's revised school foundation funding formula. Some school districts increased their tax levies to meet the new requirements or to receive additional state aid from the foundation formula. Local property taxes increased an average of \$88 million annually, primarily as a result of the tax levy increases. The OSA also increased state taxes on corporate income and reduced or limited the federal income tax deduction for corporations and individual taxpayers. These changes were expected to provide the state with approximately \$360 million in educational funding annually beginning in fiscal year 1995.

The following summary indicates some of the changes that have occurred during the period of school year 1993-94 through school year 1999-2000 related to the state's public school system:

	<u>Average annual increase</u>
Total public school current expenditures	6.4 percent
Total amount spent on certificated salaries	6.0 percent
Missourians' personal income	5.3 percent
Expenditure per each Missouri pupil	5.0 percent
Per capita income	4.4 percent
Average superintendent salary	4.5 percent
Average principal salary	3.8 percent
Average teacher salary	2.8 percent

Source: DESE's annual Report of the Public Schools of Missouri report and data from the Bureau of Economic Analysis' website. DESE defines current expenditures as all expenditures for instruction and support services excluding capital outlay expenditures and less the revenue from food service, student activities, and payments from other districts. The personal income data is on the calendar year basis rather than school year. Per capita personal income is the annual total personal income of residents divided by resident population as of July 1.

According to rankings compiled by the National Education Association (NEA), Missouri's average teacher salary of \$36,722 for school year 2000-01 ranks 33<sup>rd</sup> nationally. This ranking represents only a slight improvement since the passage of the OSA as the NEA ranked Missouri 37<sup>th</sup> nationally in the 1993-94 school year. In addition, Missouri's average teacher salary for school year 2000-01 falls much lower than that of the U.S. average that was \$43,335.

Missouri's average teacher salary did not increase significantly despite increased funding and increases in amounts paid for total certificated salaries for a number of reasons. One factor that influenced the slower growth in teacher salaries was a significant increase in the number of classroom teachers employed; from 54,724 in the 1993-94 school year to 63,713 in the 1999-00 school year. This increase offset a growth in student enrollment and helped reduce the pupil-to-teacher ratio from 15.8 in school year 1993-94 to 14.7 in school year 1999-00. Another factor was the local share of funding special education services growing by more than \$192 million, with the local share of these expenses growing from 43 percent to 54 percent from school year 1992-93 to 1999-2000. Our review also noted increases in the levels of superintendents, principals, assistant superintendents, and assistant principals employed. However, these increases appear reasonable given the increases in teachers employed and students enrolled.

Although new funding sources such as the OSA, lottery, and gaming proceeds have provided significant funding sources for education, total educational funding increases have been somewhat offset by smaller increases in the amount of the state's education expenditures funded by the state's General Revenue Fund. While these new funding sources increased at an annual average of over 11.2 percent, total funding for the DESE's budget increased by about 6.6 percent annually, with the General Revenue Fund - State funding for DESE's budget increasing only 2.9 percent annually since fiscal year 1993.

It is interesting to note that had the average teacher salary for the 1993-94 school year of \$30,310 increased at the rate of per capita personal income, the 1999-00 school year salary would have been \$39,645 instead of \$35,656 (a difference of 11.2 percent). Moreover, had the salary increased at the rate of public school spending for current expenditures, the average teacher salary for the 1999-00 school year would have totaled \$43,889. These average salary amounts of \$39,645 and \$43,889 would have resulted in national rankings of 22<sup>nd</sup> and 14<sup>th</sup> in school year 1999-00, respectively.

During our review, we obtained the average teacher salaries of each district. Appendix C of this report presents the average teacher salaries for the 524 school districts in Missouri during school year 2000-01. From the salaries reported by these districts, it appears that approximately 65 percent of Missouri's school districts have an average teacher salary of \$30,000 or less for school year 2000-01. In addition, only thirteen school districts reported an average teacher salary at or above the national average. This data also indicated in some cases a significant difference between salaries of teachers in larger, urban districts when compared to rural districts. This fact may also affect the ability of some school districts to recruit or retain qualified teachers.

### **Teacher certification information**

The DESE issues teaching certificates to qualified applicants. The general qualifications for certification are identical for all teaching certificates, except for some areas of Vocational Education. They are:

- A baccalaureate degree from a college/university having a teacher education program approved by the Missouri DESE or by the state education agency in states other than Missouri.
- The applicant must have a recommendation for certification from the designated official for teacher education in the college/university where the program was completed.
- The applicant must have an overall grade point average of 2.5 on a 4.0 scale.
- The applicant must complete the Praxis II Specialty Area Test for the applicable major, with a score equal to the Missouri qualifying score. If a Missouri Specialty Area Test is not offered in their major area, the Principles of Learning and Teaching (PLT) is required with a score equal to the Missouri qualifying score.
- The applicant must meet the general education, professional, and subject area requirements.

There are various certification classifications issued to elementary, middle school, and secondary classroom teachers. The primary differences between the various classifications are when they were issued, the individual's level of education or academic preparation, and the length of time for which they are valid. In some classifications, applications must be made by the employing Missouri public school district. Certain classifications are also issued for special or critical circumstances. The details of the various certification classifications are presented in Appendix D, which accompanies this report.

### **Teacher turnover rates are high**

We found that there were 4,256 individuals who received an initial teaching certificate and became eligible to teach in the 1994-95 school year. We reviewed the work history of these individuals and noted the following:

<b>Years of Teaching in a Missouri Public School</b>	<b>Number of Individuals</b>	<b>Percentage</b>
Taught 7 years	771	18 percent
Taught 6 years	896	21 percent
Taught 5 years	361	8 percent
Taught 4 years	295	7 percent
Taught 3 years	243	6 percent
Taught 2 years	245	6 percent
Taught 1 year	270	6 percent
Never Taught	1,175	28 percent

Only 18 percent of those individuals receiving an initial certificate in fiscal year 1995 taught for all seven years from school year 1995 to 2001 and 28 percent never entered a Missouri public school district as a teacher. In addition, the DESE compiled some statistics on new hires and discovered that already 700 of the 4,646 teachers (15 percent) new to public education hired in Missouri's school districts in school year 1999-00 have left the public teaching workforce in the state after only one year. Due to the high

turnover rates for beginning teachers, the percentage of the teaching work force with experience of 0 to 5 years has actually increased from 21 percent in 1992 to 31 percent in 2001.

With a high percent of education graduates and/or teachers receiving their initial certification never entering the public teaching workforce coupled with a high turnover rate, the experience level of the state's public school educators is declining and the school districts are continually faced with recruiting new teachers and battling to address teacher shortages in certain areas.

### **Many individuals holding teaching certificates are not teaching**

Our review noted that the state has an abundance of certified teachers; however, a relatively small percentage choose to be teaching in a Missouri public school. We requested the DESE determine the total number of individuals holding a valid certificate versus those holding a valid certificate and employed in a school district. We determined that of approximately 257,500 individuals in Missouri holding a valid teaching certificate, only 29 percent were employed in a Missouri public school during the 2000-01 school year. Of this 29 percent employed, 25 percent were classroom teachers and the remaining 4 percent were in administrative positions.

<b>1. Identifying and Quantifying Teacher Shortage Areas</b>
--------------------------------------------------------------

The DESE has not adequately identified and quantified shortage areas. The department maintains information about the certification status of Missouri teachers and the classes they teach. However, prior to fiscal year 2001, the DESE had not formally evaluated and summarized this information to quantify those subjects which are taught by teachers who are not fully certified. Instead, the DESE identifies teacher shortage areas through survey responses received from district administrators as part of a formal review conducted annually by Southwest Missouri State University (SMSU).

As a part of the SMSU review, district administrators are provided a questionnaire listing each certification area and are requested to indicate their opinion as to the shortage or surplus level experienced when hiring teachers for the current school year. Appendix A of this report presents the SMSU survey data by certification area for the 2000-2001 school year.

To obtain more quantitative support to the shortage areas, we requested the DESE provide specific certification classifications to determine how teaching needs were being met. In fiscal year 2001, the department began preparing an "Appropriate Certification Report" to determine if the department is meeting its goal of having at least 96 percent of Missouri's teachers properly certified in the assignments they are teaching. The Appropriate Certification Report indicates the critical shortage needs over the past three school years (1999 through 2001) have been special education, science, physical education, math, and industrial technology. Appendix B of this report presents the

percentage of courses being taught by unqualified teachers by subject area according to the DESE's Appropriate Certification Report. Below we have provided an average of a partial comparison of the data as indicated by the department's certification report and SMSU's demand table based on administrator opinion surveys over the historical period of school years 1999 through 2001.

### Subject Areas Ranked by Need

Subject Area	DESE's Appropriate Certification Report	SMSU Demand Table
Special Education	1	1
Science	2	2
PE	3	10
Mathematics	4	5
Family/Consumer Science	5	8
Industrial Technology	6	4
Foreign Language	7	3
Language Arts	8	6

These sources indicate somewhat different subject areas where the need for qualified teachers is the greatest. However, it appears the most thorough source for identifying areas in most need of qualified teachers would be the DESE's Appropriate Certification Report because it is based on actual certification status of teachers and the classes they teach. However, to date, the Appropriate Certification Report has not been used by the department to identify critical need areas, rather the SMSU information has been used. Without quantitatively reviewing courses and how they are being filled, either by a qualified teacher or not, the DESE is not adequately measuring critical need areas.

In addition, to fully evaluate the teacher shortage situation in the state, the DESE needs to monitor the demand for teachers in Missouri's teaching workforce. The Appropriate Certification Report should allow for future reviews of shortages in critical need subject areas.

**WE RECOMMEND** the DESE develop methods to better identify and quantify areas suffering from teacher shortages.

### **AUDITEE'S RESPONSE**

*The Department has taken the following action with regard to this recommendation:*

- *Developed an additional core data screen, The Educator Vacancy Screen, to collect data from districts regarding staffing vacancies.*
- *Established trend data with the Recruitment and Retention Report.*
- *Ceased using the SMSU report.*

**2.****Reporting of Courses Taught By Unqualified Teachers**

The department has understated the percentage of courses taught by educators who were not fully certified. The DESE's Appropriate Certification Report indicates the number of courses being filled by improperly certified teachers. Currently, the department considers courses taught by a teacher with an incorrect certificate, expired certificate, no certificate, or substitute certificate as unqualified. However, the department considers courses taught by teachers with special assignment and provisional certificates as qualified. Individuals who hold a special assignment "emergency" certificate only need a bachelor's degree, and in areas of critical need, that degree is not required to be in their assigned subject area. In addition, these teachers do not need experience in that subject area nor have they completed a teacher education program. A provisional certificate is a two-year non-renewable certificate issued to teachers who have not met some coursework and/or testing requirements. Since teachers holding special assignment and provisional certificates are not fully certified, it does not appear appropriate to consider these individuals as adequately qualified to teach those courses.

The department reported in the Appropriate Certification Report that 96.6 percent, 96.2 percent, and 95.7 percent of the courses were being taught by qualified teachers in fiscal years 1999, 2000, and 2001, respectively. According to the goals of the department as formally documented in its strategic plan which supported its fiscal year 2002 budget, the DESE strives to maintain at least 96 percent of the courses in Missouri public schools being taught by properly certified teachers. The department redefined that goal in their strategic plan for the fiscal year 2003 budget to work towards 95 percent of the courses taught by appropriately certified teachers. Therefore, it appears that the department fell only slightly below its 96 percent goal in fiscal year 2001. However, if the DESE would have included courses taught by teachers holding special assignment and provisional certificates as unqualified, 91.6 percent, 90.8 percent, and 89.7 percent of the courses would have been taught by qualified teachers in fiscal years 1999, 2000, and 2001, respectively. These results would have left the department significantly below its goal.

**WE RECOMMEND** the DESE re-evaluate the definition of a "qualified" teacher, especially regarding provisional, special assignment, and/or temporary authorization certificates. In addition, the DESE should use this new criteria when determining whether the departmental goal of having at least 95 percent of the courses taught by properly qualified teachers is met.

**AUDITEE'S RESPONSE**

*The Department will take this recommendation under advisement. As part of the No Child Left behind Act of 2001, the Department will adopt a standard defining a "highly qualified teacher" in order to comply with this new federal legislation. Although Department actions in this area must ensure federal compliance, this new standard should address the concerns raised in the audit.*

**3.****Notification to Parents of Unqualified Teachers**

Parents are often unaware if their children are being taught by teachers who are not fully certified. We are not aware of any state that publishes such information on school report cards released to the public. However, Florida law requires that parents be notified if their child is enrolled in a class taught by an out-of-field teacher. In addition, Texas passed legislation that parents will be notified in writing within two weeks of the assignment of their child to an uncertified teacher (including long-term substitutes). This concern appears to be strongest when it involves special education since these children especially need a fully certified teacher for instruction. As parents have the responsibility to ensure their children have the opportunity for the best education possible, it would appear necessary for a parent to know when their child is being taught by a less than fully certified teacher.

**WE RECOMMEND** the DESE support legislation that would require districts to inform parents when their children are being taught by a teacher who is not fully certified in the subject area.

**AUDITEE'S RESPONSE**

*The Department will take this recommendation under advisement. As part of the No Child Left Behind Act of 2001, local school districts may be required to provide notice to parents in this area. Department actions in this area must ensure federal compliance, but may address the concerns raised in the audit.*

**4.****Required Reporting to the General Assembly**

State law requires the state Board of Education to report specific components regarding the retention and recruitment of teachers in the state's schools to the General Assembly. The General Assembly may not be receiving a complete picture regarding teacher shortages because the department has not reported the required retention and recruitment information.

Section 161.098, RSMo 2000, requires the report to include, but not be limited to: information on the number of teachers entering and leaving employment in the state's public schools, analysis of the issues affecting teacher recruitment, including the need for identifying African-American and other minority students, including males, who show potential or interest in becoming a teacher, recruiting such students as prospective teachers, and methods for providing financial aid to such students, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification. This statute required for such reporting to begin on December 15, 1999, and annually thereafter.

For 1999, the DESE received funding which allowed the University of Missouri-Columbia to conduct a review on retention and recruitment of Missouri's public school teachers. The university published a report on its review in January 2000. While the UMC report included much of the required information, the report did not identify the methods being used by the state to recruit prospective teachers or the methods for providing financial aid to such students. The DESE reported no information to the General Assembly for calendar year 2000 reporting purposes. The department cited a lack of funding as the reason for not submitting the required report. In addition, due to the department's computer system not being properly updated, information regarding teacher supply and demand contained in a report generated by Southwest Missouri State University and submitted to the State Board of Education was erroneous.

In addition to the requirement noted above, Section 161.092, RSMo 2000, requires the state board of education to file an annual report with the General Assembly. A report containing the required statistical information has been filed annually. However, this state law also requires the report to contain the board's suggestions for the improvement of public schools. Although our review of recent annual reports noted information about education related highlights and summaries of legislation, no suggestions or recommendations were included in the recent annual reports. The most recent annual report which contained recommendations or suggestions was the 1990-91 Report of the Public Schools of Missouri.

These reporting requirements provide another means for the department to inform the General Assembly and the public about the challenges and needs of the department and the state's public school system. This reporting could help to more effectively communicate issues facing the department, including teacher shortages.

**WE RECOMMEND** the DESE comply with the state law and provide the General Assembly with the required information regarding teacher recruitment and retention in the state. In addition, the DESE needs to ensure all information provided is accurate.

#### **AUDITEE'S RESPONSE**

*In January 2002, we provided the General Assembly the required information regarding teacher recruitment and retention in the state. We will continue to prepare and submit reports that are consistent with the requirements of state law and standards adopted by the State Board of Education.*

**5.**

#### **Certification Policy Changes**

Our review found that the most recent certification policy change is inconsistent with previous policy changes as well as inconsistent with the department's goals. One policy change, which was implemented in 1997, removed the option for a teacher to more easily obtain additional certification in a secondary content area for 7<sup>th</sup> through 9<sup>th</sup> grade. The



department felt this certification option was not producing qualified teachers in those additional fields. Then, in June 2001, the State Board of Education adopted the Temporary Authorization Certificate which allowed anyone with a bachelor's degree to obtain a teaching certificate for any subject area, except for the areas of elementary, early childhood, and early childhood special education. The only renewal requirement for this certificate is the completion of nine academic credit hours each year towards a professional teaching certificate in the area of their assignment. This certification option, which may increase the number of available teachers, allows even less qualified teachers to become certified to teach than did the original 7<sup>th</sup> through 9<sup>th</sup> grade certificate.

In the publication Meeting the Challenge: Providing Superior Public Education for all Missouri Students, as approved by the State Board of Education in November 1998, the Board outlines goals for education in regards to students, teachers, schools and districts, and families and communities. Included in the teacher goals is devising professional standards which require all practicing educators to demonstrate subject-matter knowledge, a wide array of effective teaching skills, and the know-how to work with students with diverse abilities and from diverse backgrounds. Since the 2001 policy change allows anyone with a bachelor's degree to obtain a teaching certificate and does not require teaching skills or the ability to work with students, the change appears to be inconsistent with the department's goals.

Since individuals obtaining a temporary authorization certificate will not be fully certified, the percentage of unqualified teachers will increase due to this change in certification policy. However, if the teachers with the temporary certification meet the renewal requirement, they will eventually become fully certified and possibly close the gap in the critical need areas. If the objective of the board is to increase the supply of teachers to instruct courses as the shortage situation looms, that objective should be consistent in certification policy changes and identified in department goals.

**WE RECOMMEND** the DESE ensure future policy changes regarding certification are consistent and supportive of department goals.

### **AUDITEE'S RESPONSE**

*The Department will take this recommendation under advisement.*

**6.**

### **Certification Requirements**

The 1999-2000 annual SMSU study noted that according to school administrators' perceptions, one of the largest contributing factors for shortages in their districts was that teacher certification requirements are too stringent. Although administrators have noted this as a significant factor regarding teacher recruitment and retention, this is an area that the DESE has not reviewed. We compared Missouri's certification requirements for

some critical need subject areas to those of two neighboring states, Iowa and Kentucky. Our review of certification requirements noted that Missouri's course requirements and qualifying test scores are more stringent than these states in some areas.

The department should review teacher certification requirements and compare them to other states to determine if its requirements are reasonable, adequate, and consistent with the Board's education goals.

**WE RECOMMEND** the DESE perform a formal evaluation of Missouri's teacher certification requirements, including a comparison to other states, and make any changes determined necessary to recruit and retain teachers while still meeting the state's education program goals.

### **AUDITEE'S RESPONSE**

*The Department will take this recommendation under advisement.*

<b>7. Efforts and Incentives to Address Teacher Shortages</b>
---------------------------------------------------------------

- A. During our review, we researched the initiatives and efforts toward teacher retention and recruitment in other states and noted the following:
- The state of California allows credentialed teachers to reduce their state income tax by up to \$1,500 with their Teacher Retention Tax Credit which became effective with tax returns filed for 2000. This is an incentive to encourage teachers to remain in the profession and to partially compensate them for their unreimbursed classroom materials and supplies expenses. The teacher must hold a California preliminary or professional teaching certificate, be currently teaching at a qualified education institution, and have completed at least four years of credentialed teaching at a qualifying education institution.
  - Massachusetts has the Massachusetts Signing Bonus Program for New Teachers to recruit, attract, train, and retain high quality educators. The program is open to qualified college seniors majoring in all academic areas, and to successful working professionals who had never been full-time public school teachers. Successful applicants receive a \$20,000 signing bonus which is distributed in four annual increments, beginning with \$8,000 the first year. The bonus is paid from a state endowment fund made up of both public and private revenue sources and is the only statewide teacher recruitment campaign in the nation to offer a signing bonus. This initiative is extremely successful in recruiting out-of-state applicants as 23 percent of the selected individuals in 2000 were from states outside of Massachusetts.

The above programs are not available in Missouri on a statewide basis. Such programs could help to address the state's teacher shortages.

- B. One of Missouri's efforts aimed at retaining teachers in Missouri's public schools includes the passage of new laws granting educators greater long-term retirement benefits. These retirement benefits are funded through contributions by school districts and current teachers, not by general state tax revenues. However, no incentive is provided to persuade retirees to continue in or re-enter the teaching workforce.

Retired teachers are a valuable resource for Missouri's public school districts as they have experience in teaching and could provide a short-term solution to the teacher shortages. The retirement system administered by the Public School Retirement System only allows a teacher to work a total of 550 clock hours each school year. If this limit is exceeded, the retired teacher risks losing his/her benefits, while also not further building his/her retirement accounts. Therefore, the current retirement policy may be worsening the teacher shortage situation by eliminating or discouraging the use of retired teachers.

The public school retirement system for teachers in the metropolitan school district of St. Louis allows teachers to teach or be an administrator in a charter school for four years without losing retirement benefits. This provision was increased from two to four years of service as a result of legislation approved in 2001. In addition, recent changes to the Missouri State Employees Retirement System offer financial incentives to state employees who are eligible for retirement to remain employed for another two to five years. A similar law change for Missouri public school retirement systems would allow teachers to continue in the classroom without being penalized on their retirement benefits.

It should be noted that the states of Kentucky, South Carolina, and Tennessee have enacted legislation to allow retired teachers to be rehired in critical shortage areas while maintaining their full retirement benefits.

- C. We contacted some of the state's school districts to determine what is being done at the district level to address critical need subject areas. None of the twenty districts we contacted have higher salary ranges for subject areas considered a critical need. However, a few districts' salary schedules indicated that the school board reserved the right to pay additional benefits in the areas of critical shortage. One district indicated that new teachers to the district entering secondary math, science, and special education receive an additional \$1,500 to their annual salary when hired. Another district indicated that it offers salary stipends of \$500 to teachers in math, science, and reading as well as a \$3,000 salary for at risk counselors. These districts are using financial incentives to reduce specific shortage situations.

Some districts indicated that the extensive levels of education and certification required for certain positions make it difficult for the smaller districts to fill vacancies. Some districts do not have the financial means to offer higher salaries and benefits to compensate for those requirements resulting in their critical shortage areas.

To the extent possible, financial incentives through adjustments in the districts' salary schedules may help in the recruitment and retention of teachers, particularly in critical need subject areas.

- D. Missouri does not offer financial incentives to teachers who agree to work in underserved geographical areas. In particular, underserved areas such as those with low achievement or urbanized areas with a higher level of minority students are considered areas suffering from critical shortage. These districts have a harder time filling job vacancies which often results in more out-of-field teachers.

Underserved areas in other parts of the nation have different types of financial incentives they offer to reduce their shortage problem. For example, Wellpinit School District on the Spokane Indian Reservation in Washington offers teachers subsidized housing, laptop computers, eight computers and a copy machine for each classroom and a full-time teaching assistant. Also, free breakfast and lunch is provided if the teacher will eat with the students. In New York, teachers who have received National Board Certification and who agree to serve for up to three years in a low performing public school will receive, in addition to their base salaries, an annual award of \$10,000 for each year up to three years. In addition, for teachers who agree to teach in a geographical shortage area or a subject shortage area, New York offers annual \$3,400 grants for one to four years of service; stipends of up to \$2,000 for test preparation workshops or coursework; and tuition reimbursement up to \$2,100 per year renewable for one year for coursework taken for certification. In California, National Board Certified teachers receive an additional one-time stipend of \$20,000 if they agree to teach for four years in a low performing school.

Such incentives may also be necessary in Missouri to alleviate the teacher shortages in underserved areas as administrators noted that school and community factors played some role in teacher shortage. However, there were no statistics regarding teacher turnover in underserved areas in Missouri.

- E. In Missouri, one salary incentive teachers who have taught for at least five years can benefit from are the supplemental pay amounts for participation in the Career Ladder Program. During the 2000-01 school year, 322 districts representing 16,688 teachers (about 25% of the teachers statewide) participated in the Career Ladder. The Career Ladder was established by Section 168.500, RSMo 2000, which outlines specific qualification requirements for each of the three stages of

the ladder. The yearly supplemental pay is \$1,500 for stage one, \$3,000 for stage two, and \$5,000 for stage three. The supplemental pay amounts were established in the Excellence in Education Act of 1985 and have never been increased.

While the participation rate in this program has been significant, the program's ability to continue to serve as a retention tool may be diminished if the supplemental pay amounts are not periodically increased.

- F. Although some individual school districts may offer financial incentive for National Board Certification, there exists no statewide incentive for such certification. According to the National Board for Professional Teaching Standards, the National Board Certification (NBC) was created so that teachers, like professionals in other fields, can achieve distinction by demonstrating through a demanding performance assessment that they meet high and rigorous standards for what accomplished teachers should know and be able to do. At December 31, 2000, only forty-four Missouri teachers had obtained the NBC. Nationwide, 9,531 teachers had obtained this certification. The application fee for the NBC is \$2,300 in which the state, in conjunction with federal subsidy, supports 75 percent of this fee; therefore, the teacher is still responsible for \$575.

The Missouri Board of Education has approved a policy that allows the local school districts to automatically move NBC teachers to stage three on the Career Ladder as well as reduce or eliminate the extra Career Ladder responsibilities such as the attendance of workshops, completion of college credit hours, and additional local district requirements. Two Missouri districts notified the DESE that they offer financial incentives for their NBC teachers; however, the state does not offer any salary incentives. One of these districts offers an annual \$1,000 increase in salary for three years and the other offers a \$3,000 annual stipend.

We reviewed other states to determine if they offered financial incentives for teachers who obtain the NBC. Below are some of the incentives we noted for other states in the nation:

- Alabama NBC teachers receive an annual \$5,000 salary increase. Through 2000, Alabama had 146 NBC teachers and 101 of those obtained the certification during 2000.
- The National Board for Professional Teaching Standards Certification Incentive Program in California (787 NBC teachers) provides grants to school districts which allows them to award one-time \$10,000 stipends to teachers who obtain NBC.
- Illinois (189 NBC teachers) NBC teachers receive a one-time \$3,000 stipend.

- Iowa (234 NBC teachers) NBC teachers receive \$5,000 annually for the ten-year life of the NBC certificate if it was obtained by May 1, 2000, and \$2,500 annually for the life of the certificate if obtained after May 1, 2000.
- Kentucky (85 NBC teachers) NBC teachers receive \$2,000 annually for the life of their certification.

State support for such incentives could help to recruit and retain teachers in the state's public schools.

**WE RECOMMEND** the DESE support legislation which provides state support for financial incentives targeted towards critical shortages in geographical and subject areas, the career ladder programs, and the National Board Certification. We further recommend the DESE evaluate the benefits of providing incentives and seeking changes in the teacher retirement system to allow retirees to re-enter the teaching workforce without loss of retirement benefits.

#### **AUDITEE'S RESPONSE**

*The Department will take this recommendation under advisement. It should be noted that many districts and other entities outside the DESE provide incentives. The DESE supports scholarships for prospective teachers, tuition reimbursement for teachers going into high need areas, the Career Ladder program, and has recently developed a Transition to Teaching recruitment project.*

This report is intended for the information of the department's management and other applicable government officials. However, this report is a manner of public record and its distribution is not limited.

## APPENDICES

## APPENDIX A

### TEACHER DEMAND BY CERTIFICATION AREA YEAR ENDED JUNE 30, 2001

<b>Considerable Shortage (5-4.21)</b>	<b>Score</b>	<b>Some Shortage (4.2-3.41)</b>	<b>Score</b>
Deaf/Blind	4.79	Library Media Specialist	4.19
Hearing Impaired	4.76	Music - Vocal	4.18
Visually Impaired	4.76	Technology Education	4.16
Physics	4.72	Special Reading	4.16
Severe Developmental Disabilities	4.73	Journalism	4.04
Autism	4.73	Superintendent	4.00
Behaviorally Disordered	4.71	Speech/Theatre	4.00
Physical/Other Health Impaired	4.68	Drivers Education	3.97
German	4.63	Vocational Director	3.95
School Psychologist/Psychological	4.61	Secondary Principal/Vice Principal	3.95
Chemistry	4.61	Art	3.93
Mentally Retardation/Handicapped	4.61	Business Education	3.89
Cross Categorical	4.60	Vocational Supervisor	3.88
Counselor - Elementary	4.58	Middle School Principal/Vice Principal	3.87
Speech/Language Specialist	4.58	Assistant Superintendent	3.78
Counselor - Secondary	4.56	Reserve Officer Training Corps	3.73
French	4.56	Elementary Principal/Vice Principal	3.62
Orientation and Mobility Specialist	4.55	Middle School - Communication Arts	3.62
Spanish	4.53	English	3.59
Industrial Technology	4.50	School Nurse	3.56
Secondary - Mathematics	4.50	Health	3.49
Learning Disabled	4.50		
Occupational Therapy	4.44	<b>Balance Supply (3.40-2.61)</b>	<b>Score</b>
Physical Therapy	4.44	Middle School - Social Studies	3.35
English for Speakers of Other Languages	4.42	Early Childhood (Pre-Kindergarten-3)	3.29
Middle School - Mathematics	4.39	Social Science	3.07
Middle School - Science	4.38	Physical Education	3.05
Earth Science	4.34	Elementary Education (1-6)	2.87
Biology	4.34		
Special Education Early Childhood (Preschool-Kindergarten)	4.32	<b>Some Surplus (2.6-1.81)</b>	
Gifted	4.30	None	
Family & Consumer Science	4.26		
Agriculture Education	4.22	<b>Considerable Surplus (1.80-1)</b>	
Music- Instrumental	4.21	None	

Source: Southwest Missouri State University's Teacher and Administrator Supply and Demand in Missouri, 2000-2001 Report



# APPENDIX B

## PERCENTAGE OF COURSES TAUGHT BY UNQUALIFIED TEACHERS (BY SUBJECT AREA) THREE YEARS ENDED JUNE 30, 2001

2000-2001						
Subject Area	Special Assignment Certificate	Provisional Certificate	Substitute Certificate	No Certificate	Incorrect Certificate	Total Courses Taught by Unqualified Teacher
Elementary	0.0%	3.0%	0.4%	0.6%	0.8%	4.8%
Language Arts	0.3%	5.5%	0.6%	0.6%	3.1%	10.1%
Math	0.9%	4.9%	0.8%	1.0%	2.9%	10.5%
Science	1.7%	7.4%	0.9%	1.1%	4.8%	15.9%
Social Studies	0.1%	5.3%	0.3%	0.5%	2.1%	8.3%
Foreign Language	1.2%	4.3%	1.3%	1.5%	1.6%	9.9%
Music	1.1%	3.6%	1.5%	1.4%	1.5%	9.1%
Art	0.7%	2.3%	0.7%	0.7%	1.3%	5.7%
PE	0.2%	5.8%	0.6%	0.8%	3.4%	10.8%
Special Education	1.1%	9.2%	1.1%	0.9%	2.1%	14.4%
Agriculture	0.3%	1.8%	0.1%	0.7%	5.0%	7.9%
Business	0.4%	2.8%	0.2%	1.0%	2.6%	7.0%
Family & Consumer Science	0.8%	1.6%	0.9%	0.4%	7.7%	11.4%
Health Occupations	0.0%	0.0%	0.4%	1.2%	3.7%	5.3%
Marketing	0.0%	0.5%	0.1%	0.0%	7.1%	7.7%
Industrial Technology	1.1%	4.1%	0.9%	0.9%	4.9%	11.9%
Trade & Industry	0.0%	0.0%	0.1%	0.9%	4.4%	5.4%
Miscellaneous	0.0%	6.4%	0.9%	1.0%	2.7%	11.0%
Total	0.6%	5.1%	0.7%	0.8%	2.8%	10.0%

1999-2000						
Subject Area	Special Assignment Certificate	Provisional Certificate	Substitute Certificate	No Certificate	Incorrect Certificate	Total Courses Taught by Unqualified Teacher
Elementary	0.0%	2.9%	0.1%	0.4%	0.5%	3.9%
Language Arts	0.1%	4.6%	0.4%	0.3%	2.7%	8.1%
Math	0.3%	5.2%	0.6%	0.5%	2.4%	9.0%
Science	0.5%	7.5%	0.5%	0.8%	4.9%	14.2%
Social Studies	0.0%	4.9%	0.4%	0.4%	2.1%	7.8%
Foreign Language	0.7%	4.8%	1.1%	0.7%	1.6%	8.9%
Music	0.0%	3.3%	1.1%	1.0%	2.2%	7.6%
Art	0.0%	2.6%	0.4%	1.0%	1.0%	5.0%
PE	0.1%	5.2%	0.5%	0.5%	3.1%	9.4%
Special Education	0.2%	11.1%	0.7%	1.1%	3.2%	16.3%
Agriculture	0.0%	3.3%	0.3%	0.0%	3.6%	7.2%
Business	0.3%	2.1%	0.3%	0.4%	1.7%	4.8%
Family & Consumer Science	0.5%	1.1%	0.7%	0.4%	6.0%	8.7%
Health Occupations	0.0%	0.0%	0.4%	0.0%	3.9%	4.3%
Marketing	0.0%	0.4%	0.0%	0.0%	8.3%	8.7%
Industrial Technology	0.7%	2.5%	0.2%	0.8%	4.3%	8.5%
Trade & Industry	0.0%	0.0%	0.1%	0.5%	4.4%	5.0%
Miscellaneous	0.0%	6.2%	0.6%	0.7%	2.7%	10.2%
Total	0.2%	5.0%	0.5%	0.6%	2.7%	9.0%

1998-1999						
Subject Area	Special Assignment Certificate	Provisional Certificate	Substitute Certificate	No Certificate	Incorrect Certificate	Total Courses Taught by Unqualified Teacher
Elementary	0.0%	2.9%	0.0%	0.2%	0.6%	3.7%
Language Arts	0.0%	4.7%	0.2%	0.2%	2.2%	7.3%
Math	0.0%	5.2%	0.2%	0.3%	2.4%	8.1%
Science	0.2%	6.5%	0.3%	0.5%	5.8%	13.3%
Social Studies	0.0%	4.1%	0.1%	0.2%	2.0%	6.4%
Foreign Language	0.2%	4.4%	0.4%	0.6%	2.2%	7.8%
Music	0.1%	3.6%	0.5%	0.2%	2.0%	6.4%
Art	0.1%	2.6%	0.2%	0.3%	1.0%	4.2%
PE	0.0%	4.8%	0.1%	0.5%	3.5%	8.9%
Special Education	0.0%	10.3%	0.3%	0.6%	5.1%	16.3%
Agriculture	0.0%	5.6%	0.1%	1.4%	2.3%	9.4%
Business	0.1%	2.4%	0.1%	0.2%	1.7%	4.5%
Family & Consumer Science	0.4%	1.4%	0.3%	0.3%	4.8%	7.2%
Health Occupations	0.0%	0.0%	0.0%	0.4%	4.8%	5.2%
Marketing	0.0%	0.4%	0.0%	0.0%	6.8%	7.2%
Industrial Technology	0.5%	2.2%	0.3%	0.2%	3.4%	6.6%
Trade & Industry	0.0%	0.0%	0.0%	0.9%	4.1%	5.0%
Miscellaneous	0.2%	5.9%	0.2%	0.4%	2.4%	9.1%
Total	0.1%	4.8%	0.2%	0.4%	2.8%	8.3%

Source: DESE's Appropriate Certification Report and queries of the DESE's Core Data and Certification Database

## APPENDIX C

### MISSOURI'S PUBLIC SCHOOL DISTRICTS' AVERAGE TEACHER SALARIES YEAR ENDED JUNE 30, 2001

District Name	Salary	Rank	District Name	Salary	Rank
CLAYTON	52,535	1	WAYNESVILLE R-VI	35,849	54
LADUE	49,905	2	KEARNEY R-I	35,728	55
PARKWAY C-2	49,613	3	WEST PLAINS R-VII	35,709	56
PATTONVILLE R-III	48,894	4	CENTRAL R-III	35,613	57
BRENTWOOD	46,913	5	FARMINGTON R-VII	35,462	58
RITENOUR	46,541	6	SOUTH PEMISCOT CO. R-V	35,279	59
MEHLVILLE R-IX	45,998	7	SPRINGFIELD R-XII	34,994	60
KIRKWOOD R-VII	45,895	8	DUNKLIN R-V	34,929	61
NORMANDY	44,892	9	SCHOOL OF THE OSAGE R-II	34,907	62
FERGUSON-FLOISSANT R-II	44,542	10	CHILLICOTHE R-II	34,787	63
RIVERVIEW GARDENS	44,318	11	MARSHALL	34,741	64
WEBSTER GROVES	44,210	12	JACKSON R-II	34,711	65
LINDBERGH R-VIII	44,147	13	WESTRAN R-I	34,624	66
SPECL. SCH. DST. ST. LOUIS CO.	43,081	14	WELLSTON	34,597	67
JENNINGS	42,836	15	DESOTO 73	34,589	68
ROCKWOOD R-VI	42,022	16	LIBERTY 53	34,471	69
UNIVERSITY CITY	41,853	17	MIDWAY R-I	34,362	70
HAZELWOOD	41,519	18	STE. GENEVIEVE CO. R-II	34,308	71
FOX C-6	41,502	19	UNION R-XI	34,294	72
AFFTON 101	41,292	20	EXCELSIOR SPRINGS 40	34,147	73
CENTER 58	41,244	21	DEXTER R-XI	34,125	74
VALLEY PARK	41,123	22	CHARLESTON R-I	33,979	75
LEE'S SUMMIT R-VII	40,604	23	JEFFERSON CITY	33,927	76
HANCOCK PLACE	40,344	24	KENNETT 39	33,906	77
ST. CHARLES R-VI	39,847	25	RAYMORE-PECULIAR R-II	33,751	78
FRANCIS HOWELL R-III	39,832	26	OAK GROVE R-VI	33,751	79
HICKMAN MILLS C-1	39,436	27	MERAMEC VALLEY R-III	33,572	80
RAYTOWN C-2	39,346	28	POTOSI R-III	33,572	81
MAPLEWOOD-RICHMOND HEIGHTS	39,258	29	MARSHFIELD R-I	33,529	82
KANSAS CITY 33	39,210	30	ST. CLAIR R-XIII	33,502	83
NORTH KANSAS CITY 74	39,165	31	CAMDENTON R-III	33,498	84
WENTZVILLE R-IV	38,968	32	HOWELL VALLEY R-I	33,233	85
GRANDVIEW C-4	38,906	33	CARUTHERSVILLE 18	33,207	86
FORT OSAGE R-I	38,448	34	HARRISONVILLE R-IX	33,206	87
INDEPENDENCE 30	38,367	35	LATHROP R-II	33,146	88
PARK HILL	38,285	36	WARRENSBURG R-VI	33,104	89
BLUE SPRINGS R-IV	38,157	37	ODESSA R-VII	33,083	90
FESTUS R-VI	37,882	38	SOUTH CALLAWAY CO. R-II	32,964	91
ST. CHARLES CO. R-V	37,655	39	NORTH PEMISCOT CO. R-I	32,950	92
BAYLESS	37,608	40	PLEASANT HILL R-III	32,868	93
NORTHWEST R-I	37,555	41	SULLIVAN C-2	32,852	94
PLATTE CO. R-III	37,369	42	BOONVILLE R-I	32,833	95
ST. LOUIS CITY	37,214	43	MOUNTAIN GROVE R-III	32,683	96
COLUMBIA 93	37,156	44	HARTVILLE R-II	32,663	97
BELTON 124	36,999	45	ELDON R-I	32,621	98
HILLSBORO R-III	36,927	46	PERRY CO. 32	32,565	99
TROY R-III	36,673	47	SMITHVILLE R-II	32,486	100
WINDSOR C-1	36,562	48	SCOTT CITY R-I	32,468	101
HAYTI R-II	36,440	49	NEOSHO R-V	32,291	102
FT. ZUMWALT R-II	36,372	50	IRON CO. C-4	32,249	103
WARSAW R-IX	36,017	51	BRANSON R-IV	32,225	104
WASHINGTON	35,936	52	WEBB CITY R-VII	32,185	105
ST. JOSEPH	35,874	53	PEMISCOT CO. R-III	32,092	106

MISSOURI'S PUBLIC SCHOOL DISTRICTS' AVERAGE TEACHER SALARIES  
YEAR ENDED JUNE 30, 2001

<b>District Name</b>	<b>Salary</b>	<b>Rank</b>	<b>District Name</b>	<b>Salary</b>	<b>Rank</b>
TWIN RIVERS R-X	32,092	107	TRENTON R-IX	30,469	162
REPUBLIC R-III	32,042	108	WINFIELD R-IV	30,457	163
NEW MADRID CO. R-I	32,038	109	CARTHAGE R-IX	30,452	164
NORTH PLATTE CO. R-I	32,029	110	MARYVILLE R-II	30,384	165
MEXICO 59	32,001	111	WILLOW SPRINGS R-IV	30,374	166
NORTH ST. FRANCOIS CO. R-I	31,961	112	HANNIBAL 60	30,371	167
AVA R-I	31,760	113	MACON CO. R-I	30,360	168
SIKESTON R-VI	31,749	114	CAPE GIRARDEAU 63	30,338	169
OZARK R-VI	31,708	115	SCOTT CO. R-IV	30,324	170
GASCONADE CO. R-II	31,700	116	PIKE CO. R-III	30,285	171
WILLARD R-II	31,695	117	NIXA R-II	30,225	172
TARKIO R-I	31,679	118	HARRISBURG R-VIII	30,216	173
LEXINGTON R-V	31,665	119	ALBANY R-III	30,215	174
RICHARDS R-V	31,626	120	MALDEN R-I	30,198	175
NEVADA R-V	31,613	121	GALLATIN R-V	30,161	176
ORRICK R-XI	31,603	122	MONETT R-I	30,157	177
CLINTON	31,585	123	MCDONALD CO. R-I	30,141	178
LEBANON R-III	31,580	124	GREENE CO. R-VIII	30,111	179
ROLLA 31	31,367	125	FULTON 58	30,090	180
GASCONADE CO. R-I	31,359	126	COLE CAMP R-I	30,079	181
PEMISCOT CO. SPEC. SCH. DIST.	31,351	127	SANTA FE R-X	30,063	182
SENATH-HORNERSVILLE C-8	31,346	128	HOLCOMB R-III	30,063	183
FREDERICKTOWN R-I	31,341	129	BOWLING GREEN R-I	30,056	184
ST. JAMES R-I	31,329	130	WARREN CO. R-III	30,022	185
CAMERON R-I	31,283	131	CHAFFEE R-II	29,957	186
PUXICO R-VIII	31,282	132	LAFAYETTE CO. C-1	29,954	187
MOBERLY	31,258	133	CRAWFORD CO. R-II	29,936	188
EAST BUCHANAN CO. C-1	31,228	134	SUMMERSVILLE R-II	29,905	189
BERNIE R-XIII	31,223	135	STEELVILLE R-III	29,819	190
PORTAGEVILLE	31,213	136	SALISBURY R-IV	29,764	191
CENTRALIA R-VI	31,175	137	CARL JUNCTION R-I	29,689	192
ELSBERRY R-II	31,167	138	DELTA C-7	29,681	193
GRAIN VALLEY R-V	31,149	139	KING CITY R-I	29,675	194
NEELYVILLE R-IV	31,117	140	NORWOOD R-I	29,674	195
POPLAR BLUFF R-I	31,110	141	RIPLEY CO. R-IV	29,663	196
SAVANNAH R-III	31,095	142	DONIPHAN R-I	29,657	197
CASSVILLE R-IV	31,070	143	BOLIVAR R-I	29,654	198
KNOB NOSTER R-VIII	31,016	144	AURORA R-VIII	29,609	199
BROOKFIELD R-III	31,000	145	HOLDEN R-III	29,594	200
CAMPBELL R-II	30,989	146	SEDALIA 200	29,568	201
CLINTON CO. R-III	30,948	147	PETTIS CO. R-XII	29,557	202
LICKING R-VIII	30,842	148	FAIRVIEW R-XI	29,541	203
REEDS SPRING R-IV	30,805	149	CRYSTAL CITY 47	29,528	204
EAST PRAIRIE R-II	30,739	150	SENECA R-VII	29,508	205
BUTLER R-V	30,690	151	EL DORADO SPRINGS R-II	29,463	206
SOUTHERN BOONE CO. R-I	30,689	152	CABOOL R-IV	29,440	207
WEST PLATTE CO. R-II	30,659	153	KIRKSVILLE R-III	29,425	208
LAWSON R-XIV	30,658	154	MONITEAU CO. R-I	29,398	209
PALMYRA R-I	30,657	155	HARDIN-CENTRAL C-2	29,372	210
MORGAN CO. R-II	30,553	156	LACLEDE CO. R-I	29,338	211
WOODLAND R-IV	30,546	157	WALNUT GROVE R-V	29,330	212
COOTER R-IV	30,546	158	CARROLLTON R-VII	29,323	213
MID-BUCHANAN CO. R-V	30,519	159	SOUTHLAND C-9	29,309	214
BOONE CO. R-IV	30,493	160	JOPLIN R-VIII	29,292	215
DIXON R-I	30,477	161	MT. VERNON R-V	29,280	216

MISSOURI'S PUBLIC SCHOOL DISTRICTS' AVERAGE TEACHER SALARIES  
YEAR ENDED JUNE 30, 2001

<b>District Name</b>	<b>Salary</b>	<b>Rank</b>	<b>District Name</b>	<b>Salary</b>	<b>Rank</b>
HAMILTON R-II	29,278	217	OSAGE CO. R-III	28,181	272
ARCADIA VALLEY R-II	29,264	218	CLEARWATER R-I	28,176	273
PUTNAM CO. R-I	29,259	219	LONEDELL R-XIV	28,159	274
VAN-FAR R-I	29,220	220	OSAGE CO. R-I	28,133	275
SOUTHWEST R-V	29,215	221	STRAFFORD R-VI	28,129	276
CRAWFORD CO. R-I	29,213	222	SPRING BLUFF R-XV	28,124	277
BLOOMFIELD R-XIV	29,196	223	PULASKI CO. R-IV	28,100	278
FORSYTH R-III	29,189	224	WELLSVILLE MIDDLETOWN R-I	28,100	279
ADVANCE R-IV	29,112	225	CONCORDIA R-II	28,092	280
LOUISIANA R-II	29,097	226	APPLETON CITY R-II	28,086	281
PRINCETON R-V	29,079	227	AVENUE CITY R-IX	28,080	282
MAYSVILLE R-I	29,073	228	UNION STAR R-II	28,064	283
JEFFERSON CO. R-VII	29,023	229	MONROE CITY R-I	28,038	284
BISMARCK R-V	29,000	230	HENRY CO. R-I	28,033	285
EAST NEWTON CO. R-VI	28,971	231	SOUTH HARRISON CO. R-II	28,017	286
GRANDVIEW R-II	28,964	232	GREEN RIDGE R-VIII	28,016	287
HOLLISTER R-V	28,955	233	WINONA R-III	28,016	288
FAIR GROVE R-X	28,954	234	DREXEL R-IV	28,007	289
MONITEAU CO. R-VI	28,948	235	PHELPS CO. R-III	27,984	290
NORTH CALLAWAY CO. R-I	28,945	236	COLE CO. R-V	27,969	291
BUNKER R-III	28,941	237	SLATER	27,935	292
WORTH CO. R-III	28,919	238	NORTH DAVIESS R-III	27,918	293
MONTGOMERY CO. R-II	28,906	239	EAST LYNNE 40	27,914	294
WELLINGTON-NAPOLEON R-IX	28,882	240	LINCOLN R-II	27,907	295
STOCKTON R-I	28,871	241	ROCK PORT R-II	27,784	296
LACLEDE CO. C-5	28,840	242	BELLEVUE R-III	27,781	297
SALEM R-80	28,829	243	PLEASANT HOPE R-VI	27,762	298
MANSFIELD R-IV	28,812	244	LESTERVILLE R-IV	27,743	299
RICHMOND R-XVI	28,795	245	NEWBURG R-II	27,736	300
KINGSTON K-14	28,795	246	RICHWOODS R-VII	27,668	301
WRIGHT CITY R-II	28,738	247	LAMAR R-I	27,617	302
LEWIS CO. C-1	28,702	248	SOUTH HOLT CO. R-I	27,572	303
ADRIAN R-III	28,700	249	FAYETTE R-III	27,553	304
CRANE R-III	28,647	250	THAYER R-II	27,530	305
STANBERRY R-II	28,632	251	GREEN FOREST R-II	27,529	306
MARCELINE R-V	28,620	252	LONE JACK C-6	27,500	307
GREENVILLE R-II	28,600	253	JUNCTION HILL C-12	27,467	308
GREEN CITY R-I	28,600	254	GLENWOOD R-VIII	27,441	309
DIAMOND R-IV	28,595	255	VAN BUREN R-I	27,415	310
ASH GROVE R-IV	28,560	256	SEYMOUR R-II	27,375	311
NEW HAVEN	28,500	257	HALE R-I	27,366	312
VALLEY R-VI	28,482	258	HURLEY R-I	27,331	313
ST. ELIZABETH R-IV	28,452	259	FORDLAND R-III	27,325	314
WEST ST. FRANCOIS CO. R-IV	28,421	260	NORTH MERCER CO. R-III	27,310	315
DELTA R-V	28,411	261	OAK RIDGE R-VI	27,293	316
EAST CARTER CO. R-II	28,380	262	CLARK CO. R-I	27,261	317
ALTENBURG 48	28,377	263	MARION CO. R-II	27,261	318
OSCEOLA	28,355	264	SCOTT CO. CENTRAL	27,239	319
DALLAS CO. R-I	28,336	265	NORTH NODAWAY CO. R-VI	27,233	320
CASS CO. R-V	28,325	266	TRI-COUNTY R-VII	27,214	321
SHELBY CO. R-IV	28,315	267	GREENFIELD R-IV	27,200	322
MISSOURI CITY 56	28,279	268	HOUSTON R-I	27,134	323
IBERIA R-V	28,223	269	NEW FRANKLIN R-I	27,113	324
SUNRISE R-IX	28,208	270	ORAN R-III	27,105	325
HICKORY CO. R-I	28,188	271	RICHLAND R-I	27,102	326

MISSOURI'S PUBLIC SCHOOL DISTRICTS' AVERAGE TEACHER SALARIES  
YEAR ENDED JUNE 30, 2001

<b>District Name</b>	<b>Salary</b>	<b>Rank</b>	<b>District Name</b>	<b>Salary</b>	<b>Rank</b>
SCOTLAND CO. R-I	27,096	327	COWGILL R-VI	26,137	382
SOUTH IRON CO. R-I	27,091	328	CANTON R-V	26,122	383
NORTHEAST RANDOLPH CO. R-IV	27,090	329	STOUTLAND R-II	26,094	384
MOUNTAIN VIEW-BIRCH TREE R-III	27,087	330	LOCKWOOD R-I	26,088	385
ALTON R-IV	27,072	331	MILLER CO. R-III	26,082	386
SOUTH NODAWAY CO. R-IV	27,051	332	LAKELAND R-III	26,079	387
COLE CO. R-I	27,012	333	JEFFERSON C-123	26,060	388
SMITHTON R-VI	27,002	334	RIPLEY CO. R-III	26,026	389
GIDEON 37	26,997	335	MEADVILLE R-IV	25,949	390
MORGAN CO. R-I	26,988	336	NELL HOLCOMB R-IV	25,946	391
JASPER CO. R-V	26,986	337	MACKS CREEK R-V	25,945	392
BRUNSWICK R-II	26,983	338	SOUTHWEST LIVINGSTON CO. R-I	25,875	393
GAINESVILLE R-V	26,982	339	ATLANTA C-3	25,873	394
OSAGE CO. R-II	26,977	340	FRANKLIN CO. R-II	25,868	395
KNOX CO. R-I	26,977	341	MARIES CO. R-I	25,854	396
MOUND CITY R-II	26,958	342	GILLIAM C-4	25,844	397
HIGH POINT R-III	26,927	343	BRAYMER C-4	25,840	398
PILOT GROVE C-4	26,926	344	MILLER R-II	25,806	399
RICH HILL R-IV	26,875	345	HOWARD CO. R-II	25,783	400
STRASBURG C-3	26,869	346	KIRBYVILLE R-VI	25,781	401
LEOPOLD R-III	26,838	347	LA PLATA R-II	25,767	402
NAYLOR R-II	26,835	348	COLE CO. R-II	25,760	403
RALLS CO. R-II	26,821	349	NEWTOWN-HARRIS R-III	25,741	404
CLIMAX SPRINGS R-IV	26,811	350	BLUE EYE R-V	25,729	405
NODAWAY-HOLT R-VII	26,801	351	OTTERVILLE R-VI	25,723	406
MARIONVILLE R-IX	26,759	352	ZALMA R-V	25,716	407
PETTIS CO. R-V	26,740	353	SPARTA R-III	25,688	408
NORTH ANDREW CO. R-VI	26,737	354	NORBORNE R-VIII	25,645	409
SWEET SPRINGS R-VII	26,672	355	BILLINGS R-IV	25,644	410
BUCHANAN CO. R-IV	26,668	356	TINA-AVALON R-II	25,595	411
SHELBY CO. C-1	26,635	357	LAQUEY R-V	25,584	412
MEADOW HEIGHTS R-II	26,615	358	MILAN C-2	25,577	413
SHERWOOD CASS R-VIII	26,607	359	WEAUBLEAU R-III	25,560	414
BUCKLIN R-II	26,576	360	TANEYVILLE R-II	25,537	415
STEWARTSVILLE C-2	26,569	361	MONITEAU CO. C-1	25,473	416
KINGSVILLE R-I	26,535	362	BELL CITY R-II	25,439	417
PURDY R-II	26,532	363	BAKERSFIELD R-IV	25,432	418
GOLDEN CITY R-III	26,524	364	SPOKANE R-VII	25,391	419
SHELL KNOB 78	26,510	365	WEST NODAWAY CO. R-I	25,389	420
NORTH WOOD R-IV	26,493	366	STURGEON R-V	25,360	421
MARION C. EARLY R-V	26,468	367	HIGBEE R-VIII	25,354	422
CLEVER R-V	26,467	368	SCHUYLER CO. R-I	25,350	423
MARIES CO. R-II	26,460	369	FAIRFAX R-III	25,334	424
CLARKTON C-4	26,442	370	ROSCOE C-1	25,307	425
POLO R-VII	26,410	371	HERMITAGE R-IV	25,291	426
NORTHEAST NODAWAY CO. R-V	26,406	372	MIAMI R-I	25,251	427
PARIS R-II	26,388	373	GASCONADE C-4	25,216	428
NORTHWESTERN R-I	26,338	374	MALTA BEND R-V	25,119	429
BEVIER C-4	26,301	375	GILMAN CITY R-IV	25,101	430
CROCKER R-II	26,277	376	KELSO C-7	25,099	431
MONITEAU CO. R-V	26,264	377	MACON CO. R-IV	25,097	432
WESTVIEW C-6	26,236	378	HOLLIDAY C-2	25,089	433
LINN CO. R-I	26,209	379	HARDEMAN R-X	25,055	434
SOUTHERN REYNOLDS CO. R-II	26,175	380	LEETON R-X	25,040	435
LIBERAL R-II	26,174	381	WHEATLAND R-II	25,023	436

MISSOURI'S PUBLIC SCHOOL DISTRICTS' AVERAGE TEACHER SALARIES  
YEAR ENDED JUNE 30, 2001

<b>District Name</b>	<b>Salary</b>	<b>Rank</b>	<b>District Name</b>	<b>Salary</b>	<b>Rank</b>
PIERCE CITY R-VI	25,021	437	HUDSON R-IX	23,362	489
COMMUNITY R-VI	24,967	438	HUME R-VIII	23,251	490
BLACKWATER R-II	24,915	439	COUCH R-I	23,088	491
KEYTESVILLE R-III	24,915	440	EXETER R-VI	23,037	492
PATTONSBURG R-II	24,872	441	NORTHEAST VERNON CO. R-I	22,808	493
SARCOXIE R-II	24,845	442	BRONAUGH R-VII	22,679	494
AVILLA R-XIII	24,801	443	EVERTON R-III	22,649	495
GALENA R-II	24,799	444	FAIR PLAY R-II	22,617	496
CAINSVILLE R-I	24,788	445	REVERE C-3	22,514	497
MIAMI R-I	24,736	446	KINGSTON 42	22,479	498
BRECKENRIDGE R-I	24,709	447	CHILHOWEE R-IV	22,468	499
NORTH HARRISON R-III	24,698	448	SPICKARD R-II	22,299	500
JOHNSON CO. R-VII	24,694	449	BALLARD R-II	22,295	501
GORIN R-III	24,627	450	LAREDO R-VII	22,292	502
NEW BLOOMFIELD R-III	24,583	451	MARK TWAIN R-VIII	22,282	503
HUMANSVILLE R-IV	24,547	452	MARQUAND-ZION R-VI	22,273	504
OREARVILLE R-IV	24,531	453	CRAIG R-III	22,272	505
STRAIN-JAPAN R-XVI	24,523	454	CENTERVILLE R-I	22,262	506
LIVINGSTON CO. R-III	24,509	455	MANES R-V	22,190	507
OREGON-HOWELL R-III	24,504	456	DORA R-III	22,086	508
LA MONTE R-IV	24,501	457	LUTIE R-VI	22,007	509
MADISON C-3	24,500	458	CHADWICK R-I	21,873	510
PLATO R-V	24,402	459	LURAY 33	21,799	511
WINSTON R-VI	24,383	460	NEW YORK R-IV	21,683	512
PLEASANT VIEW R-VI	24,362	461	THORNFIELD R-I	21,581	513
DAVIS R-XII	24,332	462	RISCO R-II	21,483	514
STET R-XV	24,313	463	MIRABILE C-1	21,480	515
BONCL R-X	24,291	464	SKYLINE R-II	21,391	516
CLARKSBURG C-2	24,232	465	SWEDEBORG R-III	21,183	517
ADAIR CO. R-I	24,178	466	MIDDLE GROVE C-1	21,141	518
RIDGEWAY R-V	24,116	467	PLAINVIEW R-VIII	21,073	519
OSBORN R-O	24,067	468	SHELDON R-VIII	20,533	520
RENICK R-V	24,065	469	SHAWNEE R-III	20,252	521
PRAIRIE HOME R-V	24,057	470	WYACONDA C-1	20,236	522
RAYMONDVILLE R-VII	24,011	471	SUCCESS R-VI	19,874	523
VERONA R-VII	24,004	472	BRADLEYVILLE R-I	19,743	524
CALLAO C-8	23,995	473			
DADEVILLE R-II	23,861	474			
OAK HILL R-I	23,814	475			
SILEX R-I	23,776	476			
LEESVILLE R-IX	23,767	477			
CALHOUN R-VIII	23,764	478			
GRUNDY CO R-V	23,758	479			
NIANGUA R-V	23,744	480			
DENT-PHELPS R-III	23,708	481			
EMINENCE R-I	23,664	482			
COOPER CO. R-IV	23,661	483			
HALFWAY R-III	23,652	484			
MONTROSE R-XIV	23,628	485			
ADAIR CO. R-II	23,626	486			
WHEATON R-III	23,479	487			
BOSWORTH R-V	23,380	488			

Source: DESE's Core Data Information

## APPENDIX D

### DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SUMMARY OF TEACHER CERTIFICATION CLASSIFICATIONS

Life Classification - refers to certificates issued and maintained without completing any further requirements after the initial issue. These certificates were issued until September 1, 1988 to graduates of Missouri teacher education programs approved by the Missouri Department of Elementary and Secondary Education or to graduates of teacher education programs approved by the state education agency in states other than Missouri, and who met the minimum certification requirements established by the Missouri State Board of Education. This classification will continue to be valid for the life of the teacher. If a teacher who holds a lifetime certificate adds a new subject area, the new area will be placed in the appropriate Professional Classification.

Professional Classification (PC) - began in September 1988, and included a tiered plan of certification which was based upon the academic preparation and teaching experience of the applicant. The State Board of Education approved a revision effective in May 1993, which included a three-level plan:

PC I - is valid for three years and is assigned to teachers with less than three years of approved teaching experience and who meet the minimum requirements and qualifications. To advance to the next level, during the valid dates of the classification, a teacher is required to:

- Participate in an entry-year mentor program
- Develop and implement a professional development plan
- Complete 30 clock hours of in-service training
- Participate in a performance - based teacher evaluation
- Participate in beginning - teacher assistance program
- Complete three years of approved teaching experience (If requirements cannot be met, an extension or reissue may be granted.)

If the above requirements cannot be completed before classification expires, the teacher should:

- Send a written request asking for a one-year extension if they will be able to complete all the requirements within that time, *OR*
- Send a written request asking for a three-year reissue if they are unable to meet the requirements with a one-year extension. This reissue will be effective for three years from the previous PCI's expiration date. Only one three-year reissue may be granted. *OR*
- If six semester hours of academic credit have been completed since PCI was issued, send a written request asking for a three-year reinstatement. @

[@ Teachers who have earned a master's degree in education or an area of certification may have their certificate reinstated without taking an additional six semester hours of credit.]

PC II - is valid for seven years and is assigned to teachers who hold a valid PC I and who provide documentation of completing all requirements for advancement to this level of certification; or, to teachers who have three years of approved teaching experience and who meet the minimum requirements for certification. To renew this certificate, during the valid dates of the classification, a teacher is required to:

- Continue following a professional development plan
- Participate in a performance-based teacher evaluation
- Complete 30 additional clock hours of in-service training
- Complete 12 semester hours of academic credit\*
- Complete seven years of approved teaching experience

Teachers may renew the PC II an unlimited number of times by repeating the requirements every seven years.

[\*Teachers who have earned a master's degree in education or in a subject area are exempt from this requirement.]

If the above requirements cannot be completed before classification expires, the teacher should:

- Send a written request asking for a three-year extension if they will be able to complete all the requirements within that time, *OR*
- If six semester hours of academic credit have been completed since PCI was issued, send a written request asking for a three-year reinstatement. @

[@ Teachers who have earned a master's degree in education or an area of certification may have their certificate reinstated without taking an additional six semester hours of credit.]

Continuous Professional Classification - is valid for 10 years and is assigned to teachers who have:

- A master's degree in education or subject area
- Completed all requirements at the PC II level
- Participate in a performance-based teacher evaluation
- A minimum of 10 years of approved teaching experience and a master's degree in education or in an area of certification
- Continue following a professional development plan

The classification may be renewed an unlimited number of times upon the holder's request.

Vocational classification - refers to certificates granted for use in secondary and post-secondary vocational education programs. Trades and industries, consumer homemaking, occupational home economics, health occupations, marketing education, business education, and agriculture education are some of the subjects included. Vocational certificates are valid for either two or five years.



PHD Route to Certification - provides for a teaching certificate to be granted to an individual who has earned a doctor of philosophy degree from a college or university accredited by a regional accreditation agency. The certificate is limited to the major area of the applicant's post-graduate study and must be in a subject area for which there is a Missouri teaching certificate. This must be applied for by a Missouri Public School District.

Substitute Certificates - issued for a period of one school year. A substitute certificate may be granted to applicants who have completed a minimum of 60 semester hours of credit from a regionally accredited college/university. All applicants must complete a background check. Substitute certificates are applied for by an employing Missouri Public School District. A person who holds a valid Missouri elementary or secondary certificate (life, professional, or provisional) is not restricted to any specific number of days of substitute teaching except: (1) a retired teacher who is receiving retirement benefits is limited to a total of 550 clock hours of substitute teaching each school year, and (2) classification and accreditation standards require the person filling a teaching position on a continuing basis to be appropriately certificated for the area of service.

Provisional Classification - refers to a two year non-renewable certificate issued to teachers who do not meet all of the requirements for Professional Certificates. If additional coursework is needed to meet the minimum requirements, the deficiencies may not exceed 12 semester hours.

Special Assignment Certification - refers to teaching certificates issued to individuals who are employed by a school district in which there is a documented critical need identified by the district and approved by the Department of Elementary and Secondary Education. This must be applied for by an employing Missouri Public School district. For areas specified as “critical need” which currently includes special education, counselor, math, and science, the applicant’s bachelor’s degree does not need to be in the secondary or middle school subject area they are being assigned to teach. For all other subject areas, the bachelor's degree must be in the secondary or middle school subject area of their assignment.

Temporary Authorization Certificate - refers to a one-year renewable certificate that is available for all areas of certification except elementary 1-6, early childhood, early childhood special education, and administration. Missouri school districts can apply for the certificate for:

- An individual who holds a bachelor's degree from an accredited college or university and is willing to make a commitment to pursue professional certification through a state-approved teacher education program, *OR*
- A Missouri teacher who is seeking certification in an additional area, but is not eligible for a provisional certificate

To be eligible, individuals must have:

- A baccalaureate degree or higher from an accredited college or university
- A grade point average of 2.50 on a 4.0 scale, both overall and in the major area of study
- A criminal background check clearance if this is the applicant's initial certificate to teach in Missouri

To renew a temporary authorization certificate, school districts must submit the following:

- A renewal application verifying the individual's participation in a mentoring program, completion of performance based teacher evaluations, and continued employment with the school district
- Official transcripts documenting the completion of nine (9) semester hours of coursework towards the professional teaching certificate from the program of study or transcript analysis

\* \* \* \* \*



**OSAGE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-57  
August 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Osage, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Osage County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. Additionally, the county's annual published financial statements did not include the financial activity of some funds.
- Bids were not always solicited, nor bid documentation always retained for various purchases made by the county.
- On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to Section 50.333.13 RSMo, are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,000 should be repaid.
- Time records are not prepared by full-time employees of the Sheriff's Department. Records of annual leave, sick leave, and compensatory time balances are not centrally maintained. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff's Department employees.

(over)

YELLOW SHEET

- Several weaknesses were identified in the offices of the Sheriff and the Prosecuting Attorney, including segregation of duties, receipts not deposited on a timely basis, and old outstanding checks.

The audit also includes some recommendations to improve general fixed assets, property tax system and computer controls, County Treasurer's procedures, Public Administrator's procedures, and County Collector's procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-14
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2001 .....8
A-2	Year Ended December 31, 2000 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 ..... 10-14
Notes to the Financial Statements .....	15-18
Supplementary Schedule:.....	19
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	20
Notes to the Supplementary Schedule .....	21-23
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report: .....	25-27
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	26-27

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule: .....	28-30
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	29
Section I - Summary of Auditor's Results .....	29
Section II - Financial Statement Findings .....	30
Section III - Federal Award Findings and Questioned Costs .....	30
<u>Number</u>	<u>Description</u>
01-1. Cash Management.....	30
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	31-32
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	33-34
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	35-53
<u>Number</u>	
1. Budgetary Practices and Financial Statements .....	38
2. County Expenditures.....	40
3. Associate Commissioners Salaries .....	41
4. Fixed Assets .....	41
5. Personnel Policies and Procedures.....	43
6. Property Tax System and Computer Controls .....	44
7. County Treasurer's Accounting Controls and Procedures.....	46
8. Public Administrator's Procedures .....	47
9. Sheriff's Accounting Controls and Procedures .....	49
10. County Collector's Accounting Controls and Procedures .....	51
11. Prosecuting Attorney's Accounting Controls and Procedures .....	52
Follow-Up on Prior Audit Findings .....	54-61

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
<b>STATISTICAL SECTION</b>	
History, Organization, and Statistical Information .....	63-68



## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Osage County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 5, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Osage County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Heather Thompson
Audit Staff:	Norma Payne
	Gek Mui Melinda Tan



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Osage County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Osage County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Osage County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

OSAGE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 155,673	938,937	1,006,405	88,205
Special Road and Bridge	119,479	1,062,664	1,020,719	161,424
Assessment	8,376	128,233	134,973	1,636
Law Enforcement Training	4,030	1,851	1,518	4,363
Prosecuting Attorney Training	277	426	487	216
Emergency Management	82,775	17,414	43,754	56,435
Prosecuting Attorney Bad Check	13,722	13,022	5,283	21,461
Law Enforcement Equipment	1,161	0	1,161	0
Collector	1,193	1,848	2,142	899
Sheriff	9,053	5,900	6,210	8,743
Family Court	4,560	2,395	1,075	5,880
Recorder's User Fee	6,061	7,791	3,201	10,651
911	0	267,801	14,152	253,649
Law Library	1,037	3,520	3,211	1,346
Circuit Clerk Interest	4,905	762	708	4,959
Use Tax	59,191	1,441	37,734	22,898
Domestic Violence	250	451	250	451
Prosecuting Attorney Delinquent Tax	200	1,080	1,276	4
Elevator	0	68,152	68,152	0
Associate Circuit Division Interest	654	399	0	1,053
Total	\$ 472,597	2,524,087	2,352,411	644,273

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit A-2

OSAGE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 130,789	959,158	934,274	155,673
Special Road and Bridge	237,500	929,262	1,047,283	119,479
Assessment	6,680	114,799	113,103	8,376
Law Enforcement Training	3,640	1,818	1,428	4,030
Prosecuting Attorney Training	345	455	523	277
Emergency Management	38,739	82,121	38,085	82,775
Prosecuting Attorney Bad Check	13,021	12,164	11,463	13,722
Law Enforcement Equipment	1,136	25	0	1,161
Collector	854	2,007	1,668	1,193
Sheriff	3,952	8,280	3,179	9,053
Family Court	1,320	3,265	25	4,560
Recorder's User Fee	3,108	4,872	1,919	6,061
Law Library	304	2,780	2,047	1,037
Circuit Clerk Interest	6,407	808	2,310	4,905
Use Tax	73,216	2,151	16,176	59,191
Domestic Violence	335	300	385	250
Prosecuting Attorney Delinquent Tax	303	2,349	2,452	200
Elevator	0	208,477	208,477	0
Associate Circuit Division Interest	443	211	0	654
Total	\$ 522,092	2,335,302	2,384,797	472,597

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 2,374,975	2,452,564	77,589	2,095,964	2,118,226	22,262
DISBURSEMENTS	2,328,978	2,244,999	83,979	2,437,732	2,152,950	284,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	45,997	207,565	161,568	(341,768)	(34,724)	307,044
CASH, JANUARY 1	412,949	412,302	(647)	441,084	441,084	0
CASH, DECEMBER 31	458,946	619,867	160,921	99,316	406,360	307,044
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	188,150	192,198	4,048	174,800	177,306	2,506
Sales taxes	400,000	406,099	6,099	385,000	410,111	25,111
Intergovernmental	73,714	86,028	12,314	75,419	70,522	(4,897)
Charges for services	189,800	187,035	(2,765)	174,000	198,954	24,954
Interest	18,000	14,025	(3,975)	14,000	18,572	4,572
Other	15,750	14,459	(1,291)	13,659	19,668	6,009
Transfers In	24,950	39,093	14,143	39,300	64,025	24,725
Total Receipts	910,364	938,937	28,573	876,178	959,158	82,980
DISBURSEMENTS						
County Commission	68,106	70,013	(1,907)	68,247	68,247	0
County Clerk	60,930	60,379	551	59,815	59,615	200
Elections	9,700	9,227	473	44,368	44,368	0
Buildings and grounds	54,275	55,648	(1,373)	43,490	37,780	5,710
Employee fringe benefits	61,500	68,041	(6,541)	59,500	56,511	2,989
County Treasurer	25,487	24,968	519	26,427	26,050	377
County Collector	62,874	65,956	(3,082)	58,048	57,631	417
Ex Officio Recorder of Deeds	32,145	27,808	4,337	34,165	29,723	4,442
Associate Circuit Court	13,000	7,799	5,201	10,500	6,236	4,264
Court administration	500	0	500	250	0	250
Public Administrator	14,510	13,679	831	8,054	8,054	0
Sheriff	291,557	313,912	(22,355)	277,612	277,681	(69)
Jail	67,579	46,578	21,001	68,018	68,018	0
Prosecuting Attorney	85,917	90,100	(4,183)	83,849	83,849	0
Juvenile Officer	29,000	27,852	1,148	36,200	28,501	7,699
County Coroner	13,635	11,743	1,892	11,370	9,905	1,465
Other General County Government	60,285	76,067	(15,782)	60,579	51,500	9,079
Public Defender	1,791	1,791	0	1,558	1,791	(233)
Public health and welfare services	30,000	30,000	0	13,970	13,970	0
Transfers out	3,753	4,844	(1,091)	3,754	4,844	(1,090)
Emergency Fund	29,538	0	29,538	27,615	0	27,615
Total Disbursements	1,016,082	1,006,405	9,677	997,389	934,274	63,115
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,718)	(67,468)	38,250	(121,211)	24,884	146,095
CASH, JANUARY 1	155,673	155,673	0	130,789	130,789	0
CASH, DECEMBER 31	49,955	88,205	38,250	9,578	155,673	146,095

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	230,000	231,093	1,093	180,300	222,494	42,194
Intergovernmental	741,010	781,007	39,997	774,784	658,343	(116,441)
Charges for services	5,000	150	(4,850)	2,700	3,525	825
Interest	7,000	7,229	229	12,000	12,113	113
Other	30,500	43,185	12,685	65,500	32,787	(32,713)
Total Receipts	1,013,510	1,062,664	49,154	1,035,284	929,262	(106,022)
DISBURSEMENTS						
Salaries	314,555	298,034	16,521	293,899	286,937	6,962
Employee fringe benefits	53,892	45,098	8,794	54,791	41,299	13,492
Supplies	153,175	135,665	17,510	132,150	138,938	(6,788)
Insurance	18,575	12,368	6,207	14,075	17,006	(2,931)
Road and bridge materials	200,000	139,778	60,222	200,000	226,776	(26,776)
Rentals	6,000	4,436	1,564	6,000	3,204	2,796
Equipment purchases	145,000	147,954	(2,954)	285,000	194,624	90,376
Construction, repair, and maintenance	184,310	217,222	(32,912)	225,183	99,154	126,029
Other	8,200	5,164	3,036	7,050	2,445	4,605
Transfers out	15,000	15,000	0	36,900	36,900	0
Total Disbursements	1,098,707	1,020,719	77,988	1,255,048	1,047,283	207,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,197)	41,945	127,142	(219,764)	(118,021)	101,743
CASH, JANUARY 1	119,479	119,479	0	237,500	237,500	0
CASH, DECEMBER 31	34,282	161,424	127,142	17,736	119,479	101,743
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	123,532	125,844	2,312	113,135	112,747	(388)
Charges for services	1,000	1,445	445	1,500	906	(594)
Interest	1,200	944	(256)	1,000	1,146	146
Total Receipts	125,732	128,233	2,501	115,635	114,799	(836)
DISBURSEMENTS						
Assessor	135,567	134,973	594	118,754	113,103	5,651
Total Disbursements	135,567	134,973	594	118,754	113,103	5,651
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,835)	(6,740)	3,095	(3,119)	1,696	4,815
CASH, JANUARY 1	8,376	8,376	0	6,680	6,680	0
CASH, DECEMBER 31	(1,459)	1,636	3,095	3,561	8,376	4,815
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,850	1,851	1	1,701	1,818	117
Total Receipts	1,850	1,851	1	1,701	1,818	117
DISBURSEMENTS						
Sheriff	1,900	1,518	382	2,000	1,428	572
Total Disbursements	1,900	1,518	382	2,000	1,428	572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	333	383	(299)	390	689
CASH, JANUARY 1	4,030	4,030	0	3,640	3,640	0
CASH, DECEMBER 31	3,980	4,363	383	3,341	4,030	689

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	500	426	(74)	970	455	(515)
Total Receipts	500	426	(74)	970	455	(515)
DISBURSEMENTS						
Prosecuting Attorney	525	487	38	1,000	523	477
Total Disbursements	525	487	38	1,000	523	477
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	(61)	(36)	(30)	(68)	(38)
CASH, JANUARY 1	277	277	0	345	345	0
CASH, DECEMBER 31	252	216	(36)	315	277	(38)
<b><u>EMERGENCY MANAGEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	6,500	10,240	3,740	37,000	74,600	37,600
Interest	2,500	2,326	(174)	800	2,605	1,805
Other	0	4	4	195	72	(123)
Transfers In	4,844	4,844	0	4,844	4,844	0
Total Receipts	13,844	17,414	3,570	42,839	82,121	39,282
DISBURSEMENTS						
Salaries	14,539	15,038	(499)	11,896	12,599	(703)
Office expenditures	2,900	3,100	(200)	2,900	2,674	226
Equipment	2,050	1,145	905	4,516	2,007	2,509
Mileage and training	1,900	819	1,081	3,300	1,303	1,997
Other	7,575	4,559	3,016	420	409	11
Transfers out	19,093	19,093	0	19,093	19,093	0
Total Disbursements	48,057	43,754	4,303	42,125	38,085	4,040
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,213)	(26,340)	7,873	714	44,036	43,322
CASH, JANUARY 1	82,775	82,775	0	38,739	38,739	0
CASH, DECEMBER 31	48,562	56,435	7,873	39,453	82,775	43,322
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	12,000	12,482	482	9,200	11,394	2,194
Interest	350	540	190	301	770	469
Total Receipts	12,350	13,022	672	9,501	12,164	2,663
DISBURSEMENTS						
Prosecuting Attorney	9,950	283	9,667	9,000	3,431	5,569
Transfers out	0	5,000	(5,000)	0	8,032	(8,032)
Total Disbursements	9,950	5,283	4,667	9,000	11,463	(2,463)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,400	7,739	5,339	501	701	200
CASH, JANUARY 1	13,722	13,722	0	13,021	13,021	0
CASH, DECEMBER 31	16,122	21,461	5,339	13,522	13,722	200

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT EQUIPMENT FUND</u></b>						
RECEIPTS						
Donations	0	0	0	375	25	(350)
Total Receipts	0	0	0	375	25	(350)
DISBURSEMENTS						
Equipment	0	1,161	(1,161)	500	0	500
Total Disbursements	0	1,161	(1,161)	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,161)	(1,161)	(125)	25	150
CASH, JANUARY 1	1,161	1,161	0	1,136	1,136	0
CASH, DECEMBER 31	1,161	0	(1,161)	1,011	1,161	150
<b><u>COLLECTOR FUND</u></b>						
RECEIPTS						
Charges for services	2,000	1,848	(152)	1,900	2,007	107
Total Receipts	2,000	1,848	(152)	1,900	2,007	107
DISBURSEMENTS						
County Collector	2,150	2,142	8	2,215	1,668	547
Total Disbursements	2,150	2,142	8	2,215	1,668	547
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(294)	(144)	(315)	339	654
CASH, JANUARY 1	1,193	1,193	0	854	854	0
CASH, DECEMBER 31	1,043	899	(144)	539	1,193	654
<b><u>SHERIFF FUND</u></b>						
RECEIPTS						
Charges for services	8,300	5,900	(2,400)	5,000	8,280	3,280
Total Receipts	8,300	5,900	(2,400)	5,000	8,280	3,280
DISBURSEMENTS						
Sheriff	6,000	6,210	(210)	5,001	3,179	1,822
Total Disbursements	6,000	6,210	(210)	5,001	3,179	1,822
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,300	(310)	(2,610)	(1)	5,101	5,102
CASH, JANUARY 1	9,053	9,053	0	3,952	3,952	0
CASH, DECEMBER 31	11,353	8,743	(2,610)	3,951	9,053	5,102
<b><u>FAMILY COURT FUND</u></b>						
RECEIPTS						
Charges for services	3,400	2,395	(1,005)	1,080	3,265	2,185
Total Receipts	3,400	2,395	(1,005)	1,080	3,265	2,185
DISBURSEMENTS						
Other	3,400	1,075	2,325	2,400	25	2,375
Total Disbursements	3,400	1,075	2,325	2,400	25	2,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,320	1,320	(1,320)	3,240	4,560
CASH, JANUARY 1	4,560	4,560	0	1,320	1,320	0
CASH, DECEMBER 31	4,560	5,880	1,320	0	4,560	4,560

## Exhibit B

OSAGE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	4,700	7,791	3,091	5,501	4,872	(629)
Total Receipts	4,700	7,791	3,091	5,501	4,872	(629)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	3,320	3,201	119	2,300	1,919	381
Total Disbursements	3,320	3,201	119	2,300	1,919	381
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,380	4,590	3,210	3,201	2,953	(248)
CASH, JANUARY 1	6,061	6,061	0	3,108	3,108	0
CASH, DECEMBER 31	7,441	10,651	3,210	6,309	6,061	(248)
<b><u>911 FUND</u></b>						
RECEIPTS						
Sales taxes	275,000	267,801	(7,199)			
Total Receipts	275,000	267,801	(7,199)			
DISBURSEMENTS						
911 Department	0	14,152	(14,152)			
Total Disbursements	0	14,152	(14,152)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	275,000	253,649	(21,351)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	275,000	253,649	(21,351)			
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	2,800	3,520	720			
Total Receipts	2,800	3,520	720			
DISBURSEMENTS						
Prosecuting Attorney	2,400	3,211	(811)			
Total Disbursements	2,400	3,211	(811)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	309	(91)			
CASH, JANUARY 1	1,048	1,037	(11)			
CASH, DECEMBER 31	1,448	1,346	(102)			
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	625	762	137			
Total Receipts	625	762	137			
DISBURSEMENTS						
Circuit Clerk	920	708	212			
Total Disbursements	920	708	212			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295)	54	349			
CASH, JANUARY 1	5,541	4,905	(636)			
CASH, DECEMBER 31	\$ 5,246	4,959	(287)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

OSAGE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax Fund	2001 and 2000
Domestic Violence Fund	2001 and 2000
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000
Elevator Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Law Library Fund	2000
Circuit Clerk Interest Fund	2000



Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Equipment Fund	2001
Sheriff Fund	2001
911 Fund	2001
Law Library Fund	2001
Prosecuting Attorney Bad Check Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax Fund	2001 and 2000
Domestic Violence Fund	2001 and 2000
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000
Elevator Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Family Court Fund	2001
Law Library Fund	2000
Circuit Clerk Interest Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

## Supplementary Schedule

## Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	99-PF-21	\$ 30,418	192,697
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.727	Enforcing Underage Drinking Laws Program	N/A	1,265	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	919	0
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-076(8)	216,222	99,154
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,228	1,735
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	1,214	412
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety -			
83.534	Emergency Management - State and Local Assistance	N/A	4,876	6,708
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state Department of Social Services -			
93.563	Child Support Enforcement	N/A	182	453
	Total Expenditures of Federal Awards		\$ 257,324	301,159

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OSAGE COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Osage County, Missouri, except for the program accounted for in the Osage County Special Services Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its year ended December 31, 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Osage County, Missouri

Compliance

We have audited the compliance of Osage County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Osage County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Osage County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Osage County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major program:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes    \_\_\_\_\_ no

Identification of major program:

CFDA or	
Other Identifying	
<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

\$300,000

\_\_\_\_\_ yes             x      no

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

OSAGE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

Sales Tax

At December 31, 1999, the county had collected \$285,076 in excess property taxes by not adequately reducing property tax levies for sales tax revenues.

Recommendation:

The County Commission continue to ensure appropriate adjustments are made to the levy to reduce the amount of excess property taxes collected in prior years.

Status:

A lawsuit filed against the county on June 30, 1998 regarding the property tax rollback was resolved on October 4, 2001. The result of the lawsuit is the county agrees to roll back property taxes by \$7,000 for the 2002 tax year. In addition, the county agreed from tax year 2002 on to reduce its property tax levy equal to 50% of the estimated sales tax revenue to be collected in that year and in the event that in the immediately preceding year the county actually collects more or less sales tax revenue than estimated the county should adjust its property tax levy for the current year to reflect such increase or decrease.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

OSAGE COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**Findings-Two Years Ending December 31, 1997**

**97-1. Federal Financial Assistance**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Department of Transportation
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 076(6)
Award Year:	1997
Questioned Costs:	\$34,559

A.2. The county had not established cash management procedures to ensure that a minimum amount of time elapses between receipt of federal project monies and the disbursement of such monies to contractors.

**Recommendation:**

A.2. The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

**Status:**

A.2. Not implemented. See Finding Number 01-1.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

OSAGE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We also have audited the compliance of Osage County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Osage County Special Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Osage County but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	<b>Budgetary Practices and Financial Statements</b>
----	-----------------------------------------------------

During our review of the county's budgetary practices, the following areas of concern were noted:

- A. Formal budgets were not prepared for various county funds for the two years ended December 31, 2001. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission can evaluate all county financial resources more effectively.
- B. The county's annual published financial statements did not include the financial activity of some funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.
- C. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Law Enforcement Equipment	1,161	N/A
Sheriff	210	N/A
911	14,152	N/A
Law Library	811	N/A
Prosecuting Attorney Bad Check	N/A	2,463

The County Commission indicated the budget is monitored by reviewing budget to actual amounts quarterly. However, this review was not sufficient to ensure actual disbursements did not exceed budget amounts. In addition, the General Revenue Fund budget was amended by \$14,000 on December 28, 2000 after disbursements in the General Revenue Fund had already exceeded budgeted amounts. Also, in 2001, the Assessment Fund budget was amended by \$5,790 but this amendment was not filed with the State Auditor's Office.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

Conditions A and B were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures as required by state law.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated that they will try to prepare budgets for all county funds for inclusion in the 2003 budget.*
- B. *The County Commission indicated that they will try to include all county funds in the published financial statements in the future.*
- C. *The County Commission indicated that they will file appropriate budgetary amendments with the State Auditor's office as soon as unanticipated expenses become known or measurable and prior to the disbursements being made and refrain from authorizing disbursements in excess of budgeted amounts.*

**2.****County Expenditures**

Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. The County Commission indicated they solicit bids for purchases, but do not always maintain documentation. Examples of items purchased, for which bids were not solicited or advertised and adequate documentation could not be located were as follows:

Parts for Road and Bridge equipment	\$15,496
Steel beams for bridge repair	16,613
Doors for cells in the jail	5,053

In addition, although bids were obtained for some purchases, the county did not advertise for bids on these purchases as required by statute. For example, the county purchased rock base (cold mix, asphalt, etc.) for \$31,584 and a computer system for \$7,955 without properly advertising for bids. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business.

Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

**WE RECOMMEND** the County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

**AUDITEE'S RESPONSE**

*The County Commission indicated that they would attempt to do a better job obtaining and documenting bids and will indicate the reasons for the decisions made in the County Commission minutes in the future.*



**3.****Associate Commissioners Salaries**

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Osage County's Associate County Commissioners salaries were each increased approximately \$4,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,000 for the two years ended December 31, 2001, should be repaid. During January 2002, the County Commission voted to seek repayment of \$8,000 from the Associate Commissioner still in office. However, this amount has not been repaid. The other Associate Commissioner has since deceased; therefore, the County Commission has decided to not request repayment. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission continue to follow up on their decision regarding the repayment of the salary overpayments to ensure the amount is repaid.

**AUDITEE'S RESPONSE**

*The Presiding Commissioner indicated that he would continue to pursue the collection of the salary overpayments. Associate Commissioner Luecke indicated that he does not intend to pay back these monies at this time because payback is not being required from the other Associate Commissioner.*

**4.****Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however additions are not added to fixed asset records as they occur. In addition, the County Clerk does not periodically reconcile equipment purchases with additions to the fixed assets records. During

our review of county expenditures, we noted six of ten equipment purchases tested totaling approximately \$62,000 were not added to the listing. Performing this reconciliation would help ensure all purchases have been added to fixed asset records.

In addition, the county does not have formal procedures for disposing of county owned property. Written authorization is not consistently obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place the item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk were not aware of the disposal and did not remove the item from the fixed asset records.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property.

Effective August 28, 1999, Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Similar conditions were noted in prior audit reports.

**WE AGAIN RECOMMEND** the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

#### **AUDITEE'S RESPONSE**

*The County Commission indicated that they would establish a policy regarding the handling and accounting for fixed assets and distribute the policy to the other county officials.*

**5.****Personnel Policies and Procedures**

- A. Time records are not prepared by full-time employees of the Sheriff's Department. The Sheriff indicated that maintaining time records would be too difficult for the deputies due to the sporadic work hours with deputies being on call status and may have to respond to emergencies after regular work hours. Time records should be submitted to the County Clerk's office by all employees to provide supporting documentation and additional assurance to the County Commission that payroll disbursements are valid and proper.

Time records are necessary to document hours worked and provide the County Commission with a method to monitor hours worked and ensure the related compensation is reasonable.

Similar conditions were noted in our five prior reports.

- B. Records of annual leave, sick leave, and compensatory time balances are not centrally maintained. Leave records for the Sheriff department's employees are maintained by the Sheriff and are not submitted to the County Clerk. In addition, these records do not record compensatory time balances since timesheets are not maintained.

Centralized records help ensure that the employees' vacation leave, sick leave, and overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

A similar condition was noted in our prior report.

- C. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, Sheriff's deputies were not compensated for overtime worked. Although the Sheriff's deputies do not prepare timesheets, the Sheriff indicated that the Sheriff's deputies generally work a standard 40 hour week; however, they are also on-call and must respond to emergency situations as they arise. Therefore, the Sheriff indicated that the deputies may work over 171 hours in a 28 day period and are not compensated for these hours as required by the FLSA. The Sheriff's department employees are always compensated for only 40 hours worked even if they work in excess of this amount because timesheets are not prepared.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied to ensure each employee is treated equitably.

**WE RECOMMEND** the County Commission:

- A. Require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. Require the County Clerk to maintain centralized records of leave earned, used, and accumulated for all county employees including the Sheriff's department.
- C. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated that they would work with the Sheriff to establish a policy requiring the Sheriff's Deputies to submit timesheets to the County Clerk's office. The County Commission indicated that they would contact other counties to determine how Sheriff's Deputies submit timesheets in other counties.*
- B. *The County Commission indicated that the policy would also require the Sheriff's department employees to submit leave records to the County Clerk's office on a monthly basis.*
- C. *The County Commission indicated that they would discuss this matter with the Sheriff.*

<b>6. Property Tax System and Computer Controls</b>
-----------------------------------------------------

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data. The County Collector enters the tax rates and extends and prints the tax books. The County Clerk reviews and approves the tax books by footing on a test basis the subtotals and totals in the printed tax books. In our review of the controls relating to the property tax computer system, we noted the following concerns:

- A. The County Clerk does not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement is totaling disbursements from the monthly settlements and agreeing to the annual settlement. However, this review is not documented. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. A complete account book would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement.

Some of these records and controls are also required by various sections of state law, which are intended to establish some checks and balances related to the collection of property taxes. In addition, these conditions have been noted in our prior two audit reports and, although the County Commission indicated that they would consider possible changes, no action has been taken.

- B. The County Assessor's office is responsible for entering property tax addition and abatement information into the property tax system. While a listing of additions and abatements is printed and submitted to the County Clerk's office for the County Commissioners' approval, there is no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.

Section 137.260, RSMo 2000, requires that the tax books only be changed by the clerk of the county commission under order of the county commission. Controls should be established so that the County Clerk maintains a file of all additions and abatements that are provided to the County Collector by the County Assessor and periodically reconciles this information to changes made to the property tax data.

- C Passwords used by the Assessor's office, the County Clerk's office, and the County Collector's office have not been changed periodically. In addition, passwords have not been kept confidential. Passwords should be changed periodically and kept confidential to reduce the possibility of unauthorized use.
- D. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.

Similar conditions were noted in prior audit reports.

**WE AGAIN RECOMMEND:**

- A. The County Clerk maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.
- B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.
- C. The County Commission ensure employee passwords are periodically changed and kept confidential.

- D. The County Commission develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

**AUDITEE'S RESPONSE**

- A. *The County Clerk indicated that she would work with the County Collector to establish an account book.*
- B. *The County Commission indicated that they would request that the County Clerk work with the County Collector to establish a plan for reviewing additions and abatements.*
- C. *The County Commission indicated that they will notify the other county officials and recommend that they maintain confidential passwords which are changed periodically.*
- D. *The County Commission indicated that they will look into developing a contingency plan.*

<b>7. County Treasurer's Accounting Controls and Procedures</b>
-----------------------------------------------------------------

- A. The County Treasurer does not adequately follow up on old outstanding checks. At December 31, 2001, the County Treasurer had \$283 in old outstanding checks that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the County Treasurer's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, an itemized listing of all outstanding checks should be prepared for the monthly bank reconciliations.
- B. Receipt slips are not issued for some monies received, although receipts are recorded on a receipts log which is used to prepare deposits. For example, various county officials indicated that they do not obtain a receipt slip from the County Treasurer when monthly fees are turned over. As a result, the composition of monies received cannot be reconciled to the amounts deposited. To reduce risk of loss or misuse of county resources, the County Treasurer should record monies and prepare prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to the amounts deposited.
- C. The County Treasurer did not maintain documentation of the interest allocation to various county funds based on interest earned in the County Revenue bank account. The County Treasurer allocates interest earned on the bank account to the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Emergency Management Fund, and the Prosecuting Attorney Bad Check Fund. In addition, the County Treasurer did not allocate interest for any other funds with balances that are

held in the County Revenue bank account, including the county library. Section 110.150.2, RSMo 2000, and the Missouri Attorney General's Opinion No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, county library funds, county health center funds, special road and bridge funds, and assessment funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund.

**WE RECOMMEND** the County Treasurer:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Issue prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to amounts deposited.
- C. Retain documentation of the interest allocation and allocate interest to the county library in accordance with the state statutes and various Attorney General opinions.

**AUDITEE'S RESPONSE**

- A. *The County Treasurer indicated that he had stopped payment on the old outstanding checks and that they were reissued on June 27, 2002.*
- B. *The County Treasurer indicated that he would check into obtaining a new receipt slip book. He indicated that the prior method used was cost prohibitive and that he would look into a more cost efficient method.*
- C. *The County Treasurer indicated that he will document the interest allocation on the receipt ledger in the future.*

<b>8. Public Administrator's Procedures</b>
---------------------------------------------

The Public Administrator acts as the court appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. During our review, we noted the Public Administrator did not always file annual settlements by the required due dates. In addition, some of the annual settlements filed were not complete and accurate. For example, we noted some expenditures listed in the check registers were not included in some annual settlements.

The Associate Circuit Division has not established adequate monitoring procedures to ensure that complete and accurate settlements are filed in a timely manner. The court clerk

indicated she periodically reviews files and prints a list of settlements past due; however, there is no documentation of her review and follow up action is not taken.

Section 473.540, RSMo 2000, requires settlements to be filed annually. Timely, accurate, and complete settlements are necessary for the court to properly oversee the administration of these cases. Failure to file settlements on a timely basis for review by the Associate Circuit Division Judge increases the risk that error or misuse of funds could go undetected.

A similar condition was noted in prior audit reports.

**WE RECOMMEND:**

- A. The Public Administrator file complete and accurate annual settlements on a timely basis as required by state law.
- B. The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

**AUDITEE'S RESPONSE**

- A. *The Public Administrator indicated that he would work with the Associate Circuit Division Judge to ensure the settlements are filed timely. He stated that he will request the Associate Circuit Division Judge to notify him when the settlements are due. In addition, the Public Administrator stated that he would contact the attorney who prepares the annual settlements and indicate the annual settlements should be prepared based on the check register balance rather than the bank balance.*
- B. *The Associate Circuit Division Judge indicated that his office has developed a new policy of ensuring that the Public Administrator, as well as the guardians and conservators, file annual settlements in the Osage County Circuit Court. He indicated that the Probate Clerk will notify the guardian or conservator 45 days prior to the anniversary date that the annual settlement is due on or before the anniversary date. The Associate Circuit Division Judge also indicated that he would review the annual settlements and approve the status reports. If the documents are not approved, then the case would be set for a "show cause" hearing within 30 days to determine why the guardian or conservator had not adequately complied with the policy. At the hearing the guardian or conservator will be directed to make the particular corrections or additions to the documents or the guardian or conservator will be removed. The Associate Circuit Division Judge indicated that this would be done by September 1, 2002.*



**9.****Sheriff's Accounting Controls and Procedures**

The Sheriff's Department is responsible for collecting gun permit fees, insurance report fees, jail phone commissions, cash bonds, and billings for incarceration costs. Gun permit fees, insurance report fees, and jail phone commissions are deposited to the Sheriff's bank account and remitted to the County Treasurer monthly. Our review of the controls relating to the Sheriff's Department noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. There is not documentation that an independent review of the accounting records is performed by the Sheriff.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipts are not deposited on a timely basis. Receipts are generally deposited two to four times per month and several of these deposits exceeded \$1,000. During our cash count performed on January 8, 2002, we noted the Sheriff's Department had \$2,191 in receipts collected since January 2, 2002 of which \$1,030 was cash. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. The Sheriff has not adequately followed up on old outstanding checks. At December 31, 2001, the Sheriff had \$451 in old outstanding checks that were over a year old. In addition, \$355 of these outstanding checks are not identified as to payee and pertain to checks written prior to 1998. There is no documentation that the payees of these checks have been notified and the monies remain in the Sheriff's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- D. At December 31, 2001, the Sheriff's bank account had a negative balance of \$600. This occurred due to the Sheriff making a duplicate disbursement of bond monies received. Bond monies were inadvertently disbursed twice to the applicable courts. The courts subsequently disbursed these monies to the defendant resulting in \$600 being due from the defendant to the Sheriff's office. This error was made in October 2001 and identified during that month's reconciliation process. However, the overpayment to the defendant still has not been collected from the defendant. The

- Sheriff should pursue the reimbursement of the bond monies.
- E. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Pursue the collection of the bond monies from the defendant.
- E. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.

**AUDITEE'S RESPONSE**

- A. *The Sheriff indicated that he will start performing an independent review immediately.*
- B. *The Sheriff indicated that he will discuss with the bookkeeper that deposits need to be made daily.*
- C. *The Sheriff indicated that he and the bookkeeper will work on this within the next week or two to get the outstanding checks resolved.*
- D. *The Sheriff indicated that he will discuss this with the court and pursue accordingly. The Sheriff's office has contacted the defendant regarding this matter but the defendant has not paid these monies back to the Sheriff.*

- E. *The Sheriff indicated that an evidence seized property sheet is maintained and placed in the individual's case file and feels these records are adequate. The Sheriff indicated he would start an inventory record which would include all seized property.*

<b>10. County Collector's Accounting Controls and Procedures</b>
------------------------------------------------------------------

The County Collector does not adequately follow up on old outstanding checks. At December 31, 2001, the County Collector had \$115 in old outstanding checks that were over a year old. Several of these outstanding checks date back to 1992. There is no documentation that the payees of these checks have been notified and the monies remain in the County Collector's bank account. In addition, at December 31, 2001, the County Collector held \$52 in partial payments that were received prior to 1994. A ledger is maintained documenting the dates and amounts of the partial payments received and a cumulative total of the amounts collected, and the corresponding amounts still due. The taxes for which these partial payments were received are no longer on the County Collector's records as the taxes have either been paid or abated. These old outstanding checks and partial payments create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks and partial payments. In addition, if the monies from the partial payments can not be applied to taxes, the monies should be returned to the payees. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

**WE RECOMMEND** the County Collector attempt to resolve the old outstanding checks and partial payments and establish routine procedures to investigate checks outstanding and partial payments retained in the bank account for a considerable time.

**AUDITEE'S RESPONSE**

*The County Collector indicated that she had notified the payees of the checks in 1999 and she did not receive any responses from the payees. In addition, the County Collector indicated that she would contact the State Treasurer's Office in order to determine the proper method of disbursement for the outstanding checks. She stated that she would disburse the checks in an appropriate manner within one month. The County Collector also stated that she anticipates applying the \$50 partial payment to the 2002 tax bill since the individual has moved back into the county and she will disburse the remaining \$2 similar to the outstanding checks.*

<b>11. Prosecuting Attorney's Accounting Controls and Procedures</b>
----------------------------------------------------------------------

The Prosecuting Attorney collects administrative fees and restitution on bad checks totaling approximately \$76,000 a year. Administrative fees are remitted to the County Treasurer monthly. Our review of the controls relating to the Prosecuting Attorney noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. There is no documentation that an independent review of the accounting records is performed by the Prosecuting Attorney.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipts are not deposited on a timely basis. Receipts are generally deposited one to two times per week and several of these deposits exceeded \$2,000. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. Receipt slips are not always issued as monies are received, but are often prepared at a later date. During our review of the Prosecuting Attorney's records, we noted four instances in which the receipt slips were prepared on or after the date the monies were deposited since the dates on the receipt slips were not in sequence. To reduce the risk of loss or misuse of funds, the Prosecuting Attorney should issue prenumbered receipt slips immediately upon receipt.
- D. The Prosecuting Attorney has not adequately followed up on old outstanding checks. At December 31, 2001, the Prosecuting Attorney had \$528 in old outstanding checks that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Prosecuting Attorney's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.

- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Issue prenumbered receipt slips immediately upon receipt.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

**AUDITEE'S RESPONSE**

- A. *The Prosecuting Attorney indicated that she currently reviews and approves the monthly reports and bank reconciliations.*
- B. *The Prosecuting Attorney stated that the clerk is now making deposits every 1-2 days.*
- C. *The Prosecuting Attorney stated that the clerk now issues receipt slips immediately upon receipt.*
- D. *The Prosecuting Attorney indicated that she has had her clerk prepare letters to send in order to follow-up on the old outstanding checks. She stated that she will stop payment on the misplaced checks and reissue them, if necessary. If the individual can not be located, she stated that she will disburse the outstanding checks in accordance with state law.*

This report is intended for the information of the management of Osage County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## OSAGE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations. Finding number 1.A.2. is omitted since the related follow-up appears in an earlier section of this report.

### 1. Federal Financial Assistance

- A.1. The county did not have documentations regarding the considerations of at least three engineering firms for the Lin Creek Bridge Project BRO 076(6).
- B. The Sheriff received reimbursement of \$861 in 1996 for uniform items and a global positioning system through the Domestic Cannabis Eradication/Suppression Program and the Sheriff's Department did not maintain copies of the original invoices.
- C. The county's Schedule of Federal Financial Assistance contained numerous errors and omissions.

#### Recommendation:

- A.1. The County Commission solicit and review documentation of qualifications and performance data on at least three engineering firms for any capital improvement project. The County Commissions should contact the grantor agency to resolve the questioned costs.
- B. The Sheriff maintain copies of original invoices of equipment acquired through the Missouri Sheriff's Association or other federal programs.
- C. The County Clerk ensure all federal financial expenditure amounts are properly recorded on the Schedule of Federal Financial Assistance.

#### Status:

- A.1. Partially Implemented. The county solicited and reviewed documentation of three engineering firms for the BRO project 076(8) which took place during the current audit period. However, the county has not contacted the grantor agency to resolve the prior questioned costs. Although not repeated in the current report our recommendation remains as stated above.

- B. The Sheriff did not receive any reimbursements for items purchased with federal funds during our audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially Implemented. The Schedule of Expenditures of Federal Awards prepared by the County Clerk was materially complete. There were a few federal expenditure amounts which were not recorded on the Schedule of Expenditures of Federal Awards; however, these amounts were not material to the total expenditures. Although not repeated in the current report, our recommendation remains as stated above.

2. Written Agreements

- A. The county entered into various agreements without written contracts.
- B. The county contracted with the elected County Surveyor to provide map maintenance services for a monthly fee. In addition, the county did not follow formal procedures to obtain or evaluate proposals from other qualified land surveyors.

Recommendation:

The County Commission:

- A. Ensure that all agreements entered into by the county are in writing and state the specific consideration to be provided by each party.
- B. Institute a formal selection procedure to obtain land survey services from qualified firms or individuals at the most favorable cost to the county. The County Commission should consult with the Prosecuting Attorney regarding any conflict of interest and the steps necessary to mitigate the conflict of interest. In addition, acknowledgement of the receipt of services should be documented on the invoices by the Assessor.

Status:

- A. Not Implemented. The new 911 Center now has control over dispatching services. However, the county has not yet entered into contracts with the area municipalities or ambulance districts. The 911 Coordinator indicated that she plans to obtain written agreements with the area ambulance districts and municipalities. In addition, the Sheriff's department still does not have a contract with area businesses to respond to burglar alarms. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Implemented.



3. Budgetary Practices and Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. The county's annual published financial statements did not include the financial activity of some funds.

Recommendation:

The County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure all county funds are included in the annual published financial statements.

Status:

Not Implemented. See MAR No. 1.

4. Sales Tax

See our audit report on Osage County, Missouri, for the two years ended December 31, 1999 (report number 2000-121).

5. Property Tax System and Computer Controls

- A. The County Clerk did not maintain a complete account book with the County Collector.
- B. Passwords were not changed periodically and were not kept confidential.
- C. The county did not have a formal contingency plan for the computer system. As a result, the county did not have formal arrangements for the use of backup facilities in the event of a disaster.

Recommendation:

- A. The County Clerk maintain a complete account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. The County Commission ensure employee passwords are periodically changed and remain confidential.

- C. The County Commission develop a formal contingency plan for the county's computer system.

Status:

Not Implemented. See MAR No. 6.

6. Personnel Policies and Procedures

- A. Time records prepared by the Sheriff's deputies were not submitted to the County Clerk.
- B. Records of annual leave, sick leave, and compensatory time balances were not centrally maintained.
- C. One county employee held three positions which were paid from various funds but time records did not indicate the hours worked for each position.

Recommendation:

- A. The County Commission require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. The County Clerk maintain centralized leave records for all county employees.
- C. The County Commission require the employee to report actual time worked for each position on the monthly time sheet to support payroll disbursements from the funds.

Status:

A&B. Not Implemented. See MAR No. 5.

- C. Implemented.

7. General Fixed Asset Records and Procedures

- A. Additions to fixed assets were not recorded when additions were purchased.
- B. The county had no formal procedures for disposing of county owned property.
- C. Some fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

- D. Some necessary information was not recorded on the fixed asset records.

Recommendation:

The County Clerk:

- A. Maintain the general fixed asset records on a current basis by recording all additions as they occur. Additions should be periodically reconciled to disbursements.
- B. And the County Commission establish a formal method of disposing of general fixed assets. Written authorization for all property dispositions should be obtained.
- C. Properly number or tag all fixed asset items.
- D. Maintain fixed asset records with a detailed description of each item to include acquisition/disposition dates, make, model, serial number, cost, property tag numbers, and method of disposition.

Status:

A,B&

- D. Not Implemented. See MAR No. 4.
- C. Implemented.

8. Assessor's Office Accounting Controls and Procedures

- A. Accounting and bookkeeping duties for the Assessor's office were not adequately segregated.
- B. Checks were not restrictively endorsed until after they were transmitted to the County Treasurer.
- C. Records were not maintained indicating the number of maps used by the county or given away.
- D. Prenumbered receipt slips were not always issued for monies received and copies of the receipt slips were not always retained.

Recommendation:

The Assessor:

- A. Segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B. Restrictively endorse checks immediately upon receipt.
- C. Maintain records of the number of maps sold, given away, or used by the county, and periodically reconcile the number of maps reported on the inventory to the amount of mapping paper on hand.
- D. Ensure receipt slip numbers are only used once and a copy of every receipt is retained.

Status:

A,B,  
& D. Implemented.

- C. Not Implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Former Public Administrator

Annual settlements were not filed in a timely manner.

Recommendation:

The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

Status:

Not Implemented. See MAR No. 8.

10. Circuit Clerk and Ex Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Circuit Clerk's open items listing indicated an unidentified cash balance of \$4,976.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Segregate accounting and bookkeeping duties among available employees and/or establish a documented periodic review of the accounting records.
- B. Transfer the open items balance in the old account to the new account. Any unidentified excess should be disposed of in accordance with state law.

Status:

Implemented.

11. Associate and Probate Divisions' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties for the Associate and Probate Divisions were not adequately segregated.
- B. The method of payment was not always indicated on the receipt slips when monies were received and, therefore, the composition of monies was not reconciled to the composition of monies deposited.

Recommendation:

The Associate Circuit Division Judge:

- A. Adequately segregate accounting and bookkeeping duties among available employees in the Associate and Probate Divisions and/or establish a documented periodic review of accounting records by an independent person.
- B. Indicate the method of payment on receipt slips and reconcile the composition of receipt slips to the composition of monies deposited.

Status:

- A. Not Implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

OSAGE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Osage was named after the Osage River. Osage County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Linn.

Osage County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Osage County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 423,291	21	399,800	21
Sales taxes	406,099	20	410,111	22
Federal and state aid	867,035	44	728,865	39
Fees, interest, and other	305,176	15	349,644	18
Total	\$ 2,001,601	100	1,888,420	100

The following chart shows how Osage County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 516,220	26	466,320	23
Public safety	490,185	24	467,954	24
Highways and roads	1,020,719	50	1,047,283	53
Total	\$ 2,027,124	100	1,981,557	100

The county maintains approximately 17 county bridges and 428 miles of county roads.



The county's population was 10,944 in 1970 and 13,062 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	77.0	74.4	40.2	16.9	11.5
Personal property		31.7	29.6	9.8	8.2	4.9
Railroad and utilities		30.2	27.0	20.4	13.1	7.4
Total	\$	138.9	131.0	70.4	38.2	23.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Osage County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1732	.1301
Special Road and Bridge Fund*		.2056	.2000
Special Services Fund		.1000	.1000

\* The county retains all tax proceeds from areas not within road districts. The county has six road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		2002	2001
State of Missouri	\$	41,827	39,218
General Revenue Fund		251,025	184,407
Road Funds		306,937	283,598
Assessment Fund		62,140	58,426
Osage County Special Services Fund		135,910	127,294
School districts		4,394,168	4,149,074
Library district		235,248	220,821
Ambulance districts		339,018	315,482
Fire protection district		42,079	23,077
Lake Drainage		1,892	1,910
Licenses		1,590	1,590
A-1 Levee District		13,060	11,186
Surplus from Tax Sales		220	0
Cities		242,884	256,950
County Employees' Retirement		25,795	26,618
Commissions and fees:			
General Revenue Fund		90,489	85,826
Collector Fund		1,916	2,030
Total	\$	<u>6,186,198</u>	<u>5,787,507</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28,	
		2002	2001
Real estate		96.2 %	96.7 %
Personal property		91.2	89.7
Railroad and utilities		100.0	100.0

Osage County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Law Enforcement - 911*		.0050	2011	None

\* Sales tax was effective starting April 2001

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Elmer Senevey, Presiding Commissioner	\$	23,569	23,569
Jerry G. Wolfe, Associate Commissioner		21,568	
Daryl L. Luecke, Associate Commissioner		21,568	21,568
Marvin D. Owens, Associate Commissioner			21,568
Wanda J. Bunch, County Clerk		32,680	32,680
Robert D. Schollmeyer, Prosecuting Attorney		38,700	38,700
Carl Fowler, Sheriff		36,120	35,000
Ralph Brandt, County Treasurer		24,183	24,183
Lois Jaegers, County Coroner		9,460	6,000
Paul G. Stratman, Public Administrator		12,900	6,396
Doris J. Keilholz, County Collector, year ended February 28 (29),	32,680	32,680	
Ross Seals, County Assessor (1), year ended August 31,		38,000	32,400
Ralph P. Kliethermes, County Surveyor (2)		0	0

(1) Includes \$900 annual compensation received from the state.

(2) Compensation on a fee basis.

State-Paid Officials:

Charlene J. Eisterhold, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Ralph F. Voss, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds*	1	1
County Clerk	1	0
Prosecuting Attorney*	2	0
Sheriff**	12	0
County Collector	1	0
County Assessor	2	0
Associate/Probate Division*	0	2
Road and Bridge	12	0
911	1	0
Total	<u>32</u>	<u>3</u>

\* Includes one part-time employee.

\*\* Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Osage County's share of the Twentieth Judicial Circuit's expenses is 10.69 percent.



**CITY OF EAST LYNNE, MISSOURI  
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-56  
August 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

The following problems were discovered as a result of an audit conducted by our office of the City of East Lynne, Missouri.

Our review of the city's utility records and procedures disclosed several concerns including:

- The city issued a revenue bond in 1986 for sewer improvements. The revenue bond covenant requires the city to establish several separate bank accounts and to fund these bank accounts with transfers from sewer operating revenues. Instances of non-compliance with the bond covenant included some required funds were not created by the utility department, utility funds were commingled, and the Sinking Fund was over-funded.
- As of December 31, 2001, the water fund had a negative cash balance and appears to be subsidized by the sewer fund. Additionally, the water fund has a water deposit liability of approximately \$13,000.
- Total gallons of water billed to customers is not reconciled to the total gallons of water pumped. In addition, no comparison of gallons of water purchased to gallons of water pumped from the city's water tower is performed.
- There is no oversight or adequate segregation of duties related to the city's utility system.
- The city does not maintain adequate records of water meter deposits.
- The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for water, sewer, and trash services. At December 31, 2001, approximately \$1,600 was delinquent from water, sewer, and trash accounts.

The city does not have a formal bidding policy and does not enter into or retain written contracts for all services. Some payments were made prior to being approved by the board. Some expenditures did not appear to be prudent uses of public funds. Additionally, all check signers were not bonded, dual signatures are not required on checks, and timesheets are not submitted by some employees.

Also included in the audit are recommendations related to budgets and published financial statements, restricted revenues, board meetings and records, conflicts of interest, ordinances, accounting controls, elected officials' appointments, and street maintenance.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW MOTHS SHEET

CITY OF EAST LYNNE, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	4-21
<u>Number</u>	<u>Description</u>
1.	Utilities.....5
2.	Expenditures .....8
3.	Budgets and Financial Statements .....11
4.	Restricted Revenues.....13
5.	Meeting Minutes and Ordinances .....14
6.	Conflicts of Interest.....16
7.	Accounting Controls .....18
8.	Elected Officials' Appointments .....20
9.	Street Maintenance Plan .....21
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	22-25

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
East Lynne, MO

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of East Lynne, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of East Lynne, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 25, 2002(fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Christina Brown

## MANAGEMENT ADVISORY REPORT

CITY OF EAST LYNNE  
MANAGEMENT ADVISORY REPORT  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Utilities</b>
-----------	------------------

The city operates a combined waterworks and sewerage system that provides service, including trash service, to approximately 130 customers. Our review of the city's billings and collection records and procedures revealed the following concerns:

- A. The city issued a revenue bond in 1986 for sewer improvements. The revenue bond covenant requires the city to establish several separate bank accounts and to fund these bank accounts with transfers from sewer operating revenues. All utility revenues are deposited into the water/sewer departments' operating fund and transfers are subsequently made to another checking account, which is used to pay the various utility operating costs. We noted the following instances of non-compliance with the bond covenants:

Required Funds	Purpose	Non-Compliance with Bond Covenant
Operating Fund – currently maintained	Used to deposit all receipts earned from utilities.	Commingled utility funds.
Checking Account – currently maintained	All utility expenditures paid through transfers from operating fund.	Commingled utility funds.
Sinking Fund – currently maintained	\$480 monthly transfers from Operating Fund. Only need to transfer enough to cover next principal and interest payment, which for 2002 is \$5,725.	Balance at 12/31/01 \$13,500, over-funded by approximately \$7,775.
Bond Reserve Fund – Not in existence	Only used to pay off remaining balance of sewer bond. At least an annual transfer of \$580 to an aggregate amount of \$5,800, after sinking fund is fully funded.	Utility department has not created this fund.
Replacement & Extension Fund – Not in existence	Only purpose for repairs, maintenance, and extensions of sewer system. Excess sewer revenues should be transferred to an aggregate amount of \$5,800.	Utility department has not created this fund.

The failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. As of December 31, 2001, the Water Fund had a negative cash balance of \$1,139 and appears to be subsidized by the sewer fund. As noted above, water, sewer, and trash monies are commingled in the same fund and at our request, the City Treasurer prepared a financial statement detailing the receipts, disbursements, and cash balances for all city funds, including the water, sewer, and trash funds. In addition to having a negative cash balance, the water fund has a water deposit liability of approximately \$13,000 which is not currently available to make refunds if necessary.

Revenues of the Sewer Fund represent user charges which are intended to cover the cost of providing the related services. It does not appear appropriate to subsidize Water Fund operations from Sewer Fund monies. As a result of this situation, sewer rates may be set higher than necessary to recover actual costs and city sewer customers are being required to subsidize the cost of water service through the payment of their sewer bills.

- C. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. In addition, the city does not compare or reconcile gallons of water purchased to gallons of water pumped from the city's water tower. The Public Service Commission (PSC) generally recommends investigation if water usage not billed exceeds 15 percent. While we performed this reconciliation for a test month and found billings were within PSC guidelines, the city should perform this reconciliation monthly.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile gallons of water pumped to the gallons of water billed on a monthly basis and compare these amounts to gallons of water purchased. Significant differences should be investigated.

- D. There is no oversight or adequate segregation of duties related to the city's utility system. The City Clerk performs all functions related to generating monthly utility bills, receipting and recording utility payments, depositing money received, monitoring accounts for delinquencies, and initiating service shutoff orders. It was also noted that some adjustments were made to accounts without board approval.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If a proper segregation of duties cannot be achieved, at a minimum, there should be an

independent review of the reconciliations between utility billings and payments recorded and payments deposited, and an independent review and approval of credit adjustments and delinquent account follow-up.

- E. The city does not maintain adequate records of water meter deposits. The city indicated they have collected \$100 for water deposits from each customer, or approximately \$13,000, but do not have adequate documentation showing amounts collected, date paid, and payer. We also noted that the city does not have a written policy or procedure for collection of these charges.

To ensure the city is properly holding water deposits from customers, an accurate list of water deposits held by the city should be prepared, which includes the deposit amount and date received from each customer and the dates and amounts of all deposit refunds. This water meter report should then be reconciled monthly and supervisory review of the reconciliation should be documented to ensure records are in balance and all meter deposits are properly accounted for.

- F. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for water, sewer, and trash services. At December 31, 2001, approximately \$1,600 was delinquent from water, sewer, and trash accounts.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure compliance with all applicable bond covenants.
- B. Closely monitor the ongoing financial condition of the utility funds, develop a plan to operate the Water Fund without further subsidies, and limit expenditures from the Sewer Fund to only those necessary to operate the city's sewer operations.
- C. Compare the gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.
- D. Segregate the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If a proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between utility billings to payments deposited and payments recorded, and an independent review of and approval for credit adjustments and delinquent account follow-up.

- E. Ensure accurate records of water meter deposits are maintained by the city, including water deposits received, disbursed, and the balance, which should be reconciled on a periodic basis.
- F. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts. The board should periodically review related records to ensure amounts recorded on the records are accurate.

### **AUDITEE'S RESPONSE**

- A. *We agree and have implemented these recommendations.*
- B. *We agree and have taken steps to resolve these issues. Due to the fact that all utility funds have been commingled for years, there is no way to determine how much should have been in each fund. Records available from past years were not adequate to determine the accurate allocation of the utility funds, and the board made their best guess in allocating the January 1, 2001 balances. The board has now approved transfers of utility funds sufficient to cover the meter deposits in the water fund. The board is currently monitoring the utility funds very closely and have established procedures to account for water, sewer, and trash monies separately.*
- C. *We agree and have put in place the procedure to perform reconciliations.*
- D. *We agree and have implemented segregation of duties and proper approval of reconciliations.*
- E. *We agree and have implemented procedures to adequately account for meter deposits in the future.*
- F. *We agree and will begin doing this effective July 1, 2002.*

<b>2. Expenditures</b>
------------------------

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids or proposals for a particular purchase is made on an item-by-item basis. During the past several years, bids or proposals were either not solicited or bid documentation was not retained in some instances. Bids were not solicited for a grasshopper mower (\$6,500) and proposals were not solicited for insurance (\$5,675), legal services (\$5,027), CPA services (\$5,500) and trash services (\$9,015) in recent years.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business.

Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- B. The city does not enter into or retain written contracts for all services. The city paid approximately \$23,000 to O&M Enterprises and approximately \$9,000 to Town & Country Disposal for utility services and trash disposal, respectively, during 2001 and had no contracts for these services. In addition, the city could not locate the contract with the city attorney.

Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- C. Although there is an occasional reference to a specific invoice being approved for payment, the board minutes usually only make a general reference that invoices are approved for payment. While utility bills are approved in advance, the City Treasurer prepares a listing of the previous month's disbursements from all other funds for the board's review, but this listing is not reviewed by the board until after payment has already been made. The Mayor signs the checks, but seemed unaware that the board had not approved the payments. The board indicated they did not realize the listing prepared by the City Treasurer contained the previous months disbursements. In addition, this listing of disbursements is not retained with the minutes.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the alderman to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Alderman before payment is made to ensure all disbursements represent valid operating costs of the city.

- D. The following expenditures do not appear to be prudent uses of public funds:

- 1. In December 2001, the Chief of Police received a \$500 Christmas bonus. This bonus appears to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of



bonuses to public officers after the service has been rendered.” In addition, the city did not take social security from the bonus; however, the bonus was included on the W-2 as wages earned. Section 105.300, RSMo 2000, defines an elective or appointive officer or employee of a political subdivision as an employee for social security tax purposes.

2. Approximately \$145 for flowers for a board member and cake, punch, and an employee plaque for a retirement party.

The city’s residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

- E. Aldermen Cox is authorized to sign checks. However, the city does not have bond coverage for him. Failure to properly bond all persons with access to assets exposes the city to risk of loss. Currently, dual signatures on checks are not required by the bank. Requiring two signatures on all checks would also provide additional controls over the use of the funds.
- F. Timesheets are not prepared by some of the employees and no supervisory review is noted on the timesheets. During 2001, the city did not require the City Treasurer or City Clerk to prepare timesheets. Timesheets turned in by all other city employees do not have documentation of supervisory review noted on them. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected. Periodically seek proposals or competitively bid for services, such as insurance, legal, CPA, and trash, and enter into written agreements.
- B. Enter into a current contract with O&M Enterprises and Town & Country Disposal and ensure all contracts are maintained at city hall.
- C. Review and approve the expenditure of city funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- D. Ensure all expenditures from city monies are a prudent use of public funds.
- E. Obtain adequate bond coverage for all persons handling city monies and require two signatures on all checks.

- F. Ensure timesheets are maintained and signed by a supervisor.

**AUDITEE'S RESPONSE**

- A. *We agree and will develop a formal bidding policy by October 1, 2002.*
- B. *We now have contracts for all services.*
- C. *Effective with the July meeting this will be implemented.*
- D. *We agree.*
- E. *We will obtain bond coverage for all applicable persons by August 1, 2002, and two signatures are now required for all checks.*
- F. *We are currently doing this.*

<b>3. Budgets and Financial Reporting</b>
-------------------------------------------

- A. The city's budgets did not comply with state law or were otherwise insufficient as follows:
1. A separate budget is not prepared for each city fund. For example, a combined budget is prepared for the General Revenue, Debt Service, Capital Improvement, Park Board, and Police Department funds. It is difficult to determine from the budgets prepared by the city what the revenue and expenditure estimates are for each fund. In addition, the city's budget included only one preceding year of actual receipts and disbursements, and the utility department budget did not contain any previous years receipt and disbursement information.
  2. The budgets did not reflect projected ending fund balances and did not include budget messages or general budget summaries describing the important features of the budget and major changes from the preceding years.
  3. Approval of the budget, and any subsequent amendments, is not adequately documented by the board. In addition, the reasons for budget amendments are not documented in the minutes.

Section 67.010, RSMo 2000, sets specific guidelines for the format of the annual operating budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A complete budget should include appropriate revenue and expenditures estimations

by classification, and include reasonable estimates of the ending available resources of all funds. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years. Sections 67.030 and 67.040, RSMo 2000, require budgets and budget amendments to be adopted by order, motion, resolution, or ordinance and reasons for amendments to be documented in a resolution. In addition, budgets and budget amendments should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval.

- B. The Board of Aldermen did not approve the budgets for the year ended December 31, 2001 until April 9, 2001 and budgets for the year ended December 31, 2002 until March 18, 2002. In both years, the city paid monthly bills as normally scheduled without having an approved budget in place. Section 67.080, RSMo 2000, requires the board to adopt and approve budgets prior to the beginning of the applicable fiscal year.
- C. The city does not publish semiannual financial statements. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.

**WE RECOMMEND** the Board of Aldermen:

- A. The board should ensure annual budgets include all relevant information required by state law, sign or initial budgets, and retain them with the official minutes. In addition, the budgets should be separated into the different funds.
- B. Ensure timely approval of the budget and prohibit spending until the approved budget is in place.
- C. Publish semi-annual financial statements as required by state law.

**AUDITEE'S RESPONSE**

- A & B. *We agree and will implement these recommendations, effective with the preparation of the 2003 budget.*
- C. *We agree and will begin doing this in 2003.*

**4.****Restricted Revenues**

- A. During the year ended December 31, 2001, the city deposited \$12,086 of state motor vehicle-related receipts into the General Revenue Fund. We requested the city provide us a listing of expenditures made with these receipts. Per the listing, during 2001, the city spent \$3,594 for street repairs and \$4,700 for police department expenses, leaving approximately \$3,800 unaccounted for. The city has not established a separate accounting for these receipts and related disbursements. Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets.

To ensure compliance with the Missouri Constitution, the city should maintain separate funds or separate accounting records of motor vehicle-related receipts and ensure these receipts are used only for the purposes allowed by the constitution. The excess monies received over those not identified as spent for the required purpose should be transferred into a separate fund.

- B. Law enforcement training fees are not accounted for separately or maintained in a separate fund. During the year ended December 31, 2001, the city received \$490 in training fees and had no documentation that it spent monies for training. Section 590.140, RSMo 2000, requires law enforcement training fees to be used only for the training of law enforcement officers. The city should determine law enforcement training fees collected and transfer the fees to a separate fund or maintain a separate accounting of the funds to ensure the fees are used in accordance with state law.
- C. Procedures have not been established to ensure expenditures are properly allocated among the various funds benefiting from the expenditures and to ensure restricted revenues are expended only for their intended purposes. We noted capital improvement sales tax funds not spent for their intended purpose and allocations of copier expenses and salaries which were not adequately supported by documentation.

In April 1996, city voters passed a ½ cent capital improvement sales tax to be used for the purpose of funding capital improvements. The city purchased a Grasshopper Mower with the majority of the funds, \$4,750, coming from the Capital Improvement Fund (additional \$1,750 from General Revenue). It appears questionable that this mower would qualify as a capital improvement. Apparently, the utility department has made all the payments for the lease/service agreement for the copier and all of the City Clerk's salary (\$14,424), which should be allocated between the various funds. The copier is used by the utility department, city, and police department; however, no payments have been made from the city or police department funds. During year-end December 31, 2001,

timesheets were not prepared by the City Clerk; therefore, no documentation is maintained to indicate the number of hours related to city, water and sewer, or other activities.

Section 94.577, RSMo 2000, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements. Allocations of expenses are necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Therefore, documentation and proper allocation of expenses is useful for both management and compliance purposes.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish a separate fund for the motor vehicle-related receipts and ensure these revenues are used in compliance with the Missouri Constitution and state law.
- B. Establish a separate fund for the law enforcement training fees and ensure these revenues are used in accordance with state law and the Missouri Constitution.
- C. Ensure restricted revenues are expended for their intended purposes and all allocations of expenditures are supported by adequate documentation.

**AUDITEE'S RESPONSE**

A, B,  
&C. *These are currently being done.*

<b>5. Meeting Minutes and Ordinances</b>
------------------------------------------

- A. Board minutes are prepared by the City Clerk; however, they are not signed by the Clerk or the Mayor. The board minutes should be signed by the Clerk and the Mayor upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. Board minutes did not always include sufficient detail of matters discussed and actions taken. For example the minutes did not document the appointment of Chris Menning as aldermen, in June 2000 or the hiring of the Assistant City Treasurer. We also noted several instances where a record of votes taken was not recorded in the minutes.

Section 610.020, RSMo 2000, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of board actions and decisions.

- C. The board regularly conducts closed meetings. Board minutes did not always indicate the reason for, votes taken, or decisions made in closed session. The city showed no evidence on how the following subjects would allow for a closed meeting: discussions on finishing grant paperwork, purchase of police uniforms, training for the police officer, a Christmas bonus for the police officer, and the purchase of accounting software.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- D. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. There were several ordinances missing from the official ordinance book. For example, ordinances establishing the sewerage system revenue bond and the city street general obligation bond were not in the ordinance book. In addition, the board has not adopted ordinances regarding such items as the tax rate levy, a formal description of duties of city officials, compensation of city officials, the term of the City Clerk, the current water rates, license fees, and building permits. These items should be set forth in ordinances to give the taxpayers information on how the city is to be governed.
- E. Ordinances are not always passed in accordance with state law. City ordinance #11701 (Traffic Ordinance) was read by title three times in a special meeting and passed. The mayor indicated this ordinance was not made available for public review prior to its passage. At the following meeting the Chief of Police introduced two additional sections to add to ordinance #11701, however, these were not read in full or by title, and the mayor indicated these additional sections were not made available for public review or displayed to the public before the Aldermen voted them into law. Section 79.130, RSMo 2000, requires when enacting ordinances to ensure that each ordinance is read by title or in full twice prior to passage and if read by title only, copies of the proposed ordinance shall be made available for public inspection prior to the time the bill is under consideration by the board.
- F. Public hearings were not held prior to establishing the property tax rates for 2001. The City Treasurer tried to have a property tax rate public hearing, however, only

one Alderman was present and no citizens attended. Therefore, she filled out the paperwork and submitted it without board approval. Section 67.110, RSMo 2000, states a public hearing is to be held on proposed rates of tax prior to the board's approval of the rates.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure board minutes are properly signed to attest to their accuracy.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and disclose required decisions made in closed session. In addition, the board should ensure only legally allowable, specified subjects are discussed in closed session, as required by state law.
- D. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.
- E. Ensure ordinances are passed according to the Missouri Statutes.
- F. Hold public hearings on proposed property tax rates as required by state law.

**AUDITEE'S RESPONSE**

- A. *This is currently done.*
- B. *We are now ensuring that adequate detail is included in the minutes.*
- C. *We are currently doing this.*
- D. *We agree and will have the ordinance book updated by March 1, 2003.*
- E. *Ordinances are now passed in accordance with state law.*
- F. *We will ensure this is done when setting the 2002 tax levy.*

<b>6. Conflicts of Interest</b>
---------------------------------

- A. The city has hired relatives of board members, however, they do not always keep adequate documentation of these decisions. The minutes for the December 2001 board meeting do not indicate whether Alderman Cox voted to hire his stepdaughter for the position of Assistant City Treasurer. Alderman Cox indicated he did not vote on this decision.

Because of the serious consequences which result by hiring a relative, the board should ensure its members abstain from any decision to hire a relative and ensure that action is fully documented in the board minutes. Discussions and decisions concerning appointments where nepotism or potential conflict of interest exists should be documented so that the public has assurance that no city official or agent has acted improperly. Board members should abstain from voting when a relative's employment or appointment is involved. In addition, the Board of Aldermen should consider establishing an ordinance, which addresses these types of situations and provides a code of conduct for city officials.

- B. The Board of Aldermen has not established a written policy for the issuance of building permits. The Board of Alderman indicated that building plans are required to be approved prior to the issuance of a building permit, but they have not established any formal policy defining the requirements. During 2001, the Board of Aldermen denied building permits to several citizens who did not present plans when they requested a building permit at board meetings. In March 2001, the Board of Aldermen approved a commercial building permit for the Mayor's wife without reviewing any plans for the proposed business. The Board of Aldermen requested the plans be brought in later for their review. The board had nothing to support this change from their usual procedure.

The Board of Aldermen should consider establishing an ordinance, which defines the requirements for approving permits to ensure fair and equitable treatment is extended to all citizens.

- C. The city regularly sends a newsletter to citizens with their utility bills, which includes information about upcoming events within the city and a copy of the minutes from the previous Board of Alderman meeting. The March 29, 2001 newsletter included a note from the mayor stating he was not planning to run for re-election as mayor, but if the citizens would like him to continue, they should write in his name for mayor on the ballot at the April election. City funds were used to pay for this newsletter and it does not appear proper for an elected official to use city funds to campaign for re-election. The mayor did not reimburse the city for the cost of preparing and mailing these newsletters.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure board members abstain from voting when a relative's employment or appointment is involved. Such matters should be completely documented so that the public has assurance that no city official or agent has acted improperly. The city should also consider adopting a code of conduct for city officials.
- B. Establish an ordinance detailing the requirements for obtaining a building permit.
- C. Ensure city funds are not used to propagate reelection into an elected office.



## **AUDITEE'S RESPONSE**

- A. *We will ensure better documentation is maintained regarding these types of situations in the future, and will adopt a policy addressing a code of conduct for city officials by March 1, 2003.*
- B. *We agree and will establish this ordinance by March 1, 2003.*
- C. *We will ensure this is not done in the future. The mayor indicated this statement was added by a former city clerk based on a private discussion regarding his plans for reelection, and was added to the newsletter without his knowledge. He will ensure his future messages do not address these types of issues.*

<b>7. Accounting Controls</b>
-------------------------------

- A. Prenumbered receipt slips are not issued for all monies received by the City Treasurer from the City Clerk. Since the Treasurer does not maintain regular office hours, city fees are paid to the City Clerk, who then transmits those fees to the City Treasurer. A receipt slip is issued for these fees by the City Clerk, but the City Clerk does not get a receipt slip from the City Treasurer when the funds are transmitted. To ensure all fees collected are transmitted, the City Treasurer and City Clerk should reconcile receipt slips issued to transmittals.
- B. Bank reconciliations are not performed monthly for four of the ten city bank accounts or for any of the utility department bank accounts. Regular monthly bank reconciliations have not been performed or documented for the following city bank accounts: Community Development Block Grant (CDBG) Account, Debt Service Account, Capital Improvement Account, and Police Department Savings. The utility department has three bank accounts which are not reconciled monthly. Monthly bank reconciliations are necessary to ensure the accounting records are in agreement with the bank records.
- C. The city and utility department have not established a complete financial accounting system. The City Treasurer and City Clerk do not maintain a fund ledger for all funds showing the beginning balances, monthly revenues and expenditures, and ending balances. The City Clerk maintains the utility department records, however, no fund ledgers are maintained to track the operations of the utility services. In addition, several of the bank accounts held by the city and utility department do not have check ledgers to use during reconciliations.

Summaries showing revenue sources and expenditure types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations.

Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- D. The city and utility department each have a petty cash fund, which are not maintained on an imprest basis. While both of these petty cash funds have little activity, ledgers should be maintained to show the receipts and disbursements and documentation of independent reviews or monthly reconciliations should be performed.

Invoices should be maintained for all petty cash disbursements and the fund should be operated on an imprest basis, meaning that cash and invoices should always total the established balance, and checks issued to replenish the fund should equal the amount of invoices. A ledger of all petty cash transactions should be maintained. Periodically, the fund should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to prevent these monies from being misused.

- E. The utility department remittance slips are not retained, daily receipt reports are not printed, and reconciliation of the composition of receipts to deposits is not performed. To ensure daily receipts are recorded appropriately, the City Clerk should retain remittance slips from utility bills, print cash receipt reports, and reconcile receipts collected to the remittance slips, cash receipt reports, and deposit slips. Reconciling monies collected to the utility department receipt reports, remittance slips, and deposit slips would ensure all monies collected were deposited appropriately.
- F. Checks and money orders are not restrictively endorsed immediately upon receipt. To reduce risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure receipts are issued to the City Clerk for fees collected and that documented reviews are done to ensure all fees collected are turned over to the City Treasurer.
- B. Ensure all bank accounts are reconciled monthly to account balances.
- C. Ensure that a complete financial accounting system is established including summaries documenting monthly revenue sources and expenditure types. This information should be used to monitor city and utility operations.
- D. Ensure petty cash funds are maintained on an imprest basis and periodically counted and reconciled to the imprest balance by an independent person. In

addition, invoices should be maintained for all petty cash disbursements and a ledger should be prepared of all petty cash transactions.

- E. Ensure remittance slips are retained, daily receipt reports are printed, and reconcile composition of receipts to deposits.
- F. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

**AUDITEE'S RESPONSE**

- A. *We agree and will begin doing this effective July 1, 2002.*
- B. *Monthly bank reconciliations are now performed.*
- C. *A complete financial accounting system has been established and is currently being monitored by the board.*
- D, E,  
& F *We are currently doing these..*

<b>8. Elected Officials' Appointments</b>
-------------------------------------------

Former Aldermen Tim Taylor was elected in April 2000 to serve a two-year term, but resigned on June 12, 2000. On June 26, 2000 Chris Menning was appointed by the board to fill the vacancy. This position was not placed on the April 2001 ballot. The board did not seek any guidance from the city attorney on how to handle this situation.

Section 79.280, RSMo 2000, if a vacancy occurs in an elective office, the mayor and Board of Aldermen are required to appoint a successor who shall serve until the next regular municipal election, which would have been April 2001. The winning candidate at that election then serves the remainder of the un-expired term, in this instance, until April 2002.

The Board of Aldermen should ensure that any future vacant offices are filled in compliance with state law.

**WE RECOMMEND** the Board of Aldermen ensure vacant elective offices are filled in compliance with state law.

**AUDITEE'S RESPONSE**

*We will do this in the future.*

An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

**AUDITEE'S RESPONSE**

*We will prepare a plan in conjunction with the 2003 budget.*

This report is intended for the information of the management of the city of East Lynne and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

# CITY OF EAST LYNNE, MISSOURI HISTORY AND ORGANIZATION

The city of East Lynne is located in Cass County. The city was incorporated in 1871 as a fourth-class city. The population of the city in 2000 was 300.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2001, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended December 31, 2001	Amount of Bond
Roy Sparks, Mayor	April 2003	\$ 390	\$ 79,000
Charles Feagly, Aldermen	April 2003	200	0
Robert Cox, Aldermen	April 2003	375	0
J. David Martin, Aldermen (1)	April 2002	275	0
Chris Menning, Aldermen (2)	April 2002	375	0
<hr/>			
Other Principal Officials			
Karen B. Roberts, City Clerk (3)		212	79,000
Iva J. Cox, Board Treasurer		2,400	79,000
William D. Roberts, Chief of Police		25,656	0
Fred Wiley, City Maintenance		1,225	0
Vacant, City Animal Control Officer			

(1) Re-elected in April 2002.

(2) Tim Taylor resigned in June 2000. Chris Menning was appointed by the Board of Aldermen in June 2000. Bill Gregg was elected to this position in April 2002.

(3) Replaced Rachel L. Murray who resigned in December 2001.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 1,160,894
Personal property	375,856
Total	<u>\$ 1,536,750</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$ 0.81
Debt service	1.22

The city has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$ 0.005	None

CITY OF EAST LYNNE, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

	General Revenue Fund	Debt Service Street Fund	Capital Improvements Fund	Park Board Fund	Police Fund	Water Fund	Sewer Fund	Trash Fund	Total
<b>Receipts</b>									
Property taxes	21,183.91	16,257.92	3,648.31						41,090.14
Sales taxes	7,158.11								7,158.11
Franchise taxes	11,558.08								11,558.08
Gas and motor vehicle taxes	12,086								12,086
COPS Grant					17,661				17,661
Permits and Licenses	511								511
Fines Received					16,717				16,717
Water fees						62,739			62,739
Sewer fees							43,962		43,962
Trash fees								9,015	9,015
Meter deposits						50			50
Reconnect fees						865			865
Culverts	3,220								3,220
Interest	1,540								1,540
Other	1,013			555	4,782		5,707		12,057
<b>Total Receipts</b>	<b>58,270</b>	<b>16,258</b>	<b>3,648</b>	<b>555</b>	<b>39,160</b>	<b>63,654</b>	<b>49,668</b>	<b>9,015</b>	<b>240,230</b>
<b>Disbursements</b>									
Salaries and fringe benefits	10,166				22,798	7,212	7,212		47,389
Council Salary	2,559								2,559
Tri County Water Authority - Water Service						42,387			42,387
Water and sewer management fees						11,832	11,832		23,664
Equipment purchases and repairs	5,493		4,750		4,336	2,304	2,721		19,604
Loan/bond payments for Sewer System							5,750		5,750
Professional Fees - Legal and CPA	7,927								7,927
Utilities	5,740			70		1,079	2,132		9,021
Trash Contract Payments								9,015	9,015
Police department - Payment for Salary	4,700								4,700
Supplies	602			162	399	2,004	683		3,851
Insurance	3,749					963	963		5,675
Animal Control	809								809
Other	1,993	166		44	2,854	2,013			7,070
<b>Total Disbursements</b>	<b>43,737</b>	<b>166</b>	<b>4,750</b>	<b>276</b>	<b>30,388</b>	<b>69,794</b>	<b>31,293</b>	<b>9,015</b>	<b>189,420</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,533	16,092	(1,102)	279	8,773	(6,140)	18,375	0	50,810
CASH, January 1, 2001	35,893	450	5,900	2,804	1,178	5,000	75,300	36	126,560
CASH, December 31, 2001	50,426	16,542	4,798	3,082	9,951	(1,140)	93,675	36	177,370





**DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-55  
August 12, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Office of the Director.**

---

-

The Department of Public Safety-Office of the Director (DPS-OD) administers various grants to provide assistance to crime victims, juveniles, schools, crime laboratories, substance abuse facilities, and law enforcement agencies. Our review of various grants administered by the DPS-OD noted that monitoring visits were not performed and reports were not submitted by the contractors for some grants.

To ensure the funds are utilized for the intended purpose, to ensure the quality of the program, and to ensure agencies are in compliance with the state and federal guidelines, formal on-site monitoring procedures should be performed on a regular basis and documented. Additionally, the DPS-OD has not established a performance measurement system to periodically evaluate the results or outcomes of the various grant programs they administer.

The DPS-OD sponsors a Community Mobilization and Partnership conference each year. The total cost of the conferences in fiscal years 2002, 2001, and 2000 was approximately \$48,350, \$77,200, and \$10,600, respectively. We noted expenditures totaling \$22,300 which appeared to be excessive and unnecessary. These include \$9,850 for 1,000 executive pad folios for the 2001 conference, and \$6,705 for an ice cream sundae and baseball banquet during two breaks at the 2001 conference.

During fiscal year 2002, the DPS-OD contracted with the Leadership through Education and Advocacy for the Deaf (LEAD) Institute to pay 100% of the salary for the legal advocate. The Department of Mental Health also contracted with the LEAD Institute to pay 50% of this same position's salary during this time period.

State law requires a peace officer standards and training (POST) fee to be assessed on each criminal conviction in each court in the state. The DPS-OD has not established procedures to ensure that the POST program receives all POST fees assessed and collected by the courts. In addition, no procedures exist to identify courts not properly remitting POST fees to the DPS-OD.

(over)

YELLOW SHEET

During our review of POST fees remitted, we noted that the DPS-OD posted numerous receipts to law enforcement agencies' accounts in error, resulting in over and under payments totaling \$12,427 and \$10,277, respectively, to the applicable law enforcement agencies.

This audit also includes recommendations related to bidding, the Department of Defense Logistic Program, and loaned equipment.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT –STATE AUDITOR’S FINDINGS .....	4-17
<u>Number</u>	<u>Description</u>
1.	Monitoring and Reporting of Grants .....5
2.	Expenditures .....9
3.	Police Officer Standards and Training Fees .....12
4.	Department of Defense Logistical Support Program.....15
5.	Loaned Equipment .....16
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....	18-23
<u>Appendix</u>	
	Statement of Appropriations and Expenditures, Year Ended –
A-1	June 30, 2001 .....21
A-2	June 30, 2000 .....22
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000.....23

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Charles R. Jackson, Director  
Department of Public Safety  
Jefferson City, MO 65102

We have audited the Department of Public Safety-Office of the Director. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policy.
2. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the department's revenues, expenditures, contracts and other pertinent procedures and documents, and interviewed department personnel.

As part of our audit, we assessed the department's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matter described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the Department of Public Safety-Office of the Director.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety-Office of the Director.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pamela A. Crawford, CPA
In- Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Tsetsegsaikhan Chadraabal
	Joyce Medlock
	Samantha Shaw

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS



DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Monitoring and Reporting of Grants</b>
-----------	-------------------------------------------

- A. The Department of Public Safety-Office of the Director (DPS-OD) administers various grants to provide assistance to crime victims, juveniles, schools, crime laboratories, substance abuse facilities, and law enforcement agencies. To obtain funding from the various grants, agencies must submit an annual application to the DPS-OD. The DPS-OD reviews each applicant for eligibility, programs offered, funding requested, etc. If the application is approved, a contract is awarded.

The various grant application packets include financial and administrative guidelines. According to a monitoring provision contained in the financial and administrative guidelines, the DPS-OD is required to monitor each contract award at least once each contract period (12-month period) for all grants except the State Services to Victims Fund (SSVF) and Violence Against Women Act (VAWA) grants which are required to be monitored once every two contract periods (24-month period). The purpose of the monitoring according to these guidelines is "to provide assistance to the contractor both from a technical and programmatic standpoint, as well as, to provide the DPS-OD with the necessary information to ensure the contractor's compliance with the federal guidelines."

In addition, according to the administrative provision contained in the financial and administrative guidelines, the contractor is required to submit a monthly, quarterly, or semi-annual activity/progress report depending on the type of grant. The reports are used by the DPS-OD to ensure the contractor's activities are in compliance with the state and federal guidelines.

During our review of the various grants administered by the DPS-OD, we noted that monitoring visits were not performed and reports were not submitted by the contractors for the following grants:

1. The SSVF and the VAWA grants allow the DPS-OD to contract with public or private agencies to provide assistance to crime victims and crimes against women through direct services, emergency services, crisis intervention counseling, and victim advocacy. The DPS-OD awarded approximately \$3.3 million and \$3 million of SSVF grant funds in fiscal years 2001 and 2000, respectively. The DPS-OD awarded approximately \$2.57 million and \$2.68 million of VAWA grant funds in fiscal years 2001 and 2000, respectively. The SSVF grant is funded with court fees, and the VAWA grant is funded with federal monies.

During our review of six SSVF and VAWA contracts, we noted that three had not been properly monitored for the applicable contract periods.

2. The Local Government/School District (LGSD) Partnership program signed into law in 1995 provided funding to the DPS-OD for partnership programs between local government entities and school districts. The purpose of the partnership is to reduce incidences of youth involved in crime and violence in schools by supporting a spectrum of services and programs that include prevention, early identification, and intervention. The DPS-OD awarded approximately \$714,000 and \$667,000 of these funds in fiscal years 2001 and 2000, respectively. This grant is funded with state monies.

During our review of two LGSD Partnership contracts, we noted that one of the contracts had not been properly monitored for the applicable contract periods, and the required monthly activity reports had not been properly submitted to the DPS-OD.

3. The Narcotics Control Assistance Program (NCAP) funds are available to DPS-OD through the U.S. Department of Justice to provide financial assistance to state and local governments for programs that improve the enforcement of state and local laws and to improve the functioning of the criminal justice system, with emphasis on narcotics, violent crime, and serious offenders. The DPS-OD awarded approximately \$8.5 million and \$11.2 million of these funds in fiscal years 2001 and 2000, respectively. This grant is funded primarily with federal monies; although, a state funded match of twenty-five percent of administrative costs is required.

During our review of four NCAP contracts, we noted that one of the contracts had not been properly monitored for the applicable contract periods. In addition, one of the contractors failed to submit a quarterly progress report.

4. The Delinquency and Youth Violence Prevention Program - Title V, and the Juvenile Accountability Incentive Block Grant (JAIBG) allows the DPS-OD to contract with public or private agencies to provide assistance to reduce delinquency and youth violence and to promote juvenile offender accountability, as well as to provide direction and support to reduce repeat offenses. The DPS-OD awarded approximately \$694,000 and \$666,000 of Title V grant funds in fiscal years 2001 and 2000, respectively. The DPS-OD awarded approximately \$4.6 million and \$5.2 million of JAIBG grant funds in fiscal years 2001 and 2000, respectively. The Title V grant is funded with only federal monies. The JAIBG grant is funded primarily with federal monies; although, a state funded match of ten percent of administrative costs is required.

During our review of a Title V and two JAIBG contracts, we noted that the Title V contract had not been properly monitored for the applicable contract periods. In addition, the Title V and one of the JAIBG contractors failed to properly submit monthly progress reports.

5. The Residential Substance Abuse Treatment for State Prisoners (RSAT) grant program funds are available to the DPS-OD through the U.S. Office of Justice and Corrections Program to assist states in developing and implementing residential substance abuse treatment programs within state and local correctional and detention facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment. Approximately \$797,000 and \$1.23 million of these grant funds were awarded to the Department of Corrections in fiscal years 2001 and 2000, respectively. This grant is funded from federal monies.

During our review of this contract, we noted that the Department of Corrections had not been properly monitored for the applicable contract periods. In addition, the Department of Corrections failed to submit a semi-annual report for the fiscal year 2001 contract period.

6. The Crime Lab Assistance Program (CLAP) and the Missouri Crime Lab Upgrade Program (MCLUP) grants are available through the DPS-OD to provide financial assistance to defray expenses incurred by crime laboratories. The DPS-OD awarded approximately \$379,000 of CLAP grant funds and \$250,000 of MCLUP grant funds in both the fiscal years 2001 and 2000. These grants are funded with state monies.

During our review of a CLAP contract and two MCLUP contracts, we noted that two of the contractors had not been properly monitored for the applicable contract periods.

To ensure the funds are utilized for the intended purpose, to ensure the quality of the program, and to ensure agencies are in compliance with the state and federal guidelines, formal on-site monitoring procedures should be performed on a regular basis and documented. In addition, the receipt of activity/progress reports ensure activities are allowable on a continued basis.

- B. The DPS-OD has not established a performance measurement system to periodically evaluate the results or outcomes of the various grant programs they administer. The DPS-OD has awarded approximately \$29 million and \$32 million to various agencies in fiscal years 2001 and 2000, respectively. The various agencies provided monthly, quarterly, semi-annual, or annual activity/progress reports (depending on the type of grant) to the DPS-OD; however, the DPS-OD did not have a system in place that would compile this information to measure the results or outcomes of the funding to ensure the grant programs were cost justified and the intended results were achieved. Although

there are no federal or state regulations that require the results or outcomes of the grant programs to be measured, a performance measurement system appears necessary considering the amount of monies awarded through the various grant programs.

**WE RECOMMEND** the DPS-OD:

- A. Perform formal on-site monitoring procedures of all grant contracts on a regular basis and document the results of this monitoring. In addition, DPS-OD should ensure reports are submitted as required by contract guidelines.
- B. Establish a performance measurement system to periodically evaluate the results or outcomes of the various grant programs.

**AUDITEE'S RESPONSE**

*The DPS-OD indicated:*

- A. *The majority of the grants made through the State Services to Victims program and the Violence Against Women program are provided to agencies that we have an ongoing relationship with. That is, the majority of the grantees receive grants on a continual basis. On July 1, 2001, a new procedure was implemented for monitoring. The monitoring policy was to monitor agencies once every two years instead of one time per contract. If an agency received a new grant, that grant was to be monitored within the first 6 months of the contract period to ensure there were no programmatic or financial issues.*

*Some of the Local Government/School District Partnership grants were monitored during FY 2000. In FY 2001, all but one Local Government/School District Partnership grants were monitored. It is the DPS-OD plan to monitor all Local Government/School District grants once during the applicable fiscal year.*

*We agree with the finding as it pertains for the Delinquency and Youth Violence Prevention Program. Effective immediately, all grant files are being audited to be certain that every grant has been monitored. All new projects will be visited within the first few months of the beginning of the grant and then return later in the year to perform a monitoring visit. All second and third year projects will get a monitoring visit annually. Also, for all current grants with a contract period of October 1, 2001, to September 30, 2002, and future grants, the monthly report of expenditures and the monthly program report must be sent every month to the DPS-OD by the 10<sup>th</sup> of each month. Action will be taken by the program manager should a grant program not submit the required report.*

*We agree with the finding as it pertains to the Residential Substance Abuse and Treatment Program. The Residential Substance Abuse and Treatment program will be monitored annually beginning with FY 2003.*

*We agree with the finding as it pertains to the Crime Lab Assistance Program and the Missouri Crime Lab Upgrade Program. The Crime Lab Assistance Program and the Missouri Crime Lab Upgrade Program will be monitored annually beginning with FY 2003.*

*It should be noted that monitoring may be accomplished by either an on-site visit or through a desk monitoring process.*

- B. As for the finding pertaining to establishing a performance measurement system, the DPS-OD will take this under consideration.*

<b>2. Expenditures</b>
------------------------

- A. The Department of Public Safety-Office of the Director (DPS- OD) has sponsored a Community Mobilization and Partnership conference each year since September 1998. The purpose of the conference is to emphasize citizen and law enforcement problem solving and to build effective partnerships as they mobilize toward the common goal of a safer and more caring community. The conference offers different types of workshops to aid in crime prevention that would interest communities, governments, and law enforcement agencies. The attendance at these conferences in fiscal years 2002, 2001, and 2000 was 362, 348, and 124, respectively, and the total cost of the conferences in these fiscal years was approximately \$48,350, \$77,200, and \$10,600, respectively. These costs were paid from state funds.

During our review of the these conferences, we noted expenditures totaling \$22,300 which appeared to be excessive and unnecessary as follows:

1. The DPS-OD paid approximately \$9,850 for 1,000 executive padfolios for the 2001 conference.
2. The DPS-OD provided refreshments including beverages, cookies, and brownies during breaks at the 2001 conference. These types of refreshments appear to be standard at many similar functions. However, in addition to these refreshments, the DPS-OD also paid \$6,705 for an ice cream sundae and baseball banquet during two of these breaks.
3. The DPS-OD paid approximately \$470 and \$5,285, respectively, for appetizers during a welcoming reception held in the evening on the first day of the 2002 and 2001 conferences.

These purchases appear to be excessive and unnecessary. The DPS-OD needs to reevaluate the expenditures for future conferences in an effort to eliminate any unnecessary costs and ensure the efficient use of the state resources.

- B. Bids were not always solicited by the DPS-OD for various conference expenses including meals and refreshments, audio equipment rental, and lodging. The DPS-OD could not locate bidding documentation for the following conferences:

FY 2001 COPs Conference	\$ 55,324
FY 2000 Meth Summit Conference	\$ 4,433
FY 2001 Meth Summit Conference	\$ 4,144

Section 34.040, RSMo 2000 requires all purchases in excess of \$3,000 to be competitively bid.

Formal bidding procedures for major purchases provides a framework for economical management of the DPS-OD resources and helps ensure the DPS-OD receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in the state's business. Documentation of bids should always be retained as evidence to demonstrate the DPS-OD's compliance with the state's competitive bidding requirements.

- C. Multi-jurisdictional task forces can receive up to 16% of their annual Narcotics Control Assistance Program (NCAP) award in advance for initial operating costs. During the contract years 2000 and 1999, the DPS-OD provided advances totaling approximately \$436,100 and \$394,800, respectively, to various task forces. The DPS-OD does not require the task forces to submit expenditure reports for these advances to document how the funds were spent until the end of the funding period. Cash advances not supported by documentation of expenses incurred prohibits any evaluation of the expenditure of federal monies. All expenditures for this program, including cash advances, should have documentation to support the nature and reasonableness of the expenditure.
- D. Fourteen invoices reviewed were not supported by a purchase requisition. Examples of these purchases include training, conference, and maintenance and repair expenses. In addition, we noted two instances where the invoice was supported by a purchase requisition; however, the purchase requisition was dated and authorized after the expense had occurred.

The DPS-OD accounts payable policy requires the preparation and approval of a purchase requisition prior to initiating purchases of goods or services. Failure to prepare purchase requisitions and document purchase approval limits the department's ability to monitor, control, and track expenditures.

- E. The DPS-OD approved payment of some invoices without adequate supporting documentation. For example, several conference meal expenditures reviewed did not include an accurate listing of attendees. Although a list of individuals attending was provided for our review, the number of individuals listed did not

agree to the meals provided. Adequate documentation is necessary to ensure the propriety of these expenditures.

- F. The DPS-OD provides funding from the State Services to Victims Fund to the Leadership through Education and Advocacy for the Deaf (LEAD) Institute for enhancing emotional development, effective communication, and leadership for individuals who are deaf and hard of hearing. The LEAD Institute also receives funding from the Department of Mental Health (DMH).

During the contract period July 1, 2001 through June 30, 2002, DPS-OD contracted with the LEAD Institute to pay 100% of the salary for the legal advocate. DMH also contracted with the LEAD Institute to pay 50% of this same position's salary during this time period. As a result, the DPS-OD and DMH overfunded this position by approximately \$7,000.

**WE RECOMMEND** the DPS-OD:

- A. Review expenditures for future conferences and ensure the costs of the conferences are reasonable and necessary.
- B. Solicit bids for all purchases in accordance with state law.
- C. Require documentation to support the expenditure of all cash advances.
- D. Ensure purchase requisitions are prepared and properly approved prior to purchases of goods and services.
- E. Require adequate documentation for all expenditures. In addition, when meals are provided, supporting documentation should include a list of all individuals who received meals.
- F. Review future LEAD Institute contracts to ensure overfunding of positions does not occur. In addition, the DPS-OD should consider recouping amounts overfunded to the LEAD Institute.

**AUDITEE'S RESPONSE**

*The DPS-OD indicated:*

*A&B. The Meth Summit Conference was last held in FY 2001. There are no plans to hold another Meth Summit Conference. If a conference is scheduled, bids will be obtained and expenditures will be kept to a minimum. The Community Mobilization and Partnership (COPS) conference was last held in FY 2002. Bids were obtained for the COPS conference in FY 2002. There are no plans to hold another COPS conference in the future. If a COPS conference is held, bids will be obtained and expenditures will be kept to a minimum.*

- C. *The policy of providing start-up funds for the Narcotics Control Assistance Program has been discontinued with FY 2003. Prior to this audit, the DPS-OD discussed this matter with a federal accountant and we were advised to terminate this procedure. The decision to terminate the start-up funds was made prior to this audit.*

*Start-up funds are reported on the monthly expenditure reports when used by the grant program. We do not require a separate report for expenditures using start-up funds.*

- D. *The majority of the invoices that were not supported by a purchase requisition were for operational maintenance and repair funds. The General Assembly appropriates funds for department operational maintenance and repair programs to the DPS-OD. The State Highway Patrol, the Water Patrol, and the Veterans Commission use these funds. The DPS-OD is the conduit for paying invoices using these funds. Verbal approval has been given in the past for expending these funds. Effective immediately, documented division level approval must accompany any invoice that is to be paid from operational maintenance and repair funds.*
- E. *At some conferences and meetings, the facility requires that the DPS-OD agree to pay for a certain number of meals, whether that number of individuals actually consumes the meals. The number of people attending the meeting is estimated. When the invoice is submitted, the number of meals paid for does not always equal the number of attendees. In the future, it will be noted on the attendance list why there were more meals than attendees.*
- F. *The L.E.A.D. program has been audited and the funds for which the DPS-OD had been over billed in relation to the salary for the legal advocate have been recovered. In addition, the L.E.A.D. Institute was required to submit a budget revision prorating the amount for the copier lease and volunteer and paid staff time relating to the crisis line. The L.E.A.D. Institute must adhere to special conditions that have been attached to the current grant to prevent over funding of positions in the future.*

<b>3. Peace Officer Standards and Training Fees</b>
-----------------------------------------------------

Section 488.5336, RSMo 2000, requires a peace officer standards and training (POST) fee to be assessed on each criminal conviction in each court in the state. This section requires the court clerks to distribute fees collected to the Department of Public Safety-Office of the Director (DPS-OD) payable to the state treasury at least monthly. The DPS-OD deposits these fees into the Peace Officer Standards and Training Fund in accordance with statute.

- A. The DPS-OD has not established procedures to ensure that the POST program receives all POST fees assessed and collected by the courts. In addition, no procedures exist to identify courts not properly remitting POST fees to the DPS-OD.



During our review of payments made to the DPS-OD, we noted that one of the state's municipal courts did not remit POST fees from July 1999 to March 2001. Although the POST program did not contact this court, the court remitted some of these POST fees totaling \$11,475 in March 2001.

The DPS-OD needs to establish procedures to recognize situations where POST fees are not being remitted by the courts as required by state law. These procedures could include a periodic review of remittances by the courts to identify unusual fluctuations. In such situations, the DPS-OD could determine if the courts have properly assessed, collected, and remitted all POST fees to the DPS-OD as required by state law.

- B. The DPS-OD distributes the POST fees collected annually from the court clerks to the applicable law enforcement agencies throughout the state to be used for officer training. The distributions are based on total collections received from each court for the applicable agency. For example, if a court remits less than \$500 in fees for a local police department, the DPS-OD will distribute \$500 to the police department, and if a court remits more than \$500 in fees for a local police department, DPS-OD will distribute to the local police department ninety percent of the fees received plus a portion of the interest earned on the POST monies during the year.

During our review of POST fees remitted to the DPS-OD from five courts, we noted that the DPS-OD posted numerous receipts from each of the courts to eight law enforcement agencies' accounts in error as noted below:

Law Enforcement Agency	Fiscal Year	Amount Disbursed	Correct Amount to be Disbursed	Amount Over (under) paid
Independence Police Department	2000	\$5,152	\$10,609	(\$5,457)
Jackson County Sheriff's Office	2000	7,889	2,432	5,457
St. Joseph Police Department	2000	7,131	10,805	(3,674)
Buchanan County Sheriff's Office	2000	8,679	5,005	3,674
Bolivar Police Department	2000	500	1,337	(837)
Polk County Sheriff's Office	2000	5,434*	2,860	2,574
Bolivar Police Department	2001	1,012	1,234	(222)
Polk County Sheriff's Office	2001	2,768	2,546	222
Jasper County Sheriff's Office	2000	4,756	4,843	(\$87)
Joplin Police Department	2000	500	0	500

\* The amount disbursed includes \$1,417 of Local Law Enforcement Block Grant funds and \$154 of Missouri Prosecutor's Service Fund monies which were improperly recorded and disbursed as POST fees.

The errors noted above resulted in over and (under) payments totaling \$12,427 and \$10,277, respectively to the applicable law enforcement agencies.

The DPS-OD should establish procedures to properly record all POST fees collected from the courts to ensure distributions to police or sheriff's departments are accurate.

**WE RECOMMEND** the DPS-OD:

- A. Establish procedures to monitor payments being made by the courts and follow up with the courts when POST fees are not remitted on a regular basis.
- B. Establish procedures to properly record all POST fees collected from the courts and accurately distribute these collections to the applicable law enforcement agencies. In addition, the DPS-OD should seek reimbursement of the overpayments noted above and properly distribute to the applicable parties.

**AUDITEE'S RESPONSE**

*The DPS-OD indicated:*

- A. *Procedures have been implemented to monitor the payment of POST fees.*
- B. *The DPS-OD is working with the Office of State Court Administrators to identify POST fees that have been submitted but do not indicate the appropriate law enforcement agency. The Office of State Court Administrators has agreed to work with the counties to have them indicate the proper law enforcement agency on their POST payments. The DPS-OD has corrected the overpayments noted in the audit report.*

<b>4. Department of Defense Logistical Support Program</b>
------------------------------------------------------------

The Department of Defense (DOD) Logistical Support 1033 Program makes excess military property available to state and local law enforcement agencies, through the Department of Public Safety-Office of the Director (DPS-OD). The equipment can be obtained at no acquisition cost for use in counter-drug, counter-terrorism, and officer safety activities. Over 260 law enforcement agencies have participated and received property since the program's inception. During our review, we noted the following concerns:

- A. The DPS-OD does not perform on-site monitoring visits to ensure the equipment obtained under the DOD program is being used for the purpose intended. To ensure the equipment is used for the intended purpose, formal on-site monitoring procedures should be performed and documented on a regular basis.
- B. The DPS-OD has not performed reconciliations of the equipment obtained by law enforcement agencies through the DOD program since February 2000. Prior to February 2000, the DOD coordinator sent a list of applicable DOD equipment to each of the law enforcement agencies annually to be compared to agency records. The law enforcement agencies were required to notify the DPS-OD in writing of any discrepancies between their records and the list provided by DPS-OD. The DPS-OD indicated they no longer had enough staff to perform these annual reconciliations due to budget cuts.

On-site monitoring visits and annual reconciliations would provide the DPS-OD with the necessary information to ensure the law enforcement agencies were in compliance with state and federal guidelines.

**WE RECOMMEND** the DPS-OD:

- A. Ensure formal on-site monitoring procedures are performed and documented on a regular basis.
- B. Perform annual documented reconciliations of the equipment obtained by law enforcement agencies through the DOD program.

### **AUDITEE'S RESPONSE**

*The DPS-OD indicated:*

*A & B. Within the next 6 months a reconciliation of all participating DOD agencies will be completed. Upon completion of the reconciliation a monthly monitoring schedule will be established for all participating agencies.*

## 5. **Loaned Equipment**

The Department of Public Safety-Office of the Director (DPS-OD) administers the Law Enforcement Equipment Program (LEEP) and the Community Oriented Policing Equipment Association (COPEA) which provides law enforcement agencies with equipment such as laptop computers, printers, and bicycles on a loan basis. Both of these programs are funded with state monies. The DPS-OD has loaned out 210 bicycles and 250 computer/printers through the LEEP since 1996 and has loaned out 195 bicycles and 212 computer/printers through the COPEA since 1998. During our review of these two programs, we noted the following concerns.

- A. The DPS-OD does not perform on-site monitoring visits to ensure the equipment obtained under the LEEP and the COPEA program is being used for the purpose intended.
- B. Law enforcement agencies are required to submit quarterly reports to the DPS-OD LEEP coordinator for the LEEP equipment and semi-annual reports to the Community Oriented Policing (COP) coordinator for the COPEA equipment to ensure the borrowed equipment is being used as intended and in compliance with other state guidelines. During our review of ten agencies in each of these programs, we noted the following:
  1. The DPS-OD did not retain documentation of any of the quarterly LEEP reports received from the ten law enforcement agencies reviewed. The

LEEP coordinator indicated that he did not retain the quarterly reports after they were received from the agencies.

2. Seven of the ten law enforcement agencies reviewed did not always submit a COPEA semi-annual status report, and the remaining three agencies did not submit the COPEA semi-annual status reports in a timely manner. For example, one law enforcement agency sent the status reports due in June and December 1999 to DPS-OD in May 2000.

Without formal documented on-site monitoring visits and quarterly or semi-annual reports, the DPS-OD can not ensure the loaned equipment is being used for the intended purpose or in compliance with state guidelines.

**WE RECOMMEND** the DPS-OD:

- A. Ensure formal on-site monitoring procedures are performed and documented on a regular basis for the LEEP and COPEA programs.
- B. Receive and retain quarterly and semi-annual reports for all LEEP and COPEA equipment on a timely basis in compliance with state guidelines.

**AUDITEE'S RESPONSE**

*The DPS-OD indicated:*

*A & B. The COPEA program was started in FY 1999. The LEEP program is no longer purchasing new equipment for distribution but is only repairing usable equipment already issued. Equipment that is three years or older has been entirely depreciated, therefore, it will be removed from our records. The equipment that is not fully depreciable will be monitored.*

This report is intended for the information of the management of the Department of Public Safety-Office of the Director, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Public Safety, established by the "Omnibus State Reorganization Act of 1974," is responsible for coordinating statewide law enforcement for the purpose of ensuring a safe environment for Missouri citizens. The department's mission is to provide a safe and secure environment for all individuals, through efficient and effective law enforcement, national defense, disaster preparedness, service to veterans, and education.

The Department of Public Safety is organized into ten separate divisions: Office of the Director; Missouri Gaming Commission; Missouri State Highway Patrol; Missouri State Water Patrol; Division of Liquor Control; Division of Fire Safety; Division of Highway Safety; Missouri National Guard (Office of the Adjutant General); State Emergency Management Agency; and the Veterans' Commission. In August 1993, the Missouri Capitol Police was transferred from the Office of Administration to the Department of Public Safety.

The director of the Department of Public Safety is responsible for developing public safety programs, police officer training and certification, and providing legislative guidance on law enforcement issues. Additionally, the director is responsible for overseeing distribution of federal funds through grants for narcotics, victims' assistance, and juvenile justice.

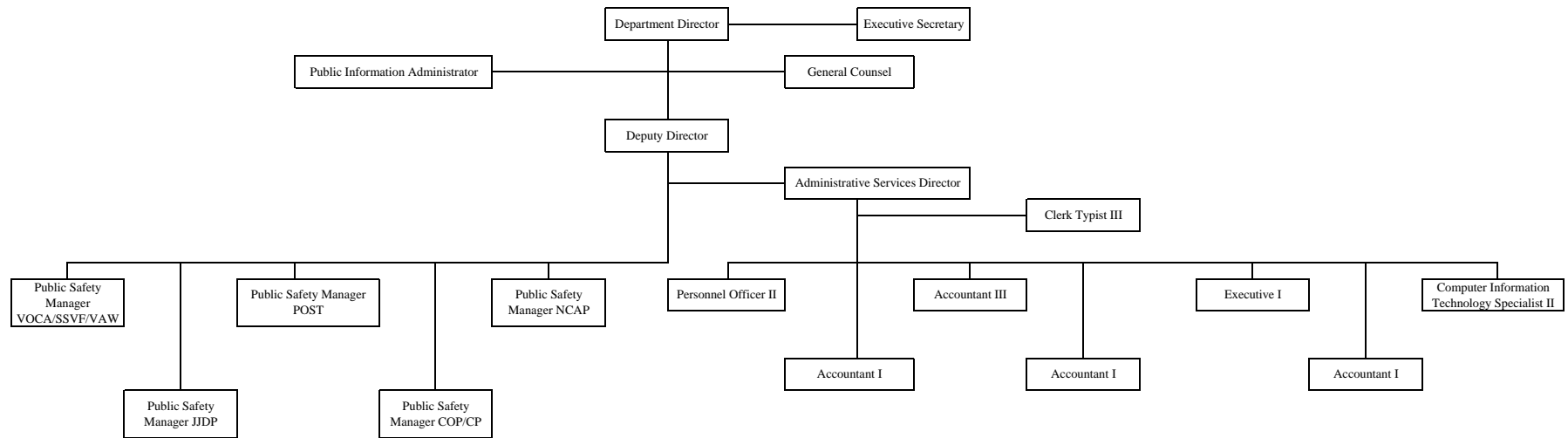
The Department of Public Safety manages the police training and certification program as established by state law and by the rules and regulations of Missouri's Peace Officer Standards and Training Commission as specified in Chapter 590, RSMo. No board member of the commission shall receive any compensation for the performance of his official duties. At June 30, 2001, the members of the commission were as follows:

<u>Member</u>	<u>Term Expires</u>
Chief Paul Corbin	October 3, 2004
Chief Laura R. Webster	October 3, 2002
Lt. Ron Johnson	October 3, 2003
Sheriff Dennis D. Martin	October 3, 2001
Sheriff Richard L. Hill	October 3, 2002
Mark Byington	October 3, 2003
Sheriff Gary F. Toelke	October 3, 2002
Katharine Finchman	October 3, 2002

Gary Kempker served as Director from April 1995 until May 2001. In June 2001, Charles Jackson was appointed Director and is presently serving in that capacity.

An organization chart follows.

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
ORGANIZATION CHART  
JUNE 30, 2001





APPENDIX A-1

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2001

	Appropriation	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND-STATE</b>			
Operational Payback	\$ 100,000	50	99,950
Director Administration - Personal Service	1,198,786	1,135,979	62,807
Operational Maintenance and Repair	185,889	170,024	15,865
Local Government School District Partnership	800,000	559,116	240,884
Community Oriented Policing	180,000	161,477	18,523
Multi Jurisdictional Task Forces	143,290	51,498	91,792
Motorcycle Safety Program	225,000	180,105	44,895
Regional Crime Labs	400,000	376,803	23,197
Witness Protection	10,000	1,851	8,149
Director Administration - Equipment and Expense	722,507	528,244	194,263
Total General Revenue Fund-State	3,965,472	3,165,146	800,326
<b>DEPARTMENT OF PUBLIC SAFETY - JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT</b>			
Juvenile Justice Accountability Grant	5,419,607	2,713,852	2,705,755
Director Administration - Personal Service	25,625	24,368	1,257
Director Administration - Equipment and Expense	47,920	11,843	36,077
Total Department Of Public Safety - Juvenile Accountability Incentive Block Grant Fund	5,493,152	2,750,063	2,743,089
<b>DEPARTMENT PUBLIC SAFETY FUND</b>			
Narcotics Control Assistance Program	11,000,000	7,620,422	3,379,578
Victim of Crime Act	9,000,000	4,459,071	4,540,929
Juvenile Justice Delinquency Prevention	2,200,000	1,397,228	802,772
Director Administration - Equipment and Expense	190,909	77,683	113,226
Violence Against Women	3,200,000	2,320,187	879,813
Midwest Meth Initiative	6,000,000	198,632	5,801,368
Juvenile Justice Challenge Program	350,000	95,751	254,249
Local Law Enforcement Block Grant	720,000	500,829	219,171
Residential Substance Abuse	1,227,000	637,967	589,033
Director Administration - Personal Service	344,479	246,638	97,841
Juvenile Justice Accountability Grant	0	0	0
Local Law Enforcement Block Grant Technical Assistance	66,127	0	66,127
Office Director - Equipment and Expense	330,000	330,000	0
Total Department Public Safety Fund	34,628,515	17,884,409	16,744,106
<b>MISSOURI CRIME PREVENT INFOMATION AND PROGRAM FUND</b>			
Director Administration - Equipment and Expense	50,000	8,878	41,122
Total Missouri Crime Prevent Information and Program Fund	50,000	8,878	41,122
<b>PEACE OFFICER STANDARDS AND TRAINING COMMUNITY FUND</b>			
Peace Officer Standards Training	1,500,000	1,331,606	168,394
Total Peace Officer Standards and Training Community Fund	1,500,000	1,331,606	168,394
<b>STATE FORENSIC LABORATORY FUND</b>			
State Forensic Laboratories	266,000	197,130	68,870
Total State Forensic Laboratory Fund	266,000	197,130	68,870
<b>SERVICES TO VICTIMS FUND</b>			
State Services to Victims	3,400,000	2,897,246	502,754
Total Services To Victims Fund	3,400,000	2,897,246	502,754
<b>CRIME VICTIMS COMPENSATION FUND</b>			
State Services to Victims	50,000	42,714	7,286
Director Administration - Personal Service	18,891	18,870	21
Total Crime Victims Compensation Fund	68,891	61,584	7,307
Total All Funds	\$ 49,372,030	28,296,062	21,075,968

APPENDIX A-2

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2000

	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
Operational Payback	\$ 100,000	0	100,000
Director Administration - Personal Service	1,136,868	1,070,729	66,139
Operational Maintenance and Repair	185,889	172,579	13,310
Local Government School District Partnership	1,000,000	511,495	488,505
Community Oriented Policing	180,000	167,524	12,476
Multi Jurisdictional Task Forces	143,290	762	142,528
Motorcycle Safety Program	100,000	96,999	3,001
Regional Crime Labs	400,000	400,000	0
Witness Protection	10,000	2,305	7,695
Director Administration - Equipment and Expense	586,513	538,815	47,698
Total General Revenue Fund-State	3,842,560	2,961,207	881,353
DEPARTMENT OF PUBLIC SAFETY - JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT			
Juvenile Justice Accountability Grant	4,419,607	1,762,722	2,656,885
Director Administration - Personal Service	52,000	16,556	35,444
Director Administration - Equipment and Expense	67,000	413	66,587
Total Department of Public Safety - Juvenile Accountability Incentive Block Grant Fund	4,538,607	1,779,690	2,758,917
DEPARTMENT PUBLIC SAFETY FUND			
Narcotics Control Assistance Program	11,000,000	7,557,182	3,442,818
Victim of Crime Act	4,800,000	4,113,535	686,465
Juvenile Justice Delinquency Prevention	2,200,000	1,922,955	277,045
Director Administration - Equipment and Expense	316,014	169,590	146,424
Violence Against Women	3,200,000	2,680,272	519,728
Midwest Meth Initiative	0	0	0
Juvenile Justice Challenge Program	350,000	105,427	244,573
Local Law Enforcement Block Grant	720,000	593,465	126,535
Residential Substance Abuse	1,227,000	543,020	683,980
Director Administration - Personal Service	233,421	231,804	1,617
Juvenile Justice Accountability Grant	0	0	0
Local Law Enforcement Block Grant Technical Assistance	66,127	56,267	9,860
Office Director - Equipment and Expense	375,000	45,000	330,000 (1)
Total Department Public Safety Fund	24,487,562	18,018,516	6,469,046
MISSOURI CRIME PREVENT INFORMATION & PROGRAM FUND			
Director Administration - Equipment and Expense	50,000	0	50,000
Total Missouri Crime Prevent Information and Program Fund	50,000	0	50,000
PEACE OFFICER STANDARDS AND TRAINING COMMUNITY FUND			
Peace Officer Standards Training	1,500,000	1,292,277	207,723
Total Peace Officer Standards and Training Community Fund	1,500,000	1,292,277	207,723
STATE FORENSIC LABORATORY FUND			
State Forensic Laboratories	266,000	233,236	32,764
Total State Forensic Laboratory Fund	266,000	233,236	32,764
SERVICES TO VICTIMS FUND			
State Services to Victims	3,150,000	2,776,466	373,534
Total Services To Victims Fund	3,150,000	2,776,466	373,534
CRIME VICTIMS COMPENSATION FUND			
State Services to Victims	50,000	46,046	3,954
Director Administration - Personal Service	18,155	18,129	26
Total Crime Victims Compensation Fund	68,155	64,175	3,980
Total All Funds	\$ 37,902,884	27,125,567	10,777,317

(1) Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for biennial appropriation at the end of the first year.

Appendix B

DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Salaries and wages	1,425,855	1,337,218
Travel	89,939	87,773
Fuel and utilities	5,174	2,723
Supplies:		
Administrative	84,294	87,280
Lab and medical	15,960	16,018
Merchandising	47,656	58,492
Repair and maintenance	4,977	7,445
Specific use	12,084	1,839
Professional development	49,569	51,147
Services:		
Communication	61,581	58,178
Health	22	0
Business	79,368	73,572
Professional	73,681	31,114
Housekeeping and janitorial	236	245
Equipment maintenance and repair	20,550	7,870
Transportation maintenance and repair	7,908	8,991
Equipment:		
Computer	383,554	273,267
Educational	2,425	0
Electronic and photographic	3,293	1,535
Motorized	439	0
Office	10,990	17,633
Specific use	364,270	171,530
Property and improvements	170,298	174,356
Real property rentals and leases	225	1,164
Building and equipment rentals	15,105	2,212
Other	48,565	31,218
Program distributions	25,318,045	24,622,747
Total Expenditures	28,296,062	27,125,567

\*\*\*\*\*



**DOUGLAS COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-54  
August 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Douglas, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

**Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.**

-----  
This audit of Douglas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Federal project monies were held longer than the two day maximum allowed by the Cash Management Improvement Act. The county participated in the Highway Planning and Construction Program and received approximately \$330,000 through this program.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Douglas County's Associate County Commissioners salaries were each increased approximately \$2,696 yearly, according to the computations prepared by the county clerk. These computations did not apply the same percentages consistently for all county officials; therefore the exact amount is unclear.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$5,392 for the two years ended December 31, 2000, should be repaid.

(over)

YELLOW SHEET

- The County Commission does not maintain adequate minutes of its meetings. As of April 11, 2002, the last entry in the official record book was for January 24, 2002. In addition, the minutes do not accurately reflect the Commissioners in attendance and the minutes are not signed by the Presiding Commissioner to attest to their accuracy.
- The county does not maintain insurance coverage for all road equipment. It is the County Commission's practice to release insurance coverage on equipment once the lease purchase against the equipment is paid in full; however, documentation is not maintained to support such decision. In May 2001, the county released property coverage on road equipment including four graders and two backhoes totaling \$268,920.

Also included in the audit are recommendations to the County Commission related to bonding county employees, maintaining adequate general fixed asset records and maintaining records of fuel usage. In addition, recommendations were made to improve the accounting controls and procedures of the County Collector, Circuit Clerk and Sheriff.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DOUGLAS COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports: ..... 2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 5-6

Financial Statements: ..... 7-19

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....	10-19

Notes to the Financial Statements ..... 20-23

Supplementary Schedule: ..... 24-27

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000 ..... 25-27

Notes to the Supplementary Schedule ..... 28-30

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report: ..... 32-34

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133..... 33-34

# DOUGLAS COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	35-38
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	36-38
Section I - Summary of Auditor's Results .....	36
Section II - Financial Statement Findings .....	37
Section III - Federal Award Findings and Questioned Costs .....	37
<u>Number</u>	<u>Description</u>
01-1.	Cash Management ..... 37-38
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	39-40
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	41-44
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	46-54
<u>Number</u>	
1.	County Officials' Compensation and Bonding.....48
2.	County Commission Minutes .....49
3.	General Fixed Assets .....50
4.	Collector .....51
5.	Circuit Clerk .....52
6.	Sheriff's Controls and Procedures .....53
Follow-Up on Prior Audit Findings .....	55-64
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	66-71



## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Douglas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Douglas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Douglas County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Douglas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 11, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Douglas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Amy E. Fast
Audit Staff:	Rachel A. Simons
	Curtis Gannon



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Douglas County, Missouri

We have audited the special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Douglas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Douglas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Douglas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April, 11, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DOUGLAS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 405,225	1,272,073	1,285,387	391,911
Special Road and Bridge	73,037	910,522	936,044	47,515
Assessment	29,902	133,042	124,324	38,620
Law Enforcement Training	879	1,481	1,554	806
Prosecuting Attorney Training	222	347	377	192
Prosecuting Attorney Bad Check	7,888	10,065	6,419	11,534
Law Enforcement	215	654	663	206
Recorder User Fee	2,316	8,505	2,700	8,121
Local Emergency Planning Commission	1,880	9,430	8,396	2,914
Victim's of Domestic Violence	76	648	639	85
Sheriff Civil Fee	2,173	6,650	7,408	1,415
Combined Enforcement Team	75	1	0	76
Sheriff Equipment	0	6,992	6,992	0
Family Access	158	0	158	0
Prosecuting Attorney Delinquent Tax	55	1,039	868	226
County Bridges	3,103	327,393	330,496	0
Sheriff's Equitable Sharing	859	33,505	33,483	881
Election Services	2,984	1,398	1,056	3,326
Emergency Management	247	6,807	5,908	1,146
44th Judicial Drug Court	2,537	7,668	5,086	5,119
Health Center	261,237	754,133	761,231	254,139
Support the Handicapped Board	258,755	80,114	291,274	47,595
Circuit Clerk Interest	(714)	2,011	121	1,176
Law Library	4,703	2,989	5,556	2,136
Associate Circuit Division Interest	1,697	1,562	352	2,907
Total	\$ 1,059,509	3,579,029	3,816,492	822,046

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit A-2

DOUGLAS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 365,561	1,256,829	1,217,165	405,225
Special Road and Bridge	64,426	867,098	858,487	73,037
Assessment	21,851	125,050	116,999	29,902
Law Enforcement Training	545	1,502	1,168	879
Prosecuting Attorney Training	148	587	513	222
Prosecuting Attorney Bad Check	4,612	8,639	5,363	7,888
Law Enforcement	11	11,591	11,387	215
Recorder User Fee	6,726	6,126	10,536	2,316
Local Emergency Planning Commission	2,312	1,902	2,334	1,880
Victim's of Domestic Violence	75	561	560	76
Sheriff Civil Fee	1,476	8,364	7,667	2,173
Combined Enforcement Team	72	3	0	75
Sheriff Equipment	4,113	139	4,252	0
Family Access	152	6	0	158
Prosecuting Attorney Delinquent Tax	1,549	448	1,942	55
County Bridges	0	3,103	0	3,103
Sheriff's Equitable Sharing	827	32	0	859
Election Services	0	2,984	0	2,984
Emergency Management	0	1,255	1,008	247
44th Judicial Drug Court	0	4,026	1,489	2,537
Health Center	163,073	721,179	623,015	261,237
Support the Handicapped Board	201,775	83,237	26,257	258,755
Circuit Clerk Interest	5,861	860	7,435	(714)
Law Library	5,653	3,561	4,511	4,703
Associate Circuit Division Interest	3,393	533	2,229	1,697
Total	\$ 854,211	3,109,615	2,904,317	1,059,509

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## DOUGLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,425,780	3,579,029	153,249	2,851,732	3,109,615	257,883
DISBURSEMENTS	3,945,487	3,816,492	128,995	3,177,929	2,904,317	273,612
RECEIPTS OVER (UNDER) DISBURSEMENTS	(519,707)	(237,463)	282,244	(326,197)	205,298	531,495
CASH, JANUARY 1	1,059,309	1,059,509	200	849,452	854,211	4,759
CASH, DECEMBER 31	539,602	822,046	282,444	523,255	1,059,509	536,254
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	86,000	87,518	1,518	82,000	85,316	3,316
Sales taxes	650,000	716,678	66,678	600,000	670,456	70,456
Intergovernmental	233,576	283,337	49,761	198,351	277,280	78,929
Charges for services	132,305	146,456	14,151	150,250	167,668	17,418
Interest	15,000	20,580	5,580	6,000	26,761	20,761
Other	9,300	8,008	(1,292)	8,250	16,925	8,675
Transfers in	9,650	9,496	(154)	5,100	12,423	7,323
Total Receipts	1,135,831	1,272,073	136,242	1,049,951	1,256,829	206,878
DISBURSEMENTS						
County Commission	66,388	66,057	331	66,338	65,814	524
County Clerk	67,489	66,702	787	67,235	66,316	919
Elections	3,600	1,084	2,516	44,425	41,956	2,469
Buildings and grounds	78,933	77,050	1,883	66,704	59,979	6,725
Employee fringe benefits	177,775	157,992	19,783	155,304	150,767	4,537
County Treasurer	33,449	33,244	205	35,289	34,599	690
County Collector	71,466	70,827	639	71,369	70,218	1,151
Circuit Clerk	22,272	21,116	1,156	27,069	26,229	840
Associate Circuit Court	5,850	5,359	491	8,750	8,015	735
Court administration	19,831	14,312	5,519	20,658	17,242	3,416
Public Administrator	35,240	35,052	188	26,450	31,821	(5,371)
Sheriff	322,593	332,031	(9,438)	265,261	269,982	(4,721)
Jail	76,059	68,887	7,172	76,059	65,796	10,263
Prosecuting Attorney	112,151	111,452	699	119,161	117,118	2,043
Juvenile Officer	24,947	22,289	2,658	24,952	22,585	2,367
County Coroner	9,726	9,440	286	6,900	6,311	589
Victim Advocate	22,628	21,668	960	21,875	20,738	1,137
44th Judicial Drug Court	15,797	14,763	1,034	13,848	6,644	7,204
Other	128,139	113,371	14,768	106,149	94,261	11,888
Transfers out	41,999	42,691	(692)	40,799	40,774	25
Emergency Fund	33,614	0	33,614	31,000	0	31,000
Total Disbursements	1,369,946	1,285,387	84,559	1,295,595	1,217,165	78,430
RECEIPTS OVER (UNDER) DISBURSEMENTS	(234,115)	(13,314)	220,801	(245,644)	39,664	285,308
CASH, JANUARY 1	405,225	405,225	0	365,561	365,561	0
CASH, DECEMBER 31	171,110	391,911	220,801	119,917	405,225	285,308

## Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	185,000	190,630	5,630	170,000	185,168	15,168
Intergovernmental	698,680	674,679	(24,001)	674,250	675,809	1,559
Charges for services	1,300	2,289	989	5,000	1,428	(3,572)
Interest	5,000	2,924	(2,076)	4,000	4,393	393
Loan proceeds	0	40,000	40,000	0	0	0
Transfers in	0	0	0	0	300	300
Total Receipts	889,980	910,522	20,542	853,250	867,098	13,848
<b>DISBURSEMENTS</b>						
Salaries	358,885	355,494	3,391	345,891	344,938	953
Employee fringe benefits	108,300	100,168	8,132	98,100	94,012	4,088
Supplies	103,000	79,743	23,257	78,500	92,017	(13,517)
Insurance	16,000	12,076	3,924	16,000	12,068	3,932
Road and bridge materials	121,000	55,877	65,123	108,000	83,077	24,923
Equipment repairs	100,000	89,483	10,517	110,000	78,646	31,354
Equipment purchases	100,000	117,490	(17,490)	110,897	116,986	(6,089)
Construction, repair, and maintenance	0	53,173	(53,173)	0	0	0
Other	46,000	31,182	14,818	42,500	36,743	5,757
Debt service	0	41,358	(41,358)	0	0	0
Total Disbursements	953,185	936,044	17,141	909,888	858,487	51,401
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,205)	(25,522)	37,683	(56,638)	8,611	65,249
CASH, JANUARY 1	73,037	73,037	0	64,426	64,426	0
CASH, DECEMBER 31	9,832	47,515	37,683	7,788	73,037	65,249
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	95,780	93,188	(2,592)	86,735	85,327	(1,408)
Interest	0	1,014	1,014	900	1,249	349
Other	0	441	441	0	75	75
Transfers in	38,399	38,399	0	38,399	38,399	0
Total Receipts	134,179	133,042	(1,137)	126,034	125,050	(984)
<b>DISBURSEMENTS</b>						
Assessor	144,787	124,324	20,463	135,134	116,974	18,160
Transfers out	0	0	0	0	25	(25)
Total Disbursements	144,787	124,324	20,463	135,134	116,999	18,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,608)	8,718	19,326	(9,100)	8,051	17,151
CASH, JANUARY 1	29,902	29,902	0	21,851	21,851	0
CASH, DECEMBER 31	19,294	38,620	19,326	12,751	29,902	17,151

## Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,200	1,365	165	1,138	1,482	344
Interest	20	13	(7)	15	20	5
Other	0	103	103	0	0	0
Total Receipts	1,220	1,481	261	1,153	1,502	349
DISBURSEMENTS						
Sheriff	1,600	1,554	46	1,500	1,168	332
Total Disbursements	1,600	1,554	46	1,500	1,168	332
RECEIPTS OVER (UNDER) DISBURSEMENTS	(380)	(73)	307	(347)	334	681
CASH, JANUARY 1	879	879	0	545	545	0
CASH, DECEMBER 31	499	806	307	198	879	681
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	400	342	(58)	450	361	(89)
Interest	0	5	5	7	6	(1)
Other	0	0	0	0	220	220
Total Receipts	400	347	(53)	457	587	130
DISBURSEMENTS						
Prosecuting Attorney	400	377	23	600	513	87
Total Disbursements	400	377	23	600	513	87
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(30)	(30)	(143)	74	217
CASH, JANUARY 1	222	222	0	148	148	0
CASH, DECEMBER 31	222	192	(30)	5	222	217
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	9,600	9,857	257	7,500	7,520	20
Interest	0	208	208	100	251	151
Transfers in	0	0	0	0	868	868
Total Receipts	9,600	10,065	465	7,600	8,639	1,039
DISBURSEMENTS						
Prosecuting Attorney	2,091	1,030	1,061	2,700	1,190	1,510
Transfers out	5,397	5,389	8	4,200	4,173	27
Total Disbursements	7,488	6,419	1,069	6,900	5,363	1,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,112	3,646	1,534	700	3,276	2,576
CASH, JANUARY 1	7,888	7,888	0	4,612	4,612	0
CASH, DECEMBER 31	10,000	11,534	1,534	5,312	7,888	2,576

## Exhibit B

## DOUGLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	1,000	648	(352)	11,387	11,387	0
Charges for services	80	0	(80)	80	80	0
Interest	20	6	(14)	120	124	4
Total Receipts	1,100	654	(446)	11,587	11,591	4
DISBURSEMENTS						
Sheriff	1,000	663	337	11,387	10,519	868
Transfers out	0	0	0	0	868	(868)
Total Disbursements	1,000	663	337	11,387	11,387	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(9)	(109)	200	204	4
CASH, JANUARY 1	215	215	0	11	11	0
CASH, DECEMBER 31	315	206	(109)	211	215	4
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	5,000	8,419	3,419	5,954	5,954	0
Interest	150	86	(64)	162	172	10
Total Receipts	5,150	8,505	3,355	6,116	6,126	10
DISBURSEMENTS						
Ex Officio Recorder of Deeds	1,200	1,200	0	10,536	10,536	0
Transfers out	1,500	1,500	0	0	0	0
Total Disbursements	2,700	2,700	0	10,536	10,536	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,450	5,805	3,355	(4,420)	(4,410)	10
CASH, JANUARY 1	2,316	2,316	0	6,726	6,726	0
CASH, DECEMBER 31	4,766	8,121	3,355	2,306	2,316	10
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	7,005	9,430	2,425	1,700	1,902	202
Total Receipts	7,005	9,430	2,425	1,700	1,902	202
DISBURSEMENTS						
Emergency planning	7,135	8,396	(1,261)	3,630	2,334	1,296
Total Disbursements	7,135	8,396	(1,261)	3,630	2,334	1,296
RECEIPTS OVER (UNDER) DISBURSEMENTS	(130)	1,034	1,164	(1,930)	(432)	1,498
CASH, JANUARY 1	1,880	1,880	0	2,312	2,312	0
CASH, DECEMBER 31	1,750	2,914	1,164	382	1,880	1,498

## Exhibit B

## DOUGLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	600	645	45	600	555	(45)
Interest	6	3	(3)	4	6	2
Total Receipts	606	648	42	604	561	(43)
DISBURSEMENTS						
Domestic violence shelter	640	639	1	600	560	40
Total Disbursements	640	639	1	600	560	40
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34)	9	43	4	1	(3)
CASH, JANUARY 1	76	76	0	75	75	0
CASH, DECEMBER 31	42	85	43	79	76	(3)
<b><u>SHERIFF CIVIL FEE FUND</u></b>						
RECEIPTS						
Charges for services	7,000	6,027	(973)	6,883	7,293	410
Interest	50	29	(21)	56	64	8
Other	0	594	594	1,004	1,007	3
Total Receipts	7,050	6,650	(400)	7,943	8,364	421
DISBURSEMENTS						
Sheriff	8,000	7,408	592	7,720	7,667	53
Total Disbursements	8,000	7,408	592	7,720	7,667	53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(950)	(758)	192	223	697	474
CASH, JANUARY 1	2,173	2,173	0	1,476	1,476	0
CASH, DECEMBER 31	1,223	1,415	192	1,699	2,173	474
<b><u>COMBINED ENFORCEMENT TEAM FUND</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	2,400	0	(2,400)
Interest	0	1	1	29	3	(26)
Total Receipts	0	1	1	2,429	3	(2,426)
DISBURSEMENTS						
Sheriff	0	0	0	2,400	0	2,400
Transfers out	75	0	75	0	0	0
Total Disbursements	75	0	75	2,400	0	2,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75)	1	76	29	3	(26)
CASH, JANUARY 1	75	75	0	72	72	0
CASH, DECEMBER 31	0	76	76	101	75	(26)

## Exhibit B

## DOUGLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF EQUIPMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	10,000	6,300	(3,700)	77	77	0
Interest	0	0	0	65	62	(3)
Transfers in	0	692	692	0	0	0
Total Receipts	10,000	6,992	(3,008)	142	139	(3)
<b>DISBURSEMENTS</b>						
Sheriff	10,000	6,992	3,008	4,252	4,252	0
Total Disbursements	10,000	6,992	3,008	4,252	4,252	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,110)	(4,113)	(3)
CASH, JANUARY 1	0	0	0	4,113	4,113	0
CASH, DECEMBER 31	0	0	0	3	0	(3)
<b><u>FAMILY ACCESS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	0	0	0	25	0	(25)
Interest	0	0	0	0	6	6
Total Receipts	0	0	0	25	6	(19)
<b>DISBURSEMENTS</b>						
Transfers out	158	158	0	0	0	0
Total Disbursements	158	158	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158)	(158)	0	25	6	(19)
CASH, JANUARY 1	158	158	0	152	152	0
CASH, DECEMBER 31	0	0	0	177	158	(19)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,034	1,034	0	437	426	(11)
Interest	8	5	(3)	7	22	15
Total Receipts	1,042	1,039	(3)	444	448	4
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,033	868	165	1,942	1,942	0
Total Disbursements	1,033	868	165	1,942	1,942	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	9	171	162	(1,498)	(1,494)	4
CASH, JANUARY 1	55	55	0	1,549	1,549	0
CASH, DECEMBER 31	64	226	162	51	55	4

## Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY BRIDGES FUND</u></b>						
RECEIPTS						
Intergovernmental	350,070	327,393	(22,677)	41,028	3,103	(37,925)
Total Receipts	350,070	327,393	(22,677)	41,028	3,103	(37,925)
DISBURSEMENTS						
Bridge construction	350,070	330,496	19,574	37,925	0	37,925
Total Disbursements	350,070	330,496	19,574	37,925	0	37,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(3,103)	(3,103)	3,103	3,103	0
CASH, JANUARY 1	3,103	3,103	0	0	0	0
CASH, DECEMBER 31	3,103	0	(3,103)	3,103	3,103	0
<b><u>SHERIFF'S EQUITABLE SHARING FUND</u></b>						
RECEIPTS						
Charges for services	33,483	33,483	0	0	0	0
Interest	0	22	22	28	32	4
Total Receipts	33,483	33,505	22	28	32	4
DISBURSEMENTS						
Sheriff	33,483	33,483	0	0	0	0
Total Disbursements	33,483	33,483	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	22	22	28	32	4
CASH, JANUARY 1	859	859	0	827	827	0
CASH, DECEMBER 31	859	881	22	855	859	4
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,045	1,045	0	0	0
Charges for services	300	278	(22)	2,950	2,950	0
Interest	40	75	35	23	34	11
Total Receipts	340	1,398	1,058	2,973	2,984	11
DISBURSEMENTS						
Elections	1,500	1,056	444	0	0	0
Total Disbursements	1,500	1,056	444	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,160)	342	1,502	2,973	2,984	11
CASH, JANUARY 1	2,984	2,984	0	0	0	0
CASH, DECEMBER 31	1,824	3,326	1,502	2,973	2,984	11



## Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY MANAGEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,456	2,677	1,221	0	0	0
Other	1,230	530	(700)	0	55	55
Transfers in	3,600	3,600	0	1,200	1,200	0
Total Receipts	6,286	6,807	521	1,200	1,255	55
<b>DISBURSEMENTS</b>						
Emergency management	5,600	5,908	(308)	1,143	1,008	135
Total Disbursements	5,600	5,908	(308)	1,143	1,008	135
RECEIPTS OVER (UNDER) DISBURSEMENTS	686	899	213	57	247	190
CASH, JANUARY 1	47	247	200	0	0	0
CASH, DECEMBER 31	733	1,146	413	57	247	190
<b><u>44TH JUDICIAL DRUG COURT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	5,000	4,998	(2)	3,226	2,301	(925)
Charges for services	600	670	70	0	275	275
Interest	0	2,000	2,000	0	0	0
Transfers in	0	0	0	900	1,450	550
Total Receipts	5,600	7,668	2,068	4,126	4,026	(100)
<b>DISBURSEMENTS</b>						
Drug court	998	1,137	(139)	0	0	0
Transfers out	4,500	3,949	551	1,600	1,489	111
Total Disbursements	5,498	5,086	412	1,600	1,489	111
RECEIPTS OVER (UNDER) DISBURSEMENTS	102	2,582	2,480	2,526	2,537	11
CASH, JANUARY 1	2,537	2,537	0	0	0	0
CASH, DECEMBER 31	2,639	5,119	2,480	2,526	2,537	11
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	165,000	173,782	8,782	150,000	169,480	19,480
Intergovernmental	403,003	384,576	(18,427)	372,274	367,740	(4,534)
Charges for services	147,025	163,287	16,262	110,485	165,273	54,788
Interest	12,500	14,170	1,670	7,500	12,877	5,377
Other	12,660	18,318	5,658	5,700	5,809	109
Total Receipts	740,188	754,133	13,945	645,959	721,179	75,220
<b>DISBURSEMENTS</b>						
Salaries	562,917	512,757	50,160	532,534	517,590	14,944
Office expenditures	48,590	48,594	(4)	48,700	43,496	5,204
Equipment	9,350	8,873	477	9,350	2,222	7,128
Mileage and training	59,630	47,677	11,953	43,000	40,066	2,934
Buildings and grounds	5,250	74,349	(69,099)	4,600	4,503	97
Other	54,450	68,981	(14,531)	7,775	15,138	(7,363)
Total Disbursements	740,187	761,231	(21,044)	645,959	623,015	22,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	1	(7,098)	(7,099)	0	98,164	98,164
CASH, JANUARY 1	261,237	261,237	0	163,073	163,073	0
CASH, DECEMBER 31	261,238	254,139	(7,099)	163,073	261,237	98,164

## Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SUPPORT THE HANDICAPPED BOARD FUND</u></b>						
RECEIPTS						
Property Taxes	70,000	71,437	1,437	70,000	69,337	(663)
Intergovernmental	500	679	179	1,200	539	(661)
Interest	12,000	7,416	(4,584)	11,000	11,170	170
Other	0	582	582	0	2,191	2,191
Total Receipts	82,500	80,114	(2,386)	82,200	83,237	1,037
DISBURSEMENTS						
Contractual services	293,547	291,274	2,273	91,500	26,257	65,243
Total Disbursements	293,547	291,274	2,273	91,500	26,257	65,243
RECEIPTS OVER (UNDER) DISBURSEMENTS	(211,047)	(211,160)	(113)	(9,300)	56,980	66,280
CASH, JANUARY 1	258,755	258,755	0	201,775	201,775	0
CASH, DECEMBER 31	47,708	47,595	(113)	192,475	258,755	66,280
<b><u>CIRCUIT CLERK FUND</u></b>						
RECEIPTS						
Interest	750	511	(239)	790	860	70
Transfers in	0	1,500	1,500	0	0	0
Total Receipts	750	2,011	1,261	790	860	70
DISBURSEMENTS						
Circuit Clerk	8	121	(113)	1,047	1,024	23
Transfers out	0	0	0	0	6,411	(6,411)
Total Disbursements	8	121	(113)	1,047	7,435	(6,388)
RECEIPTS OVER (UNDER) DISBURSEMENTS	742	1,890	1,148	(257)	(6,575)	(6,318)
CASH, JANUARY 1	(714)	(714)	0	1,102	5,861	4,759
CASH, DECEMBER 31	28	1,176	1,148	845	(714)	(1,559)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	3,000	2,886	(114)	3,287	3,397	110
Interest	0	103	103	166	164	(2)
Total Receipts	3,000	2,989	(11)	3,453	3,561	108
DISBURSEMENTS						
Law Library	5,600	5,556	44	4,436	4,511	(75)
Total Disbursements	5,600	5,556	44	4,436	4,511	(75)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,600)	(2,567)	33	(983)	(950)	33
CASH, JANUARY 1	4,703	4,703	0	5,653	5,653	0
CASH, DECEMBER 31	2,103	2,136	33	4,670	4,703	33

Exhibit B

DOUGLAS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	400	1,562	1,162	540	533	(7)
Total Receipts	400	1,562	1,162	540	533	(7)
<b>DISBURSEMENTS</b>						
Associate Circuit Clerk	1,847	352	1,495	1,335	1,329	6
Transfers out	0	0	0	900	900	0
Total Disbursements	1,847	352	1,495	2,235	2,229	6
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,447)	1,210	2,657	(1,695)	(1,696)	(1)
CASH, JANUARY 1	1,697	1,697	0	3,393	3,393	0
CASH, DECEMBER 31	250	2,907	2,657	1,698	1,697	(1)

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

DOUGLAS COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Douglas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Support the Handicapped Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Emergency Planning Commission Fund	2001
Emergency Management Fund	2001
Health Center Fund	2001
Circuit Clerk Interest Fund	2001 and 2000
Law Library Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. **Published Financial Statements**

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

2. **Cash**

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center's, and Support the Handicapped Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance, by collateral securities held by the county's, health center's, and support the handicapped board's custodial bank in the county's, health center's, or the board's name, or by commercial insurance provided through a surety bond.

3. **Audit Adjustment**

The December 31, 2001 cash balances and the respective receipt accounts of the General Revenue and Assessment Funds as presented in the county's budget have been decreased by \$84,739 and \$56,493, respectively. A computer programming error caused commissions on

taxes and the one-percent assessment withholdings to be over withheld from school taxes and disbursed to the General Revenue and Assessment Funds. These amounts were refunded to the schools in February 2002.

## Supplementary Schedule



## Schedule

DOUGLAS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER045-0133 ERS0451-133W ERS045-2133	\$ 0 30,470 10,554	31,053 10,141 0
	Program Total		<u>41,024</u>	<u>41,194</u>
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	12,772	58,121
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	97-UM-WX-1184	5,016	19,628
16.729	Drug-Free Communities Support	2001-JN-FX-0145	34,441	0
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	33,483	0
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	1,265	10,806
16.579	Byrne Formula Grant Program	98-NCD10-090 2000-NCD10-004	4,836 5,832	4,348 0
	Program Total		<u>10,668</u>	<u>4,348</u>
16.592	Local Law Enforcement Block Grants Program	98-LBG-030 2000-LBG-024	0 6,917	3,400 0
	Program Total		<u>6,917</u>	<u>3,400</u>
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,016	1,080

## Schedule

DOUGLAS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-034(3)	288,228	42,268
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,042	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	182	699
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety -				
83.534	Emergency Management - State and Local Assistance	N/A	1,220	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	16,177	10,940
Department of Social Services -				
93.563	Child Support Enforcement	N/A	29,728	24,879
93.575	Child Care and Development Block Grant	PGA067-0133C	0	568
		PGA067-1133C	440	345
		PGA067-2133C	315	0
		PGA067-0133S	0	325
		PGA067-1133S	455	280
		PGA067-2133S	80	0
	Program Total		1,290	1,518
Department of Health -				
93.940	HIV Prevention Activities - Health Department Based	N/A	0	95
93.991	Preventive Health and Health Services Block Grant	AOC00380204	0	14,530
		AOC01380038	14,911	6,805
		AOC02380046	5,981	0
		N/A	0	117
	Program Total		20,892	21,452
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0133M	0	15,810
		ERS146-1133M	16,768	3,191

## Schedule

DOUGLAS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
		ERS1750133F	0	2,726
		ERS175-1133F	3,485	1,415
		ERS175-2023F	1,035	0
		C100015022	2,641	178
		N/A	1,424	587
	Program Total		<u>25,353</u>	<u>23,907</u>
	Total Expenditures of Federal Awards		\$ <u><u>532,714</u></u>	<u><u>264,335</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

DOUGLAS COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Douglas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the National Criminal History Improvement Program (CFDA number 16.554) represent the original acquisition cost of equipment received.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Preventative Health and Health Services Block Grant (CFDA number 93.991) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) during the years ended December 31, 2001 and 2000, include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Douglas County, Missouri

Compliance

We have audited the compliance of Douglas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Douglas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Douglas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Douglas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

Schedule

DOUGLAS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads -- Grants to States
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-1. Cash Management</b>
------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-034(3)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

During the two years ended December 31, 2001, the county participated in the Highway Planning and Construction Program. Through this program, 80 percent of eligible expenses are reimbursed from federal funds passed through the Missouri Department of Transportation. During the two years, the county received and disbursed approximately \$330,000 through this program.

The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. The County Commission maintains a separate fund for federal project monies, and makes payments to contractors subsequent to receiving the reimbursement. We noted several reimbursements which were held for an extended time period prior to being disbursed. Two payments, totaling \$39,165, were held for more than 15 days before disbursement, and another payment for \$3,103 was held for more than 180 days.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states

that funds shall be requested such that they are received no more than two days prior to disbursement of a payment.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

**AUDITEE'S RESPONSE:**

*At the time, we were unaware of this requirement. We are taking steps to ensure this doesn't happen again.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

DOUGLAS COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

DOUGLAS COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERO045-8133, ER0045-9133, ER0045-0133
Award Years:	1999 and 1998
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads -- Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	1999 and 1998
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass-Through Entity  
Identifying Number: 97-UM-WX-1184  
Award Year: 1999 and 1998  
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.unknown  
Program Title: Equitable Sharing of Seized and Forfeited Property  
Pass-Through Entity  
Identifying Number: Not applicable  
Award Year: 1999  
Questioned Costs: Not applicable

The county's Schedule of Expenditures of Federal Awards (SEFA) contained errors and omissions. In 1999, expenditures were understated by approximately \$235,321 due to only two of the county's 19 federal programs being reported.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

Status:

Implemented. Improvement was made in the preparation of the SEFA schedules for the two years ended December 31, 2001.

99-2. COPS Grant Procedures

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass-Through Entity  
Identifying Number: 97-UM-WX-1184  
Award Year: 1999 and 1998  
Questioned Costs: Not applicable

The county did not request nor receive grant funds from June 1998 to August 2000 for the COPS Grant. Expenditures of \$52,607 through June 30, 2000 were not requested or received by the county.

Recommendation:

The County Commission and the Sheriff ensure the reimbursement of the grant funds in question are pursued to the extent possible. In addition, the county should ensure requests for payment related to any future grant programs are submitted on a timely basis.

Status:

Implemented. The COPS grant reimbursement claim forms were submitted and the county had received all grant monies through December 31, 2001.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

DOUGLAS COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We also have audited the compliance of Douglas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings

resulted from our audit of the special-purpose financial statements of Douglas County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. County Officials' Compensation and Bonding</b>
------------------------------------------------------

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for the associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Douglas County's Associate County Commissioners salaries were each increased approximately \$2,696 yearly, according to computations prepared by the county clerk. These computations did not apply the same percentages consistently for all county officials; therefore the exact amount is unclear.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$5,392 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Obtain bond coverage for all county employees with access to monies.



**AUDITEE'S RESPONSE:**

- A. *Because the Supreme Court did not offer guidance on how to respond, we have discussed the situation with our attorneys and decided to wait until guidance is established. We believe these raises were taken in good faith based on laws set by the legislature.*
- B. *We will call other counties to see what type of bonding they have for their employees. We will discuss with our local insurance company and make a decision.*

<b>2. County Commission Minutes</b>
-------------------------------------

The County Commission does not maintain adequate minutes of its meetings. Unofficial, hand written minutes from meetings are kept by the County Clerk and are used to prepare the type written commission minutes in the official record book. As of April 11, 2002, the last entry in the official record book was for the January 24, 2002 meeting. In addition, minutes always indicate all commissioners are present even though not all of them were in attendance. Further, the minutes in the official record book are not reviewed and signed by the Presiding Commissioner (or an Associate Commission in his absence) to attest to their accuracy.

Section 610.023(2), RSMo 2000, states that each public governmental body shall make available for inspection and copying by the public of that body's public records. By not updating the official minute book in a timely manner, the only record of commission meetings available to the public is the unofficial notes. By maintaining an accurate record of commission proceedings the county demonstrates compliance with statutory provisions related to issues such as budget approval, the Sunshine Law (Chapter 610, RSMo), bidding and purchasing decisions.

Pursuant to Section 51.120, RSMo 2000, the county clerk is to maintain an accurate record of orders, rulings, and proceedings of the county commission. Accurately documenting the members present provides assurance as to the accuracy and authenticity of the official commission minutes. Timely approval not only adds assurance to the authenticity of official minutes, but allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

**WE RECOMMEND** the County Commission ensure a formal and complete record of commission meetings is made and approved on a timely basis. In addition, minutes should accurately reflect when members of the commission are present.

**AUDITEE'S RESPONSE:**

*We are now accurately reflecting the number of commissioners present. The minutes will be updated*

by August 1, 2002.

<b>3. General Fixed Assets</b>
--------------------------------

- A. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, the listing has not been updated for property acquired or disposed of since May 2000.

During our review of equipment purchases, we noted nine of twenty-one items were not recorded on the county's general fixed asset listing. These items included a copier (\$1,860), three computers (\$7,350), three vehicles (\$30,500), and a brushcutter (\$44,300). Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings.

- B. The county does not maintain insurance coverage for all road equipment. It is the County Commission's practice to release insurance coverage on equipment once the lease purchase against the equipment is paid in full. In May 2001, the county released property coverage on road equipment including three graders and two backhoes. These items were covered for \$268,920 prior to being released.

The County Commission did not maintain any documentation to support their decision to release property coverage, such as a comparison of insurance cost to equipment cost. Upon the release of coverage noted above, the county's annual insurance premium decreased by approximately \$2,500. The County Commission should review their practice for releasing property coverage on county equipment to ensure the county is not subjected to an unnecessary risk of loss.

- C. The county maintains a gasoline and a diesel fuel tank at each of the county road and bridge barns for use in vehicles and equipment of the road and bridge department. Fuel usage logs are not maintained to account for all the fuel used. During the years ending December 31, 2001 and 2000 the county spent approximately \$49,400 and \$52,800, respectively, for fuel.

To ensure the reasonableness of fuel expenditures, the county should maintain records of fuel usage, and reconcile them to fuel purchased and on hand. Failure to account for fuel purchases could result in the loss, theft or misuse.

**WE RECOMMEND** the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.
- B. Review insurance coverage on all county property to ensure the county is not subjected to an unnecessary risk of loss.
- C. Maintain fuel logs for all road and bridge vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

**AUDITEE'S RESPONSE:**

- A. *We have already advised all the officials of their responsibility in writing. We plan to work with the officials to keep the inventory current. We will document our quarterly inspections of land and buildings.*
- B. *In the future, we will document reasons for our decision to release items from the insurance coverage.*
- C. *The tanks do not have accurate inspected meters, but we will look into accounting for the fuel.*

**4.**

**Collector**

Approximately \$141,232 in property tax commissions and the one-percent assessment

withholdings were over withheld from school taxes and disbursed to the County's General Revenue and Assessment Funds. These excess withholdings were the result of a computer programming error in October and November 2001. These amounts were refunded to the Schools fund in February 2002. To ensure monthly distributions are properly calculated by the computer, formulas entered into the computer should be reviewed prior to the first distribution of the tax year, and all distribution amounts should be reviewed in relation to other distribution amounts for reasonableness. A similar error totaling \$31,605 occurred in 1998.

**WE RECOMMEND** the County Collector review formulas entered into the computer prior to the first distribution of the tax year to ensure distributions will be properly calculated. In addition, monthly distribution amounts calculated by the computer should be reviewed for reasonableness.

**AUDITEE'S RESPONSE:**

*Thank you for your assessment and recommendations with respect to the computer errors and the distribution of specified funds. Regarding your recommendation that the County Collector review formulas entered into the computer prior to the first distribution of the tax year, you should know the following:*

1. *Historically I have done that task and had the problem corrected.*
2. *During the extremely busy period that involves the printing of year end tax statements, correcting address errors provided to this office, and the collection of tax receipts, it is not unusual for the people in this office to work ten (10) and eleven (11) hour days. In the past, we have always employed part time clerks to assist with the work load. However, during the most recent tax year, one person decided there would be no part time help in the collector's office. With this decision made, the people of this office were required to commit many hours of unpaid overtime. Tired, over extended, yes it is sometimes possible, even when reviewing, to miss things that should be caught.*

<b>5. Circuit Clerk</b>
-------------------------

The Circuit Clerk maintains a listing of liabilities that is reconciled to the balance of the fee account monthly. At December 31, 2001, this listing included an unidentified amount totaling \$3,490. In addition, our review of 15 cases included on the listing noted 6 cases where the open balance did not agree to the listing. It appeared that not all case activity had been properly posted to the case file.

To ensure all receipts and disbursements related to a case have been accounted for properly, this information should be documented on the case fee sheet. Monthly listing of open items should be reconciled to the related cash balances monthly to ensure records are in balance

and sufficient funds are available for the payment of all liabilities. Further, the Circuit Clerk should attempt to determine the reasons for the unidentified balance noted and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

**WE RECOMMEND** the Circuit Clerk conduct a case by case review to ensure the accuracy of the cash balance of the case fee sheets, and attempt to identify the unidentified balance. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.

**AUDITEE'S RESPONSE:**

*We have already performed a case by case review and we will talk with OSCA about disposing of the unidentified amount.*

<b>6. Sheriff's Controls and Procedures</b>
---------------------------------------------

The Sheriff's office handles various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. The Sheriff's office collected and deposited approximately \$35,000 and \$57,000 in 2001 and 2000, respectively.

A. Our review of receipts disclosed the following concerns:

1. Checks and money orders are not restrictively endorsed until deposits are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
2. Receipts are deposited approximately weekly, except for gun permit monies which are normally deposited only once a month. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, gun permit monies should be deposited with other receipts daily or when accumulated receipts exceed \$100.

Similar conditions were noted in our prior report.

B. The Sheriff stores several old guns that have tags identifying the original owner, but the items are not on the seized property listing. According to the Sheriff, these guns were not on the listing when he came into office January 1, 1997. The owners of the property cannot be found nor can the seized property be identified to a specific case.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access,

use, or theft, and the related potential liability of the county for such possible improper access or use.

**WE RECOMMEND** the Sheriff:

- A.1. Restrictively endorse all checks and money orders immediately upon receipt.
- 2. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed \$100.
- B. Make timely and appropriate dispositions of seized property.

**AUDITEE'S RESPONSE:**

- A. *This has been implemented.*
- B. *This has been implemented. We had a Sheriff sale on May 11, 2002.*

This report is intended for the information of the management of Douglas County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## DOUGLAS COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Douglas County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Written Agreements and Expenditures

- A. The county contributed funding to the City of Ava and the Ava Chamber of Commerce and did not enter into a written agreement or request any documentation to show how the funds were spent.
  - B. A written agreement was not obtained outlining the conditions of the relationship between Ozark Technical College for the free use of office space in the basement of the courthouse.
  - C.1. The Presiding Commissioner did not approve warrants requesting expenditures from the Law Enforcement Fund.
2. Withholdings for applicable federal and state income taxes and social security were not made from payments for unused vacation paid to three deputies. In addition, the wages were not included on the employees' payroll records or W-2 forms.

### Recommendations:

The County Commission:

- A. Refrain from making contributions of public funds unless it is pursuant to written contracts which specifically state what services are to be provided to the county and provide a means of monitoring the expenditures.
- B. Secure a written agreement with the college which outlines both parties' rights and duties.
- C.1. Ensure that funds are only expended from the Law Enforcement Fund with the approval of the County Commission



2. Ensure all applicable employee payroll taxes are properly withheld and amounts are reported on employees' W-2 forms. Amended W-2 forms should be prepared for the payments made to the deputies in 1996.

Status:

A&

C.1. Implemented.

B. Implemented. The County Commission now has a written agreement with the current lessee.

C.2. Partially implemented. During the audit period the county properly withheld payroll taxes and properly reported amounts on employees' W-2 forms. However, amended W-2 forms were not prepared for the applicable deputies. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgets and Published Financial Statements

A. Budgets were not prepared for various county funds.

B. The county's annual published financial statements did not include the financial activity of some county funds.

Recommendations:

The County Commission:

A. Ensure budgets are prepared or obtained for all county funds as required by state law.

B. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

A&B. Implemented.

3. Federal Financial Assistance

A. The Sheriff received reimbursement for reserve officer wages from the U.S. Department of Justice; however, these wages were not paid to the reserve officers, therefore were unallowable reimbursements.

B. The Sheriff's department did not retain all federal reimbursement claim forms for the Domestic Cannabis Eradication/Suppression Program.

Recommendation:

The Sheriff contact the federal grantor agencies to resolve the questioned costs. In addition, the Sheriff should discontinue claiming reimbursement for personal service costs which are not actually incurred for reserve officers, and maintain supporting documentation for all federal reimbursements.

Status:

Partially implemented. All supporting documentation for federal reimbursements is currently being retained; however, the Sheriff indicated he contacted the federal grantor agency but no documentation was retained to indicate a resolution of the questioned costs.

4. Ex Officio Recorder of Deeds' Controls and Procedures

- A. Checks received for payment of fees for photocopies and Uniform Commercial Code (UCC) financing statements were taken to the bank and cashed and the cash was locked in the vault. The fees were not remitted to the county treasury timely and a decrease in fees could not be adequately explained. In addition, fees from the soda machine located in the courthouse were held in cash along with undeposited UCC and photocopy fees.
- B. Accounting duties were not adequately segregated.
- C. The method of payment received was not recorded in the accounting records.

Recommendations:

The Ex Officio Recorder of Deeds:

- A. Ensure all photocopy and UCC fees are recorded, deposited, and remitted monthly to the County Treasurer. In addition, the Ex Officio Recorder of Deeds should discontinue cashing checks received which are payable to his office and should provide the County Commission with valid explanations for the substantial decrease in fees.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Indicate the method of payment received in the accounting records and reconcile the composition of monies received to the composition of bank deposits.

Status:

- A. Partially implemented. All photocopy and UCC fees are recorded, deposited, and remitted to the County Treasurer monthly, and the cashing of personal checks has been discontinued. However, the former Ex Officio Recorder of Deeds could not provide the County Commission with a valid explanation for the substantial decrease in fees.
- B. Partially implemented. The Ex Officio Recorder of Deeds indicated that she periodically reviews accounting records; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

5. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk was behind in submitting cost bills to the state for reimbursement in criminal cases where the state had been rendered liable. As a result, the county lost at least \$10,580 in revenue.
- B. Accounting duties were not adequately segregated.
- C. Open items listings had not been prepared on the fee account since February 1996.
- D. The state-provided system to account for child support receipts and disbursements generated monthly reports of receipts and disbursements, open items, and bank reconciliations. These monthly bank reconciliations did not agree to monthly open items and the Circuit Clerk had not sufficiently attempted to identify and correct the difference.
- E. Checks outstanding for more than one year were not adequately followed up on.

Recommendations:

The Circuit Clerk:

- A. Submit criminal cost reimbursement forms to the state on a timely basis.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Prepare monthly listings of open items and reconcile such listings to the cash balance. Any differences should be investigated and resolved.

- D. Ensure accurate monthly child support bank reconciliations are prepared and the reconciled bank balance agrees to the open items. In addition, the Circuit Clerk should make the appropriate adjustments to correct the errors and differences identified by OSCA.
- E. Adopt procedures to routinely follow up on old outstanding checks.

Status:

A&E. Implemented.

- B. Partially implemented. The Circuit Clerk indicated she periodically reviews accounting records; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Circuit Clerk prepares a monthly listing of open items and reconciles the listing to the cash balance; however, an unidentified difference remains. See MAR No. 5.
- D. The Circuit Clerk no longer collects child support. The child support account was closed in March 2002.

6. Sheriff's Controls and Procedures

- A.1. Accounting duties were not adequately segregated.
  - 2. Civil process fees were not recorded and deposited until the related process papers were served.
  - 3. The method of payment received (cash, check, money order, etc.) was not always indicated on the receipt slips.
  - 4. Checks and money orders were not restrictively endorsed until deposits were prepared.
  - 5. Gun permit receipts were deposited only once a month.
- B. The Sheriff authorized the purchase of gift certificates from a retail store from the Sheriff Civil Fee Fund to give to deputies as bonuses. In addition, \$464 was paid to a local restaurant for a Christmas dinner for all Sheriff employees.

- C. The Sheriff maintained custody of the Sheriff Equipment Fund and the Combined Enforcement Team (CET) Fund of which there was no statutory authority for such accounts to be held outside the county treasury.
- D. The Sheriff personally retained commissions of \$365 from a partition sale which were accountable fees to be turned over to the county's General Revenue Fund.

Recommendations:

The Sheriff:

- A.1. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- 2. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- 3. Indicate the method of payment on all receipts slips and reconcile the composition of receipt slips to the composition of bank deposits.
- 4. Restrictively endorse checks and money orders immediately upon receipt.
- 5. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed \$100.
- B. Ensure all expenditures from the Civil Fee Fund are reasonable and prudent which are necessary to operate the county, and discontinue paying bonuses to employees.
- C. Turn over custody of the Sheriff Equipment Fund and the CET Fund to the County Treasurer, and turn over all future revenues to the County Treasurer.
- D. Turn over the \$365 in partition sales commissions to the County Treasurer for deposit into the General Revenue Fund.

Status:

A.1.-3.,

B&C. Implemented.

A.4-5. Not implemented. See MAR No. 6.

- D. Commissions from subsequent Sheriff sales have been turned over to the County Treasurer for deposit into the General Revenue Fund; however, the Sheriff did not

turn over the commission of \$365 from the 1997 partition sale. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Prosecuting Attorney's Controls and Procedures

- A. Accounting duties were not adequately segregated and supervisory reviews were not performed.
- B. Receipt slips were not issued for some money orders.
- C. The Prosecuting Attorney's secretary was not bonded.
- D. The Prosecuting Attorney authorized overtime payments from the Prosecuting Attorney Bad Check Fund to his three employees. Documentation was not retained. In addition, these payments were not reported to the Internal Revenue Service (IRS) on the employees' W-2 forms.
- E. Warrant requests for disbursements from the Bad Check Fund were signed with signature stamps of the Prosecuting Attorney's signature, of which all employees have access.

Recommendations:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for all monies received.
- C. Obtain bond coverage for all employees handling assets.
- D. Ensure documentation of overtime hours is maintained by all employees. Amended W-2 forms should be filed for 1995 and 1996 to ensure all payments to employees are reported to the IRS.
- E. Sign or initial all warrant requests issued on the Prosecuting Attorney Bad Check Fund.

Status:

- A. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&E. Implemented.

C. Not implemented. See MAR No. 1.

D. Partially implemented. Documentation of overtime hours is now maintained for all employees; however, the W-2 forms were not amended. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Health Center

A.1. Listings or logs for monies received for death and birth certificates were not maintained, and receipt slips were not issued for all receipts.

2. The method of payment received (cash, check , money orders, etc.) was not always indicated on the receipt records.

3. Checks and money orders were not restrictively endorsed until deposits were prepared.

B. Actual expenditures exceeded budgeted amounts for the years ended December 31, 1997, 1996, and 1995.

Recommendations:

A.1. Issue receipt slips immediately upon receipt for all birth and death certificate monies or maintain a log or listing of all birth and death certificate receipts.

2. Indicate the method of payment for all receipts and reconcile the composition of the receipts to the composition of bank deposits.

3. Restrictively endorse checks and money orders immediately upon receipt.

B. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised.

Status:

A.1-3,

B. Implemented.

9. Support the Handicapped Board

- A. The approved budgets did not adequately project the anticipated financial condition of the Support the Handicapped Board for the three years ended December 31, 1997, and plans for the accumulated cash balance were not documented.
- B. The Board Treasurer did not maintain cash balances in the check register and there were no documented treasurer's reports or bank reconciliations.

Recommendations:

The Support the Handicapped Board:

- A. Estimate disbursements as closely as possible to the anticipated actual amounts so that reasonable estimates of the board's financial position are presented in the budgets. In addition, the board should document its plans for the use of the accumulated cash balance.
- B. Ensure the check register is complete and includes cash balances and is reconciled to the bank balances.

Status:

A&B. Implemented.



## STATISTICAL SECTION

History, Organization, and  
Statistical Information

DOUGLAS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1857, the county of Douglas was named after Stephen A. Douglas, a former U.S. Senator from Illinois and later presidential candidate. Douglas County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Ava.

Douglas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Douglas County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 278,148	13	270,484	13
Sales taxes	716,678	33	670,456	31
Federal and state aid	958,016	44	953,088	45
Fees, interest, and other	229,753	10	229,899	11
Total	\$ 2,182,595	100	2,123,927	100

The following chart shows how Douglas County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 741,288	33	735,373	36
Public safety	544,099	25	481,792	23
Highways and roads	936,044	42	858,487	41
Total	\$ 2,221,431	100	2,075,652	100

The county maintains approximately 21 county bridges and 693 miles of county roads.

The county's population was 9,268 in 1970 and 13,084 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	55.9	54.3	32.5	15.3	9.7
Personal property		29.5	25.0	9.7	5.4	2.9
Railroad and utilities		6.6	6.1	4.4	4.3	1.2
Total	\$	92.0	85.4	46.6	25.0	13.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Douglas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1020	.0907
Special Road and Bridge Fund		.2118	.2105
Health Center Fund		.2000	.2000
Senate Bill 40 Board Fund		.0807	.0802

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28,		
	2002	2001
State of Missouri	\$ 28,853	26,492
General Revenue Fund	101,459	85,418
Special Road and Bridge Fund	205,926	188,677
Assessment Fund	33,726	30,736
Health Center Fund	187,591	172,145
Support the Handicapped Board Fund	77,380	70,648
Schools	2,591,474	2,370,031
Library district	77,452	70,805
Ambulance districts	86,156	77,781
Fire district	4,591	3,647
Cities	9,596	9,533
County Clerk	1,269	1,176
County Employees' Retirement	24,986	24,502
Commissions and fees:		
General Revenue Fund	56,878	52,937
Total	\$ 3,487,337	3,184,528

Percentages of current taxes collected were as follows:

Year Ended February 28,		
	2002	2001
Real estate	92 %	91 %
Personal property	91	90
Railroad and utilities	100	100

Douglas County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50
General	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Donald Potter, Presiding Commissioner	\$	22,196	22,196
Jimmy Thompson, Associate Commissioner		20,196	20,196
Larry Pueppke, Associate Commissioner		20,196	20,196
Karry Davis, County Clerk		30,600	30,600
Christopher Swatosh, Prosecuting Attorney		36,900	36,900
Gary Koop, Sheriff		35,100	35,000
Kathleen (Kathy) Potter, County Treasurer		22,644	22,644
Mark Pearson, County Coroner		8,550	
Logan Brown, County Coroner			5,500
Linda Coonts, Public Administrator		30,600	
Evelyn Cantwell, Public Administrator (1)			29,444
Patty Kraft, County Collector, year ended February 28 (29),	30,900	30,600	
Danny Gray, County Assessor (2), year ended August 31,		34,900	34,900
Michael Johnson, County Surveyor (3)		N/A	
Louie Carmack Jr., County Surveyor (3)			N/A

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Judith Denney, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Roger Wall, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds*	2	2
County Clerk	2	0
Prosecuting Attorney	5	0
Sheriff	11	0
County Treasurer*	1	0
County Collector	2	0
County Assessor	3	0
Associate Division	0	1
Probate Division	0	1
Road and Bridge	18	0
Health Center**	25	0
Total	<u>69</u>	<u>4</u>

\* Includes one part-time employee.

\*\* Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Douglas County's share of the Forty-Fourth Judicial Circuit's expenses is 31.90 percent.



**DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-53  
July 30, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

July 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Division of Liquor Control.**

-----  
The Department of Public Safety, Division of Liquor Control (DLC) restricted the bidding process by not considering other locations or dates for an in-service training provided to employees at Osage Beach in November 2000. The DLC did not consider other locations, vendors, or dates for the in-service training conference that may have resulted in lower costs.

The costs incurred by the DLC included approximately \$1,750 and \$630 in lodging expenses and mileage reimbursements, respectively, for twenty one employees domiciled in Jefferson City to attend this conference. Additionally, four state vehicles were driven to Osage Beach for this conference. Most of these costs could have been avoided if the conference was held in Jefferson City.

The DLC currently provides a cellular telephone to fifty-seven DLC employees, including the DLC Supervisor, Deputy DLC Supervisor, and Enforcement Manager. The DLC has not developed a written policy regarding cellular telephone usage. Additionally, the DLC does not require an independent review to be performed of the Enforcement Manager, Deputy DLC Supervisor, and the DLC Supervisor's cellular telephone bills.

Vehicle mileage logs were not maintained by the DLC Supervisor, and the mileage logs prepared by the DLC's Deputy Supervisor and Enforcement Manager were not complete. Additionally, there appeared to be little or no review of these logs to ensure use was proper. Our review of these logs noted several instances of apparent personal use beyond commuting.

Also included in the audit are other recommendations to improve general fixed asset records and procedures and additional cellular telephone concerns.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-8

<u>Number</u>	<u>Description</u>	
1.	Training Conferences .....	5
2.	Cellular Telephones .....	6
3.	State-Owned Vehicles .....	7
4.	General Fixed Assets .....	8

HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	9-15
---------------------------------------------------------	------

Appendix

A	Comparative Statement of Receipts Years Ended June 30, 2001 and 2000 .....	12
B	Comparative Statement of Appropriations and Expenditures Years Ended June 30, 2001 and 2000 .....	13
C	Comparative Statement of Expenditures (From Appropriations) Years Ended June 30, 2001 and 2000 .....	14
D	Comparative Statement of Various Statistics Years Ended June 30, 2001 and 2000 .....	15

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Charles R. Jackson, Director  
Department of Public Safety  
and  
Keith Fuller, Supervisor  
Division of Liquor Control  
Jefferson City, MO 65102

We have audited the Department of Public Safety, Division of Liquor Control. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policy.
2. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the division's revenues, expenditures, contracts, and other pertinent procedures and documents, and interviewed division personnel.

As part of our audit, we assessed the division's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the Department of Public Safety, Division of Liquor Control.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Division of Liquor Control.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 26, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pam Crawford, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Michael Paynter

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Training Conferences</b>
-----------	-----------------------------

The Department of Public Safety, Division of Liquor Control (DLC) restricted the bidding process by not considering other locations or dates for an in-service training provided to employees at Osage Beach in November 2000. The DLC paid conference expenses including lodging, meeting room rental fees, and refreshments totaling \$9,186. The DLC did request bids from three vendors in Osage Beach; however, only one vendor was able to provide a bid for the dates specified. The DLC did not consider other locations, vendors, or dates for the in-service training conference that may have resulted in lower costs.

The costs incurred by the DLC included approximately \$1,750 and \$630 in lodging expenses and mileage reimbursements, respectively, for twenty one employees domiciled in Jefferson City to attend this conference. In addition to these costs, four state vehicles were driven to Osage Beach for this conference. Most of these costs could have been avoided if the conference was held in Jefferson City. In addition, the DLC paid \$940 for hors d'oeuvres and snacks during evening receptions at the in-service training which appeared to be unnecessary.

Section 34.040, RSMo 2000, requires all purchases in excess of \$3,000 to be competitively bid. Formal, competitive bidding procedures for major purchases provides a framework for economical management of the DLC resources and helps ensure the DLC receives fair value by contracting with the lowest and best bidders. Competitive bidding also ensures all interested parties are given an equal opportunity to participate in the state's business.

In addition, the DLC needs to reevaluate these expenditures in an effort to eliminate any unnecessary costs and ensure the efficient use of the state resources.

**WE RECOMMEND** the DLC solicit bids in a competitive environment for all purchases, and review expenditures for future conferences to ensure the costs are reasonable and necessary.

**AUDITEE'S RESPONSE**

*The DLC concurs with the recommendation and has already taken steps to avail itself to be more flexible about dates and locations to lower costs.*

The DLC currently provides a cellular telephone to the DLC Supervisor, Deputy DLC Supervisor, Enforcement Manager, audit and computer information technology staff person, and each of the 47 enforcement agents and 6 district supervisors. During our review of the cellular telephones, we noted the following concerns:

- A. The DLC has not developed a written policy regarding cellular telephone usage. A formal written policy is necessary to address the usage and monitoring of cellular phones to ensure they are properly used for business purposes.
- B. The Enforcement Manager reviews the bills for the enforcement agents and district supervisors and the Deputy DLC Supervisor reviews the bills for the audit and computer information technology staff person to ensure no personal calls are made; however, an independent review is not performed of the Enforcement Manager, Deputy DLC Supervisor, and the DLC Supervisor's cellular telephone bills. We reviewed the previous DLC Supervisor's October 2000 cellular phone bill and noted numerous calls made to her personal residence and her husband's employer. The DLC was not reimbursed for these personal calls. The DLC should consider prohibiting the personal use of the cellular phones, except in cases of emergency, and require independent reviews of usage to ensure the policy is followed.
- C. The DLC has had a delinquent balance totaling approximately \$1,900 with the state contracted cellular telephone service provider for over one year. A DLC official indicated this balance was erroneous. The DLC has contacted the provider about this balance; however, the delinquent balance has not been resolved. The DLC should resolve the delinquent balance with the cellular telephone service provider and ensure any future billing problems are resolved promptly.

**WE RECOMMEND** the DLC develop a formal written policy regarding the use of cellular telephones, including a provision prohibiting their use for personal reasons. In addition, the DLC should establish a monitoring system for the usage of cellular phones. The DLC should also resolve the delinquent balance with the cellular phone service provider and ensure any future billing problems are resolved promptly.

**AUDITEE'S RESPONSE**

- A. *The DLC has revised internal policies and plans to adopt them officially in August 2002.*
- B. *The DLC is considering changes to procedures regarding reviews of cellular telephone bills.*



- C. *The DLC has made numerous efforts to resolve this issue and the vendor has not cooperated in resolving this matter.*

<b>3. State-Owned Vehicles</b>
--------------------------------

The DLC maintains 18 state-owned vehicles. The DLC Supervisor, Deputy Supervisor, Enforcement Manager, and 14 enforcement agents are each assigned a vehicle, and the remaining vehicle is available for use by all other central office employees. During our review of state owned vehicles, we noted the following concerns:

- A. A vehicle mileage log is not maintained for the vehicle used by the DLC Supervisor. The vehicles used by the previous and current DLC Supervisors were driven approximately 50,000 miles in less than a three-year period. Since the DLC Supervisor's vehicle is used for travel relating to both business and commuting, a vehicle log is necessary to identify the purpose of each trip and to determine if the vehicle is justified for business purposes.
- B. Mileage logs are prepared by all other division employees; however, the mileage logs were not always complete. For example, the purpose of travel was not indicated on any of the mileage logs prepared by the DLC's Deputy Supervisor and Enforcement Manager. Furthermore, there appeared to be little or no review of these logs to ensure use was proper. Our review of these logs noted several instances of apparent personal use beyond commuting.

Vehicle mileage logs documenting the date, destination, purpose of the trip, and mileage should be maintained for all vehicles. These logs should be periodically and independently reviewed to ensure vehicles are properly used for business purposes.

**WE RECOMMEND** the DLC require mileage logs to be completed and maintained for all state vehicles. The logs should include beginning and ending odometer readings, purpose of the trip, person making the trip, destination and date of travel. The logs should be independently reviewed for propriety and business necessity of the vehicle assignments.

**AUDITEE'S RESPONSE**

*The DLC plans to implement the recommendations.*

<b>4. General Fixed Assets</b>
--------------------------------

The DLC's fixed assets at June 30, 2001 were valued at more than \$1 million. Additions to the fixed asset records during the year ended June 30, 2001, were approximately \$57,000 and deletions were nearly \$15,000. We reviewed controls over these assets and noted the following concerns:

- A. A physical inventory of the fixed assets is not performed on an annual basis as required by the Code of State Regulations at 15 CSR 40-2.031. The DLC has not performed an inventory of the fixed assets during the past six years.

Annual physical inventories are necessary to establish proper accountability over fixed assets. Documentation of the physical inventory should be retained to show compliance with the state regulations. In addition, employees who are independent of the record keeping responsibilities should perform the physical inventory.

- B. The DLC does not routinely reconcile additions to the general fixed asset records to records of expenditures for fixed asset acquisitions. For example, the DLC purchased six personal computers in June 2000, totaling \$9,822, which have not been included on the general fixed assets records. Acquisitions of fixed assets should be periodically reconciled to additions to the fixed asset records to help ensure acquisitions of fixed assets are included on the fixed asset records.

**WE RECOMMEND** the DLC:

- A. Conduct an annual physical inventory of the general fixed assets and reconcile the physical inventory to the fixed assets records.
- B. Periodically reconcile fixed asset additions to the expenditure records.

**AUDITEE'S RESPONSE**

- A. *The DLC concurs with the recommendation. A physical inventory will be performed by the audit section annually.*
- B. *The DLC concurs with the recommendation. The Executive I will periodically reconcile fixed asset additions to the expenditure records starting July 1, 2002.*

This report is intended for the information of the management of the Department of Public Safety, Division of Liquor Control, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Division of Liquor Control was established under the Liquor Control Act passed by the 57<sup>th</sup> General Assembly and signed by the Governor on January 13, 1934, and became effective on that date. The Omnibus State Reorganization Act of 1974 created the Department of Public Safety, and made the Division of Liquor Control, an agency of that department. The Intoxicating Liquor Law and Nonintoxicating Beer Law are Chapters 311 and 312, RSMo 2000.

The supervisor of the Division of Liquor Control is nominated by the director of the Department of Public Safety and appointed by the governor, with the advice and consent of the Senate. The supervisor is vested with the exclusive power to issue and to revoke or suspend licenses for the sale of intoxicating liquor and nonintoxicating beer, and with the power to promulgate rules and regulations governing the conduct and method of operation of all licensees set out in Section 311.660(10), RSMo 2000.

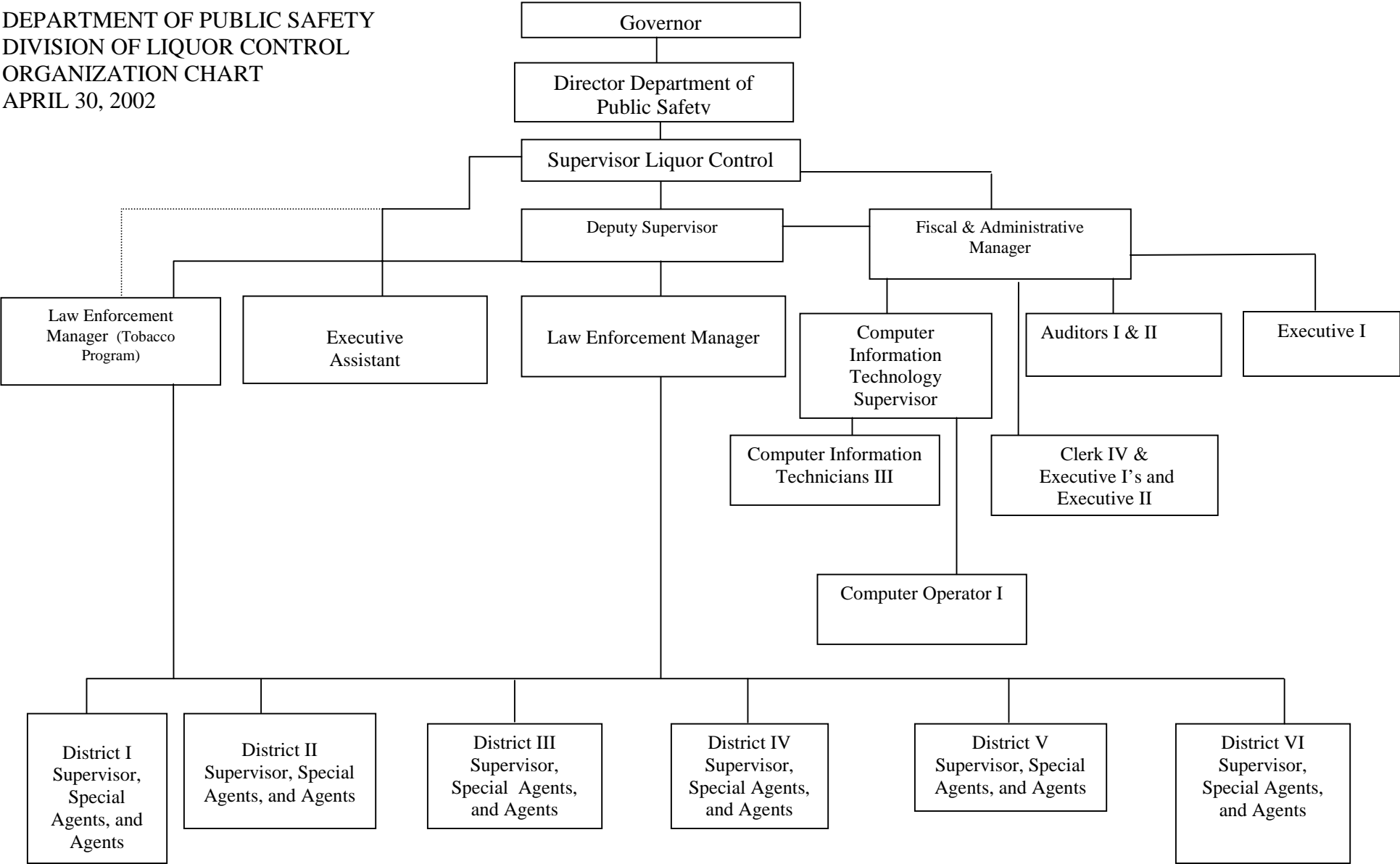
The agency issues licenses which authorize the manufacture, distribution, and sale of alcoholic beverages; monitors and collects taxes on alcoholic beverages distributed in Missouri; and enforces the Missouri statutes and administrative regulations related to the manufacture, distribution, and sale of alcoholic beverages.

In 2001, House Bill 381 required the Division of Liquor Control to begin implementing and enforcing the provisions of Sections 407.925 to 407.934, RSMo Supp. 2001, that prohibit the sale of tobacco products to any person less than eighteen years of age.

Hope Whitehead was appointed in June 1997 and served as supervisor of the Division of Liquor Control until January 2001. J T Taylor was appointed in January 2001 and served as acting supervisor of the division until June 2001. Gary Kempker was appointed in June 2001 and served as acting supervisor of the division until October 2001. Keith Fuller was appointed as supervisor of the Division of Liquor Control in October 2001.

At June 30, 2001, the Division of Liquor Control had seventy-five employees. An organization chart follows:

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
ORGANIZATION CHART  
APRIL 30, 2002



Appendix A

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
COMPARATIVE STATEMENT OF RECEIPTS

Year Ended June 30,						
2001			2000			
General Revenue	Marketing Development		General Revenue	Marketing Development		
Fund-State	Fund	Total	Fund-State	Fund	Total	
Liquor and wine taxes	\$ 17,313,639	489,702	17,803,341	16,698,716	488,155	17,186,871
Beer taxes	8,108,599	0	8,108,599	8,152,048	0	8,152,048
License fees	3,674,652	0	3,674,652	3,671,222	0	3,671,222
Miscellaneous	190,719	0	190,719	118,394	0	118,394
Total Receipts	\$ 29,287,609	489,702	29,777,311	28,640,380	488,155	29,128,535

Appendix B

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2001			2000		
		Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE							
Personal Service	\$	3,155,931	2,797,887	358,044	2,984,167	2,735,346	248,821
Equipment and Expense		699,444	635,243	64,201	792,318	791,103	1,215
For refunds for unused liquor and beer licenses and for liquor and beer stamps not used and cancelled		18,000	17,755	245	18,000	17,274	726
Total General Revenue Fund - State		3,873,375	3,450,885	422,490	3,794,485	3,543,723	250,762
GENERAL REVENUE FUND - FEDERAL							
Personal Service		180,063	122,959	57,104	177,906	66,016	111,890
Equipment and Expense		79,258	15,414	63,844	79,258	27,325	51,933
Total General Revenue Fund - Federal		259,321	138,373	120,948	257,164	93,341	163,823
Total All Funds	\$	4,132,696	3,589,258	543,438	4,051,649	3,637,064	414,585

Appendix C

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Salaries and wages	\$ 2,920,846	2,801,361
Travel	266,156	307,778
Fuel and utilities	3,176	3,632
Supplies:		
Administrative and merchandising	82,569	111,430
Repair and maintenance	15,031	15,648
Specific use	8,454	9,618
Professional development	13,074	22,161
Services:		
Communication	72,831	103,478
Business	27,385	37,716
Professional	2,499	11,351
Equipment maintenance and repair	40,596	29,448
Transportation maintenance and repair	17,848	11,661
Equipment:		
Computer	9,548	120,497
Educational	2,037	0
Electronic	5,576	675
Motorized	43,941	0
Office	19,397	12,824
Property and improvements	12,184	12,472
Real property rentals and leases	3,296	2,310
Building and equipment rentals	1,101	617
Miscellaneous expenses	3,958	5,113
Refunds	17,755	17,274
Total Expenditures	\$ 3,589,258	3,637,064



Appendix D

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF LIQUOR CONTROL  
COMPARATIVE STATEMENT OF VARIOUS STATISTICS

	Year Ended June 30,	
	2001	2000
Licenses issued	24,066	23,764
Inspections performed	14,696	15,162
Investigations	13,823	13,774
Hearings held on violations issued to licensees	731	485
Minors arrested	877	606
Total arrests	1,494	695
Complaints logged	786	591
Licenses suspended	437	262
Licenses revoked	10	2
Dismissed with warnings	59	48
Desk audits performed	10,764	10,524
Field audits	15	6
Server trainings provided to licensees	305	426
Primary source applications	1,665	1,527
Price posting transactions	175,913	161,486

\* \* \* \* \*



**CHILD CARE FACILITIES  
INSPECTIONS AND LICENSING**

**From The Office Of State Auditor  
Claire McCaskill**

*Children being cared for in unlicensed or substandard licensed facilities are not assured a healthy and safe environment. State law allows family child care home providers to care for more children than is recommended by national fire safety codes.*

**Report No. 2002-52  
July 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

July 2002

**State officials do not proactively seek unlicensed child care providers and state law does not limit a facility's overall child capacity number**

This audit analyzed the effectiveness of state laws regulating child care providers, how well providers comply with such laws and provider oversight by the state child care bureau. In general, child care providers are required to be licensed in Missouri if they care for more than four unrelated children. Auditors found bureau officials have not always effectively dealt with unlicensed child care facilities and current state penalties do not deter some providers from operating illegally.

**State penalties do not deter unlicensed providers from operating**

Unlicensed providers can only be charged with an infraction, which carries a maximum \$200 fine for the first violation of state law. The fine has not deterred providers from operating illegally even though some were prosecuted and fined. Statements from providers show how they openly refuse to follow state law: "I do keep more than four non-related children at one time. I plan to continue to do so. I do not want to give the names. I do not want a license." In addition, fines levied against unlicensed providers are much higher in other states. (See pages 5 and 6)

**Children related to provider not included in capacity limits**

State law allows a licensed family child care home to care for 10 unrelated children and an unlimited number of related children. The National Fire Protection Association recommends a minimum of one adult for every six children. Auditors found 97 percent of state licensed family child care homes could already care for more children than this recommended limit, but by excluding related children from capacity limits it only makes a potentially dangerous situation worse. The eight states surrounding Missouri include related children in capacity limits. (See pages 10, 11 and 13)

**Unlicensed providers are not annually inspected**

Unlicensed providers are not subject to annual sanitation and fire inspections. Auditors reviewed the bureau's investigations of two unlicensed providers. In both cases, bureau staff found serious fire and sanitation hazards. (See page 7)

YELLOW SHEET

### **No one knows how many unlicensed providers exist**

Bureau officials do not know how many unlicensed providers operate in Missouri and do not have the staff to proactively identify or investigate unlicensed providers, particularly those operating in the anonymity of their homes. Officials said they did not have the authority to enter unlicensed facilities to determine state law violations unless they had a formal complaint filed. Increased public awareness about the potential hazards of unlicensed care could encourage citizens to notify the bureau about offenders. (See page 3)

### **No standard criteria for penalizing facilities**

Bureau officials have not established standard guidelines to determine the severity of rule violations or effectively assess penalties. State law allows bureau staff to issue warning and censure letters or to deny, suspend or revoke a provider's license when facilities do not follow the bureau's 100 safety and sanitation rules. But bureau officials did not document the decision-making process used to assess penalties, which made it difficult for auditors to determine if recommended penalties were too severe or consistently applied statewide. (See page 15)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**CHILD CARE FACILITIES  
INSPECTIONS AND LICENSING**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>3</b>
1. Many Child Care Facilities Were Not Subject to State Safety and Sanitation Inspections .....	3
Conclusion .....	7
Recommendations.....	8
2. State Requirements Do Not Include Related Children in Capacity Limits .....	10
Conclusion .....	13
Recommendations.....	14
3. Bureau Lacks Standard Criteria and Procedures for Assuring Licensed Child Care Providers Comply with Safety and Sanitation Rules .....	15
Conclusion .....	18
Recommendations.....	18
<b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY.....	20
II. BACKGROUND .....	22
III. ESTIMATED NUMBER OF CHILDREN IN UNLICENSED CHILD CARE FACILITIES.....	26



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Ronald W. Cates, Acting Director  
Department of Health and Senior Services  
Jefferson City, MO 65102

Many of Missouri's nearly 287,000 children ages 5 and under may need child care while their parents work. This report focuses on child care providers' compliance with state child care statutes and regulations, and the Department of Health and Senior Services - Division of Health Standards and Licensure, Bureau of Child Care oversight of providers who are required to obtain child care licenses. Specifically, our objectives were to determine (1) the effectiveness of penalties assessed to unlicensed family child care homes and the safety of the children in those homes, (2) the safety of the children in licensed child care facilities based on the licensing capacity and (3) the effectiveness of the bureau's enforcement of statutory requirements regarding inspections of licensed child care facilities. Our methodology can be found in Appendix I, page 20.

Bureau officials need to improve oversight of child care providers required to be licensed. We found bureau policies and actions have not effectively dealt with unlicensed or substandard licensed child care facilities. Further, state law does not limit the number of total children allowed in child care facilities. As a result, some children may be provided care in unsafe and unsanitary conditions. We make several recommendations to improve child care licensing and oversight.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 7, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John B. Mollet, CISA
In-Charge Auditor:	Deborah J. Yost
Audit Staff:	George M. Atkinson

## **RESULTS AND RECOMMENDATIONS**

### **1. Many Child Care Facilities Were Not Subject to State Safety and Sanitation Inspections**

The Bureau of Child Care, which regulates child care providers in Missouri, has not proactively identified providers who are not operating in accordance with state statutes nor determined how many children may be in their care. Our review indicates a substantial number of children could potentially be cared for by providers who were operating illegally and who were not subject to the same annual fire, safety and sanitation inspections as state licensed facilities.<sup>1</sup> Identifying these illegal providers can be difficult since most are typically operating in private residences, and the bureau does not have the resources to seek out each one. However, bureau officials have not attempted to develop any alternative methods to identify these providers. We also found when bureau staff referred unlicensed providers for prosecution, a \$200 fine upon a first conviction may not be an adequate deterrent for violating state child care laws and regulations.

#### **Licensing helps ensure children are staying in safe and sanitary facilities**

Child care providers are required to be licensed in Missouri if they care for more than four unrelated children. Licensed child care providers operating in their homes receive annual sanitation and fire inspections, and semi-annual bureau compliance inspections. Sanitation inspections help ensure facilities are clean and free of unsanitary conditions. Fire inspections help ensure electrical wiring and equipment are safe, smoke detectors are in place, and children can be safely evacuated in the event of fire. The bureau's semi-annual compliance inspections are detail reviews that determine if providers are complying with over 100 rules related to safety, cleanliness of facilities, and staffing, which include 1) each infant/toddler has his/her own crib or playpen, 2) outdoor play equipment is safe, 3) the children do not have access to hazardous chemicals, and 4) the children are not being cared for by convicted criminals, such as child molesters.

#### **Bureau has not taken a proactive approach to identify unlicensed providers**

Bureau officials did not have data on how many unlicensed providers are operating in Missouri, or how many children may be in their care. They estimated the St. Louis metropolitan area alone has several thousand family child care home providers operating in violation of state licensing laws and regulations.<sup>2</sup> While bureau data showed that 1,350 providers are exempt from state licensure such as religious institutions, the data did not show the number of children cared for by each license-exempt provider operating in the state during 2001. Based on 2000 U.S. Census data for Missouri, we estimate there could be as many as 156,000 children ages 5 and under who may be in unlicensed child care facilities.<sup>3</sup>

---

<sup>1</sup> Most religious organizations, nursery schools and schools that provide child care are exempt from obtaining state licenses. Religious organizations have to pass annual fire and sanitation inspections.

<sup>2</sup> The bureau's estimate is based on Division of Family Services data that show 4,000 providers in the St. Louis area were caring for needy or foster care children, and bureau officials believe many of these providers could be caring for more than four unrelated children which is a violation of state law.

<sup>3</sup> Appendix III, page 26, describes how we calculated this estimate.



A recent study by The Children’s Foundation<sup>4</sup> (the foundation) showed Missouri had the highest ratio of preschool children (ages 4 and under) to licensed child care facilities compared to its eight bordering states, as shown in Table 1.1. For example, the study showed Kansas oversees 9,002 child care facilities (both licensed and registered) for 188,708 preschool children for a ratio of 21 children per licensed facility. Conversely, the study showed Missouri only had 4,411 licensed child care facilities for 369,898 preschool children for a ratio of 84 children per licensed facility. The study included all children ages 4 and under and did not consider if one or both of a child’s parents worked.

**Table 1.1: Ratio of Children to Facility by Population**

<b>State</b>	<b>Child Population 0-4 Years Old</b>	<b>Licensed Facilities</b>	<b>Ratio of Children to Facilities</b>
Missouri	369,898	4,411	84
Illinois	876,549	12,995	67
Tennessee	374,880	6,064	62
Arkansas	181,585	4,440	41
Kentucky	265,901	6,904	39
Oklahoma	236,353	6,223	38
Iowa	188,416	6,595	29
Nebraska	117,048	4,195	28
Kansas	188,708	9,002 <sup>1</sup>	21

<sup>1</sup> This number includes 2,964 registered home providers who watch six or less children. These providers are registered, but not inspected.

Sources: The Children’s Foundation 2000/2001 Family Child Care Licensing Study and 2000 U. S. Census data

Bureau officials said they do not have the staff or resources to proactively identify, investigate and prosecute an estimated 1,000 or more unlicensed providers, especially those providers operating in the anonymity of their homes. The officials also stated the bureau does not have the authority to enter unlicensed facilities to determine if they are in violation of state child care statutes. Rather, the bureau relies on parents and others to file formal complaints before initiating investigations of unlicensed facilities.<sup>5</sup>

The bureau has not used its existing public informational brochures or Internet Web site to 1) explain the risks of placing children in unlicensed facilities, 2) urge parents to report unlicensed providers, or 3) urge parents to use licensed providers. Kansas uses a public awareness campaign called “Good Beginnings Last a Lifetime” to disclose the requirements of a licensed facility and help the public detect an unlicensed facility. The program’s brochure highlights the advantages of licensed child care facilities over unlicensed child care facilities. Although the bureau publishes a similar brochure, it does not point out the risks of placing children with

<sup>4</sup> The Children’s Foundation is a private national educational non-profit organization that strives to improve the lives of children and those who care for them.

<sup>5</sup> Bureau staff do not compile data showing the number of complaints received related to unlicensed child care providers.

unlicensed providers, such as these providers not being subject to periodic sanitation and fire inspections, or encourage parents to report unlicensed providers to the bureau. The bureau does not provide parents a list of licensed providers through its Web site or when responding to telephone inquiries. Such a list would help parents locate licensed providers or to verify if a potential provider is licensed by the state.

Public awareness campaigns have helped other Missouri state departments identify and deter individuals who violate state laws and regulations. For example, the Department of Conservation's public awareness campaign to curb state hunting regulation violations (called Operation Game Thief) results in 600 to 800 complaints annually and over 100 prosecutions. The department spends about \$25,000 annually on the program, which urges residents to report violators, such as individuals shooting deer out of season.

### **Penalties have not deterred unlicensed providers from violating the law**

Unlicensed child care providers can only be charged with an infraction which provides for a maximum \$200 fine for a first violation. This \$200 fine has not deterred some providers from continuing to operate illegally even though some providers were prosecuted and fined and others knew they could be fined. Bureau officials explained the small fine often matters little to a provider who may gross \$52,000 a year caring for 10 children at \$100 per child per week. In addition, these cases can take up to one year to investigate and prosecute. The three statements below come from unlicensed providers referred to local prosecutors for operating illegally and show their attitudes toward licensure.<sup>6</sup>

- "I babysit [sic] more than 4 non-related children at one time. I do not want to get a license and I do plan to keep more than 4 non-related children at one time in the future. I will not give the children's names and I will not allow you into my facility." (March 16, 1999)
- "I, [provider], acknowledge that contrary to my letter of 9-20-99 I did have, on occasion, more than 4 unrelated children in my care in knowing violation of the state statute 210.211 after 9-20-99. I understand I may be subjected to legal action at the county and/or state level if I take more than four unrelated children into care at any time in the future." (June 15, 2000)
- "I do keep more than four non related children at one time. I plan to continue to do so. I do not want to give the names. I do not want a license." (November 3, 2000)

Overall, in the three district offices we visited, bureau officials identified, substantiated and referred to prosecutors 10 (including the three listed above) home child care providers for taking care of more than four unrelated children. Of these 10 referrals, four providers obtained or are seeking a license, four providers were not prosecuted and two providers, who had past convictions, have additional referrals pending.

---

<sup>6</sup> We edited the statements to protect the providers' identities.

Even in prosecuted cases, however, the fines did not always deter the provider from operating illegally. For example, a provider in Kansas City was prosecuted and fined \$200 for caring for more than four unrelated children without a license. This provider was convicted in December 1998 and January 1999. The provider's 1999 conviction included a \$200 fine and a permanent injunction restricting her from providing child care, but at the time of our audit, she continued to do so. The bureau referred the provider again in November 2000, but the case was not prosecuted. An October 2001 referral resulted in a charge for violating state child care laws, which is still pending.

In referring cases, bureau officials faced challenges in communicating the seriousness of a case to prosecutors and did not have a systematic process to ensure these cases received timely attention. In addition, it was not standard practice for bureau staff to follow up with local prosecutors on referred cases or update them on the need for action.

In one Kansas City case, a provider operated illegally for seven years even though the bureau repeatedly found the provider caring for more than four unrelated children. The provider surrendered her license in September 1994 after receiving three complaints and four bureau visits, which confirmed 20 to 30 children in her care on some days. The provider informed bureau staff that she no longer wished to be licensed, but that she may continue to care for more than four unrelated children. A month later (October 1994) the bureau received a fourth complaint, which was substantiated and referred to a county prosecuting attorney office in November 1994, and to the state Attorney General's office in February 1995. After these referrals, bureau staff did not receive another complaint for this provider, but made four visits over the next two years (one in October 1996, one in March 1997 and two in April 1997) and noted several children entering the house. Bureau officials were unable to prove the children were not related to the provider and did not make any additional referrals to prosecutors. In April 2001, a 4-month-old child died from injuries while in the care of this provider, and the provider was charged with second degree murder and 19 counts of felony child endangerment.

In another case, a Springfield provider operated illegally for over 13 years while caring for up to 25 unrelated children at one time. The district office referred this provider to a county prosecuting attorney four times. At the close of our audit, bureau staff did not know if this provider continued to operate without a license.

The bureau has recently implemented new procedures to ensure staff follow up on referred cases. Bureau staff now contact prosecuting attorneys within 30 days of a referral and every 30 days afterward to keep them advised of the case. In addition, bureau officials send a copy of the referral to the Attorney General's office. These new procedures have prompted at least one provider to seek a license despite an initial unwillingness to do so.

### **Fines levied by other states are substantially higher**

Fines levied against individuals violating child care laws and regulations in other states are much more punitive than in Missouri. For example, Nebraska can fine providers \$5 a day

per child over allowed capacity, and Kansas can fine providers up to \$500 per violation per day. Illinois and Tennessee both allow for fines up to \$1,000 per occurrence.

### **No annual inspections of unlicensed providers**

Unlicensed providers are not subject to sanitation, fire, or compliance inspections. These inspections help ensure the safety of the children by educating the provider on sanitation and fire hazards and requiring the home to meet minimum standards. We accompanied bureau staff as they investigated a complaint of an unlicensed provider caring for more than four unrelated children. Bureau staff found the provider was caring for seven children and cited several sanitation violations including 1) a dirty kitchen with no clean counter space for food preparation, 2) a hallway so cluttered with clothes and trash that it was difficult to get into the back bedrooms, 3) a back porch area that reeked of some unidentifiable odor, possibly animal excrement, and 4) many hazardous items such as paint thinner within the children's reach. In addition, there was a young child on the floor who the provider admitted to be ill and running a fever, and could be contagious to the other children in care. This provider will not be licensed until these citations are corrected.

A recent sanitation inspection of another unlicensed family child care home provider, who was caring for seven unrelated children, also showed this provider had serious sanitation problems. This inspection was performed as part of the initial application process by the bureau. During the sanitation inspection, the inspector flushed red dye down a commode to determine if the provider's septic tank leaked. Within a few minutes, red dyed sewage came to the surface in the provider's backyard where children had been playing. The inspector also noted a very strong smell of sewage in the backyard play area. The unlicensed provider only applied for a license after being told to do so by a county prosecutor. As a result of the inspection, the provider had the septic tank repaired to stop the leak.

### **Conclusion**

We and bureau officials estimate several thousand unlicensed child care providers have been operating in Missouri. Unlicensed providers may expose children to unsanitary or unsafe conditions because these providers are not required to pass annual sanitation and safety inspections. To identify unlicensed providers without a significant cost to the state, the bureau could implement public awareness ads to encourage parents or other citizens to notify bureau staff of offenders. When bureau staff did identify and inspect some unlicensed facilities, the inspectors identified serious sanitation and safety problems and the facilities were unfit to care for children. Numerous unlicensed providers have openly refused to abide by state statutes and regulations, which require licenses and annual inspections. State statutes, however, only allow a maximum \$200 fine for a child care law conviction for first offense, which has been an ineffective deterrence.

The bureau can also assist parents in placing children in licensed child care facilities. Bureau staff should provide a list of licensed facilities to parents who request it. To accomplish this

distribution, the staff could list all licensed facilities on the bureau's Internet Web site or send, if necessary, a copy of the list to the requestor.

## **Recommendations**

We recommend the General Assembly:

- 1.1 Increase the monetary penalty that can be assessed against child care providers operating in violation of state statutes and regulations.

We recommend the Director, Department of Health and Senior Services:

- 1.2 Implement a public awareness program to (1) educate parents on the risks involved in placing their children in unlicensed non-exempt child care facilities and (2) encourage parents to report to the bureau unlicensed non-exempt child care providers.
- 1.3 Request data from license-exempt child care providers on the number of children in their care to facilitate estimating the number of unlicensed, non-exempt child care providers operating in each county and major metropolitan area. This information can be used to target the public awareness program.
- 1.4 Provide parents a list of licensed providers by location through the Bureau of Child Care's Internet Web site or send out a copy when requested.

## **Department of Health and Senior Services Responses**

- 1.2 *The Department of Health and Senior Services contracts with the Missouri Child Care Resource and Referral Network to provide a wide array of services. One of the services provided is a public awareness campaign titled, "Good Beginnings Last a Lifetime." On the Missouri Child Care Resource and Referral Network's website and in brochures produced by the Network, they advise parents that unregulated providers are not inspected by any agency. Please see attached for information taken from the Missouri Child Care Resource and Referral Network website and the Kansas Association of Child Care Resource and Referral Agencies website. The information contained in both websites is almost identical. The difference lies in the regulation requirements for each state.*

*In addition, the Bureau of Child Care's website provides extensive information for parents on what to look for when selecting a child care facility for their child. A copy of the information is included with these responses.*

*The public awareness campaign in Missouri educates parents regarding what licensing requires, including that licensed child care facilities receive annual fire and sanitation inspections while unlicensed non-exempt facilities do not. However, the bureau cannot state that placing a child in an unlicensed child care facility involves a risk, as the*

*bureau has not had the opportunity to inspect these facilities. Again, educating parents on what to look for when selecting child care is key.*

- 1.3 The bureau can obtain this information from data the bureau collects, however, knowing the number of children who may not have access to licensed child care will not be useful in targeting the public awareness campaign. In addition, this number will not reflect the families where the parents work different shifts so they do not need child care, and those children who are cared for by their grandparents or other relatives.*

*The bureau will discuss this issue with the Missouri Child Care Resource and Referral Network to develop strategies to better target the public awareness campaign to educate parents about the differences between licensed, regulated, and unlicensed programs.*

- 1.4 The Department of Health and Senior Services contracts with the Missouri Child Care Resource and Referral Network to provide a wide array of services. One of the services they provide is to send a copy of the list of licensed child care providers to parents when it is requested. The list is available by county and is free of charge to parents. In addition, when a parent contacts one of the district child care offices and requests a list of licensed providers, Bureau of Child Care staff refer the parent to their local resource and referral agency to obtain a list, or will mail a list directly to the parent.*

*In order to give parents more direct access to the list of licensed child care providers, the Bureau will explore the idea of placing a list of licensed providers on the bureau's internet web site. However, due to security concerns, the list would not include the address of family child care home providers. The list would include the name, telephone number, licensed capacity, age range, and any license limitations of family child care home providers. The list could be arranged by county or city to aid parents in locating providers in their geographic area.*

#### **Auditor's Comment**

The bureau is correct that the Missouri Child Care Resource and Referral Network advises parents that unregulated providers are not inspected by any agency. However, the network does not point out to parents the potential risks of placing children with unlicensed providers, or advise parents to report unlicensed providers to the bureau of child care. Moreover, the network will refer parents to unlicensed providers. Bureau officials stated they are aware of situations where the network has referred parents to providers who were operating in violation of state laws. On the other hand, the Kansas network's Web site states it provides information only on licensed or registered providers that meet the Kansas Department of Health and Environment's minimum requirements for regulated child care.

## **2. State Requirements Do Not Include Related Children in Capacity Limits**

State statutes and regulations limit the number of unrelated children cared for by one adult in a licensed family child care home,<sup>7</sup> but do not limit the number of related children in the provider's care. As a result, one adult operating a family child care home can care for up to three times more children than is recommended by a nationally accepted fire safety code. We found 97 percent of the licensed family child care homes in Missouri were licensed to care for more children than recommended by national fire safety codes. State child care statutes and regulations include other provisions that can also expose children to other health and safety risks. Bureau officials acknowledge that existing state regulations place children at unnecessary risk and plan to recommend revisions to limit the number of children allowed in licensed family child care homes. We found the regulations in the eight states bordering Missouri do not exclude related children in family child care homes in the maximum capacity number.

### **Family child care home capacity limits significantly exceed national fire safety standards**

Department of Public Safety - Division of Fire Safety and bureau officials acknowledged that exempting related children from the licensing capacity limit poses a significant danger to all children. Missouri does not have a statewide fire code specifying the maximum number of children that can be cared for by one adult. Lacking a statewide fire code, Division of Fire Safety officials said the state's licensing capacities for child care homes should be based on the National Fire Protection Association's (the association) limit of six children to one adult. Bureau officials stated that related children should be included in the family child care homes' licensing capacity limit and the existing licensing capacity limit of 10 children to one adult is too high.

The association is a nationally recognized organization that promulgates life safety standards for fire safety, which include life safety requirements for child care homes. The association's standards for child care homes are based on children's ability to evacuate themselves and the staff members' ability to evacuate children in the event of fire. To help ensure children can be safely evacuated, the association's standards recommend a minimum of one adult caregiver to every six children. The association's standard includes the caregiver's children under the age of 6 and only allows for up to two children incapable of self-preservation, regardless of whether they are related.

State statutes and regulations allow an adult (a person age 18 or older) operating a licensed family child care home to care for 10 unrelated children, including two children under age 2, and an unlimited number of related children. State law<sup>8</sup> requires people caring for more than four children to have a written license granted by the Department of Health and Senior Services. The law states, however, "children who are related by blood, marriage, or adoption to such person within the third degree shall not be considered in the total number of children being cared for." State regulations<sup>9</sup> define related as "any of the following relationships by blood, marriage, or adoption between the provider and the children in care: parent, grandparent, great-grandparent,

---

<sup>7</sup> See Appendix II, page 24, for a definition of family child care home

<sup>8</sup> Section 210.211, RSMo 2000

<sup>9</sup> 19 CSR 30-61

brother, sister, stepparent, stepbrother, stepsister, uncle, aunt, niece, nephew or first cousin.”<sup>10</sup> For example, the statute and regulation allow one adult to care for an unlimited number of nieces, nephews and first cousins, or a grandparent to care for an unlimited number of grandchildren in addition to 10 unrelated children. The only factor that limits the number of related children one adult can care for is the amount of square footage available to each child. State regulation<sup>11</sup> states at least 35 square feet of useable floor space shall be provided for each child in a family child care home. This space can include living rooms, family rooms, bedrooms, basements and garages. According to district officials, most homes have enough square footage (700 square feet) to accommodate at least 20 children (three times more than recommended by the National Fire Protection Association).

### **Majority of licensed family child care homes could care for more than six children**

Our analysis showed 97 percent (2,035) of the state’s 2,091 licensed family child care homes were licensed to care for more than six unrelated children. Bureau staff do not obtain data on the number of related children under a provider’s care. Therefore, data was not available showing the total number of children in each facility. Table 2.1 shows the number of family child care homes that were licensed for seven, eight, nine, and 10 unrelated children, and the total capacity for all homes.

**Table 2.1: Child Care Homes and Unrelated Child Capacity**

<b>Unrelated Child Capacity<sup>1</sup></b>	<b>Total Homes</b>	<b>Total Unrelated Child Capacity</b>
7	12	84
8	59	472
9	40	360
10 <sup>2</sup>	<u>1,924</u>	<u>19,240</u>
<b>Total</b>	<u><b>2,035</b></u>	<u><b>20,156</b></u>

<sup>1</sup>Additional related children may be included.

<sup>2</sup>Providers are limited to 10 unrelated children.

Source: SAO analysis of Bureau of Child Care data

Bureau officials stated it is difficult to verify a child’s relationship to a provider by reviewing birth certificates, especially when stepchildren are involved. Family child care home providers are required to have a Related Child in Care form on file for all related children. Unless bureau staff have reason to suspect a relationship is not valid, they will rely on this form. A child’s parents may be contacted to confirm a family relationship. Bureau officials stated such inquiries may not be conclusive because parents are not always truthful about the relationship.

<sup>10</sup> St. Louis County limits family child care homes to no more than 10 children, including related children from outside the home and the caregiver’s own children under the age of 13.

<sup>11</sup> 19 CSR 30-61.085(2)(B)



### **Related children are not subjected to the same standards**

Children may be exposed to unhealthy or unsafe conditions because a provider's related children are not subjected to the same standards as unrelated children. For example, providers are not required to keep current medical and immunization records on file at the facility for related children. Accordingly, if a related child does not have current immunizations, the child could expose the unrelated children to contagious diseases. Also, the bureau does not include the related children living in the home in determining the facility's square footage requirement. One bureau official stated the current practice of excluding related children has always occurred, even though statutes and regulations do not require it. However, excluding related children in the square footage calculation reduces the available space for all children in the facility and can pose potential safety and health problems.

The bureau's legal counsel stated the bureau does not have the legal authority to require licensed providers to keep current medical and immunization records on file at the facility for related children, or include all related children in the square footage requirement. However, state statutes and regulations indicate the bureau can require licensed providers to keep current medical and immunization records on file for related children and apply the square footage requirement to all related children. State statutes give the bureau the authority to determine what records providers shall keep. Further, state regulations prescribe that providers shall require a medical examination report for each child admitted. The regulation does not differentiate between related and unrelated children. In addition, state regulations also state "at least thirty-five (35) square feet of usable floor space shall be provided for each child coming into the home for day care", and does not differentiate between related and unrelated children.<sup>12</sup>

### **Bureau plans to submit a new proposal to limit the number of related children in child care facilities**

In 1998, bureau officials proposed state regulations be changed to count related children as part of the licensing capacity limit of 10 children to one adult. Bureau officials said copies of the proposed revisions were sent to licensed providers and children advocates. The bureau received 900 responses from providers and parents opposed to the changes and only 11 responses in favor. In addition, these officials stated some members of the legislature voiced opposition to the proposed change, because it could adversely affect low-income families from being able to find affordable child care. As a result of public opposition and concerns expressed by some members of the legislature, the proposed revisions were withdrawn.

Bureau officials stated that because existing child care regulations can expose children to significant risk, they plan to submit a new proposal in the summer of 2002 that related children living outside the family child care home be counted as part of the licensing capacity limit of 10 children to one adult. Bureau officials acknowledged that under this proposal, related children living in the home would not be counted as part the licensing capacity limit of 10 children to one adult. They said not allowing licensed family child care home providers to exclude their own children would most likely result in substantial public opposition to the proposed regulation

---

<sup>12</sup> Section 210.221.(4) RSMo 2000, 19 CSR 30-61.125, and 19 CSR 30-61.085 respectively.

change. Bureau officials said it may be necessary to grandfather in providers currently watching related children and have the providers reduce the number of related children as the spaces become vacant. To require an immediate decrease in numbers may cause a financial hardship on too many families.

### **Other states do not exclude related children from regulations**

Regulations in each of the eight states surrounding Missouri do not exclude related children from the determination of the total number of children allowed at a licensed family child care home. Table 2.2 shows the maximum number of children one adult can care for in a family child care home in Missouri and these states, and whether related children are excluded.

**Table 2.2: Licensing Limits for Family Child Care Homes**

<b>State</b>	<b>Maximum Children</b>	<b>Related Children Excluded</b>
Missouri	10 <sup>1</sup>	Yes
Kentucky	12	No
Arkansas	10	No
Kansas	10	No
Nebraska	10	No
Illinois	8	No
Oklahoma	8	No
Tennessee	7	No
Iowa	6	No

<sup>1</sup> This number represents unrelated children only. Additional related children are allowed.

Source: SAO survey of state licensing agencies

## **Conclusion**

State statutes and regulations that allow one adult to care for an unlimited number of related children, in addition to 10 unrelated children, can place children at risk in the event they have to quickly escape from a provider's home. To help ensure that child care providers can safely evacuate children in the event of fire, the National Fire Protection Association recommends one adult child care provider care for no more than six children, regardless of the relationship to the provider. Division of Fire Safety and bureau officials said state statutes should follow the association's recommendation instead of permitting one adult to care for more than 10 children. Missouri's eight surrounding states have established similar limits on the number of unrelated children under one adult's care, but these states also require providers to include related children in the limits.

Bureau policies and procedures distinguish between whether children being cared for are related or unrelated to the provider and whether the related children live in the home. As a result, all children in the home may be exposed to potential health and safety risks.

## **Recommendations**

We recommend the General Assembly:

- 2.1 Revise Section 210.211, RSMo 2000, to limit the number of related and unrelated children in child care facilities to more closely align with the National Fire Protection Association suggested limit of six children to one adult caregiver.

We recommend the Director, Department of Health and Senior Services:

- 2.2 Require child care providers to keep on file at their facilities current medical and immunization records for all related children.
- 2.3 Require 35 square feet of space be available for all related and unrelated children.

## **Department of Health and Senior Services Responses**

- 2.2 *Current policy is to require child care providers to keep medical and immunization records for all related children coming into the facility for care. The bureau agrees with this finding and will revise the policy to reflect this change.*
- 2.3 *Current policy is to require 35 square feet of space be available for all children coming into the facility for care. The bureau agrees with this finding and will revise the policy to reflect this change.*

### **3. Bureau Lacks Standard Criteria and Procedures for Assuring Licensed Child Care Providers Comply with Safety and Sanitation Rules**

Bureau officials have not established standard guidelines for determining the severity of rule violations and effectively assessing penalties or revoking child care licenses. District office staff are responsible for monitoring licensed providers with repeated violations, and referring these providers to the bureau's central office for assessment of administrative penalties. However, there are no guidelines or standards to differentiate the seriousness of the various safety and sanitation rules. Although each case and rule violation may be different, the lack of standard guidelines limits the bureau's ability to consistently assess penalties or effectively pursue repeat violators of more serious rules. As a result, some providers continued to operate substandard facilities which do not comply with the bureau's safety and sanitation rules and endanger children's safety and health.

#### **Bureau enforces over 100 safety and sanitation rules**

State law<sup>13</sup> empowers bureau staff to issue warning and censure letters and to deny, suspend, place on probation or revoke<sup>14</sup> the license of child care providers who do not comply with the bureau's child care safety and sanitation regulations and rules. The bureau has established over 100 safety and sanitation rules for child care facilities. These rules cover 27 categories such as physical plant, bathroom facilities, indoor and outdoor space and animals as shown in Appendix II, page 25. The bureau's district office staff inspect providers for compliance with these rules, and can recommend an administrative penalty to the bureau's central office.

#### **Standard guidelines do not exist for assessing penalties**

The bureau's central office officials have not developed guidelines prioritizing the various safety and sanitation rule violations or associating the violations to specific penalties. Not prioritizing violations adversely affects the office staff's productivity since they cannot focus resources on substantiating the most serious violations. In addition, district-level penalty recommendations are often reduced by central office staff. Further, there is no assurance that rule violations are penalized equitably.

A bureau manual states that revocation of a license must be based on an extensive history of repeated rule violations and/or very serious rule violations. However, the manual does not 1) define if an extensive history involves more than one licensing period or more than 2 years of rule violations, or 2) differentiate the seriousness of each rule violation or rule category. For example, a provider may be violating three or more minor rules in one category but still be considered in compliance with the category. However, providers may fail that category if they violate one serious rule. The manual also does not establish what administrative penalties should be assessed for significant rule violations, or noncompliance with a combination of rules within a category. The manual does not require staff to consider repeat violations when assessing penalties. The manual states revocations must be based on an extensive history of rule

---

<sup>13</sup> Section 210.245, RSMo 2000

<sup>14</sup> See Appendix II, page 22, for definition of administrative penalties

violations, but it states that referrals for revocations must primarily be based on violations from the current (2-year) licensing period. Repeated violations from past licensing periods, according to the manual, should either be placed in the background section or, if the violations are the same as current violations, they can be used to support current violations. Although district office staff keep the current and the previous 2-year licensing periods in a provider's public file, bureau central office officials stated that when a license is renewed, past violations have in essence been forgiven by the bureau, and therefore, penalties should not be based on these past violations.

District office staff said the central office has frequently decreased or eliminated the penalty recommended by district offices. Our review showed many providers recommended for license revocation or non-renewal had repeatedly violated the safety and sanitation rules. For example, the repeated violations included 1) caring for too many children on numerous occasions, 2) children left unattended in vehicles, and 3) children exposed to excessive cold.

Substandard facilities continue to operate

The three district offices we visited recommended 45 providers be assessed penalties ranging from a warning letter to license revocation during calendar year 2001. As of the completion of our audit, penalties had been assessed against 37 of these providers, but the penalty assessed was less than recommended for 27 (73 percent) of the providers. Table 3.1 shows penalties recommended by the district office staff and penalties assessed by central office officials.

**Table 3.1: Types of Penalties Recommendations Compared to Penalties Assessed**

District Office Recommended	Cases Referred	Penalties Assessed by Central Office			
		Same	Lesser Penalty	No Penalty	Still Pending
Warning Letter	4	0	0	2	2
Censure Letter	12	3	2	5	2
Probation	5	0	3	1	1
Suspension	4	2	2	0	0
Revocation	<u>20</u>	<u>5</u>	<u>8</u>	<u>4</u>	<u>3</u>
Total	<u>45</u>	<u>10</u>	<u>15</u>	<u>12</u>	<u>8</u>

Source: SAO analysis based on Bureau of Child Care data

Central office officials stated the district offices frequently recommended more severe penalties than is warranted by the types and number of rule violations a provider has committed. The officials said the primary reason for decreasing assessed penalties is to ensure consistent penalty assessment statewide. For example, they have to ensure a provider operating in Springfield does not have her license suspended for having five sanitation violations, while a provider operating in Kansas City only receives a warning letter for the same violations. Central office officials, however, did not have or use any standard guidelines to determine what types of penalties should have been assessed, and did not document the decision-making process used to assess penalties. Accordingly, we could not determine, and the officials could not show, the recommended penalties were too severe, or the penalties ultimately assessed were, in fact, consistently applied statewide.

### **District officials support standard guidelines to assess penalties**

District officials stated standard guidelines are needed to assure penalties are consistently assessed not only statewide, but also within each district office. Table 3.2 shows where staff in one district office recommended different penalties for two providers with essentially identical rule violations, and central office staff assessed two different penalties.

**Table 3.2: Comparison of Facts**

<b>Facility A</b>	<b>Facility B</b>
<b>Case Facts</b>	
<ul style="list-style-type: none"><li>• 8-year-old child involved</li><li>• In van approximately 1½ hours</li><li>• Child woke up and came into the facility</li><li>• Facility terminated the van driver</li></ul>	<ul style="list-style-type: none"><li>• 4-year-old child involved</li><li>• In van approximately 2½ hours</li><li>• Child woke up and came into the facility</li><li>• Facility suspended van driver for 2 months then monitored daily records for 60 days</li></ul>
<b>Penalty</b>	
<ul style="list-style-type: none"><li>• District office recommended censure letter</li><li>• Central office issued censure letter</li></ul>	<ul style="list-style-type: none"><li>• District office recommended license revocation</li><li>• Central office issued warning letter</li></ul>

Source: SAO review of case files

In both of the above incidents, a child was left unattended in a child care facility van after a driver did not check the van upon returning to the facility. Both incidents would seem to warrant the same penalty. However, both the district and central office staffs inconsistently assessed penalties for these similar violations. According to central office officials, the reason different penalties were assessed was because of extenuating circumstances in facility A's file including 1) a substantiated child abuse and neglect finding by the Department of Social Services - Division of Family Services on this incident, 2) the facility exceeded the staff/child ratio while children were in the van, 3) one of the staff was not familiar with the facility's transportation policy, and 4) children were being supervised by individuals who did not have a completed background screening. Standard guidelines and clear documentation of decisions would help alleviate any apparent inconsistency in the violations assessed on these cases.

## Conclusion

There are over 100 safety and sanitation rules to help ensure children are staying in safe and sanitary facilities. However, bureau officials have not established standard guidelines to ensure these rules are consistently enforced or differentiated the levels of seriousness among the rules. This weakness adversely affects both the district office staffs' ability to effectively gauge the severity of noncompliance and properly develop reported violations. Further, without guidelines bureau staff cannot equitably assess penalties against chronic serious rule violators and one-time or occasional violators. As a result, numerous licensed child care providers have been allowed to operate facilities with continued rule noncompliance, which does not provide children a safe and sanitary environment.

## Recommendations

We recommend the Director, Department of Health and Senior Services:

- 3.1 Establish written guidelines to ensure licensed child care providers receive administrative penalties that correspond with the severity of the rule violation.
- 3.2 Implement a training program to ensure bureau district office staff consistently apply bureau guidelines for assessing penalties.

## Department of Health and Senior Services Responses

- 3.1 *This is a very complex issue. The bureau believes the goal of ensuring statewide consistency in assessing administrative penalties can best be achieved by the current system where district staff refer cases for legal action and central office staff review the information and make the final decision on the action to be taken. This system is necessary to ensure that similar actions for similar non-compliance issues are addressed similarly throughout the state.*

*However, the bureau agrees that changes could be made to aid district office staff in their work. To address the concerns of this finding, the bureau will revise the procedure manual to reflect that the bulk of the rule violations must have occurred within the current licensing period. Clear examples will be added to give staff instruction on what constitutes a serious violation and what constitutes a minor violation. Central Office will also begin to send copies of each disciplinary letter to each staff member so all field staff will know what actions are being taken statewide.*

*Recently, the National Resource Center developed 13 Indicators in Quality Child Care. This is a resource that lists thirteen indicators, including child abuse/neglect, staff training, child/staff ratios, etc. A copy of this document has been included for your review. The bureau will review these indicators to see if they could be incorporated in a document to aid field staff in their work.*

*In addition, the bureau will explore what other states are doing in this area and will make further changes as needed.*

- 3.2 *Bureau of Child Care district office staff are responsible for inspecting and regulating child care facilities under the bureau's purview. They are also responsible for investigating allegations of statute and/or rule violations in these facilities. The bureau does not believe it is the role of these staff to assess penalties. Their role is to investigate the reports and make referrals to central office staff for the appropriate action.*

*The bureau does recognize the importance of having well trained field staff. The bureau will continue to have regular training for staff to address the concerns of this finding.*



## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

Our objectives were to determine (1) the effectiveness of penalties assessed to unlicensed family child care homes and the safety of the children in those homes, (2) the safety of the children in licensed child care facilities based on the licensing capacity and (3) the effectiveness of the bureau's enforcement of statutory requirements regarding inspections of licensed child care facilities.

### **Scope and Methodology**

To develop information on the effectiveness of penalties assessed, we reviewed state laws and regulations that govern child care licensing in Missouri and available penalties that can be assessed to licensed and unlicensed child care facilities that do not comply with these laws and regulations. To determine how many children are cared for in unlicensed facilities, we used the following methods since bureau officials did not have this data:

- Obtained child population information from the 2000 U.S. Census and compared this data to Bureau of Child Care licensed facility records to determine the number of children in the state who may be in unlicensed child care facilities.
- Reviewed a study performed by The Children's Foundation to determine the child population and number of licensed child care facilities in Missouri and its eight surrounding states.

To determine the safety of children in licensed child care facilities, we reviewed the National Fire Protection Association's life safety codes that relate to child care facilities and the organization's recommended staff/child ratios. We interviewed officials with the National Fire Protection Association. We also interviewed Department of Public Safety - Division of Fire Safety officials regarding acceptable staff/child ratios for ensuring the safety of children in cases of emergencies. In addition, we interviewed state officials from Iowa, Illinois, Kentucky, Tennessee, Arkansas, Oklahoma, Kansas and Nebraska regarding their child care statutes and regulations and reviewed each state's statutes and regulations.

To evaluate the Bureau of Child Care's enforcement of statutory requirements regarding inspections of licensed child care facilities, we reviewed the bureau's procedure manual and all inspection forms used. We also visited the Eastern (St. Louis); Northwestern (Kansas City); and Southwestern (Springfield) district offices for the following purposes:

- Interviewed officials to determine their procedures for licensing and inspection, criteria for referral of cases for administrative penalties, and views on penalties assessed by the central office.

## **APPENDIX I**

- Reviewed all cases referred by the district offices to central office for administrative penalties for calendar year 2001 to determine the appropriateness and timeliness of the actions taken.
- Reviewed all unlicensed child care providers referred for prosecution for calendar year 2001 to determine the effectiveness of the penalties assessed in getting the providers licensed, or the number of children they cared for reduced to the legal limit of four unrelated children.
- Reviewed a random selection of 142 licensed child care provider files in three district offices to determine if inspections were performed in a timely manner and policy procedures were followed.
- Observed inspections by the bureau child care facility specialists, sanitation inspector and state fire safety inspectors.
- Observed district office investigations of public complaints against child care facilities.

We obtained comments on a draft of this report during a meeting with department officials on May 13, 2002, and incorporated their comments where appropriate. We conducted our fieldwork between August 2001 and February 2002.

**BACKGROUND**

The Bureau of Child Care (the bureau) is in the Department of Health and Senior Services - Division of Health Standards and Licensure and is responsible for the regulation and licensing of child care facilities. The bureau's mission is to assure the health, safety, growth and development of children through a regulatory process to prevent injury, risk or harm to dependent children in out-of-home child care settings.

The goal of the bureau is to have a positive impact on the overall health, safety and well being of children in child care programs. The bureau works to meet this goal through health promotion and education; facilitating immunizations; improved meals and nutrition education; communicable disease prevention; improved cleanliness and sanitation; injury reduction; prevention of child abuse and neglect; and serving children with special needs. The bureau also coordinates resources for parents seeking child care.

Section 210.245, RSMo 2000, provides for the following administrative penalties:

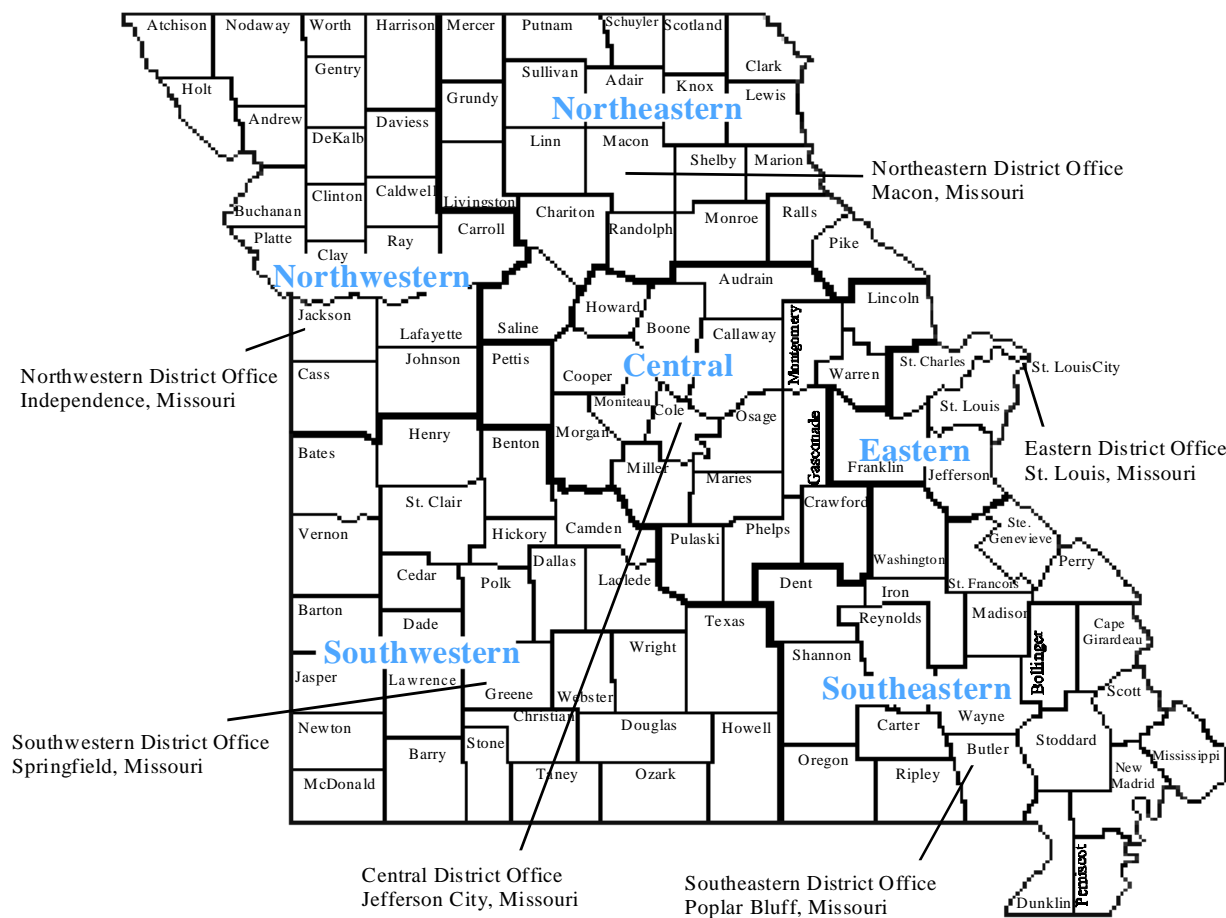
- **Warning Letter:** To notify a provider that rule violations have occurred and must not recur. Warning letters are generally removed from the public record after a period of time (normally one year) if no further violations occur. The letters are maintained in the administrative record after removal from the public record.
- **Censure Letter:** To notify a provider that rule violations have occurred and must not recur. Censure letters are a permanent part of the public record.
- **Probation:** To place conditions on a facility license for a specific period of time.
- **Immediate Suspension:** When threat of imminent bodily harm to the children in a provider's care is documented. Department staff must simultaneously give the provider notice of further disciplinary action that will be taken, such as revocation, suspension, probation or denial of license renewal.
- **Suspension:** To notify a facility that prompt correction of a specific serious rule violation must be made in order to be able to continue operating the child care facility. The proposed action can be withdrawn or the suspension can be lifted as soon as the violations are corrected.
- **Denial of Initial/Renewal License:** When bureau staff have completed a licensing investigation and determined the applicant/licensee does not possess good character and intent and/or is not qualified and equipped to render care or service conducive to the welfare of children.
- **Revocation of License:** When bureau staff are not satisfied the licensee possesses good character and intent and/or is not qualified and equipped to render care or service conducive

## APPENDIX II

to the welfare of children. License revocation can take place anytime during a licensing period as opposed to denial of license renewal, which takes place only at the end of the licensing period.

The bureau has six district offices (Northwestern, Southwestern, Northeastern, Central, Eastern and Southeastern) from which bureau staff conduct on-site inspection and regulation services to the child care facilities as well as giving technical and consultative assistance. Figure II.1 shows the six district offices and the counties in each district.

**Figure II.1: Bureau of Child Care Districts**



Source: Bureau of Child Care

## **APPENDIX II**

Facilities subject to licensure can be licensed for up to two years. Bureau staff are responsible for inspecting and regulating the following licensed child care facilities:

- Family child care homes - Facilities where care can be given by one adult provider in his/her own permanent residence and for more than four children, but no more than 10 children not related to the provider.
- Group child care homes - Facilities where care is given by a provider in a location other than the provider's permanent residence or separate from the provider's living quarters for 11 to 20 children not related to the child care provider for any part of a 24-hour day.
- Child day care centers - Facilities where care is provided in a location other than the provider's permanent residence, or separate from the provider's living quarters, where care is provided for more than 20 children not related to the child care provider for any part of a 24-hour day.

To help ensure child care facilities are sanitary and safe, bureau staff conduct annual sanitation and fire inspections. Sanitation inspections are performed either by county health department officials or by the bureau sanitation inspector. All fire inspections are performed by the Department of Public Safety - Division of Fire Safety. Bureau staff also conduct semi-annual inspections to determine if child care facilities are in compliance with the bureau's rules related to safety, adult care giver-to-children ratios and cleanliness.

## APPENDIX II

The Bureau of Child Care Form DC-43 sets out the regulations for 19 CSR 30-61.085. This form is used by the child care facility specialist for initial and renewal inspections. Table II.1 is an excerpt of this form.

**Table II.1: Excerpt of Initial and Renewal Inspection Form**

PHYSICAL PLANT:	YES	NO	INDOOR SPACE:	YES	NO
Safe and suitable			Open windows and doors securely screened		
Restricted to approved space and floors			Temperature between 68°F and 85°F, two feet from floor		
Stairways well-lighted; free of obstructions; handrails, if necessary			Pads or mats under indoor equipment if more than 24" high		
Approved barrier for porches, decks, stairwells			35 square feet per child		
Safety gates at stairways, as needed			License posted near entrance where easily seen		
Heating equipment protected			<b>OUTDOOR SPACE:</b>		
Hazardous items inaccessible			On or adjoining property		
Weapons and ammunition inaccessible in locked cabinet/closet			42" fencing requirements met		
Smoking-limited as required			75 square feet per child		
<b>BATHROOM FACILITIES:</b>			Adult supervision as required		
Toilet and hand washing facility available			Safe; well-maintained; good drainage		
Individual towels or paper towels, soap, toilet paper accessible to children			Fall zone covered with approved material		
Convenient, working			Resilient material maintained		
Children monitored			No concrete, asphalt, carpet or bare soil under equipment from which children might fall		
Clean and odor free			<b>ANIMALS:</b>		
One potty-chair, junior commode or toilet with an adaptor			Penned if threat to health or safety		
Potty-chair in bathroom emptied, cleaned and disinfected after each use			Clean pens		
			No animal excrement in child care area		
			No litter box in child care or food preparation areas		
			Food and water dishes inaccessible to children		

Source: Prepared by SAO based on Bureau of Child Care Form DC-43

## APPENDIX III

### **ESTIMATED NUMBER OF CHILDREN IN UNLICENSED CHILD CARE FACILITIES**

This appendix shows approximately how many children may be in unlicensed facilities. Absent actual bureau data, we used 2000 U.S. Census data to determine this estimate. According to Census data, nearly 287,000 Missouri children ages 5 and under lived in homes where both parents worked and may have required some sort of child care.<sup>15</sup> However, the license capacity of all of Missouri's licensed child care facilities in 2001 was only about 131,000 children. Thus, we estimate up to 156,000 children ages 5 and under may not have access to a licensed child care facility in the state. Bureau officials agreed thousands of Missouri children are most likely being cared for by unlicensed providers.

Our analysis of intrastate data show licensing capacity of licensed child care facilities and the number of license-exempt facilities left potentially hundreds of children ages 5 and under without access to either licensed or license-exempt care in many of the state's counties. Figure III.1 shows by county and the city of St. Louis 1) the number children, ages 5 and under, in excess of the licensed care facility capacity, and 2) the number of available license-exempt facilities in 2001 (shown in parentheses). For example, St. Louis County has an estimated 22,915 children ages 5 and under who may not have access to licensed child care facilities, and 276 license-exempt facilities.

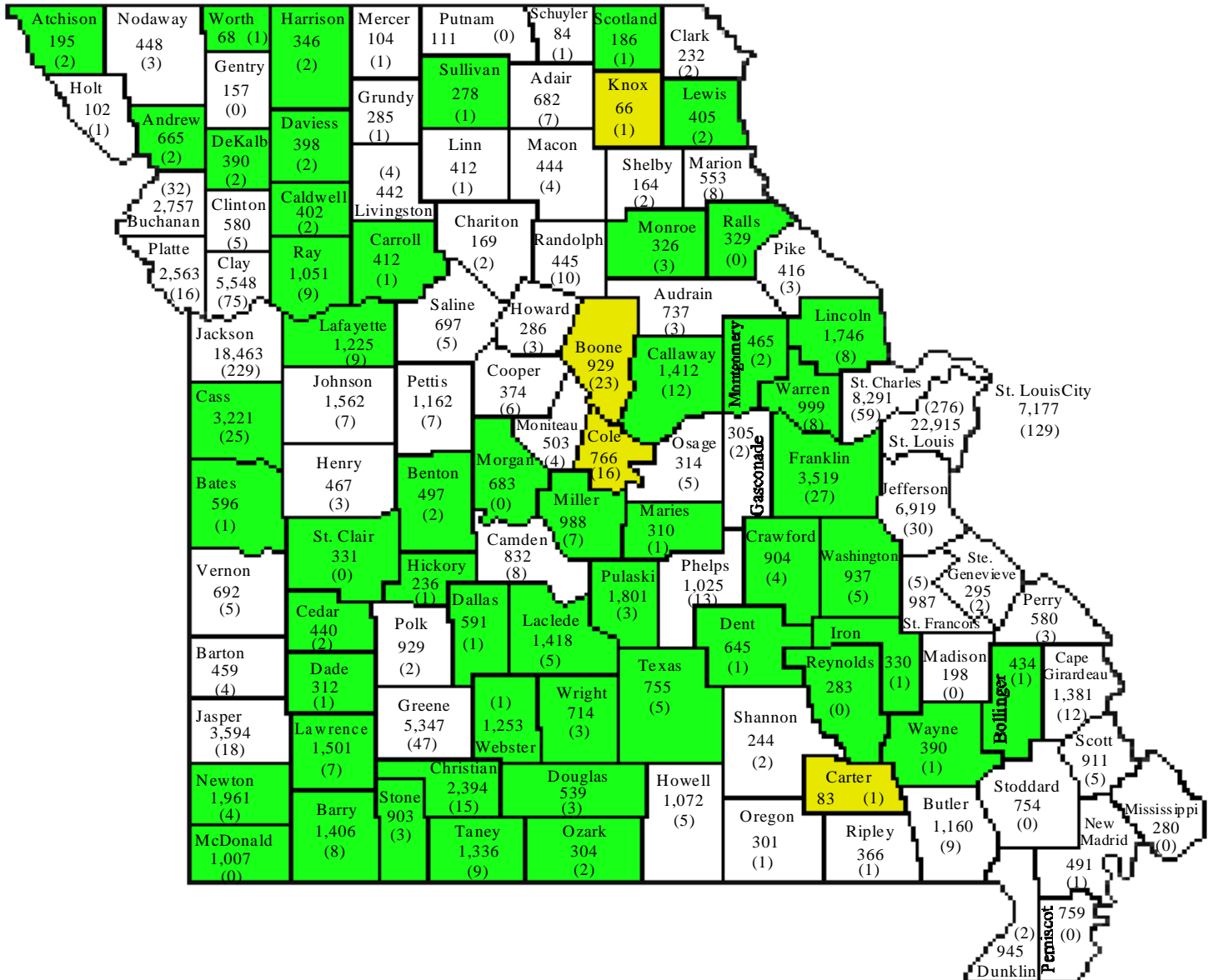
As Figure III.1 shows, two-thirds of the children ages 5 and under were potentially cared for by unlicensed child care facilities in 52 of the state's 115 counties. Further, in 35 of the 52 counties, there were three or fewer license-exempt facilities to provide child care.

---

<sup>15</sup> Children living with a grandparent or other guardian are not included in this census data.

## APPENDIX III

**Figure III.1: Missouri Children that May Not Have Access to Licensed Child Care**



- Counties (52) with greater than 66% of children potentially in unlicensed facilities
- Counties (59) with between 33% and 66% of children potentially in unlicensed facilities
- Counties (4) with less than 33% of children potentially in unlicensed facilities

Source: Prepared by SAO based on 2000 U.S. Census and Bureau of Child Care data





**CITY OF ST. GEORGE, MISSOURI  
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-51  
July 16, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

July 2002

The following problems were discovered as a result of an audit conducted by our office of the City of St. George, Missouri.

---

The City of St. George's year end balance at December 31, 2001, was inaccurately reported. The monthly report indicates a year-to-date balance of \$2,182,759, while the actual balance was only \$63,700. The discrepancy was due to an error in the formula used to calculate the year-to-date account balance. The City Treasurer's report is approved by the Board of Alderman. Although the overstated balance was obvious, it was not detected, which lends questioning to the thoroughness of the board's review.

The City/Court Clerk received several raises during her term of office. The Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, state law mandates that the salary of a municipal officer shall not be changed during the time for which he was elected or appointed.

The city has a credit card that is used primarily for internet service, office supplies, and city-related travel expenses. During the year ended December 31, 2001, the city used the credit card for approximately \$4,800 in expenditures. Several charges for hotels, meals, office supplies, etc. had no supporting documentation retained or the only documentation available for the purchase was a signed charge slip. Copies of the itemized vendor invoices were not retained.

A St. George city ordinance states disbursements that exceed \$1,000 shall be competitively bid; however, city personnel were not aware of this policy. City personnel indicated the decision of whether to solicit bids for a particular purchase was made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for \$40,367 for trash service, \$7,451 for insurance, and \$1,183 for radar equipment.

Former Mayor Cullen was elected in April 1998 to serve a four-year term, but he resigned in March 2001. At that time, Alderman Lorino was appointed mayor and during the April meeting Paul Tillman was appointed to fill the alderman position. Former Alderman Strathmann was elected in April 1999 to serve a four-year term, but he resigned in August 2001. At that time Mayor Lorino appointed Karen Krebeck to fill the alderman position. Neither alderman position was placed on the April 2002 ballot. State law requires that if a vacancy occurs in an elective office, the mayor and the board of aldermen are required to appoint a successor who serves until the next regular municipal election.

(over)

YELLOW SHEETS

Christmas payments totaling \$850 and \$725 were paid to appointed city officials and employees in December 2000 and 2001, respectively. A city ordinance indicates all appointed officials are to receive a "cash Christmas payment" of \$25 and full-time police officers are to receive \$100. It is unclear whether these payments represent bonuses. Bonuses appear to represent additional compensation for services previously rendered and violate the Missouri Constitution. The Board of Aldermen should consider simply increasing the salary of these personnel to avoid the appearance of granting a bonus.

The board regularly conducts closed meetings. Minutes were not prepared to document the matters discussed in closed meetings, and board minutes did not always indicate the reasons for closing the meetings. State law requires specific reasons for a closed meeting to be announced publicly at an open session. Additionally, city ordinance indicates a motion must be made at an open meeting to hold a closed meeting and said motion must state the purpose of the closed meeting.

Also included in the audit are recommendations related to payroll and personnel, timesheets, accounting controls, street monies, expenditures, budgets and financial reporting, fixed assets, board minutes and policies, restricted revenues, and the Municipal Division.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

CITY OF ST. GEORGE, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-21
<u>Number</u>	<u>Description</u>
1.	Payroll and Personnel.....5
2.	Accounting Controls and Procedures.....8
3.	City Expenditures.....11
4.	Street Monies .....13
5.	City Appointments .....13
6.	Board Minutes and Policies .....14
7.	Budgets and Financial Reporting.....16
8.	General Fixed Asset Records and Procedures .....17
9.	Restricted Revenues.....19
10.	City of St. George Municipal Division .....20
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	22-25

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of St. George

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of St. George, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of St. George, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 19, 2002

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Scott L. Fontana

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



CITY OF ST. GEORGE  
MANAGEMENT ADVISORY REPORT  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Payroll and Personnel</b>
-----------	------------------------------

At December 31, 2001, the city had six full-time police officers and fourteen part-time employees and elected/appointed officials. The city incurred \$192,739 in gross wages during 2001 for all employees. We noted the following concerns regarding payroll and personnel:

- A. The city has not formalized a personnel policy in writing for non-police employees. The city has an ordinance that outlines descriptions of job duties and qualifications for various positions. However, the city has not covered additional areas such as retirement and health benefits, hiring and firing procedures, vacation and sick leave, regular work hours and official holidays, and compensatory time.

A comprehensive personnel policy manual would provide guidance and control for the effective and consistent management of the city's employees.

- B. The City/Court Clerk received several raises during her term of office. City ordinance 582 establishes the City Clerk's term of office at four years. Article VII, Section 13 of the Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, Section 79.270, RSMo 2000, states that the salary of a municipal officer shall not be changed during the time for which he was elected or appointed.

- C. The city does not properly report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to the City Attorney and the Municipal Judge or on additional compensation paid to the City Clerk for cleaning city hall and a police officer for working on city streets. The following table indicates the compensation paid during the year ended December 31, 2001, which was not subjected to withholdings:

Position	Amount Paid
City Attorney	\$9,032
Municipal Judge	2,400
City Clerk	960
Police Officer	370

The Internal Revenue Code requires employers to report wages on W-2 forms and withhold federal income taxes. Similarly, Chapter 143, RSMo 2000, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to withhold payroll taxes and pay the employer's share of social security on the compensation paid to employees. Section 105.300,

RSMo 2000, defines an appointive officer or employee of a political subdivision as an employee for social security tax purposes.

- D. Christmas payments totaling \$850 and \$725 were paid to appointed city officials and employees in December 2000 and 2001, respectively. City Ordinance 678 indicates all appointed officials are to receive a "cash Christmas payment" of \$25 and full time police officers are to receive \$100.

It is unclear whether these payments represent bonuses. Bonuses appear to represent additional compensation for services previously rendered and violate Article III, Section 39 of the Missouri Constitution. Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." The Board of Aldermen should consider simply increasing the salary of these personnel to avoid the appearance of granting a bonus.

- E. The City/Court Clerk and Assistant City/Court Clerk prepare time sheets of overtime hours only. In addition, the time sheets showing overtime hours were not consistently signed by the employee and did not indicate review and approval by the supervisor.

Time sheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The city should require the City/Court Clerk and Assistant City/Court Clerk to prepare detailed time sheets that are reviewed and approved by a supervisor.

- F. The city maintains records of vacation, sick leave, and compensatory time earned, taken, or accumulated for police officers but not for some appointed officials. Adequate documentation of vacation and sick leave earned, taken, and accumulated is necessary to ensure appointed officials and employees are properly compensated for accumulated leave and to ensure leave time used is not in excess of time accumulated.
- G. During the year ended December 31, 2001, the city contributed \$4,711 to an Individual Retirement Account (IRA) for the Chief of Police, five full-time police officers, the City/Court Clerk, and the City Treasurer. The city is prohibited by state law from establishing its own retirement plan. The Missouri Constitution, Article 6, Section 25 states that political subdivisions can only provide pensions for its employees when such authority is given to the political subdivisions by the General Assembly. No statutory authority has been given for cities to provide their own retirement plan. Section 70.600, RSMo 2000, the statute creating the Missouri Local Government Employees' Retirement System (LAGERS), states its purpose as "providing for the retirement or pensioning of the officers and

employees...of any political subdivision of the state...". Section 70.615, RSMo 2000, stipulates that after October 13, 1967, a political subdivision shall not commence coverage of its employees under another system other than the Missouri Local Government Employees' Retirement System (LAGERS). In addition, Attorney General Opinion No. 23, 1979 to Becker, concluded "Since the IRA is a plan similar in purpose to LAGERS, ... the city cannot establish Individual Retirement Accounts for its employees."

**WE RECOMMEND** the Board of Aldermen:

- A. Prepare and maintain a personnel policy manual to provide documentation of the city's procedures and policies for all city employees.
- B. Ensure the salaries of the city's officials are not changed during their term of office.
- C. Ensure that the compensation paid to elected or appointive officials are properly reported. If it is determined that this is an employee relationship, the Board should ensure payroll taxes are properly withheld and remitted for any wages or salaries paid.
- D. Discontinue paying Christmas payments to city employees and appointed officials.
- E. Require the City/Court Clerk and Assistant City/Court Clerk to prepare time sheets reflecting the actual time worked. In addition, time sheets should be signed by the official or employee and the applicable supervisor.
- F. Require accurate records of vacation, sick leave, and compensatory time be maintained in a manner that provides a complete record of the amount of time earned, taken, and any accumulated balances.
- G. Review the legality of the city's retirement plan.

**AUDITEE'S RESPONSE**

- A. *The City of St. George is a small, fourth-class city with a part time administration. The city already maintains a personnel policy manual for police officers and has ordinances covering the duties of other appointed officials. The city has not had any problems with personnel policy and wishes to maintain the at-will nature of appointees. It is believed that the present ordinances and manual adequately serve the city's personnel needs.*
- B. *The city agrees and will consider shortening the term of some city officials so their salary may be reviewed yearly instead of every four years. The two modest raises received by the City Clerk in one term came after an extended period with no increase.*

- C. *The City Attorney and the Municipal Judge report payment for services by the city on their own individual taxes. In the future, the city will issue 1099 forms to the I.R.S. for those services and for such miscellaneous services as cleaning City Hall and sporadic work on streets.*
- D. *The city has written into its ordinance discretionary payments to be distributed to employees, if merited, prior to Christmas. These are not "bonuses" for services already rendered, but discretionary salary items.*
- E. *The city agrees and signed time sheets for all hours worked are being kept.*
- F. *The city agrees and is doing so.*
- G. *The City Attorney has discussed the legality of the city's IRA savings plan with the chief legal counsel for the Missouri Local Government Employees' Retirement System (LAGERS), who is of the opinion that the St. George I.R.A. plan does not violate State Law because it does not conflict with the LAGERS pension plan. The statute prohibits plans similar in purpose to LAGERS for city employees other than policemen. Ours is an IRA savings plan-not a defined benefit pension like LAGERS and, therefore, not similar in purpose.*

<b>2.</b>	<b>Accounting Controls and Procedures</b>
-----------	-------------------------------------------

- A. The Mayor, City Treasurer, and City Clerk can sign checks issued on the city's bank accounts. Checks require two signatures; however, checks are sometimes signed in advance by the City Treasurer. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures.
- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The city maintains a non-interest bearing bank account. The average month-end bank balance in the general account for the year ended December 31, 2001, was \$63,250. To maximize revenues, city monies should be deposited into interest-bearing accounts.
- D. The City Treasurer prepares a monthly report of receipts, disbursements, and ending balances for each fund. This report also includes detailed information such as deposits and checks written as well as a year-to-date summary of each fund. We noted the following concerns regarding the monthly financial report:
  - 1) Some disbursements were not included on the report. During the year ended December 31, 2001, the city received approximately \$33,200 in

Community Policing grant monies. While the City Treasurer properly recorded the receipt of these monies, the related disbursements did not include the total payments made to police officers for payroll. In addition, some automatic withdrawals and checks were not recorded on the monthly report.

- 2) The city's year to date ending balance at December 31, 2001, was inaccurately reported. The monthly report indicated a year-to-date balance of \$2,182,759, while the actual balance was only \$63,700. It appears the discrepancy was due to an error in the formula on the City Treasurer's electronic spreadsheet used to calculate the account balance.

The City Treasurer's report is approved by the Board of Alderman at the monthly board meeting. However, it appears the overstated balance, even though obvious, was not detected which lends questioning to the thoroughness of the board's review.

In addition, the City Treasurer does not maintain a running balance in her checkbook register or her ledger sheets. Some of the errors noted above could possibly have been detected if a running balance was maintained. The errors noted above were corrected for the financial statement presented in the History, Organization, and Statistical Information portion of this report.

To ensure the financial information made available to the Board of Alderman and public is complete and accurate, the city should ensure all funds and financial activity of the city is accurately recorded and properly presented in the monthly City Treasurer's reports. Procedures should be developed to ensure the accuracy of the monthly City Treasurer's report such as an independent review of the bank reconciliation.

- E. The Board of Alderman did not review and approve the payment of some city expenditures greater than \$750 prior to the disbursements being made. City Ordinance 518 states: "Any expenditure for the City of St. George that does not exceed \$750 may be made without prior approval of the Board of Aldermen." We noted expenditures for a new car, parts for a car, insurance, fuel, and a computer that exceeded \$750 for which no documentation of the board's approval could be located. In addition, some vouchers were not properly approved by either the Chief of Police or the City Treasurer.

A financial report prepared monthly by the City Treasurer that includes a detailed listing of disbursements by fund is approved by the board; however, the disbursements represent the preceding months activities.

Disbursements made from city funds should be reviewed and approved by the Board of Alderman before payment is made to ensure all disbursements represent valid operating costs of the city. In addition, to adequately document the board's

review and approval of disbursements, a complete and detailed listing of bills should be prepared for and signed by the board to denote its approval, and retained with the official minutes.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure city officials discontinue the practice of signing checks in advance.
- B. Ensure checks and money orders are restrictively endorsed immediately upon receipt.
- C. Ensure city monies are deposited into interest bearing accounts.
- D. Develop procedures to ensure the City Treasurer's reports are complete and accurate. In addition, the City Treasurer should maintain a running balance in her checkbook.
- E. Review and approve the expenditure of city funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.

**AUDITEE'S RESPONSE**

- A. *The city has already implemented this recommendation.*
- B. *An additional deposit stamp has been purchased so that all deposits may be stamped daily, as opposed to several times per week.*
- C. *The city is considering changing its long-standing checking account to an interest bearing account and will discuss the options at the next Board of Aldermen Meeting.*
- D. *The Treasurer now shows Community Policing Grant monies as a police payroll disbursement. The Treasurer's monthly report includes a detail of all checks issued and all automatic withdrawals, in the form of a listing from the checking account. The glitch that resulted in an overstated balance has been resolved and Board members now sign the Treasurer's Report after approval. The Treasurer maintains a running balance on the checking account.*
- E. *Because of a confusing ordinance, it was thought that prior approval of the Board was necessary only if the expenditure was in excess of \$1,000.00, not the \$750.00 mentioned in the Audit. The Ordinance is being amended to authorize expenditures of \$1,000.00 without Board Approval. Passing the budget approves expenditures of city funds. Disbursements are approved on a monthly basis at the meeting. Approval of all disbursements prior to the actual checks being issued would be extremely cumbersome but is being taken under advisement by the city.*

**3.****City Expenditures**

- A. The city has a credit card that is used primarily for internet service, office supplies, and city-related travel expenses. During the year ended December 31, 2001, the city used the credit card for approximately \$4,800 in expenditures. We noted several charges for hotels, meals, office supplies, etc. for which no supporting documentation was retained or the only documentation available for the purchase was a signed charge slip. Copies of the itemized vendor invoices were not retained.

Adequate supporting documentation should be retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. Without adequate supporting documentation, the city cannot evaluate the necessity and reasonableness of credit card purchases.

- B. The city's formal bidding policy established by City Ordinance 518 states disbursements that exceed \$1,000 shall be competitively bid; however, city personnel were not aware of this policy. City personnel indicated the decision of whether to solicit bids for a particular purchase was made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for \$40,367 for trash service, \$7,451 for insurance, and \$1,183 for radar equipment. The minutes of the November 1999, Board of Aldermen meeting indicate bids for trash service were received and discussed; however, documentation of those bids could not be located.

In addition, during the year ended December 31, 2001, the city paid approximately \$1,600 to a business owned by a city employee for repairs and maintenance for city vehicles. No documentation of informal price quotations was retained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- C. The city does not have written travel expense policies. In August 2001, a police officer was reimbursed meal expenses of \$260 to attend a six-day training seminar at the Lake of the Ozarks, averaging \$43 a day. When questioned about the high costs of these meals, the Police Chief indicated the officer had taken his wife with him on this trip. In July 2001, the Mayor's wife was reimbursed \$39. The voucher indicated this was for breakfast for the Mayor and his family, and the Police Chief and his wife.

In addition, we noted numerous instances where meals were charged to the city's credit card; however, no documentation was available to determine the number of entrees purchased (see MAR 3.A.). The total paid by the city for meals for families of officials or employees is not known. We did note a charge of \$171 for dinner and theater tickets in Branson. The Police Chief indicated he, the Mayor, and their wives attended.

Without written, documented policies, the types of expenses that can be incurred and the extent of those expenses that will be paid by the city may not be known. The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure adequate supporting documentation is submitted for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges.
- B. Follow established formal bidding policies and procedures. In addition, documentation of the bidding process should be maintained in all cases.
- C. Develop written travel policies that are reasonable and will allow all officials and employees to know what expenses can be incurred. In addition, the Board should ensure all disbursements from city funds are a prudent use of public funds.

**AUDITEE'S RESPONSE**

- A. *City officials use the city credit card to purchase miscellaneous supplies, services, and for City related travel expenses due to training seminars. For the approximate \$1,600 in expenses that were incurred for travel and training for 2001, the charge slips should have been turned in but may not have all been kept as a permanent record. We do have all credit card monthly statements that provide documentation of the expense incurred. The city now will require a travel log to be kept for city related travel expenses that also requires receipts to be turned in to the Treasurer. These will be kept as a permanent record.*
- B. *The city, for the most part, follows bidding policies and procedures when practicable. With some items, bids are obtained informally by telephone. All bids are reported to the Board of Aldermen, appear in the Minutes of the Meetings, and are voted on in open session. The city will keep all bids submitted in the future, and will document oral bids with appropriate notes. In some instances, however, the establishment of a relationship with a vendor who provides prompt service to the city on an as-needed basis, is the most economically efficient method of keeping equipment operable.*



- C. *The city will implement a travel expense log that will require detailed receipts and explanations of expenditures and will also consider implementing a travel expenses policy by presenting a Bill concerning same to the Board of Aldermen. It should be noted that the portion of the \$171.00 expenditure for dinner tickets in Branson exceeding the cost of the meal for the city officials has already been reimbursed to the city. In addition, the breakfast for the "Mayor and his family" for \$39.00 was felt to be warranted because the city was not charged for travel expenses to and from the seminar site, which would have amounted to approximately \$155.00.*

<b>4. Street Monies</b>
-------------------------

An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

**AUDITEE'S RESPONSE**

*The city regularly discusses city street maintenance in open meetings and informs the residents of problems through the City Newspaper and by letter. Each Board Meeting has a section for the Street Commissioner's Report and Complaints or Comments by any citizens where street matters may be brought up. The city believes that these measures are adequate for dealing with the streets.*

<b>5. City Appointments</b>
-----------------------------

Former Mayor Cullen was elected in April 1998 to serve a four-year term, but he resigned in March 2001. At that time, Alderman Lorino was appointed mayor and during the April meeting Paul Tillman was appointed to fill the alderman position. The alderman position was not placed on the April 2002 ballot.

Former Aldermen Strathmann was elected in April 1999 to serve a four-year term, but he resigned in August 2001. At that time, Mayor Lorino appointed Karen Krebeck to fill the alderman position. This position was not placed on the April 2002 ballot. In addition, the minutes of the board of aldermen meeting did not indicate that the Board voted on this appointment (See MAR No. 6).

City officials indicated it was their policy to appoint a replacement to serve the remainder of the term.

According to Section 79.280, RSMo 2000, if a vacancy occurs in an elective office, the mayor and the board of aldermen are required to appoint a successor who serves until the next regular municipal election. The winning candidate at that election then serves the remainder of the unexpired term. In addition, City Ordinance 679 indicates the appointed successor shall serve until the next regular municipal election. The board of aldermen should ensure that any future vacant offices are filled in compliance with state law and city ordinance.

**WE RECOMMEND** the Board of Aldermen ensure vacant elective offices are filled in compliance with state law.

### **AUDITEE'S RESPONSE**

*The two Aldermen positions noted were inadvertently left off the April 2002 ballot. The city will place all vacancies filled by appointment on the ballot at the next regularly scheduled Municipal Election.*

<b>6. Board Minutes and Policies</b>
--------------------------------------

- A. The minutes of the meetings of the Board of Aldermen did not contain some information required by statute. There were numerous instances where the minutes indicated a motion had passed, but did not indicate the number of votes for and against. In addition, the minutes did not indicate whether the Board voted on the appointment of an alderman (see MAR No. 5).

Section 610.020, RSMo 2000, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions.

- B. The board regularly conducts closed meetings. Minutes were not prepared to document the matters discussed in closed meetings, and board minutes did not always indicate the reasons for closing the meetings.

Section 610.020, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo 2000, requires a

closed meeting, record, or vote be held for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, City Ordinance 468 indicates a motion must be made at an open meeting to hold a closed meeting and said motion must state the purpose of the closed meeting.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo 2000, regarding these closed meetings, have been followed.

- C. The board minutes are prepared and signed by the Assistant City Clerk and approved by the board; however, they are not signed by the Mayor. The board minutes should be signed by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- D. The city does not have a formal policy regarding public access to city records. A formal policy regarding access to city records would establish guidelines for the city to make records available to the public. This policy should establish a contact person, an address for mailing such requests, and the cost for providing copies of the public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure minutes include all information required by statute.
- B. Ensure minutes are prepared for closed meetings, and the reasons for closing the meeting are documented in the board minutes as required by law.
- C. Require board minutes to be signed by the Mayor to attest to their completeness and accuracy.
- D. Establish formal written policies and procedures regarding public access to and/or copies of city records.

**AUDITEE'S RESPONSE**

- A. *The Minutes of the Board Meeting usually contain each Alderman's vote for any matter voted on. In addition, the City Clerk separately keeps written tally of all votes cast*

*during meetings. The city will continue to comply with Section 610.020 RSMo as it relates to the keeping of minutes.*

- B. The agenda usually contains the reason for closing meetings and is filed with the minutes. There were two occasions in 2001 when this was not followed. In the future, the board minutes will also reflect the reason for closing meetings. Closed meeting minutes are now being written.*
- C. Board minutes have always been approved by the Board of Alderman at the next regularly scheduled meeting. The Mayor will now also sign them.*
- D. The city has already passed an ordinance updating its policy for public access to and copies of city records.*

<b>7. Budgets and Financial Reporting</b>
-------------------------------------------

- A. The city had not published semi-annual financial statements since December 31, 2000. After our requests, the city published a financial statement for the year ended December 31, 2001 in March 2002. Section 79.160, RSMo 2000, requires the Board of Alderman to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.
- B. The budget for the year ended December 31, 2001, did not include a comparative statement of actual or estimated receipts and disbursements for the two previous years. Section 67.010, RSMo 2000, sets specific guidelines for the format of the annual operating budget.

A complete and well-planned budget, in addition to meeting statutory requirements can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. A complete budget should include separate receipt and disbursement estimations, and include beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual receipts and disbursements for the two preceding years.

- C. The city exceeded the budgeted disbursement amounts in the General Fund during the year ended December 31, 2001, by approximately \$53,700. The monthly City Treasurer's report reflects the budget amounts and actual disbursements to date; however, due to various errors in these reports (see MAR No. 2.E.) the budget overage was not apparent.

Section 67.040, RSMo 2000, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess disbursements, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for such.

**WE RECOMMEND** the Board of Alderman:

- A. Publish semi-annual financial statements as required by state law.
- B. Prepare budgets that contain all information as required by state law.
- C. Ensure disbursements are kept within budgeted amounts. If it is necessary to incur additional disbursements, a resolution setting forth the increase and reasons for such should be adopted.

**AUDITEE'S RESPONSE**

- A. *Because of extreme circumstance, one Financial Statement was not timely published. This was corrected when discovered. The city will continue to publish as required by law.*
- B. *The city will include a comparative statement of actual or estimated receipts or disbursements for the previous two years in its 2002 budget.*
- C. *The Board normally approves payments that exceed budgeted amounts. The city will also amend budgets when expenditures exceed the amount budgeted.*

<b>8. General Fixed Asset Records and Procedures</b>
------------------------------------------------------

- A. The city does not maintain complete records to account for all property owned by the city. The Chief of Police does maintain a listing of general fixed assets for the police department; however, this listing did not include the police vehicles. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The record should include a detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets when disposed of. Complete and accurate fixed asset records are necessary to ensure better internal control over city property and provide a basis for determining proper insurance coverage. Physical

inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of city assets.

Adequate general fixed asset records are necessary to secure better internal control and safeguard city assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on city property.

- B. The city does not have a formal policy regarding the sale of city vehicles and equipment. In March 2001, the city transferred the title of a vehicle to a city employee without advertising for the sale of the car or soliciting bids. The minutes explained that the city employee had donated some repairs on the car in anticipation of purchasing the vehicle and that these donations would have to be reimbursed if the city chose not to sell the vehicle to the employee.

There was no documentation available to support the trade-in value noted in the minutes, nor to support the amount of repairs donated by the city employee.

To ensure the city receives the fair value for the sale of city-owned property and that city residents have proper opportunity to bid on the property, bids should be solicited for all sales of major city property and documentation should be retained of all decisions made.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. The Board of Aldermen should require additions to the fixed asset list be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of the City of St. George" are attached to city property and equipment.
- B. Establish a policy for the sale of city vehicles and equipment.

**AUDITEE'S RESPONSE**

- A. *The city is now in the process of doing an additional inventory of all of its personal property and fixed assets and will update same regularly.*

- B. *The city's policy in the past has been to sell city vehicles and equipment under sealed bid. This has been followed in all but one instance. Those special circumstances warranted the sale of a vehicle without the bid process to cut additional losses by the city on the property. This was done after full discussion in an open Board Meeting by a majority vote of the Board. The city will adopt a formal policy regarding sale of major items such as vehicles.*

<b>9. Restricted Revenues</b>
-------------------------------

- A. The city receives state motor vehicle-related revenues and deposits them into the General Fund. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including policing, signing, lighting, and cleaning of roads and streets. The city has not established a separate fund or separate accounting for these receipts and disbursements and does not monitor the use of these funds to ensure compliance with the Missouri Constitution.

During the year ended December 31, 2001, the city deposited approximately \$56,800, in state motor vehicle-related receipts into the General Fund. The city's records did not clearly document the total amount spent on lighting, policing, and signs for the streets in the city.

To ensure compliance with the Missouri Constitution, the city should maintain a separate fund or separate accounting of motor vehicle-related receipts and ensure these receipts are used only for the purposes allowed by the constitution.

- B. Law Enforcement Training fees are not accounted for separately or maintained in a separate fund. During the year ended December 31, 2001, the city received approximately \$3,000 in training fees and spent approximately \$2,200 on police training. In addition, at December 31, 2001, the city had \$4,159 in its Police Officer Standards and Training Commission Fund that is also required to be spent on police training. Section 590.140, RSMo 2000, requires law enforcement training fees to be used only for the training of law enforcement officers. The city should determine law enforcement training fees collected and transfer the fees to the Police Officer Standards and Training Commission account or maintain a separate accounting of the funds to ensure the fees are used in accordance with state law.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish a separate fund or accounting of the state motor vehicle-related revenues to ensure funds are spent in accordance with the Missouri Constitution.
- B. Establish a separate accounting for Law Enforcement Training fees to ensure compliance with the Missouri Constitution and state law.

## **AUDITEE'S RESPONSE**

*The city's expenditures for lighting, patrolling and signs for streets in the city far exceed the funds received for state motor vehicle related revenues. Thus, the city is in compliance with the Missouri Constitution's requirement that those funds should be spent only for those purposes. In the future, the city will make a note on the annual budget pointing out that fact. The city now deposits the Law Enforcement Training fees with the POST funds.*

<b>10. City of St. George Municipal Division</b>
--------------------------------------------------

- A. Neither the police department nor the municipal division maintain adequate records to account for traffic tickets issued. The police department did maintain a copy of the tickets; however, some of the tickets were missing and the tickets did not indicate the disposition. Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the court cannot be assured that all traffic tickets issued were properly submitted to the court for processing. Records listing each ticket number, issuing officer, the date issued, the violator's name and the ultimate disposition of each ticket should be maintained to ensure all traffic tickets were properly submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each traffic ticket should also be maintained to ensure all traffic tickets have been accounted for properly.
- B. The following concerns were noted regarding court costs and fees:
  - 1) The court charges court costs of \$11 for each case filed. Section 488.012, RSMo 2000, requires court costs of \$12 be assessed for each case filed in a municipal division. In addition, Section 115.080 of the city ordinances indicates regular court costs shall be \$12 for all cases decided during the regular session.
  - 2) Law Enforcement Training fees are not collected on nonmoving violations. Section 488.5336, RSMo 2000, requires this fee to be charged on all court cases for violations of municipal ordinances, except for cases dismissed by the court. In addition, City Ordinance 624 indicates there shall be assessed as costs in all cases, the sum of \$2 for the training of police officers.

**WE RECOMMEND** the city of St. George Municipal Division:

- A. Work with the police department to ensure records are maintained to account for the numerical sequence of tickets issued and their ultimate disposition.
- B. Collect court costs and fees in accordance with state law and city ordinance.



### **AUDITEE'S RESPONSE**

- A. *All records of disposition of traffic tickets are kept by the Court Clerk and will be reviewed by the Chief of Police to insure that all tickets written were submitted to the court. The four "missing tickets" were actually found. All were properly processed and disposed of in court.*
- B.1. *This has already been corrected.*
- 2. *The Municipal Court now collects an extra \$2 per ticket for non-moving violations for the Police Training Fund in compliance with State Law and city ordinances.*

This report is intended for the information of the management of the City of St. George and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF ST. GEORGE, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of St. George is located in St. Louis County. The city was incorporated in 1948 as a fourth-class city. The population of the city in 2000 was 1,288.

The city government consists of a mayor and a six-member Board of Aldermen. The members are elected for two-year terms. The mayor is elected for a four-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2001, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended December 31, 2001	Amount of Bond
Michael J. Lorino, Mayor (1)	April 2002	\$ 3,973 (2)	\$ 0
Ray A. Kaufmann, Alderman	April 2003	300	0
John J. Kearns III, Alderman (3)	April 2002	463 (4)	0
Karen S. Krebeck, Alderwoman (5)	April 2003	75	0
Jeanne S. Mers, Alderwoman (6)	April 2002	300	0
Eugene E. Preiss, Alderman (6)	April 2002	300	0
Paul A. Tillman, Alderman (7)	April 2003	200	0

- (1) Scott Cullen resigned in March 2001, and Michael Lorino was appointed to fill the position until the end of the term. Michael Lorino was elected as Mayor in April 2002.
- (2) Compensation includes amounts paid as alderman and mayor.
- (3) Paul King was elected as alderman in April 2002.
- (4) Compensation includes the additional amount paid to serve as acting mayor while a replacement was selected.
- (5) Dean Strathmann resigned in September 2001, and Karen Krebeck was appointed to fill the position until the end of the term.
- (6) Jeanne S. Mers and Eugene E. Preiss were re-elected in April 2002.
- (7) Michael Lorino was appointed as the interim Mayor in March 2001, Paul A. Tillman was appointed to fill the position until the end of the term.

Other Principal Officials

Marilyn Schneider, City/Court Clerk	17,594	(8)	10,000
Marjorie Walters, City Treasurer (9)	3,850		10,000
Paul A. Roy, Chief of Police	34,535		0
John Malec, City Attorney	9,032		0

(8) Includes monthly payments of \$80 for cleaning City Hall.

(9) Dave Pozzo was appointed City Treasurer as of May 2, 2002.

On December 31, 2001, the city employed 6 full-time and 14 part-time employees.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 9,157,044
Personal property	2,207,057
Total	<u>\$ 11,364,101</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General Fund *	<u>\$ 0.12</u>

\* In addition, the city receives a portion of the St. Louis County Road and Bridge Tax.

The city has the following sales tax; the rate is per \$1 of retail sales:

	Rate	Expiration
General	<u>\$ .01</u>	<u>Date</u>
		none

A summary of the city's financial activity for the year ended December 31, 2001, is presented below:

	General Fund	Road Fund	Peace Officer Standards and Training Commission Fund	Total
<b>RECEIPTS</b>				
Property taxes	\$ 13,124	11,471	0	24,595
Motor fuel taxes	56,835	0	0	56,835
Sales taxes	173,434	0	0	173,434
Cigarette taxes	5,683	0	0	5,683
Utility taxes	0	18,110	0	18,110
Interest	6,106	498	24	6,628
Municipal Court fees	117,425	0	0	117,425
Government grant	33,183	0	0	33,183
Franchise Fee	7,172	0	0	7,172
Permits and Licenses	1,250	1,416	0	2,666
Peace Officer Standards and Training Commission Fund	0	0	2,009	2,009
Miscellaneous	1,744	0	0	1,744
Total Receipts	415,956	31,495	2,033	449,484
<b>DISBURSEMENTS</b>				
General Government Administration	80,130	0	0	80,130
Police Department	254,730	0	0	254,730
Public Works	1,544	20,363	0	21,907
Sanitation	47,544	0	0	47,544
Professional Services	11,432	0	0	11,432
Crime Victims Compensation	9,514	0	0	9,514
Miscellaneous	785	0	0	785
Total Disbursements	405,679	20,363	0	426,042
Receipts Over (Under) Disbursements	10,277	11,132	2,033	23,442
Cash Balance, January 1, 2001	172,208	32,829	2,126	207,163
Cash Balance, December 31, 2001	\$ 182,485	43,961	4,159	230,605



**CITY OF HURDLAND, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-50  
July 8, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

July 2002

The following problems were discovered as a result of an audit conducted by our office of the City of Hurdland, Missouri.

---

Our review of the city's sewer records and procedures disclosed several concerns including:

- The city does not maintain a general ledger that documents the amount and date sewer payments are received and the composition of the receipts. As a result, the city could not perform a periodic reconciliation of total amounts due, payments received, and delinquent amounts for sewer services.
- The Sewer Collector prepared inaccurate monthly financial reports for the Sewer Fund which reported cash balances that were on an average \$7,417 higher than the actual Sewer Fund balance.
- The city has not performed a formal review of the adequacy of sewer rates since 1998.
- Supporting documentation or an independent approval of customer removals from the sewer billing system was not always retained.

Our audit noted various appointments and questionable transactions between the City of Hurdland and various board member's family, or their family corporations or businesses.

Because of the serious consequences which result by hiring a relative, the board should ensure its members abstain from any decisions to hire a relative and ensure that action is fully documented in the board minutes. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for city officials.

Also included in the audit are recommendations related to expenditures, board meetings and records, budgets, road maintenance planning, published financial statements, ordinances, accounting controls and policies, restricted revenues, property records, and other sewer operating procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEETS

CITY OF HURDLAND, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-22
<u>Number</u>	<u>Description</u>
1.	Sewer System Procedures .....5
2.	Questionable Transactions and Appointments.....7
3.	Expenditures .....9
4.	Board Meetings and Records .....12
5.	Budgeting, Planning, and Published Financial Statements .....14
6.	Ordinances .....16
7.	Accounting Controls and Procedures.....17
8.	Restricted Revenues.....21
9.	Property Records.....22
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	23-26



## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Board of Aldermen  
City of Hurdland, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Hurdland, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Hurdland, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 17, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pam Crawford, CPA
In-Charge Auditor:	Joyce Medlock

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF HURDLAND  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Sewer System Procedures</b>
-----------	--------------------------------

The city operates a sewer system that provides service to approximately 100 customers. Each customer is provided a payment book and is required to pay a monthly fee of \$12.55 by the tenth of each month in accordance with city ordinance. If payment is not made by the tenth of each month, a delinquent fee of \$2.50 is assessed, and delinquent notices are required to be mailed out by the thirtieth of each month. A review of the city's sewer records and procedures disclosed the following concerns:

- A. The city maintains a subsidiary sewer ledger which documents sewer payments for each resident by month; however, a general ledger is not maintained to indicate the amount and date the payment was received or the composition of the receipt. As a result, the city can not perform a periodic reconciliation of total amounts due, payments received, and delinquent amounts for sewer services. For example, we compared amounts recorded in the sewer ledger to amounts deposited into the sewer operating account including advance payments for the month of January 2001. Due to the incomplete records maintained by the city, we were unable to determine whether sewer fees recorded in the sewer ledger totaling \$155 were deposited into the city's sewer operating account.

A detailed sewer ledger that documents the amount and date fees are paid and the method of payment at the time of receipt is necessary to ensure sewer fees are properly accounted for. Periodic reconciliations are also necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis.

- B. The Sewer Collector also prepares monthly financial reports for the Sewer Fund; however, they were not always accurate or complete. For example, during the period January through December 2001, the cash balances reported on the financial reports presented to the board were on an average \$7,417 higher than the actual Sewer Fund balance. In addition, several monthly financial reports did not foot, and the ending balance for some months did not always agree to the following month's beginning balance. Additional concerns noted in MAR #7 regarding the city's lack of internal controls contributed to these errors.

An accurate monthly financial report should be prepared to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, to ensure all revenues and expenditures are accounted for properly, the reports should be reviewed for accuracy by the Board of Aldermen.

- C. The city has not performed a formal review of the adequacy of the sewer rates since 1998. Sewer fees are user charges which should cover the cost of providing the related services. Expenditures from the Sewer Operating Fund increased approximately 65% due to unplanned sewer repair expenditures during the year ended June 30, 2001. The city should perform a detailed review of its sewer costs periodically, including depreciation and debt service costs, and set rates to cover the total costs of operation including any unforeseen repairs.
- D. Supporting documentation or an independent approval of customer removals from the sewer billing system was not always retained. According to city officials, all customers that are removed from the sewer billing system must be approved by the Board of Aldermen; however, during our review, we noted several customers which were removed from the sewer billing system that were not approved by the board. City officials indicated that most of these customers were removed from the sewer billing system because the properties owned were vacant.

To ensure that all customer removals are valid and properly approved, someone independent of receipting and recording functions should review all removals and proper supporting documentation should be maintained of such removals.

- E. The \$2.50 delinquent fee is not consistently charged to customers that do not make their payment by the 10<sup>th</sup> of the billing month. Delinquent fees should be assessed in accordance with city ordinance.
- F. The city has a contract with the Sewer Collector which outlines five duties the collector is to perform for a monthly fee of \$160; however, during our review of the sewer records, we noted two of the five required duties are not being performed. These duties include notifying delinquent customers and applying appropriate late charges, and keeping just and accurate records of wastewater system receipts and expenditures. In addition, the city should consider consulting an attorney regarding the legality of treating these payments as contract labor. To ensure duties are being performed in accordance with the city contract and to substantiate the monthly payment to the Sewer Collector, the board should review monthly sewer records for compliance with the city contract.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure a detailed sewer ledger which records receipts as they are received is maintained including the amount and date fees are paid and the method of payment and is reviewed for accuracy and completeness. In addition, a periodic reconciliation of total amounts due, payments received, and delinquent amounts for sewer services should be performed.
- B. Ensure monthly financial reports are prepared and reviewed for accuracy and completeness.

- C. Review sewer rates periodically to ensure revenues are sufficient to cover all costs of providing this service.
- D. Require someone independent of the sewer system to review and approve all customer removals and ensure supporting documentation is retained of such adjustments.
- E. Ensure delinquent fees are assessed and billed in accordance with city ordinance.
- F. Review monthly sewer records for compliance with the city contract, and consider consulting an attorney regarding the legality of treating these payments as contract labor.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *A detailed sewer ledger will be implemented.*
- B. *Monthly reports will be reviewed for accuracy and completeness.*
- C. *Future expenditures will be monitored and the need for an increase in the sewer rates will be reviewed.*
- D. *All sewer hookups will be reviewed and procedures will be established for future removals.*
- E. *Delinquent fees will be assessed and billed in the future.*
- F. *This will be done.*

<b>2.</b>	<b>Questionable Transactions and Appointments</b>
-----------	---------------------------------------------------

During our audit of the city of Hurdland, we noted various appointments and questionable transactions between the city and various board member's family, or their family corporations or businesses. These include the following:

- A.1 The June 2001 board minutes indicate Alderman Green voted to appoint his wife to perform meter readings at the city's three lift stations.
- 2. Although the May 2000 board minutes did not document who voted on the appointment of Alderwoman Schrage's husband to the board, there is no indication that Alderwoman Schrage did not approve the appointment. Alderwoman Schrage indicated that she could not remember whether she abstained from the voting.

3. The minutes for the November 2000 and the March 2001 meetings indicated prior Alderwoman Brownell voted to hire her nephew to remove snow and mow the park. He was paid \$1,367 during the period Alderwoman Brownell served as a board member. In addition, meeting minutes appeared to indicate Alderwoman Brownell approved hiring another nephew to perform street services for the city; however, the minutes did not clearly document the board's votes. He was paid \$100 during the period Alderwoman Brownell served as a board member. In addition, bids were not solicited for either of these services.

Article VII, Section 6, of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office.

- B.1 During the year ending June 30, 2001, the city paid \$182 for parts to a business partially owned by Alderman McCarty and \$124 for mechanical services provided by the brother of Alderman McCarty. In addition, Aldermen McCarty approved all of these transactions, and bids were not solicited by the city.
2. Kay Field served as Mayor for the period April 1998 through April 2002. In addition to the regular compensation allowed for her duties as Mayor, \$320 was paid to Kay Field from December 2000 to January 2001 for sewer collection duties. The Mayor indicated that she paid herself from city funds for filling in for the vacant sewer collector position.

Due to the small amounts paid to these individuals, these payments were not violations of state law; however, section 105.454, RSMo 2000, prohibits financial transactions between a city and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that city that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received.

Because of the serious consequences which result by hiring a relative, the board should ensure its members abstain from any decisions to hire a relative and ensure that action is fully documented in the board minutes. Discussions and decisions concerning situations where potential nepotism or conflicts of interest exist should be completely documented so that the public has assurance that no city official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for city officials.



**WE RECOMMEND** the Board of Aldermen:

- A. Ensure all appointments of individuals to city positions comply with the restrictions of Article VII, Section 6, of the Missouri Constitution, in regard to the appointment of relatives. If a relative of a city official is considered for appointment, that official should abstain from voting on the appointment and that action should be adequately documented in the minutes.
- B. Avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest.

**AUDITEE'S RESPONSE**

*The Board of Aldermen will address these situations and establish ordinances and policies.*

<b>3. Expenditures</b>
------------------------

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the past year, bids were either not solicited or bid documentation was not retained in some instances. The city purchased lime and gravel for \$3,173, backhoe services for \$3,030, sewer treatment services for \$1,500, gravel for \$1,408, and drainage pipes for \$1,043.

In addition, the city solicited and received three bids for mowing services for the summer of 2001. Two of the bids were for \$75 per mowing and the third bid was for \$90 per mowing. During our review of the city's bid selection process, we noted the mowing service contract was awarded to the high bidder after he lowered his bid to \$75 per mowing. The lowering of bids negates the competitive bid process and does not provide an equal opportunity for all parties to participate in the city's business. In addition, if the city plans to renegotiate bids after the bids are received, the city should document the opportunity to renegotiate in the original bid specifications, or if the city wants to accept a higher bid, they should document the reasons for accepting the higher bid in the board minutes.

Formal bidding procedures for purchases would provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. City voters approved the construction of a new city hall in April 2000. The board obtained a ten year \$30,000 loan from their local bank which is to be renewed each year by the new Board of Alderman. Bids or proposals for these financing services were not solicited.

Soliciting proposals and entering into a truly competitive bidding process provides the city a means to select the individual and company best suited to provide the service required. Good bidding practices provide the city with a range of possible choices which should allow for a better-informed decision to be made when acquiring necessary services.

- C. The city purchased 132 t-shirts for \$1,392 and 24 hats for \$288 to be sold to city residents as a fund raiser for the construction of city hall. The city originally sold the shirts and hats at a profit; however, due to poor demand the city was forced to reduce its prices below cost. During the time period June 2001 through February 2002, only \$1,047 was collected from the sale of t-shirts and hats. These expenditures do not appear to be necessary costs of operating the city. Public funds should be expended only for costs necessary to operate the city.

- D. The board's review and approval of expenditures is not adequately documented. Although the board minutes document a general reference that invoices are approved for payment, a listing of all disbursements is not always prepared to accompany the minutes. In addition, during our review of the minutes where disbursements were reported, we noted discrepancies between the amounts reported as disbursed and the amounts actually disbursed. For example, the January 2002 minutes reported a payment to the local newspaper for \$25; however, \$83 was actually disbursed.

Expenditures made from city funds should be reviewed and approved by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city. In addition, to adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board to denote their approval, and retained with the official minutes.

- E. Receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment, and the invoices are not always canceled upon payment. To ensure that goods and services have been properly received by the city, all invoices and other supporting documentation should be properly initialed or signed by a city board member upon receipt, and to ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the city.

- F. The city made several payments totaling \$122 to the Mayor for travel and meeting expenses during the year ended June 30, 2001 without obtaining adequate supporting documentation and board approval. Adequate documentation including meeting agendas should be obtained for each expenditure and reviewed and approved by the Board of Aldermen.
- G. Form 1099-Miscellaneous was not prepared by the city for real estate agent and roofing services totaling \$900 and \$700, respectively. Section 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.
- H. The city does not have formal written agreements with companies or individuals providing sewer testing services totaling \$1,500 and storage rental services totaling \$340.

Section 432.070, RSMo 2000, requires political subdivisions' contracts be in writing. Formal written agreements are necessary to document each party's duties and responsibilities.

- I. The city does not maintain mileage or maintenance logs for any of the vehicles and equipment owned by the city. Several officials and contracted individuals use these city assets. In addition, the city filed a complaint with the Sheriff's office in August 2001 regarding a contracted employee that the board believed had charged gasoline to the city which was used for personal use. No charges have been filed to date. Mileage logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The mileage and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the Board of Aldermen to ensure vehicles and equipment are used only for city business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

**WE RECOMMEND** to the Board of Aldermen:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected. In addition, the board should discontinue the practice of lowering bids, or ensure that the bid specifications document the opportunity to renegotiate after the bids are opened, or document the reasons for accepting the high bid in the board minutes.
- B. Ensure future financing transactions are properly bid, and bid documentation is retained.

- C. Ensure expenditures are limited to those necessary to properly operate the city.
- D. Review and approve all expenditures of city funds prior to disbursements being made. The approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes and by performing a comparison of the listing to actual disbursements made.
- E. Require all invoices be initialed or signed by a board member to indicate acceptance of the goods or services, and all invoices be canceled when paid.
- F. Ensure adequate documentation including meeting agendas is received and maintained to support all expenditures and board approval is obtained prior to incurring travel expenses.
- G. Ensure 1099 forms are issued in accordance with IRS regulations.
- H. Enter into written agreements for all services.
- I. Maintain mileage and maintenance logs for all city vehicles and equipment.

#### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

A. *Formal bidding policies and procedures will be established, and bids will be retained in the future.*

B-I. *These will be done.*

<b>4.</b>	<b>Board Meetings and Records</b>
-----------	-----------------------------------

- A. The board minutes are normally prepared by the City Clerk or by the Mayor during the City Clerk's absence, but some minutes were not signed. The board minutes should be signed by the City Clerk as preparer and by the Mayor or another board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- B. Minutes were not prepared for three special meetings conducted on April 15, May 23, and June 13, 2000. Section 610.020, RSMO 2000, requires a journal or minutes of open meetings shall be taken and retained by the public governmental body. These minutes are to include the date, time, place, members present, members absent, and a record of any votes taken.

- C. Minutes did not always document all business conducted during the board meetings. For example, the July 2000 meeting minutes indicated the passage of a motion and the votes taken; however, the minutes did not document a description of the motion passed. Minutes serve as the only official permanent public record of decisions made by the board. Therefore, it is imperative that the minutes be prepared to clearly document all business conducted.
- D. The October 2000 and April 2001 board minutes did not clearly indicate that the new board members were sworn into office. Section 79.260 RSMo 2000, indicates every officer of the city and his assistants and every councilman, before entering upon the duties of his office, shall take and subscribe to an oath or affirmation before some court of record in the county, or the city clerk, that he possesses all the qualifications. Board minutes should clearly document when city officials are sworn into office.

In addition, these board minutes appear to indicate that the new board members were voting before being sworn into office and the old members continued to vote on motions after the new members were apparently sworn into office. For example, six board members voted on all motions at the April 2001 meeting when only four voting board positions exist according to city ordinances. To ensure city business is conducted properly, only active board members should be allowed to vote.

- E. City officials indicated that a tentative agenda is prepared and posted for each board meeting; however, only two agenda's were retained during the year ending June 30, 2001. In addition, one of these agenda's did not document the items to be discussed at the meeting. State law requires all public governmental bodies to give advance notice of meetings either through the news media or posting notice of the meeting. The notice is to include the time, date, and place of the meeting, as well as the tentative agenda. To document compliance, the City Clerk should document the date, time, and location the notice was posted and retain this with the minutes.
- F. The city does not have a formal policy regarding public access to city records. A formal policy regarding access and obtaining copies of city records would establish guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

**WE RECOMMEND** to the Board of Aldermen:

- A. Ensure minutes are signed by the City Clerk and the Mayor or another board member.
- B. Ensure minutes are maintained for all meetings conducted.
- C. Ensure minutes clearly document all business conducted.
- D. Ensure minutes clearly document the swearing in of new board members. In addition, ensure only active board members conduct city business.
- E. Retain adequate supporting documentation to demonstrate that the board provided proper notice for each of its meetings.
- F. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

*A-D. These have been implemented.*

*E-F. These will be done.*

<b>5. Budgeting, Planning, and Published Financial Statements</b>
-------------------------------------------------------------------

- A. The budgets for the years ended June 30, 2002 and 2001, did not include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the two preceding budget years, or the beginning and the estimated ending available resources. The budgets showed only anticipated revenue and expenditure activity. In addition, a budget was not prepared for the Sewer Replacement Fund, the Sewer Reserve Fund, the Sewer Tax Fund, Sewer Bond Fund, and the Community Developmental Block Grant Fund. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and

expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. Actual expenditures exceeded budgeted expenditures for the Sewer Operating Fund for the year ended June 2001 by \$16,684. In addition, the board does not monitor actual costs by periodically comparing budgeted amounts to actual expenditures. Section 67.040, RSMO 2000, indicates a political subdivision shall not increase the total amount authorized for expenditure from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the expenditures.
- C. The Sewer Operating Fund budget for the year ended June 30, 2002 and June 30, 2001 was not approved until July 10, 2001 and July 18, 2000, respectively. Section 67.070, RSMo 2000, requires that if a new budget is not adopted by the beginning of the new year then the board should operate under the prior year's budget. To be of maximum benefit to the taxpayers and the city, the budget should be adopted prior to the beginning of the fiscal year.
- D. The city published semiannual financial statements for the six months ending June 30, 2001 and December 31, 2000; however, the financial statements did not include the City Hall Fund, Community Development Block Grant Fund, or the interest earned and the balance of a certificate of deposit in the Sewer Operating Fund.

Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish, semi-annually, a full and detailed account of the receipts, expenditures, and indebtedness of the city. Accurate and detailed financial statements are necessary to keep the citizens informed of the financial activity and condition of the city. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statements are published.

- E. An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law.
- B. Periodically compare year-to-date expenditures with budgeted amounts to monitor the city's finances and to ensure actual expenditures do not exceed budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- C. Ensure budgets are prepared timely and in compliance with state law.
- D. Publish semiannual financial statements as required by state law.
- E. Establish a formal annual maintenance plan for city streets.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

*A-D. These will be done in the future.*

*E. They will consider establishing a formal maintenance plan.*

<b>6. Ordinances</b>
----------------------

The city's ordinances are not complete and up-to-date. Our review noted the following:

- 1. The city maintains an ordinance index documenting ordinances passed by the city; however, several ordinance numbers and the date each ordinance was passed was not always included.
- 2. The city has not adopted ordinances to establish the compensation of the Board of Aldermen, the City Clerk, the Sewer Collector, and the City Treasurer. In addition, the city has not adopted an ordinance regarding the Sewer Collector's duties. Sections 79.270 and 79.290, RSMo 2000, require the compensation and duties of city officials and employees to be set by ordinance.
- 3. Sewer customers are required to pay an annual fee of 80 cents to the city for sewer operations; however, the city does not have an ordinance that addresses this fee.



4. The city has not complied with City Ordinance-111. This ordinance indicates the city shall collect a \$50 permit fee from contractors before any person, firm, partnership, or corporation, shall dig into or disrupt in any manner the surface of any street or alley within the city; however, this fee is not collected.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city ordinances be maintained in a complete, well-organized, and up-to-date manner.

**WE RECOMMEND** the Board of Aldermen ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated ordinances are currently being updated.*

<b>7. Accounting Controls and Procedures</b>
----------------------------------------------

The city accepts cash, checks, and money orders for payment of county taxes, business and liquor licenses, and other miscellaneous receipts.

- A. The city does not issue prenumbered receipts slips. To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence of receipt slips should be accounted for properly.

- B. Receipts were not deposited intact on a timely basis. Monies generally get deposited about four times a month. The city received a check on January 22, 2001 for \$2,242; however, it was not deposited until February 7, 2001.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. City residents and contractors are required to pay the city a \$500 deposit before digging in the public streets and alleys of the city. The City Treasurer holds these funds until the street or alley has been restored to its existing condition and then returns the deposit to the resident or contractor. For example, the city received a \$500 deposit in October 2001 and returned it to the resident in March 2002. These monies were never deposited into the city's account. In addition, the city does not maintain a listing of customer deposits being held by the city.

The city should ensure all customer deposits are deposited into the city bank account, and identify all customer deposits that should currently be held by the city and keep the listing properly updated. Deposits received by the city should be held in trust and not used for operating expenses. The listing of deposits should be reconciled to the deposits in the account monthly to ensure that sufficient funds are available for the payment of all liabilities.

- D. Checks and money orders received are not restrictively endorsed until the deposit is prepared by the City Treasurer. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- E. Currently, the city requires two signatures on all checks issued; however, during the year ended June 30, 2001 only one signature was required. In addition, the Mayor signed her own checks for travel expenses and supply reimbursements while the City Treasurer's position was vacant. Dual signatures help provide assurance that checks represent payments for legitimate city expenditures.

In addition, one of the Board of Aldermen is authorized to sign checks; however, he is not bonded. Failure to bond all persons with access to assets exposes the city to risk of loss.

- F. The City Treasurer prepares a monthly disbursement ledger and financial reports; however, they were not always accurate or complete. The Sewer Operating Fund ledger did not include receipts totaling \$622 during the year ended June 30, 2001. As noted in MAR #2, numerous financial errors were also noted on the monthly financial reports prepared for the board. Several monthly reports did not foot, and the ending balance for some months did not always agree to the following month's beginning balance. The City Treasurer indicated that she normally obtained the beginning balances for the financial reports from the prior months report and did not verify the accuracy of the balances reported. In addition, a monthly report was not always prepared for the City Hall Fund.

A monthly disbursement ledger and financial report should be prepared to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, to ensure all revenues and expenditures are accounted for properly, the reports should be reviewed for accuracy by the Board of Aldermen. Documentation of these reports should be retained to ensure all transactions are properly approved and to facilitate independent reviews.

- G. Bank reconciliations are not performed monthly, and checkbook balances were not maintained during most of the year ending June 30, 2001. These problems also contributed to the inaccurate financial reports noted in part F. Monthly bank reconciliations are necessary to ensure the accounting records are in agreement with the bank records and to help detect errors on a timely basis.

In addition, checks totaling \$48 written on the general account have been outstanding for more than one year. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, the amount should be disbursed to the state's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- H. The city maintains ten bank accounts. Except for a separate account for the Sewer Debt Service Fund, it appears that the remaining bank accounts could be consolidated to help simplify the city's records and reduce the number of accounts that must be monitored and controlled.

The city also maintains a sewer operating account into which sewer fees are deposited to cover the costs of operating the sewer system and a sewer bond account into which sewer fees are transferred to make sewer bond payments. Overdraft and service fees totaling \$123 and \$44 were charged to the city from the Sewer Operating fund and the Sewer Bond fund, respectively. The city should ensure sufficient funds are maintained in these accounts.

In addition, the city maintains substantial funds in non-interest bearing accounts. At June 30, 2001, \$9,068 was maintained in non-interest bearing accounts. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

- I. During most the year ending June 30, 2001, the City Clerk also served as the City Treasurer and the Sewer Collector and this individual was responsible for most of the record keeping duties of the city. These duties included receiving and depositing monies, preparing and co-signing checks, and preparing monthly financial reports. As of April 2002, separate individuals hold these positions; however, adequate supervision or an independent review of work performed is not being conducted.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from preparing checks and performing bank reconciliations. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records maintained.

**WE RECOMMEND** to the Board of Aldermen:

- A. Require prenumbered receipt slips be issued for all monies received, reconcile the composition of monies collected to receipt slips and bank deposits, and ensure the numerical sequence of receipt slips issued is accounted for properly.

- B. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- C. Ensure the city deposits all customer deposits, maintains a complete listing of deposits, and periodically reconciles the listing to monies held by the city.
- D. Ensure checks and money orders are restrictively endorsed immediately upon receipt.
- E. Ensure two signatures are required for all checks written by the city. In addition, obtain bond coverage for the Board of Alderman.
- F. Ensure monthly ledgers and financial reports are prepared for all funds and reviewed for accuracy and completeness.
- G. Ensure bank reconciliations are prepared monthly for all city accounts. In addition, reissue old outstanding checks to any payees who can be located or dispose of these monies through the applicable statutory provisions.
- H. Consider consolidating the city's ten bank accounts. In addition, ensure sufficient funds are maintained in the city accounts, and maintain all funds to the extent possible in interest-bearing accounts.
- I. Provide for an adequate segregation of duties or the performance of independent reviews of the accounting records.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

*A. They will consider issuing prenumbered receipt slips.*

*B, D,  
& G. These have been implemented.*

*C, F,  
& I. These will be done in the future.*

*E. Two signatures are now required on all checks, and bond coverage will be obtained.*

*H. They will consider consolidating these accounts into interest bearing accounts, and have already implemented procedures to ensure insufficient fund charges will not be incurred in the future.*

**8.****Restricted Revenues**

- A. The city has established a separate accounting system in the General Fund for the state motor vehicle-related revenues and expenditures; however, the city did not account for \$4,772 and \$2,180 of these state motor vehicle-related revenues in the General Fund-street subsidiary account during the year ending June 30, 2001 and the period July 2001 through March 2002, respectively.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including policing, signing, lighting, and cleaning of road and streets. To ensure compliance with the Missouri Constitution, the city should ensure these receipts are used only for the purposes allowed by the constitution.

- B. Documentation does not exist to support the allocation of some expenditures to the city's funds. We noted the following examples:
1. In October 2000 and February 2002, the city paid an accounting firm \$694 and \$450 out of the General Fund and the Sewer Operating Fund, respectively, to prepare the semi-annual published financial statements.
  2. Rent totaling \$1200 was paid from the Sewer Operating Fund to the City Hall Fund during the year ended June 30, 2001 to aid in paying the monthly loan payment on the new city hall building.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. User rates should be set to cover costs of producing and delivering the service and not to generate profits to subsidize other services provided by city government.

**WE RECOMMEND** the Board of Aldermen ensure all revenues and expenditures are properly allocated to the applicable city funds to ensure compliance with the Missouri Constitution and develop and implement a reasonable method for allocating common costs between the city's funds.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated that this has already been implemented.*

**9.****Property Records**

The city does not maintain complete records to account for all property owned by the city. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the city should conduct annual inventories

In addition, the city did not maintain insurance coverage for the contents of city hall including a computer, fax machine, and file cabinets, and other equipment including a hedge trimmer, snow blade, motor grader, weedeater, sickle mower, and a lawnmower.

Adequate general fixed asset records are necessary to secure better internal controls and safeguard city assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on city property.

**WE RECOMMEND** the Board of Aldermen ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The city should also properly tag, number, or otherwise identify all applicable city property and conduct an annual inventory. In addition, the city should ensure adequate insurance coverage is obtained for all city assets.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated records will be established and insurance coverage will be obtained.*

This report is intended for the information of the management of the City of Hurdland and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

# CITY OF HURDLAND, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The city of Hurdland is located in Knox County. The city was incorporated in 1872. The population of the city in 2000 was 239.

The city government consists of a five member board of aldermen including the mayor. The board members are elected for two-year terms, two from each of the wards. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in a case of a tie. The city officials at June 30, 2001 were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Actual Compensation for the Year Ended June 30, 2001</u>
Kathleen Field, Mayor (1)	April 2002	\$500
Doug Rice, West Ward Alderman	April 2003	10
Leon McCarty, West Ward Alderman (2)	April 2002	60
Lewis Ward, East Ward Alderman (3)	April 2003	40
Luther Green, East Ward Alderman (4)	April 2002	10

## Other Principal Officials

Adiene Riley, City Clerk, Treasurer, and Sewer Administer (5)	1,040
---------------------------------------------------------------	-------

(1) Earl Kull was elected in April 2002.

(2) Vernon (Buddy) Funk was elected in April 2002.

(3) Lewis Ward resigned in February 2002. Lori Moots was appointed in February 2002 to fill the position of alderwoman.

(4) Luther Green was appointed to fill the vacated position of Victor Peterson in April 2001. Harry Holman was elected in April 2002.

(5) Adriane Riley was appointed to fill the vacated position of city treasurer in September 2000, city clerk in November 2000, and sewer collector in February 2001. Raelene Walton resigned as City Treasurer and Sewer Collector in September and November 2000, respectively. Lisa Shrouf resigned as City Clerk in November 2000. Kathy Hamlin was appointed as City Treasurer and Joe McGlothlin was appointed as City Clerk in April 2002.

The elected and appointed officials of sewer collector, mayor/marshal, and city clerk are covered by a \$15,000 blanket bond and the city treasurer is covered by a \$10,000 bond.

The city entered into a ten year loan agreement in July 2000 for \$30,000 with an interest rate of 6.75% to build a new city hall. The city is currently making monthly payments of \$390. The outstanding loan balance at June 30, 2001 was \$28,455.



The city entered into a bond agreement in August 1993 for \$38,000 with an interest rate of 6.60% for the purpose of paying part of the cost of acquiring and constructing a sewerage system. The outstanding loan balance at June 30, 2001 was \$29,000.

Assessed valuation and tax rate information for tax year 2000 are as follows:

ASSESSED VALUATION

Real estate	\$ 375,731
Personal property	188,306
Railroad and Utility	<u>129,064</u>
Total	\$ <u>693,101</u>

TAX RATE PER \$100 ASSESSED VALUATION

General Revenue	\$.69
Fire	.25
Debt Service	.65

A summary of the financial activity for the city of Hurdland for the year ended June 30, 2001, is presented below:

	General	Sewer	Sewer	Sewer	Sewer	Sewer	City	Community	
	Fund	Operating	Reserve	Replacement	Tax	Bond	Hall	Development	
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Block Grant	Total
RECEIPTS:									
Motor fuel and motor vehicle fees - general	2,735	0	0	0	0	0	0	0	2,735
- street	6,087	0	0	0	0	0	0	0	6,087
Property taxes	\$ 10,886	0	0	0	0	0	0	0	10,886
Licenses, permits, and other taxes	4,423	0	0	0	0	0	0	0	4,423
Sewer fees	0	14,354	0	0	0	0	0	0	14,354
Interest	338	813	53	86	73	49	0	19	1,431
Community development block grant	0	0	0	0	0	0	0	28,165	28,165
Fundraising proceeds	0	0	0	0	0	0	121	0	121
Proceeds from sale of city property	0	0	0	0	0	0	15,000	0	15,000
Loan proceeds	0	0	0	0	0	0	30,000	0	30,000
Other	2,314	4,410	0	0	0	0	2,064	0	8,788
Transfers in	0	402	480	900	0	8,293	1,300	8,533	19,908
Total Receipts	26,783	19,979	533	986	73	8,342	48,485	36,717	141,898
DISBURSEMENTS:									
Salaries - City officials	780	1,920	0	0	0	0	0	0	2,700
Contracted labor	0	4,760	0	0	0	0	0	0	4,760
Supplies and expense - general	2,914	0	0	0	0	0	0	0	2,914
- streets	16,655	0	0	0	0	0	0	0	16,655
- fire	1,329	0	0	0	0	0	0	0	1,329
- sewerage	0	13,334	0	0	0	0	0	0	13,334
Loan payments - sewer	0	4,644	0	0	0	6,849	0	0	11,493
- city hall		0	0	0	0	0	4,272	0	4,272
Utilities-electric	2,993	448	0	0	0	0	0	0	3,441
- water-general	630	0	0	0	0	0	336	0	966
- sewer	175	0	0	0	0	0	0	0	175
Construction	0	0	0	0	0	0	34,506	0	34,506
Community development block grant	0	0	0	0	0	0	0	18,732	18,732
Fundraising expense	0	0	0	0	0	0	1,680	0	1,680
Other	4,397	1,631	0	0	0	0	1,339	0	7,367
Transfers out	8,045	3,380	0	0	0	0	0	8,483	19,908
Total Disbursements	37,918	30,117	0	0	0	6,849	42,133	27,215	144,232
Receipts Over (under) Disbursements	(11,135)	(10,138)	533	986	73	1,493	6,352	9,502	(2,334)
Cash Balance, July 1	23,435	22,972	2,397	3,807	3,621	2,559	0	0	58,791
Cash Balance, June 30	12,300	12,834	2,930	4,793	3,694	4,052	6,352	9,502	56,457

\* \* \* \* \*



**CITY OF CANALOU, MISSOURI  
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-49  
July 8, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

July 2002

The following problems were discovered as a result of an audit conducted by our office of the City of Canalou, Missouri.

---

During 2001, the City of Canalou spent more than it received in the General Fund. If this trend continues, the city's reserves will be depleted and the city will be unable to provide basic services in the future. The General Fund had a negative balance for five months and the Street Fund reserves were used to cover the shortfall.

The Board of Aldermen does not prepare an annual budget. Additionally, the city does not publish semi-annual financial statements, nor has it submitted an annual financial report to the State Auditor's Office since 1997, as required by state law.

As of January 31, 2002, the amount of 2001 property taxes delinquent was \$1,647 or 29 percent of the total taxes assessed in 2001. The City Collector prepares monthly reports of taxes collected; however, she does not prepare annual reports showing taxes collected and delinquent taxes as required by state law.

The Street Fund is restricted for the maintenance, repairs, and policing of the city's streets. In December 2000, the city used \$4,000 from the Street Fund to purchase a fire truck. In 2001, the city used approximately \$3,200 for trash removal, lot clean up, and gasoline and propane purchases for the city. The city was unable to justify the use of the Street Fund for these items.

The elected City Collector has also been appointed City Clerk and City Treasurer. As a result, the duties of cash custody and record keeping are not adequately segregated.

Also included in the audit are recommendations related to bidding procedures, accounting controls and procedures, disbursements, contracts, fixed assets, board meetings and minutes, and ordinances.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW MOTHS SHEET

CITY OF CANALOU, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-17
<u>Number</u>	<u>Description</u>
1.	Accounting Controls and Procedures.....5
2.	Property Taxes .....6
3.	Financial Reporting, Budgeting, and Planning .....7
4.	Expenditures .....9
5.	Board Minutes and Meetings .....12
6.	Fixed Assets .....14
7.	Ordinances .....15
8.	Park Board and Volunteer Park Department.....16
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	18-21

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
And  
Board of Aldermen  
City of Canolou, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Canolou, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Canolou, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 29, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report.

Director of Audits: Thomas J. Kremer, CPA

Audit Manager: Alice M. Fast, CPA

In-Charge Auditor: Douglas P. Robinson



MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF CANALOU, MISSOURI  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Accounting Controls and Procedures</b>
-----------	-------------------------------------------

- A. The elected City Collector has also been appointed City Clerk and City Treasurer. As a result, the duties of cash custody and record keeping are not adequately segregated. The Collector's duties include receiving monies, posting receipts and disbursements in the ledger, preparing and making bank deposits, preparing checks, performing month-end reconciliations, and preparing financial reports.

Neither the board nor other personnel independent of the cash custody and record keeping functions provide adequate supervision or review of the work performed by the City Collector.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time is incompatible. One person holding all of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To adequately safeguard assets, the cash custody and record keeping functions should be segregated where possible. If functions cannot be segregated due to the size of the staff, timely supervisory or independent review of work performed and investigation into unusual items and variances is necessary.

- B. Monies received were not deposited intact or on a timely basis. We noted \$664 received in June and July was not deposited until August 13, 2001, and \$338 received in August was not deposited until October 3, 2001.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, monies should be deposited intact daily or when accumulated receipts exceed \$100.

- C. Interest earned on the combined General Fund and Street Fund bank account is not allocated between the two funds. Currently, all interest earnings are allocated to the General Fund. During the year ended December 31, 2001, the city earned \$72 in interest; however, during this time, the General Fund had a lower balance than the Street Fund and for five months actually had a negative balance.

The proper allocation of interest on a monthly basis is necessary to ensure that all funds receive their fair share.

- D. City officials handling receipts and disbursements are not bonded. The Collector/City Clerk receives money and designated board members co-sign checks along with the Mayor. Failure to bond individuals with access to assets exposes the city to risk of loss.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Consider appointing separate individuals as City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Require receipts be deposited intact on a daily basis or when accumulated receipts exceed \$100.
- C. Ensure interest is allocated to each fund based upon the monthly balance in that fund.
- D. Consider obtaining bond coverage for all individuals handling city monies.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They will go over the financial records monthly.*
- B. *The city will make more timely deposits.*
- C. *They have already started allocating interest to each fund based upon the monthly balance in that fund.*
- D. *They will look into having the individuals who handle the money be bonded.*

<b>2. Property Taxes</b>
--------------------------

As of January 31, 2002, the amount of 2001 property taxes delinquent was \$1,647 or 29 percent of the total taxes assessed in 2001. In addition, there are taxes from previous years that remain uncollected.

- A. The City Collector prepares monthly reports of taxes collected; however, she does not prepare annual reports showing taxes collected and delinquent taxes. Sections 79.310, 94.320, and 94.330, RSMo 2000, require the City Collector to prepare monthly and annual reports to the Board of Aldermen of the amount of taxes collected and prepare annual lists of delinquent taxes including a detailed list of persons who have not paid. The board is to examine and approve the reports and charge the City Collector with the collection of the delinquent taxes.

Section 94.330, RSMo 2000, also provides that the board may declare worthless all personal delinquent taxes which they may deem uncollectible.

Monthly and annual reports, which comply with state law, would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. Without such a report examined by the board, any errors or irregularities that might occur are likely to go undetected.

- B. Several city officials were delinquent in paying their 2001 and 2000 property taxes. The former Mayor, Larry Graham, did not pay his 2000 property taxes until September 2001. The current Mayor, Charles Joyce, did not pay his 2000 property taxes until August 2001. Alderman Gary Deen paid his 2001 taxes in April 2002 and Alderwoman Rebecca Laster paid her 2001 property taxes in May 2002.

Officials should set an example for the residents of the city. By not paying their taxes on a timely basis, badly needed revenues are lost that might otherwise benefit the city's economical growth and well being.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Require the City Collector to prepare and maintain detailed monthly and annual reports of taxes collected and delinquent taxes. In addition, the reports should be reviewed and approved by the Board of Aldermen.
- B. Require all city officials to pay their property taxes on a timely basis.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They will require the City Collector to prepare a quarterly report and an annual report, and report on all delinquent taxes.*
- B. *They have an ordinance to this effect and they plan to enforce the ordinance.*

<b>3. Financial Reporting, Budgeting, and Planning</b>
--------------------------------------------------------

- A. The Board of Aldermen does not prepare an annual budget. Without an annual budget, city officials can not adequately monitor receipts and disbursements. Chapter 67 of the Missouri Statutes requires each political subdivision of the state to prepare an annual budget. In addition, Sections 67.010 to 67.040, RSMo 2000, set specific guidelines as to the format and approval of the annual operating

budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of the city operations and provide a means to effectively monitor actual costs and revenues. It will also assist in setting tax levies and informing the public about the city's operations and current finances.

- B. During 2001, the city spent more than it received in the General Fund. If this trend continues, the city's reserves will be depleted and the city will be unable to provide basic services in the future. As indicated in MAR 1, the General Fund had a negative balance for five months and the Street Fund reserves were used to cover the shortfall. In addition, had the expenses noted in MAR 4 been paid from the General Fund, as required, instead of the Street Fund, the balance in the General Fund would be even lower.

The Board of Aldermen and Mayor should attempt to maximize receipts as addressed in MAR's 2 and 7, and should evaluate disbursements. In addition, as noted in A. above, the Board should prepare annual budgets to effectively monitor actual costs and revenues.

- C. An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year. Chapter 4, Section 16 of the city's ordinance book states it is the responsibility of the Mayor to appoint a committee of two aldermen, who at all times, should know the condition of the streets and what repairs need to be done.

- D. The city does not publish semiannual financial statements. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semiannual statements of receipts, expenditures, and indebtedness of the city. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.

- E. The city has not submitted an annual financial report to the State Auditor's Office since 1997. Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Prepare a complete and accurate annual budget document that contains all information required by state law and/or necessary to provide a complete financial plan for the city.
- B. Ensure steps are taken to maximize receipts and eliminate fund shortfalls.
- C. Prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the Board should review the progress made in the repair and maintenance of roads to make appropriate decisions on future projects.
- D. Prepare and publish semiannual financial statements in accordance with state law.
- E. Submit annual reports of financial transactions to the State Auditor's Office as required by state law.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They plan to work on a budget for the year 2003.*
- B. *They will attempt to maximize receipts and eliminate budget shortfalls by ensuring delinquent property taxes are collected and vehicle sticker and dog tag ordinances are enforced. They will also evaluate disbursements and monitor their cash balance.*
- C. *They plan to prepare and document a maintenance plan beginning with 2003, and they will update the plan throughout the year.*
- D. *A financial report has already been prepared for the year 2001 for the city of Canalou and a six month report will be prepared in July 2002.*
- E. *The annual financial report for the State Auditor's Office will be sent in the next 30 days.*

<b>4. Expenditures</b>
------------------------

- A. We noted several questionable disbursements from the Street Fund. In December 2000, the city used \$4,000 from the Street Fund to purchase a fire truck. In 2001, the city made the following payments from the Street Fund:

- \$2,418 to purchase propane to heat city hall
- \$214 to pay for trash removal
- \$250 to clear a property lot
- \$305 to purchase gasoline for the fire truck and former Mayor's personal car

The Street Fund is restricted for the maintenance and repairs of the city's streets. The city was unable to justify the use of the Street Fund for these items. Article IV, Section 30 of the Missouri Constitution, requires motor vehicle-related receipts apportioned by the state of Missouri be expended for street related purposes only including constructing, repairing, policing, signing, lighting and cleaning of the roads and streets.

B. Adequate documentation was not available to support some disbursements and no supporting documentation was available for other disbursements. These disbursements were for a variety of items including:

1. The former Mayor and his wife charged \$146 in gasoline purchases to the city from January 1 through September 3, 2001. Per the City Collector, the former Mayor and his wife went to Sikeston to pick up supplies for the city. However, documentation was not provided supporting these trips. The former Mayor indicated these purchases were for city business including gasoline for the mower and trimmer and for trips to purchase supplies for the city.
2. The former Mayor received an advancement of \$250 to cover expenses while on a trip to Jefferson City. Receipt slips, invoices, and cash totaling \$228 were returned to the city. No support was provided for the remaining \$22.
3. The city approved and paid \$100 to the former City Marshal to cover the cost of fuel for his truck to haul off trash and rubble located on city property. The city did not require any documentation indicating the amount of fuel purchased.

All disbursements should be supported by detailed expense accounts, paid receipts, contracts, or vendor provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

C. The city does not have a formal policy indicating the amounts city officials can spend without authorization from the board. While the board indicated there is an informal policy that allows the mayor to spend up to \$75 a month without board approval, the former Mayor indicated this amount is \$100 per month. In May 2001, the former Mayor authorized the clean up of a piece of property. The property owner and Board indicated this expenditure was not authorized; however, the former Mayor indicated he had the owner's authorization. When the bill, totaling \$420, was sent to the owners, they refused to pay. Per the June

meeting minutes, the Board then approved paying \$150 of this bill; however, the former Mayor authorized \$250 to be paid. The property owners paid the remaining \$170.

In addition, documentation for this transaction was not adequate. The bill was not detailed showing the number of hours worked and the cost per hour.

The Board of Aldermen should establish a formal policy regarding the amount the mayor can obligate the city without their prior approval. In addition, without detailed bills indicating the number of hours and the hourly rate, the city cannot ensure the validity and propriety of the amount billed.

- D. The city has no formal bid policy. Examples where the city made purchases without soliciting bids are as follows:

<u>Goods/Services Purchased</u>	<u>Cost</u>
Culverts	\$3,822
Electric Work	793

Formal bidding procedures for major purchases would provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the winning bid was selected.

- E. The city does not have a contract with their attorney outlining the types of services that are to be provided and at what cost. The city pays a retainer of \$25 per month to the attorney to represent the city during traffic court even though the city did not have a judge to hold traffic court. In addition, the city paid the attorney \$250 for representing the city on a case that went to the county for trial. The bill submitted was not detailed indicating the number of hours and the hourly rate charged to the city.

Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

Without detailed bills indicating the number of hours and the hourly rate, the city cannot ensure the validity and propriety of the amount billed.



**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Ensure restricted funds are used as required by state law.
- B. Require proper and detailed documentation to support all disbursements.
- C. Establish a formal policy regarding the amount the Mayor can obligate without the prior approval of the Board of Aldermen. In addition, the Board of Aldermen should require adequate documentation to support billings including number of hours and cost per hour.
- D. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- E. Enter into a written contract with the attorney detailing the duties to be performed and the costs associated with the service. In addition, the Board of Aldermen should require adequate documentation to support the attorney billings including number of hours and cost per hour.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They agree that restricted funds will be used as required by law.*
- B. *They will require proper and detailed documentation to support all disbursements.*
- C. *They agree that no bill will be paid without the approval of the board, and the board is working on a form to be filled out by people who do work for the city.*
- D. *They will publish in the paper all large bids and will require documentation of all bids that are done by phone.*
- E. *They believe that the current business relationship they have with their city attorney is working just fine.*

<b>5. Board Minutes and Meetings</b>
--------------------------------------

- A. Board meeting minutes are prepared by the City Clerk; however, they are not always signed by the City Clerk and are not signed by the Mayor. The minutes should be prepared and signed by the City Clerk and approved by the Board of Aldermen and signed by the Mayor immediately upon approval to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- B. Board minutes did not always include sufficient detail of matters discussed and actions taken. We noted the following concerns:

- 1) Votes by alderman are not recorded.
- 2) Members present or absent at the board meetings are not recorded.
- 3) It is not always clear what is being voted on.

Section 610.020, RSMo 2000, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions.

- C. Notices of the regular board meetings and tentative agendas are not posted as required by law. Section 610.020, RSMo 2000, requires all public governmental bodies to give advance notice of their meetings. The notice is to include the time, date, and place of the meeting, as well as the tentative agenda, and should be given in a reasonable manner. This section of law describes reasonable notice as making available copies of the notice to any representative of the news media, and the posting of such notice at the building where the meeting is to be held.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Require the Mayor and City Clerk to sign the minutes, and ensure the current minutes clearly indicate approval of the prior minutes by the Board.
- B. Ensure that the minutes are complete and precise.
- C. Ensure notices of the board meetings, including a tentative agenda, are posted in accordance with state law.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *The Mayor and City Clerk will sign all minutes after they have been approved.*
- B. *They will try to make all minutes complete and precise.*
- C. *They will post all board meetings and make an agenda.*

- A. The city does not maintain a general fixed asset list that records assets owned. In addition, the city does not perform physical inventories and does not tag or otherwise identify the fixed assets as property of the city. According to the City Collector, the city owns a police car, fire truck, road grader, tractor, lawn mower, copy machine, refrigerator, freezer and four window air conditioning units.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate general fixed asset records are necessary to ensure better internal control over city property and provide a basis for determining proper insurance coverage required on city property. Physical inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, all property items should be identified with a tag or similar device.

- B. The city does not maintain usage logs for the city police car. From November 2000 through January 2001, the city paid \$146 for gasoline for the police car. During the remaining 11 months of 2001, the police car gasoline purchases totaled only \$246. At the January 1, 2001, Board of Aldermen's meeting, board members questioned why the former Marshal was using the city's police car for personal use. Though discussed during the meeting that he was using the city's police car because his personal car was being repaired, no vote was noted in the minutes approving the personal use and no reimbursement for the personal use was made. By not having a usage log the city cannot be assured that the gasoline purchases for the vehicle during this period were reasonable and for city business.

A usage log should indicate the person using the vehicle/equipment, the date, destination, purpose, starting and ending odometer reading, and the amount of fuel in gallons purchased. Without adequate vehicle logs, city officials cannot effectively monitor that vehicles are used for official business only.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Establish property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, serial number (if applicable), cost, acquisition date, fund of acquisition, location, and subsequent transactions. Additionally, the city should properly tag, number, or otherwise identify all city property and conduct periodic physical inventories.

- B. Restrict the police car to official business only. In addition, the Board of Aldermen should require complete and accurate mileage/use logs be maintained. City officials should review these logs periodically to monitor the usage of the police car.

**AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They will have a form made up so that they can record all city property and they will also tag each item.*
- B. *They have already restricted the police car to official business only, and the Marshal has already started using a mileage log that can be shown to the city monthly.*

**7.**

**Ordinances**

- A. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. In addition, many of the ordinances now in effect appear outdated or do not represent current practices. For example, Ordinance #178 states the City Clerk shall receive a salary of \$60 per month; however, current records indicate she is receiving \$100 per month for this duty. Also, Ordinance #177 states the Marshal shall receive \$180 per month and current records show he is receiving \$200 per month.

Since the ordinances represent legislation which has been passed by the Board of Aldermen to govern the city and its residents, it is imperative the city's ordinances be complete, well organized, and current.

- B. The city has ordinances governing vehicle stickers and dog tags; however, these ordinances are not enforced. The city sold no dog tags during 2001 and sold only seven city stickers. By not enforcing these ordinances, the city is not collecting all possible receipts. According to the 2001 personal property tax book, there were approximately 185 vehicles that would require a city sticker. At \$4 a sticker this would generate \$740 in receipts for the city. In addition, in 2001, the city paid \$115 to purchase vehicle stickers that were not used.

**WE RECOMMEND** the Mayor and Board of Aldermen:

- A. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.
- B. Enforce city ordinances requiring city stickers and dog tags.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated:*

- A. *They plan to start updating all city ordinances and passing new ordinances where appropriate and required.*
- B. *They have already started enforcing the city sticker ordinance and have ordered tags so that they can start enforcing the dog tag ordinance.*

<b>8. Park Board and Volunteer Fire Department</b>
----------------------------------------------------

The relationships between the city and the Park Board and Volunteer Fire Department are unclear.

- A. There is no ordinance or agreement stating the duties and responsibilities of the Park Board. The Park Board maintains a separate bank account for donations and monies received from fund raising activities to purchase equipment for and help maintain the city park.
- B. There is no ordinance or agreement stating the duties and responsibilities of the Volunteer Fire Department. The city provides the fire truck and the costs associated with operating the fire truck such as insurance and gasoline. The Fire Department maintains a separate bank account for donations and monies received from fund raising activities and purchases equipment for the fire department.

The present situation places the city and the Park Board and Fire Department in a position of not knowing the relationship and corresponding requirements of each entity. The city needs to determine the relationship between the city and the entities and establish ordinances or agreements stating the duties and responsibilities of each entity including who owns the equipment purchased and requiring periodic reporting of the receipts and disbursements of the Park Board and Fire Department.

**WE RECOMMEND** the Mayor and Board of Aldermen enter into written agreements with the Park Board and the Volunteer Fire Department stating the various entities' duties and responsibilities.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen indicated they will contact the Park Board and draw up an ordinance establishing the duties and responsibilities of the Park Board. They will enter into an agreement with the Fire Department outlining each of their duties and responsibilities.*

This report is intended for the information of the management of the city of Canolou, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF CANALOU, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Canolou, Missouri is located in New Madrid County. The city was incorporated in 1910 as a fourth-class city. The population of the city in 2000 was 348.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2001</u>
Charles Joyce, Mayor (1)	April 2004	\$ 105
Steve Joyce, Ward 1 Alderman	April 2004	60
Gary Deen, Ward 2 Alderman	April 2003	70
Frances Abernathy, Ward 1 Alderwoman	April 2003	55
Rebecca Laster, Ward 2 Alderwoman (2)	April 2002	30
Joy Russom, City Collector (3)	April 2004	2,280
James Russom, City Marshal (4)	April 2002	2,400
 <u>Other Principal Officials</u>		
Vacant, Municipal City Judge(5)		\$
Joseph Fuchs, City Attorney		550

- (1) Appointed Mayor September 3, 2001, after the resignation of Larry Graham.
- (2) Appointed Ward 2 Alderwomen August 6, 2001, after the resignation of Doyle Nelson. In April 2002, Clifton "Bubby" Southard was elected to this position.
- (3) Joy Russom is also the appointed City Clerk and City Treasurer. Compensation for City Clerk is \$100 per month, for City Collector is \$90 per month, and City Treasurer is \$0 per month.
- (4) Blake Sindle was elected City Marshall in April 2002.
- (5) Jan Hatcher was the Municipal City Judge until her resignation in October 2001. The position was vacant until April 2002 when Rebecca Laster was elected Municipal City Judge.

On December 31, 2001, the city employed an additional 3 part-time employees.



Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$	439,610
Personal property		355,526

Total	\$	<u>795,136</u>
-------	----	----------------

TAX RATES PER \$100 ASSESSED VALUATION

		Rate
General Fund	\$	<u>.7161</u>

A summary of the city's financial activity for the year ended December 31, 2001, is presented below.

	General	Street	Sewer	CDBG	
	Fund	Fund	Project	Fund	Total
RECEIPTS:					
City property tax	\$ 4,878	0	0	0	4,878
City stickers	28	0	0	0	28
Utility franchise tax	8,862	0	0	0	8,862
Gasoline tax	0	13,341	0	0	13,341
Court fees	148	0	0	0	148
Sewer project grant	0	0	164,010	0	164,010
Donations	0	0	0	0	0
Interest	72	0	0	0	77
Other	113	0	0	0	113
Total receipts	14,101	13,341	164,010	0	191,452
DISBURSEMENTS:					
Salaries and fringe benefits	6,626	1,333	0	0	7,959
Insurance	1,578	0	0	0	1,578
City stickers	187	0	0	0	187
Drainage ditch taxes	0	220	0	0	220
Election costs	628	0	0	0	628
Professional dues/services	870	0	0	0	870
Street repairs/lawn services	0	4,473	0	0	4,473
Sewer installation	0	0	116,693	0	116,693
Utilities	1,643	2,418	0	0	4,061
Street light program	0	3,128	0	0	3,128
Trash removal	342	214	0	0	456
Building improvements	1,949	0	0	0	1,450
Office supplies and maintenance	570	0	0	0	320
Fuel, vehicle & equipment	297	2,011	0	0	2,308
Fundraisers	0	0	0	0	0
Other	876	367	0	0	2,092
Total expenditures	15,566	14,164	116,693	0	146,423
Receipts over (under) disbursements	(1,465)	(823)	47,317	0	45,029
Cash Balance, January 1, 2001	2,482	12,884	0	500	15,866
Cash Balance, December 31, 2001	\$ 1,017	12,061	47,317	500	60,895



**COST CONTAINMENT FOR STATE PRESCRIPTION  
DRUG EXPENDITURES**

**From The Office Of State Auditor  
Claire McCaskill**

*Medicaid officials have been slow implementing new cost containment initiatives, updating current measures and recommending legislative or rule changes that are more favorable to the state.*

**Report No. 2002-48  
June 28, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

June 2002

### **State Medicaid program may pay too much for prescription drugs and reimburse pharmacies more than necessary**

Missouri's Medicaid outpatient prescription drug costs have more than doubled in the last 5 years and totaled \$770 million in fiscal year 2001. This audit focuses on the Division of Medical Services' efforts to reduce prescription drugs costs. Auditors found Missouri has not been as proactive as other states with certain containment programs, such as preferred drug lists or prior authorization. The following highlights our findings:

#### **Preferred drug lists help other states save money**

Many states are now following practices of most employee health insurance plans in using preferred drug lists to reduce costs. Physicians who want to prescribe drugs not on the list have to seek prior approval from the Medicaid program. Michigan and Florida officials estimate these lists will save annually \$80 million and \$150 million, respectively. Legislation just passed in Missouri's 2002 session allows the division to establish a preferred drug list by January 2003, but division officials predict, in the end, the state rule making process will block its implementation. (See page 5)

#### **State prior authorization rules more complicated than federal**

Division officials have not placed many drugs in prior authorization status in the last 5 years, partly due to restrictive state rules which exceed federal requirements. Drugs in this status require a physician seek Medicaid program approval before dispensing them, which often saves costs by resulting in fewer unnecessary prescriptions. State rules require Missouri-specific clinical and therapeutic analysis before placing a drug in prior authorization. Federal law only requires a state plan to respond within 24 hours of a request and dispense a 72-hour emergency prescription. In January 2002, division officials tried to place more drugs in this status, but were blocked from doing so. (See page 6)

#### **Outdated pharmacy reimbursement rates raise costs**

Each state Medicaid agency determines how pharmacies are reimbursed for acquiring and dispensing drugs for Medicaid recipients. One way Missouri reaches this price is to use the average wholesale price for a drug less 10.43 percent. But Missouri has not changed this percentage decrease since 1991 and 19 states use a higher percentage decrease than Missouri. For example, a Missouri pharmacy would receive a \$119.66 reimbursement from Medicaid for a month's supply for the 20 milligram version of Prilosec®, whereas

YELLOW SHEET

pharmacies in a state with a 14 percent decrease would receive \$115.05 for dispensing the same supply. Overall, if Missouri changed its percentage decrease from 10.43 percent to 14 percent, division records estimated annual savings of \$16.4 million. (See page 7)

### **Lower reimbursement rate on some drugs could save \$1.5 million**

Missouri pays more than necessary on 437 drugs dispensed intravenously to at-home or non-hospitalized chronically ill patients. The overpayment occurs because division officials have not timely implemented new dispensing fees for these drugs which would allow providers to be reimbursed using more accurate drug prices. In May 2000, the federal government provided more accurate average wholesale prices for these drugs, with some prices being 80 percent less than previous prices. Our calculations indicate the state could have saved an estimated \$1.5 million (\$2 million in drugs costs less \$500,000 increase in dispensing fees) on the \$8.4 million spent on these drugs in fiscal year 2001 if the more accurate prices had been used. Division officials believe any costs savings from the more accurate drug prices would be completely offset by the higher dispensing fees. (See page 9)

### **State to pay pharmacies the nation's highest dispensing fee to offset new tax**

Legislation passed in the 2002 session nearly doubled the dispensing fee paid by the state Medicaid program to pharmacies. The fee increase to \$8.04 per prescription from \$4.09 would rank as the nation's highest. On average, state Medicaid programs paid a \$4.27 fee in 2001. This increase offsets a new 2 percent pharmacy provider tax, also passed in the 2002 session, which would help the state obtain additional federal Medicaid matching funds. Pharmacies would pay about \$55.4 million with the new tax, but then receive about \$60.4 million from the state in higher dispensing fees. It is uncertain if the federal government will agree to match the tax revenues and the state legislation is not yet signed into law. (See page 10)

### **New program director appears to have conflict of interest**

The Department of Social Services hired a pharmacy program director in October 2001 who previously worked as a lobbyist for the Missouri Pharmacy Association and continues to own at least one pharmacy. Department legal staff determined hiring this person did not violate state conflict of interest laws. However, an appearance of a conflict still exists because of the director's continued financial interests in the pharmacy industry and his new position's influence over policy or legislative changes affecting the industry. (See page 15)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**COST CONTAINMENT FOR  
STATE PRESCRIPTION DRUG EXPENDITURES**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>3</b>
1. Missouri Can Better Contain Medicaid Prescription Drug Costs .....	3
Conclusion.....	12
Recommendations .....	12
2. Pharmacy Program Director Appears to Have a Conflict of Interest .....	15
Conclusion.....	15
Recommendation.....	15
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	17
II. BACKGROUND.....	20
III. TOP 25 MEDICAID OUTPATIENT PRESCRIPTION DRUGS - FISCAL YEAR 2001 .....	23



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Kathy Martin, Director  
Department of Social Services  
Jefferson City, MO 65102

The state's Medicaid prescription drug costs have more than doubled since 1997 and account for \$660 million of the \$770 million spent by the state in fiscal year 2001 on prescription drugs. The objectives of this audit were to (1) determine total direct and indirect cost of prescription drugs for the state, (2) evaluate the effectiveness of some of the state's efforts to reduce Medicaid drug costs, and (3) evaluate the factors leading to increased drug costs in the Medicaid program.

Missouri's current budget problems and legislative mandates have led to cost control initiatives during the last year. Medicaid officials are implementing a pharmacy enhancement program consisting of various cost containment initiatives. While this program focuses on some pharmacy reimbursement issues, other reimbursement issues are not being addressed or do not include the therapeutic benefit and cost effectiveness of prescribed drugs. We recommend changes to help improve the effectiveness of this program. In addition, the Pharmacy Program Director has an appearance of a conflict of interest that should be resolved.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

February 19, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	Kirk Boyer
Audit Manager:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Christina Davis
Audit Staff:	Shad Becker
	Cindy Elliott
	Andrea Paul
	Lori Melton



## **RESULTS AND RECOMMENDATIONS**

### **1. Missouri Can Better Contain Medicaid Prescription Drug Costs**

Division of Medical Services officials, who run the state's Medicaid program, have not proactively contained drug costs or evaluated pharmacy reimbursements. In the last 5 years, the state's Medicaid outpatient prescription drugs costs have more than doubled. While officials are implementing a pharmacy enhancement program, the program currently does not include establishing a preferred drug list which other states use to lower drug costs. The enhancement initiatives lack emphasis on pharmacy compensation issues. The following concerns were noted:

- Outdated estimated acquisition prices,
- Higher maximum reimbursement rate for insulin drugs,
- More accurate pricing data on home infusion drugs not being used,
- Pharmacies keeping shared dispensing fees, and
- Inadequate monitoring of transactions related to a federal discount program.

In addition, the implemented or planned initiatives to limit prescriptions to a 31-day supply and not pay for over-the-counter products may not be cost effective. As a result, Missouri's Medicaid program may be paying too much for some drugs and reimbursing pharmacies more than necessary.

#### **State prescription drug costs**

The state spent approximately \$770 million on prescription drugs during fiscal year 2001. Medicaid drug costs<sup>1</sup> made up approximately 85 percent of this total, with the majority for outpatient prescriptions. Table 1.1 shows the prescription drug costs for the state.

---

<sup>1</sup> Medicaid program expenditures are approximately 60 percent paid for from federal funding. In addition, 60 percent of any Drug Rebates received go to the federal government.

**Table 1.1: State Prescription Drug Costs Fiscal Year 2001**

<b>Agency or Program Area</b>	<b>Amount Spent</b>
Direct Expenditures:	
Medicaid - Outpatient Services <sup>1</sup>	\$ 681,377,799
less Medicaid Drug Rebate <sup>2</sup>	(128,352,149)
Department of Mental Health	7,791,114
Department of Health	2,789,904
Other State Agencies	1,812,943
Total Direct Costs	<u>565,419,611</u>
Indirect <sup>3</sup> Expenditures:	
Employee Health Insurance	91,662,982
Medicaid - Managed Care	62,364,747
Medicaid - Hospital Inpatient <sup>4</sup>	45,000,000
Inmates	5,160,557
Total Indirect Costs	<u>204,188,286</u>
Total Costs	<u>\$ 769,607,897</u>

<sup>1</sup> Medicaid program activity is highlighted in yellow.

<sup>2</sup> Federal law requires drug manufacturers to rebate a portion of the drug costs when purchased through state Medicaid programs. The rebate is generally between 15 and 20 percent of the drug's cost.

<sup>3</sup> Costs are built into contract prices.

<sup>4</sup> Estimated based on fiscal year 1999 data.

Source: statewide accounting system, state agency survey and Medicaid records

Between 1997 and 2001, the cost for Medicaid outpatient prescription drugs in the Medicaid program more than doubled, increasing to \$553 million from \$268 million. This increase has been driven by new drugs, more Medicaid recipients, increased use of maintenance drugs,<sup>2</sup> and higher drug prices. Blind, disabled and elderly Medicaid recipients account for approximately 86 percent of all outpatient prescription drug costs. In fiscal year 2001, the Medicaid program paid \$131 million for antipsychotic and antidepressant drugs, before rebates. Twenty-five brand name prescription drugs accounted for nearly 38 percent of all Medicaid outpatient drug expenditures, which are summarized in Appendix III, page 23.

Medicaid drug costs doubled over 5 years

To help control increasing drug costs, the General Assembly mandated various cost containment initiatives. One mandate, in December 2000, targeted the rising costs of antiulcer drugs (\$48 million spent in fiscal year 2001) by requiring doctors to receive prior authorization before prescribing these drugs. A second mandate, in fiscal year 2002, required the division to cut pharmacy program expenditures through various division determined initiatives. The division hired a director in October 2001 to manage the Medicaid pharmacy program and oversee the cost

<sup>2</sup> Maintenance drugs are taken daily by patients to treat conditions such as high blood pressure, high cholesterol and anxiety.

cutting initiatives. (See Appendix I, page 19 for a summary of the initiatives and their implementation status as of early 2002.)

### **Missouri is behind other states in comprehensive cost-containment initiatives**

Missouri has not been as proactive as other states in developing preferred drug lists or requiring prior authorization. Both a preferred drug list and prior authorization can help control drug costs while not placing program recipients at risk. These measures would also help program officials better manage use of certain drugs and monitor prescribing practices.

#### **Preferred drug lists could help contain costs**

Recently some Medicaid programs in other states have implemented preferred drug lists, which most employee health insurance plans have used for years. Drugs which are not on these lists may only be prescribed after physicians obtain prior approval from the Medicaid program. Preferred drug lists often take into account the cost and therapeutic value of a drug. Missouri's pharmacy enhancement program does not include plans to implement a preferred drug list. Part of a May 2002 house bill to establish the Department of Social Services budget for fiscal year 2003 would give the Division of Medical Services authorization to establish a preferred drug list prior to January 15, 2003. The Division Director stated that it would be difficult to get such a list approved through the states rule making process and there would be opposition from parties affected by this change.

Millions in  
potential  
saving available

Since early 2001, Florida and Michigan have joined California<sup>3</sup> in establishing preferred drugs lists. Michigan and Florida officials estimate the lists will save annually \$80 million and \$150 million, respectively in total state and federal funding. Other states, including Colorado, Louisiana, and Indiana, are also working on similar programs. The Missouri Pharmacy Program Director reported to the legislature an estimated annual savings of \$32 million in state funding if a preferred drug list is implemented.

Florida's plan requires drug manufacturers to rebate the state an extra 10 percent of a drug's cost, in addition to the regular federal Medicaid rebate, to place products on the preferred drug list. Drugs from manufacturers unwilling to provide the additional state rebate are only made available to Medicaid recipients on a prior authorization basis. Florida officials allowed two drug manufacturers to guarantee certain costs savings from disease management programs in lieu of paying the rebate.

Michigan, with similar Medicaid prescription drug costs to Missouri, established a state medical panel to analyze cost and therapeutic data and select at least the two best drugs in each of 40 highest cost categories. Other drugs in these categories are placed on prior

---

<sup>3</sup> California's Medicaid program began using a preferred drug list in 1990. Drug manufacturers provide the state a rebate of 10 to 60 percent of the average manufacturer's price in addition to the federal drug rebate. In fiscal year 2001, California's Medicaid program had \$3.2 billion in expenditures for outpatient prescription drugs. The estimated annual saving from using the preferred drug list was \$235 million.

authorization status. Drugs already less expensive than the preferred medicines are also placed on the preferred drug list. Manufacturers can also have other products moved to the preferred drug list if they cut prices to match the best-in-class drugs. The program is used for Medicaid and other state funded healthcare programs.

### **Missouri's prior authorization rules are too complicated**

Division officials have not placed many drugs or classes of drugs in prior authorization<sup>4</sup> status in the last five years. The pharmacy enhancement program proposes expanding the number of drugs on the state's prior authorization list, but restrictive state rules hinder this process. A prior authorization process is an integral part of any preferred drug list because drugs not on the list may not be prescribed without prior authorization.

Missouri's rules<sup>5</sup> for placing drugs on prior authorization are more complicated and restrictive than federal government requirements. A division official stated part of the reason the rules are more complicated than necessary is because pharmaceutical industry representatives assisted state officials in drafting the rules 10 years ago. State rules require Missouri-specific data based on medical and clinical criteria, a public hearing, and an annual review of approved drugs. Federal law does not require these procedures. Federal law only requires a state's prior authorization plan respond within 24 hours of a request and allow for dispensing of a 72-hour emergency prescription. As a result, clinical and therapeutic analysis is not required to place drugs on prior authorization under federal law. Missouri has used prior authorization as more of a clinical tool to prevent adverse drug interaction for recipients, while other states such as South Carolina, also used it to contain drug costs.

In January 2002, the division attempted to add some antihistamine and antifungal drugs to the state's prior authorization list. The General Assembly's Joint Committee on Administrative Rules denied this request citing noncompliance with some of the prior authorization requirements. Division officials believe all requirements were met, but withdrew the request with an intent to submit it again. As a result, the state lost potential savings by not placing these drugs into prior authorization status.

Our survey of 20 states indicated that certain drugs or drug classes are frequently placed in a prior authorization program. Product cost was at least one component in the decision to implement prior authorization for the drugs or drug classes in those states. Table 1.2 lists these drugs or drug classes and the amount the Missouri Medicaid program spent on these drugs or drugs classes in fiscal year 2001. As of February 2002, only the antiulcer drug class required prior authorization in Missouri.

Vioxx®, Celebrex®, Claritin®, and OxyContin® are among Missouri's top 25 Medicaid drug costs as noted in Appendix III, page 23. While prior authorization of a drug or drug class

---

<sup>4</sup> A prior authorized drug will be approved for dispensing if the division's detailed algorithm based on clinical data specific to the drug indicates a patient's therapeutic need for it.

<sup>5</sup> Generally established through state agency developed proposals contingent upon the General Assembly's review of the proposed order of rulemaking through the Joint Committee on Administrative Rules.

may result in some increased costs to manage prior authorization requests, these additional costs are more than offset by fewer unnecessary prescriptions for these drugs.

**Table 1.2: Drug or Drug Classes Other States Require Prior Authorization and Missouri's Cost for These Drugs**

<b>Drug or Drug Class</b>	<b>Number of States</b>	<b>Missouri's Fiscal Year 2001 Cost</b>
Antiulcer (Prilosec®, Prevacid®, etc.)	8	\$ 48,052,775
Cox II Inhibitors (Vioxx® and Celebrex®)	8	22,347,736
Antihistamines (Claritin®, Allegra®, Zyrtec®)	6	13,029,558
OxyContin®	2	9,344,838

Source: State survey results and Medicaid data

### **Cost containment initiatives lack emphasis on adjusting pharmacy compensation**

Most of the pharmacy enhancement program initiatives do not consider pharmacy reimbursement rates or evaluate appropriateness of pharmacy billings to the program. One initiative is to expand the number of drugs on the state upper payment list as generic drugs become available for brand-name drugs.<sup>6</sup> Updating state upper payment limit rates more frequently will help contain the state's drug costs. These updates will have increasing importance as popular brand-name drugs lose patent protection over the next 5 years and more generic alternatives become available. Currently, drugs added to the list and the upper limit reimbursement prices are updated on an irregular basis with a planned goal of updating them at least quarterly. The most recent updates were done in September 2001; and January and May 2002. Some states surveyed revise drugs and rates on upper payment limit lists more than quarterly. For example, Nebraska officials do updates every other month and Illinois officials make changes weekly.

However, approximately 80 percent of the expenditures for outpatient prescription drugs received by Medicaid recipients in fiscal year 2001 were for brand-name and generic drugs not eligible for the state upper payment limit list. Medicaid program officials have not evaluated the pharmacy compensation for these drugs, making it possible the state is paying too much for them.

### **Pharmacy reimbursement rates are outdated**

Each state Medicaid agency determines how much pharmacies are reimbursed for the estimated cost involved in acquiring (estimated acquisition price) and dispensing drugs.<sup>7</sup> This price is based on manufacturers' costs and is generally calculated using two different rates; one rate uses the average wholesale price for a drug less a percentage and the other rate is based on the wholesale acquisition cost plus a percentage. While most states use one or

<sup>6</sup> This is a list of brand-name drugs with expired patents and associated generic drugs for which the division has established a lower reimbursement limit generally close to the lowest cost generic drug.

<sup>7</sup> See Appendix II, page 20, for a more detailed description of pharmacy reimbursement options.

the other rate, Missouri has used both since July 2001. Further, the same rates are used for both brand-name and generic drugs. According to division estimates, each percentage change in these price adjustments impacts expenditures by an estimated \$5 million annually.

In addition to using the same price for brand and generic drugs, the average wholesale price percentage decrease used by Missouri may be outdated based on federal reports and discounts used by other states. Missouri's average wholesale price decrease of 10.43 percent is based on a 10-year old (1991) state-sponsored study of pharmacy wholesale prices. Further, the wholesale acquisition cost increase of 10 percent is based on percentages used in other states and not a state study.

A 1997 federal report<sup>8</sup> based on Missouri pharmacy wholesale prices concluded pharmacy discounts from average wholesale prices were 18.5 percent for brand name drugs and 46.4 percent for generic drugs. National figures for other states reviewed at that time indicated similar percentage reductions. A 2001 federal report<sup>9</sup> indicated national pharmacy discounts had increased substantially to 21 percent for brand-name drugs and to 65 percent for generic drugs. While state officials must include other factors beside wholesaler price discounts when setting estimated acquisition prices, 19 states use a higher average wholesale price percentage decrease than Missouri's 10.43 percent. One state uses a 15 percent decrease. If Missouri's percentage decrease was changed from 10.43 percent to 14 percent, division records showed annual savings of \$16.4 million.

### **Reimbursement rates for insulin drugs are also outdated**

The state reimbursed pharmacies \$320,000 more than necessary in state fiscal year 2001 as the result of using a higher maximum reimbursement rate for insulin drugs.<sup>10</sup> The estimated acquisition price used for pharmacy reimbursements for these products is average wholesale price minus 10.43 percent plus 25 percent which is higher than the estimated price used for most drugs (average wholesale price minus 10.43 percent plus a \$4.09 dispensing fee per prescription). Division officials seemed to be unaware of this higher reimbursement rate when we questioned them on the issue. Officials from three states surveyed indicated they used the same reimbursement rate for insulin drugs as other prescription drug products. If the same estimated acquisition price had been used for insulin drugs as other prescription drugs in the Medicaid program, the state would have saved \$320,000 on the \$7.1 million spent on these drugs in fiscal year 2001.

---

<sup>8</sup> Department of Health and Human Services Office of Inspector General - *Review of Pharmacy Acquisition Costs for Drugs Reimbursed Under the Medicaid Prescription Drug Program of the Missouri Department of Social Services* issued January 1997.

<sup>9</sup> Department of Health and Human Services Office of Inspector General - *Review of Pharmacy Acquisition Costs for Drugs Reimbursed Under the Medicaid Prescription Drug Program of the Washington Department of Social and Health Services* issued November 2001.

<sup>10</sup> Insulin products are considered over-the-counter products for which pharmacies do not receive a dispensing fee.

### **Lower reimbursement rates for certain home infusion drugs not used**

Missouri continues to pay more than it should on home infusion drugs<sup>11</sup> because division officials have not implemented more accurate drug prices. In May 2000, the federal Department of Justice provided all states with more accurate average wholesale prices for 437 primarily home infusion dispensed drugs. Some prices were more than 80 percent less than the average wholesale prices previously reported by pharmaceutical companies. The state could have saved an estimated \$1.5 million on the \$8.4 million spent on these 437 drugs in fiscal year 2001 if officials used the more accurate average wholesale prices and a dispensing fee structure similar to one implemented in another state.

Within 2 months of Department of Justice notice of the more accurate average wholesale prices, Utah officials began using the lower drug prices with new dispensing fees. With the help of infusion specialty providers, Utah officials categorized the 437 drugs into 5 groups appropriate to the preparation and overhead costs for the product. The new dispensing fees set up for drugs in 4 of the 5 categories ranged from \$8.90 to \$33.90 per prescription.

The state could  
save \$1.5 million  
annually

Missouri officials initially implemented the more accurate prices for provider reimbursement using the normal \$4.09 dispensing fee, which was not designed to cover these drugs. Division officials reversed this decision after home infusion providers threatened to cease services due to insufficient dispensing fees. Provider personnel admitted the former reimbursement rates exceeded their product acquisition costs, but they used the excess reimbursement to offset the higher dispensing costs of home infusion drugs. Division officials indicated they plan to use these lower prices again after determining adequate compensation for home infusion services. While no implementation date has been set, the Division Director stated the necessary changes to implement these prices would be part of the division's fiscal year 2004 budget proposal.

### **State is not collecting some pharmacy fees while proposing to increase other fees**

For years, division officials have allowed pharmacies to keep some recipient co-payments, known as shared dispensing fees, in lieu of increasing the \$4.09 prescription dispensing fee. Pharmacies kept an estimated \$3 million to \$6 million in shared dispensing fees in fiscal year 2001. Certain Medicaid recipients pay an optional shared dispensing fee for pharmacy transactions ranging from 50 cents to \$2 based on the cost of the prescription.<sup>12</sup> However, this compensation is not being considered as part of legislation to establish a pharmacy provider tax and nearly double the dispensing fee to \$8.04 per prescription.

Division officials do not maintain any data on the shared dispensing fee amounts kept by pharmacies. They estimate this fee applies to half of all pharmacy transactions, and

---

<sup>11</sup> Drugs generally dispensed intravenously by health care professionals to patients with chronic illnesses who can live at home or in a non-hospital arrangement.

<sup>12</sup> Children, pregnant women and institutionalized recipients are exempt from paying the shared dispensing fee. However, no Medicaid recipient can be denied a prescription if he/she cannot pay the shared fee amount.

recipients pay the fee about half of the time. During fiscal year 2001, the Medicaid program had more than 13 million pharmacy transactions. We estimate that pharmacies received between \$3 million and \$6 million based on (1) an average prescription price greater than \$10, (2) a shared dispensing fee between \$1 and \$2 per prescription, and (3) the fee applied to 25 percent of the more than 13 million pharmacy transactions in fiscal year 2001.

The fiscal year 2003 state budget includes a pharmacy provider tax to obtain additional federal Medicaid matching funds although it is uncertain the federal government will match these tax revenues.<sup>13</sup>

The budget estimates pharmacies will pay about \$55.4 million under a 2 percent tax on their prescription drug business. However, the budget also shows the state will pay pharmacies \$60.4 million in additional dispensing fee compensation. The dispensing fee would nearly double from \$4.09 to \$8.04. If the pharmacy tax is implemented, the state's \$8.04 dispensing fee will far exceed fees paid by any other state. During fiscal year 2001, the average dispensing fee for all state Medicaid programs was \$4.27, with the highest being \$5.77 in Louisiana. The \$8.04 fee does not include the shared dispensing fees currently retained by pharmacies. Some states that require recipient co-payments or shared dispensing fees will reduce a pharmacy's transaction reimbursement for the amount the pharmacy receives from a recipient. However, this situation was not considered by the state under this pharmacy tax/increased dispensing fee legislation.

\$8.04  
fee would be  
nation's  
highest

### **Controls over transactions for a pharmacy discount program need improvement**

The state may have lost more than \$500,000 in fiscal year 2001 by overpaying some pharmacies or incorrectly billing manufacturers for rebates related to a federal discount drug program. Section 340B of the Public Health Service Act requires drug manufacturers discount the cost of drugs supplied to certain federally covered entities, and that the entities pass on the discounts by billing Medicaid at the discounted prices. We focused on approximately 20 pharmacies that received more than 95 percent of the outpatient pharmacy expenditures paid to program participating providers. The errors occurred because division staff did not determine if program providers billed the state appropriately and did not effectively evaluate the continued participation status of program providers. As a result, the state (1) did not claim some rebates from pharmaceutical manufacturers, (2) claimed some rebates for ineligible transactions, and (3) failed to receive the required discount from at least three program participating providers. Table 1.3 summarizes these results.

According to federal officials, discounted prices through this program generally average about 40 percent less than the manufacturers' average wholesale price. For entities participating in the Section 340B program, the state is not allowed to bill the manufacturer for drug rebates for transactions billed at the discounted rate. The state has established a computer edit to remove transactions for participating providers from the rebate billing process.

<sup>13</sup> The federal matching funds are estimated at \$86.5 million. The federal government will have to approve a waiver to the state's Medicaid Plan for this tax revenue to qualify for additional matching funds.



**Table 1.3: Fiscal Year 2001 340B Program Provider Errors**

Error Type	Number of Providers	Pharmacy Expenditures to Provider	Estimated Value of Errors
Provider failed to bill at discounted rate	3	\$ 1,275,651	\$ 389,549
Rebate not claimed	7 <sup>1</sup>	1,279,297	177,502 <sup>2</sup>
Rebates inappropriately claimed <sup>3</sup>	1	1,157,761	(40,169) <sup>2</sup>
Total		\$ 3,712,709	\$ 526,882

<sup>1</sup> Four of the 7 providers receive only family planning drugs through the 340B program, but all facility transactions are excluded from the rebate process. These providers billed little or no family planning drugs to the Medicaid program.

<sup>2</sup> These errors may be corrected through billing corrections for any rebates not claimed and the manufacturer billing dispute process.

<sup>3</sup> Provider began participating in the 340B program April 1, 2001.

Source: Medicaid data and discussions with providers

### **Two initiatives may be counter-productive and increase costs**

In fiscal year 2001, Medicaid program rule changes limited most prescription drugs to a maximum 31-day supply. Department budget documents also proposed, beginning in fiscal year 2003, not paying for over-the-counter products, except insulin. These changes could cost the program more, particularly with the proposed increase in dispensing fees to \$8 or more per prescription.

The 31-day supply limit prevents many recipients from receiving 90-day prescriptions for maintenance drugs which triples the program's dispensing costs for these recipients. According to division officials, the theory behind such a policy change is the increased dispensing costs will be offset by less money spent on unused portions of 90-day prescriptions. Unused drugs may occur if recipients are given 90-day prescriptions for drugs prior to their doctor determining the drug was effective to treat them. The Pharmacy Program Director stated it was inconclusive whether the Medicaid program saved money with the 31-day supply limit during fiscal year 2001. At least three of the states surveyed have monthly supply limits, but make an exception for maintenance drugs. In December 2000, Missouri made this same exception on maintenance drugs for 25,000 Medicaid spenddown<sup>14</sup> recipients.

Missouri and 12 states responding to our survey questions on over-the-counter products currently use payment for these products as a cost containment measure. A Medicaid program would rather have a physician prescribe a less expensive over-the-counter product than a more expensive prescription product if that product could effectively treat the patient. During fiscal year 2001, the Medicaid program paid \$6.4 million for non-insulin over-the-counter drugs. Most of these products were for the treatment of lice, indigestion, pain, or iron deficiency. State officials estimate the Medicaid program will save more than \$6 million by not paying for over-the-counter products. However, if doctors begin prescribing

<sup>14</sup> Spenddown is a status given to a recipient whose income is too high to qualify for normal Medicaid benefits but can qualify after incurring a determined amount of medical costs during a three-month period.

prescription drugs for Medicaid recipients when an over-the-counter product would suffice, this potential saving is lost by paying higher prices for prescription drugs. This scenario could occur since Medicaid recipients pay little or no cost for prescription drugs and may tell doctors they cannot afford the prescribed over-the-counter product. In addition, recent news that the popular prescription product Claritin® will be converted to over-the-counter status in late 2002 may require this decision to be modified.

## **Conclusion**

Cost containment for Medicaid prescription drug costs must be evaluated on an ongoing basis as changes take place in the pharmaceutical industry and in other state Medicaid programs. The Division of Medical Services has not done all it can to contain Medicaid drug costs. While division officials have faced challenges in restrictive state laws, they have been slow in implementing new cost containment initiatives, updating current initiatives and recommending legislative or rule changes that enhance program effectiveness. Some state Medicaid programs are implementing preferred drug lists which consider therapeutic value and/or cost of drugs being prescribed. Several cost containment measures are currently being implemented with unknown savings. Various pharmacy compensation issues need to be evaluated as part of the pharmacy enhancement program to better contain drug costs.

## **Recommendations**

We recommend the Director, Department of Social Services:

- 1.1 Develop plans to implement a preferred drug list that considers the therapeutic value and cost of drugs.
- 1.2 Amend the state's Medicaid prior authorization rules to limit unnecessary issues that delay moving drugs or drug classes to a prior authorization basis.
- 1.3 Update drugs and reimbursement rates on the state upper payment limit list more frequently.
- 1.4 Update the current estimated acquisition prices and pharmacy dispensing fees. Separate estimated acquisition price computations for generic and brand name drugs should be established as well as eliminating the current higher maximum reimbursement rate for insulin products.
- 1.5 Implement the lower average wholesale prices for home infusion products with equitable dispensing fees for home infusion services.
- 1.6 Improve procedures to ensure (1) 340B program providers pass on appropriate discounts to the state and (2) drug rebates are received for all appropriate pharmacy transactions including eligible transactions for providers only receiving some discounted drugs through the program.

- 1.7 Adjust pharmacy reimbursements for shared dispensing fees retained by pharmacies if the planned pharmacy tax/increased dispensing fee is implemented.
- 1.8 Closely monitor the cost effectiveness of (1) eliminating 90-day prescription authorization for maintenance drugs and (2) not paying for over-the counter drugs.

#### **Department of Social Services Responses**

- 1.1 *Consistent with the mandates of the General Assembly, the Division of Medical Services plans to begin work on a preferred drug list in FY 03.*
- 1.2 *The Division concurs with the SAO recommendation. Consistent with the opportunities and constraints of the rulemaking process, the Division is amending the prior authorization rules to make the process more streamlined.*
- 1.3 *The Division is presently updating the upper payment information globally on a quarterly basis and as needed on an individual product basis. This is more frequently than other third party payers. The Division feels it would be impractical to update these limits more frequently.*
- 1.4 *The Division pointed out to the SAO the pharmacy reimbursement regarding the acquisition prices and the dispensing fees are set through the appropriation process by the General Assembly. The Division continues to collect information regarding these reimbursement issues for use by the General Assembly in their deliberations.*

*With regard to the insulin products, they are presently subject to the “lower of” test with the AWP plus 25% reimbursement being the maximum allowable reimbursement. The Division has found few pharmacies billing at this ceiling rate. However, the Division will change the insulin reimbursement to the standard pharmacy reimbursement methodology approved by the General Assembly.*

- 1.5 *The Division agrees a change in the reimbursement methodology should occur with respect to the home infusion services. The Division continues to work on this process and will develop a decision item for consideration in the SFY04 budget. When implemented, the resulting changes are expected to be revenue neutral for the state and the providers.*
- 1.6 *The Division has accepted the recommendation of the SAO and is developing guidelines for 340B program providers.*

*The Division policy is to place providers that purchase products through 340B in a system edit (Parm) so claims will not enter the Medicaid rebate system. When a provider is added to the Parm, all their products are exempt from reporting to Drug Rebate. The Division will research a system modification to resolve the issue of providers purchasing specific products only through 340B.*

*Any uncollected rebates noted in the review are recoverable and overpayments of rebates will be resolved with the manufacturers during the dispute resolution process.*

- 1.7 The shared dispensing fee collection is not required of the recipient to receive services. Federal law will not allow the assessment of the fee as a prerequisite for receiving services. Pharmacy providers in various areas of the state collect the fee at a different rate. The Division will consider the impact and the collection rate when providing information to the General Assembly for future changes in the pharmacy dispensing fee.*
- 1.8 The 30-day prescription limit and limited payment for over-the-counter drugs were mandated by the General Assembly during the appropriation process. The Division will monitor both for fiscal impact to the state.*

## **2. Pharmacy Program Director Appears to Have a Conflict of Interest**

Prior to being hired by the Department of Social Services in October 2001, the Pharmacy Program Director served as a registered lobbyist for the Missouri Pharmacy Association and continues to own at least one pharmacy. Division of Medical Services officials did not consult the Missouri Ethics Commission concerning potential conflicts, although they were aware of his business relationships. The Division Director stated the department's legal staff evaluated the hiring and determined there would be no conflict of interest problem if the hiring took place. Nevertheless, the pharmacy program is managed by someone with a financial interest in the same industry on which he can influence policy decisions made by his department and the legislature. Department officials have no assurance that such influence is unbiased or in the state's best interest.

The Pharmacy Program Director said his business interests do not create a conflict of interest because he lacks rule-making authority and does not qualify as a "decision-making public servant" under state law. However, this Director is in a position to influence program decisions and legislative changes that may impact the profitability of pharmacies, such as proposing changes to pharmacy reimbursement rates. He needs to be free of unintentional or intentional bias towards the industry. The Division Director stated the Pharmacy Program Director is providing the state needed expertise to get the pharmacy program in the right direction.

### **Conclusion**

Department officials should ensure conflicts of interest do not occur. Issues regarding potential conflicts of interest should be resolved before employees are hired.

### **Recommendation**

The Director, Department of Social Services:

- 2.1 Resolve the appearance of a conflict of interest for the Pharmacy Program Director.

### **Department of Social Services Responses**

- 2.1 *The Division consulted with the Department's Division of Legal Services regarding the issue of conflict of interest of the Pharmacy Program Director. The Pharmacy Program Director has filed a full disclosure with the Ethics Commission and has made his holdings clear to all interested parties. Additionally, the Pharmacy Program Director obtained a legal opinion from his legal counsel and has shared that opinion with the Department and Division. The opinion indicates no conflict of interest exists.*

*The results of the pharmacy program operations, the decline in industry reimbursement, and the program management statistics all support the fact the Pharmacy Program Director is fulfilling his job requirements without bias or regard to pharmacy or pharmaceutical industry outcomes. The Pharmacy Program Director has been forthcoming in all recommendations and has delivered on all Division requests with*

*balanced recommendations, which allowed appropriate decisions to be made by the Division and Department administration.*

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The objectives of this audit were to (1) determine total direct and indirect cost of prescription drugs for the state, (2) evaluate the effectiveness of some of the state's efforts to reduce Medicaid drug costs, and (3) evaluate the factors leading to increased drug costs in the Medicaid program.

### **Scope and Methodology**

To accomplish the objectives, we:

- Reviewed applicable state and federal laws related to outpatient prescription drug benefits in the state's Medicaid program.
- Reviewed the state's Medicaid pharmacy enhancement program current and planned initiatives. These initiatives and the implementation or planned implementation dates are summarized in Table I.1. Due to delays in implementation of some initiatives, and the timing of our audit, our review focused on the items discussed in the report.
- Interviewed the Pharmacy Program Director and other responsible officials to determine the status of the pharmacy enhancement program initiatives and pharmacy reimbursement processes, and obtained necessary documentation.
- Interviewed officials responsible for various state employee health plans (Missouri Consolidated Health Plan, Department of Conservation, Department of Transportation and the University of Missouri) to determine the total cost of prescription drugs to the state, and to compare the pharmacy benefits of the employee plans.
- Contacted Medicaid program officials of 20 states to determine how Missouri compares to other states in implementing cost containment initiatives.
- Analyzed Missouri Medicaid pharmacy claims for fiscal years 2000 and 2001 to determine the most prescribed and most expensive drugs to the program, and the reasons for the increase in prescription drug costs.
- Reviewed average wholesale prices, wholesale acquisition costs, and federal and state upper payment limits for selected drugs to understand the pharmacy reimbursement process and how Missouri's reimbursements compare to other states.
- Analyzed pharmacy claims for selected Medicaid providers participating in a federal prescription drug discount program. We identified approximately 20 pharmacies that handled the majority of the program's transactions. For each pharmacy we selected 5 brand-

## APPENDIX I

name drugs and compared the reimbursed rate to a computation of the average wholesale price less 10.43 percent plus the \$4.09 pharmacy fee. If the reimbursed rate was 25 to 40 percent less than the estimated normal reimbursement we concluded the pharmacy billed the state at an appropriate discounted rate. For any other results, we contacted representatives of the pharmacy to determine program participation status. To evaluate if rebates were correctly billed, we obtained a listing of all providers in Missouri participating in the program. This listing was compared to a listing of providers in the program maintained by the division whose transactions are not included in drug rebate billings. The estimates for potential overpayments or rebate over or under billings were adjusted for dispensing fee compensation received by pharmacies.

- To determine the amount potentially overpaid for 51 insulin drugs, we obtained all transactions for these products for fiscal year 2001. We compared the amount paid for each transaction to a computation of the average wholesale price less 10.43 percent plus the \$4.09 pharmacy fee.
- To determine the potential saving for the 437 home infusion products, we obtained the spring 2000 wholesale prices submitted to states by the Department of Justice. For these 437 drugs in fiscal year 2001, we compared the pharmacy reimbursement for each transaction using the wholesale prices submitted by the Department of Justice to the prices currently being used by the state. To determine the potential increase in dispensing fee costs, we obtained the dispensing fee structure for these drugs used by Utah, and multiplied that rate less \$4.09 times the number of transactions for each drug. The estimated drug cost savings was \$2 million with additional dispensing costs estimated at no more than \$500,000.

We conducted our fieldwork between August 2001 and February 2002.



**Table I.1: Medicaid Prescription Drug Cost Containment Initiatives**

<b>Initiative</b>	<b>Implementation or Planned Implementation Date</b>
31-day maximum supply	December 2000
Expansion of state upper payment limit list	December 2000; September 2001; and January and May 2002 <sup>1</sup>
Eliminate pay and chase	March 2001 - Halted due to litigation
Nursing home credits for returned drugs	July 2001 <sup>2</sup>
Unique prescriber number	January 2002
Prior authorization expansion	January 2002 - Withdrawn due to rule compliance issues
Dose optimization	April 2002
Edits-max quantity/hard edits	June 2002 <sup>3</sup>
Physician education components	June 2002 <sup>3</sup>
Disease management	June 2002 <sup>3</sup>
Patient profiling	June 2002 <sup>3</sup>
Enhanced retrospective drug utilization	June 2002 <sup>3</sup>
Additional justification on overrides	March 2002
Provider audits	Fiscal Year 2003
Prior authorization of all new drugs	Fiscal Year 2003
Eliminate over-the- counter, except insulin	Fiscal Year 2003
Pharmacy provider tax	Fiscal Year 2003
Pill splitting	unknown - Reassessing based on fewer products being eligible for splitting than originally planned

<sup>1</sup> Division officials estimate this initiative saved the program \$4.28 million through December 31, 2001.

<sup>2</sup> Division officials estimate this initiative saved the program \$100,000 through December 31, 2001.

<sup>3</sup> The initiative is pending installation of Medicaid computer system enhancements which are expected in the fourth quarter of fiscal year 2002.

Source: Department of Social Services budget documents, discussions with Division of Medical Services officials

### **BACKGROUND**

The Department of Social Services - Division of Medical Services is responsible for administering the state's Medicaid program. The program is authorized under Title XIX of the federal Social Security Act,<sup>15</sup> and is jointly funded by state and federal funds. Services provided by the program include those required by federal regulations such as hospital, physician, and skilled nursing home care. The state's Medicaid program also provides optional services such as dental, prescription drugs, and personal care as authorized by the General Assembly.

The state's Medicaid program provides eligible Missouri residents prescription drug services at nominal or no cost. The cost for Medicaid outpatient prescription drugs increased \$285 million between fiscal year 1997 and 2001 as shown in Table II.1. These costs are estimated to be \$744 million during fiscal year 2002.

**Table II.1: Medicaid Outpatient Prescription Drug Costs  
Fiscal Years 1997 to 2001 (in millions)**

	Fiscal Year				
	1997	1998	1999	2000	2001
Expenditures	\$ 321	374	469	581	681
Less rebates	(53)	(64)	(84)	(110)	(128)
Net expenditures	\$ <u>268</u>	<u>310</u>	<u>385</u>	<u>471</u>	<u>553</u>
Change from prior year		16%	24%	22%	17%

Source: Medicaid records

### **Pharmacy reimbursement options**

Medicaid regulations provide for the pharmacy reimbursement of outpatient drugs using two methods (multiple source and single source).

If a drug is a multiple source drug (brand-name drug and 3 or more generic versions of the drug), then reimbursement is based on the lower of the pharmacist's usual and customary charge to the general public or a federal upper limit amount plus a dispensing fee. The federal upper limit amounts are established by the Department of Health and Human Services - Centers for Medicare and Medicaid Services. The reimbursed amount for the brand-name and associated generic drugs will be the federal upper payment limit amount no matter what the billed cost of the drug. The rate is set based on the prices for each product and normally set near the lowest price for any of the products. Missouri also has established another option (state upper payment limit) which is similar to the federal upper payment limit, but may be set once a brand-name drug

<sup>15</sup> Laws governing the Medicaid prescription drug programs are 42 United States Code (USC) Section 1396r-8 (Payment for covered outpatient drugs) and 13 Code of State Regulation (CSR) 70-20 (Pharmacy Program).

## APPENDIX II

has at least 1 but generally 2 or more generic versions verses the federal criteria of 3 or more versions. Pharmacy reimbursement is based on the lower of the pharmacist's usual and customary charge to the general public, the state upper payment limit plus a dispensing fee or the federal upper limit amount plus a dispensing fee (if applicable).

If a drug is a single source drug (brand-name drug), or a generic drug for which a state or federal upper limit amount has not been established, then the reimbursement is the lower of the pharmacist's usual and customary charge to the general public or the estimated acquisition cost plus a dispensing fee. Effective July 1, 2001, Missouri uses two potential estimated acquisition prices:

- Average wholesale price (AWP) minus 10.43 percent
- Wholesale acquisition cost (WAC) plus 10 percent

Tables II.2 and II.3 illustrate the reimbursement options and decision process for a one month prescription for two drugs.

**Table II.2: Pharmacy Reimbursement Options**

Drug Type	Drug Name	Estimated Acquisition Price		Upper Payment Limit	
		AWP-10.43%	WAC+10%	State	Federal
Brand	Prilosec	\$ 115.57	118.27	N/A	N/A
Generic	Amoxapine	\$ 70.05	68.82	23.40	31.72

**Table II.3: Pharmacy Reimbursement Decision**

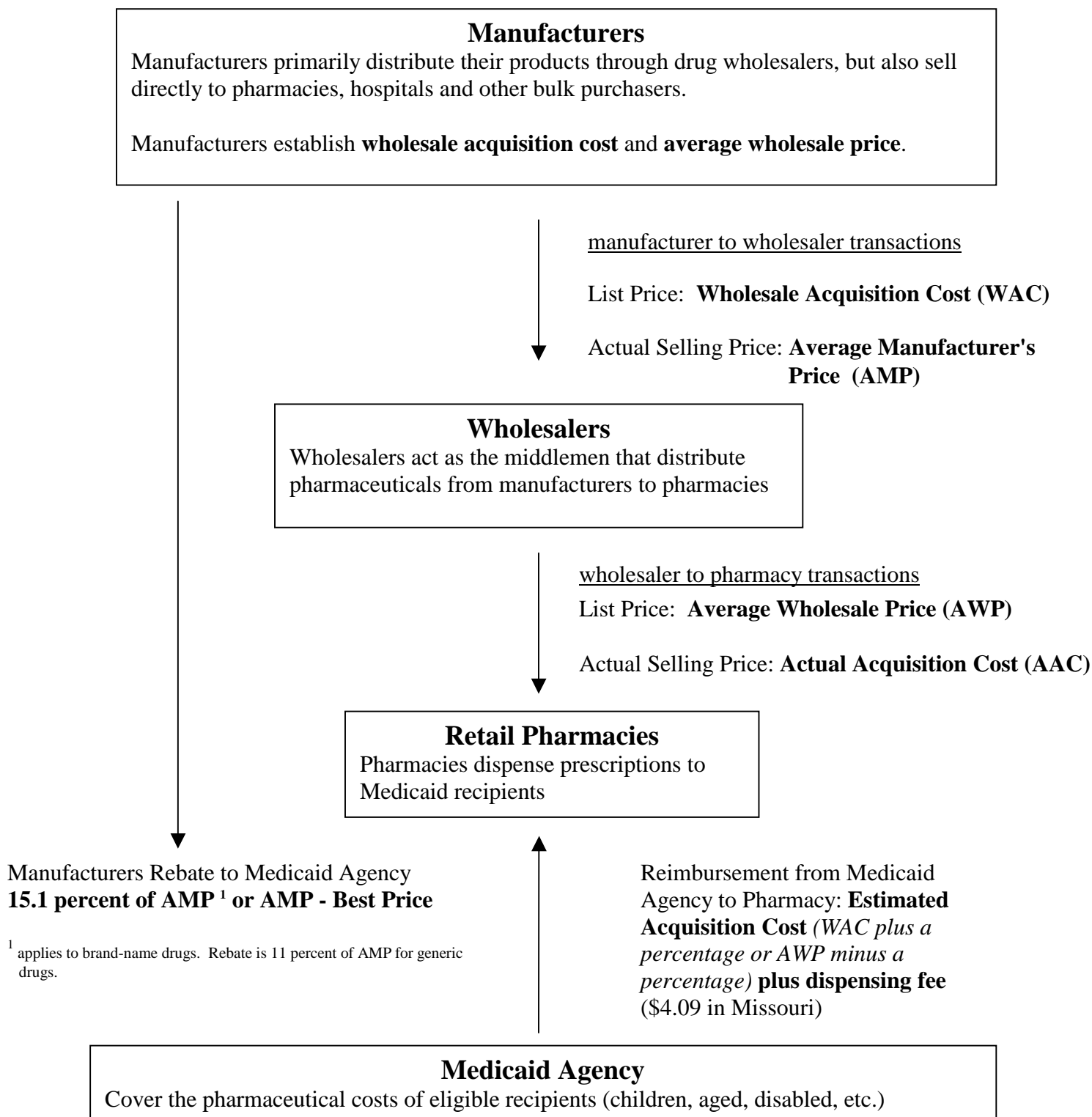
Drug Name	Lowest Option		Billed
	+ Dispensing Fee <sup>1</sup>	Amount	Reimbursement <sup>2</sup>
Prilosec	\$ 119.66	115.00	115.00
Amoxapine	\$ 27.49	35.85	27.49

<sup>1</sup> The lowest cost of the 4 options is chosen and the \$4.09 dispensing fee is added to determine the maximum reimbursement amount.

<sup>2</sup> The lower of the amount billed or the maximum reimbursement amount.

Source: Medicaid drug price data

Figure II.1 describes the reimbursement process to pharmacies for drugs received by Medicaid recipients and the rebate provided by manufacturers to state Medicaid agencies.

**Figure II.1: Description of the Medicaid Reimbursement Process**

Source: Department of Health and Human Services - Office of Inspector General; SAO compiled data

**TOP 25 MEDICAID OUTPATIENT PRESCRIPTION DRUGS - FISCAL YEAR 2001**

Table III.1 lists the 25 outpatient prescription drugs the Missouri Medicaid program spent the most for in fiscal year 2001. These drugs represent nearly 38 percent of the \$681,377,799 spent on outpatient prescription drugs that year.

**Table III.1: Top 25 Medicaid Prescription Drugs - Fiscal Year 2001**

<b>Brand Name</b>	<b>Amount Spent</b>	<b>Use</b>
Zyprexa®	\$ 35,910,411	Antipsychotic
Risperdal®	22,991,612	Antipsychotic
Prilosec®	18,806,905	Stomach Acid Blocker
Prevacid®	14,432,770	Stomach Acid Blocker
Celebrex®	13,197,253	Arthritis Treatment
Prozac®	11,847,723	Antidepressant
Zoloft®	10,886,247	Antidepressant
Depakote®	10,767,140	Anticonvulsant
Paxil®	10,420,245	Antidepressant
Lipitor®	10,022,348	Cholesterol Lowering Agent
Neurontin®	9,895,260	Anticonvulsant
Oxycontin®	9,344,838	Narcotic Pain Reliever
Vioxx®	9,150,483	Arthritis Treatment
Seroquel®	9,100,210	Antipsychotic
Norvasc®	6,852,602	Blood Pressure Reducer
Buspar®	6,436,251	Antianxiety
Claritin®	6,160,792	Antihistamine
Glucophage®	6,136,640	Lowers Blood Sugar
Zocor®	5,294,398	Cholesterol Lowering Agent
Celexa®	5,200,362	Antidepressant
Ultram®	5,092,688	Analgesic Pain Reliever
Remeron®	5,077,321	Antidepressant
Pepcid®	5,007,771	Stomach Acid Reducer
Zithromax®	4,926,713	Antibiotic
Effexor®	4,899,261	Antidepressant
<b>Total</b>	<b>\$ 257,858,244</b>	

Source: Medicaid program expenditure data



## HOSPITAL INSPECTION PROGRAM

**From The Office Of State Auditor  
Claire McCaskill**

*Facility inspections and investigations could be more effective by using a risk-based system to target hospitals.*

**Report No. 2002-47  
June 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

June 2002

**Using a risk assessment system would increase the effectiveness of hospital inspections, and target resources in potentially substandard facilities**

This audit reviewed hospital inspections and complaint investigations performed by the Department of Health and Senior Services staff and identified ways to use resources more effectively. The following highlights our findings:

**Inspections not targeted to at-risk facilities**

Department staff work reactively by conducting broad inspections when due by law and focused investigations on complaints. This approach does not consider factors that could identify facilities potentially providing substandard care. Under the current approach, department staff routinely inspect all systems of a hospital's operations for state law compliance, even though the law allows inspections limited to specific systems. (See pages 4 and 6)

**High-priority complaint investigations initiated more quickly**

A 2000 department internal review showing untimely complaint investigations prompted the department to focus full-time resources to high-priority complaints. This shift in focus worked. Prior to the change, the department had 19 high-priority complaints with untimely investigations, but only had three untimely investigations after the change. (See page 4)

**Some on-site complaint investigations not always timely conducted**

Auditors found 18 complaints with untimely on-site investigations. The elapsed time between receiving the complaint and starting the required on-site investigation ranged from several weeks to more than a year. In two of these cases, the on-site investigation had not started as of the end of audit fieldwork. (See page 4)

**Deficiencies cited in inspections not effectively tracked until recently**

Before July 2001, department staff recorded investigation and inspection results on separate systems. As a result the number, severity and frequency of deficiencies were not tracked or monitored for trends, which would be useful in assessing risk. (See page 7)

YELLOW SHEET

### **Many complaint investigations unfounded**

During the audit period, bureau staff did not cite deficiencies in 55 percent of the 491 investigations of complaints considered “of less serious concern.” Surveyors stated the concerns of complainants often proved to be inaccurate after reviewing medical records and interviewing hospital staff. (See page 4)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



# **HOSPITAL INSPECTION PROGRAM**

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
Resource Management Needs Improvement .....	2
Conclusion .....	7
Recommendations.....	7
<b>APPENDIXES</b>	
I.    OBJECTIVES, SCOPE AND METHODOLOGY .....	10
II.   BACKGROUND.....	11



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Ronald Cates, Acting Director  
Department of Health and Senior Services  
Jefferson City, MO 65102

The State Auditor's Office audited the hospital inspection program of the Department of Health and Senior Services, Bureau of Health Facility Regulation (bureau). The objectives of the audit were to determine whether (1) surveyor resources were effectively managed, (2) complaint investigations were timely conducted, and (3) inspections of hospitals and hospital-based nursing facilities were properly performed.

Bureau officials have made improvements to serious complaint response time and identification of high-risk hospitals, but more can be done to ensure effective resource management. A risk-based approach to determining (1) the timing, frequency and scope of facility inspections and (2) the investigation of complaints would enhance the changes being made.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

January 17, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Joyce Medlock

## **RESULTS AND RECOMMENDATIONS**

### **Resource Management Needs Improvement**

Department of Health and Senior Services - Bureau of Health Facility Regulation (bureau) officials can better manage resources for investigating complaints and inspecting<sup>1</sup> hospitals and hospital-based nursing facilities. Bureau staff conduct focused complaint investigations and routinely inspect facilities when required by state or federal law. The following problems exist with current practices:

- Surveyors did not timely investigate some complaints.
- Some inspection tasks did not meet federal or state guidelines.
- Resources to substantiate a complaint's significance before investigating on-site are not used effectively.
- Data on cited facility deficiencies useful to a risk-driven system have not been tracked until recently.

Increasing inspection and investigation responsibilities of the surveyors has contributed to these problems. As a result, the inspection program is not as effective as it could be, and some facilities may be allowed to provide substandard care without proper detection. A risk-driven system would improve resource management and result in more frequent and extensive reviews of facilities seemingly providing inappropriate or substandard patient care.

### **Bureau complaint investigation and inspection procedures**

Bureau staff review the operations of hospitals and hospital-based nursing facilities for compliance with state and federal health care standards during complaint investigations, Medicare surveys, and licensing inspections. The bureau employs environmental sanitarians, nurses, and dietitians to conduct these procedures. *(See Appendix II, page 11, for a more detailed discussion.)*

### **Complaint investigations**

Investigations are initiated by an on-site visit or an information request about a complaint followed by an on-site visit. During the on-site visit, bureau staff will observe procedures, review records and interview hospital personnel. The bureau prioritizes complaints into five categories.

- Priority I complaints include allegations of immediate and serious threat to the health and safety of patients. The Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services (federal medical services) requires

---

<sup>1</sup> Throughout this report, "inspect" refers to the processes performed by bureau staff for both surveys for compliance with healthcare standards required by federal regulations and inspections for compliance with healthcare standards required by state licensing law.

surveyors to investigate Priority I complaints within 2 working days. Approximately 7 percent of all complaints are classified as Priority I.

- Priority II, III, and IV complaints represent less serious concerns. Surveyors usually investigate Priority II and III complaints before the next regularly scheduled facility inspection and Priority IV complaints during the next regularly scheduled facility inspection. Approximately 61 percent of all complaints are classified as either Priority II or III.
- Priority V complaints have no reasonable basis to investigate, or are referred to other organizations to investigate.

Bureau staff must notify and obtain authorization from federal medical services officials before conducting any investigation related to federal standards of accredited facilities. However, bureau staff may investigate complaints on accredited hospitals without authorization if the complaint alleges a violation of state law. Table 1.1 lists the time frames to initiate complaint investigations.

**Table 1.1: Complaint Investigation Time Frames**

Priority	Type	Time frame (working days)
I	All	2
II	All	10
III	Accredited hospital	45 <sup>1</sup>
III	All except accredited hospitals	60
IV	Accredited hospitals	45 <sup>1</sup>
IV	All except accredited hospitals	Next scheduled inspection

<sup>1</sup> From the day federal officials notify the state a review under federal law is necessary. An investigation for compliance with state laws is to be conducted within 60 days for Priority III complaints or the next scheduled inspection for Priority IV complaints, if federal officials have not responded by then.

Source: Bureau complaint policy

Audit staff reviewed complaints received by the bureau from October 1, 1999, to December 31, 2001. *(See Appendix I, page 10, for a more detailed discussion of the audit scope and methodology.)*

### **Inspections**

Through contracts with federal medical services, bureau staff inspect hospitals and hospital-based nursing facilities for compliance with federal health and safety requirements. State law requires the bureau to inspect all licensed hospitals and hospital-based nursing facilities for compliance with state health and safety requirements. Audit staff observed three inspections. *(See Appendix I, page 10, for a more detailed description of the audit scope and methodology.)*

## **Surveyor resources can be used more effectively**

Bureau management has not developed a good system to focus review resources on facilities at greatest risk of non-compliance with federal and state law. Bureau staff work reactively by conducting broad inspections when due by law, and focused investigations on complaints. This system does not consider factors that could identify facilities providing more substandard care. Most complaints are investigated individually, which limits staff time available for inspection responsibilities. This method of allocating resources is not efficient or effective because most complaints are unfounded as discussed below. Additionally, increased complaint volume caused bureau staff to be slow investigating some complaints.

Surveyors  
can be more  
productive

### **Most complaint investigations do not yield deficiencies**

Complaint investigation results suggest resources could be used more effectively. About 55 percent of 491 complaints investigated over the 27 months reviewed were unfounded. These investigations involved Priority II and III complaints, considered “of less serious concern,” and occurred between October 1, 1999, and December 31, 2001.

Bureau staff cited deficiencies<sup>2</sup> even less frequently for complaint investigations under state law when federal medical services officials determined the complaint not worthy of investigation under federal law. In these instances, the bureau cited deficiencies in 69 of 204 investigations (34 percent). Surveyors stated the concerns of complainants often proved to be inaccurate based on reviews of medical records and interviews of hospital staff.

### **Timeliness improved for some complaint investigation**

In a July 2000 internal review of complaint investigations, bureau management noted some complaints were not investigated within the required timeframes due to the high volume of complaints received. In response, beginning January 1, 2001, some surveyors were assigned full-time to investigate Priority I and II complaints.

This change has been effective. During the 15 months prior to the change, 10 of 45 Priority I and 9 of 122 Priority II complaint investigations were not timely initiated; however, since January 1, 2001, only one Priority I and two Priority II complaint investigations were not timely initiated.

However, some timeliness problems still exist in the complaint investigation process. Bureau staff initiated on-site investigations of 18 Priority I, II or III complaints by requesting facility records, but the on-site investigation did not occur timely<sup>3</sup> as summarized in Table 1.2. As of January 17, 2002, staff had not started an on-site investigation in two of these complaints. The elapsed time from complaint receipt to on-site investigation ranged from several weeks

---

<sup>2</sup> Noncompliance with applicable federal or state standards.

<sup>3</sup> Judgmentally determined based on when the complaint was assigned for investigation taking into consideration the time frames for each priority type discussed on page 3.

to more than a year. Staff canceled the investigation on one complaint (00-069) because too much time (18 months) elapsed from the receipt of the complaint.

**Table 1.2: Untimely On-site Complaint Investigations**

Complaint Number	Priority	Complaint Receipt	On-site Investigation	Elapsed Days from Receipt to On-site
00-007	II	October 6, 1999	December 10, 1999	65
00-009	II	October 6, 1999	November 4, 1999	29
00-069	III	December 3, 1999	Not done	N/A
00-140	I <sup>1</sup>	January 28, 2000	April 19, 2000	82
00-148	II	February 3, 2000	Pending	714 <sup>2</sup>
00-154	II	February 14, 2000	May 8, 2000	84
00-222	II	April 3, 2000	October 18, 2000	198
00-230	II	April 10, 2000	August 18, 2000	130
00-245	II	April 24, 2000	August 22, 2001	485
00-366	II	August 17, 2000	August 23, 2001	371
00-378	II	August 23, 2000	December 5, 2000	104
00-382	II	August 29, 2000	March 20, 2001	203
00-398	II	September 5, 2000	November 20, 2000	76
01-167	III	March 13, 2001	Pending	310 <sup>2</sup>
01-196	III <sup>3</sup>	March 28, 2001	August 21, 2001	146
01-211	III	April 5, 2001	July 31, 2001	117
01-214	III	April 9, 2001	August 21, 2001	134
01-222	III	April 19, 2001	October 10, 2001	174

<sup>1</sup> Complaint involved an issue which is to be investigated within 21 days.

<sup>2</sup> As of January 17, 2002 the on-site visit was still pending.

<sup>3</sup> Reassigned as a Priority IV case 4 months after the complaint was received with no explanation.

Source: Auditor review of bureau complaint files

Bureau officials stated they adopted the policy for on-site investigation of virtually all complaints to respond to citizens and reduce the risk of missing a significant facility weakness. The same risk still exists if overworked staff pursue unfounded concerns. This policy needs to be evaluated since less than half of the investigations result in cited deficiencies. Other resources such as the hospital quality assurance staff, ombudsman,<sup>4</sup> or local health departments could conduct a preliminary investigation to substantiate the complaint. This approach would free up staff time and allow more timely investigations of serious cases.

Investigation  
policy ties up  
resources

<sup>4</sup> Ombudsmen assist long-term care residents in hospital-based nursing facilities with problems or complaints as part of a program that receives state and federal funding.

## Investigation and inspection responsibilities have increased

Bureau staff receive more complaints and conduct more inspections than in prior years. Table 1.3 lists the number of complaints received annually for the 5 years ended June 30, 2001.

**Table 1.3: Complaints Received**

<b>State Fiscal Year Ending June 30</b>	<b>Total Complaints Received</b>
1997	78
1998	100
1999	243
2000	410
2001	442

Source: Department of Health and Senior Services budgets

Federal law changes in 1999, which require hospitals to notify patients of their right to file a grievance with the hospital and/or bureau, contributed to the sharp increase in complaints. Additional contributing factors include publicity about significant deficiencies found at some hospitals and health care industry changes impacting patient care. In addition to the increasing complaint volume, a new 2001 state law<sup>5</sup> requires biannual inspections of the state's 57 hospital-based nursing facilities. This law increased the bureau staff's workload by adding a second state inspection beyond the federal inspection already conducted by the bureau.

## A risk-driven system would enhance targeting of facilities for inspections

Bureau management should determine the scope of each inspection by assessing the likelihood of non-compliance with healthcare standards. Risk indicators, including prior review results and complaints received could be used for these purposes. Using this approach, minimal-risk facilities would receive more limited inspection focusing on the most significant systems, while higher-risk facilities would receive more extensive or frequent inspections.

Under the current system, bureau staff conduct hospital and hospital-based nursing facility licensure inspections which routinely review all systems of a hospital's operations for state law compliance even though the law allows inspections limited to specific systems.

To implement a risk-driven inspection system, the bureau must develop and track indicators to set quality of care expectations at each hospital and hospital-based nursing facility. These expectations could be used to determine the timing and scope of the inspection. Additionally, for non-accredited hospitals, the bureau could use the risk indicators to determine the appropriate frequency for specific hospital inspections. Bureau staff routinely inspect each of these hospitals once every 3 years, which is not required by federal law. The federal law only requires

---

<sup>5</sup> Section 198.525, RSMo 2000

inspection of 33 percent of the non-accredited hospitals each year. Consequently, bureau staff could inspect at-risk non-accredited hospitals more frequently and still comply with federal law.

Deficiencies cited from inspections and investigations at each hospital need to be tracked. The number, severity and frequency of deficiencies at facilities would be useful in determining risk. Before July 2001, the results of inspections and investigations were recorded on separate systems. Consequently, officials could not analyze the deficiencies to identify trends.

Trend analyses  
are needed

In July 2001, the bureau staff began using a new computer system to record the results of inspections and investigations performed. Division and bureau officials intend to use this new computer system to evaluate and track the deficiencies cited most often. But as of the end of our fieldwork, there were no plans to use the data to determine the timing and scope of inspections. This improved tracking of deficiencies will allow better monitoring of program results and provide necessary data for a risk-driven inspection process.

### **Some inspection activities were untimely**

The inspection workload of the staff impacts work results. Audit staff observed three inspections and determined that none of the facilities received a deficiency report within the required time frames. Bureau staff transmitted the reports 5 days late for 2 inspections and 10 days late for 1 inspection.<sup>6</sup> Additionally, surveyors erroneously excluded an identified deficiency from the report for one of the facilities. Bureau officials did not detect the oversight until our inquiries about 2 months after completion of the inspection.

Bureau management previously noted untimely reports of deficiencies from periodic internal reviews; however, actions taken have not been effective. Since completion of the inspections we observed, bureau officials have implemented a computerized tracking system to help monitor deficiency reports and ensure they are transmitted timely. These reports need to be prepared timely to ensure more immediate corrective action.

### **Conclusion**

Bureau officials need to better manage the increasing workload caused by more complaints and state law changes. Although some changes have improved the response time to serious complaints and overall identification of high-risk hospitals and hospital-based nursing facilities, more can be done to ensure resources are used effectively.

### **Recommendations**

We recommend the Director, Department of Health and Senior Services:

- 1.1 Establish a risk-based approach to assessing Priority II and III level complaints that effectively uses available resources.

---

<sup>6</sup> After completion of an inspection, bureau staff must prepare deficiency reports within 10 calendar days for inspections done under federal law or 10 working days for inspections done under state law.



- 1.2 Establish a risk-based approach to determine the timing, frequency, and scope of facility inspections when allowable by law. This approach would include indicators, such as prior review results; number, type and frequency of complaints; and other factors.
- 1.3 Establish time frames for on-site investigation of complaints for which records have been requested from facilities.

### **Department of Health and Senior Services Responses**

*The Division of Health Standards and Licensure agrees that a system of risk-driven approach for investigations conducted on an annual basis could be utilized. However, the Division does not support such an approach for investigations of complaints. We will not support a system that could put Missouri citizens at risk. If one patient in the state of Missouri has the potential to be harmed or receive poor quality of care due to a risk-driven approach, then it is not a viable alternative to our present system.*

*If we would go to a risk-driven system such as you have indicated, there is a possibility of a complaint, that was truly substantiated and with a serious threat to the patients of Missouri, not being investigated. The Division has noted that, on more than one occasion, a complainant has not provided us with enough information; and the complaint has been given a lower priority. When the complaint is investigated, it has been substantiated and the findings are much more serious than was first realized. The lack of sufficient information from the complainant is of no fault of the person taking the information. The complainant may not have had the knowledge of what to report, only that something about the care that they or their loved one received was not appropriate.*

*The Division of Health Standards and Licensure does not agree with the auditor's suggestion to use outside resources such as the facility quality assurance staff, ombudsman, or local health departments to conduct a preliminary investigation to substantiate the complaint. The following reasons are the basis for our decision:*

*If we contract this process out, we could not ascertain confidentiality or the quality of the reviews.*

*We would have to budget for this contract service with outside agencies. At the present time, our surveyors on many occasions are able to complete more than one survey process at the time of the complaint investigation. Often more than one complaint is investigated at the same time. The current process utilizes our resources in a fiscally responsible manner.*

*The recommendation to use the facility's quality assurance staff to conduct a review of the complaint is not feasible. It is often the case that when an investigation, either for a complaint or for an annual review, is conducted quality assurance is cited as having deficiencies. It is the stance of the Division of Health Standards and Licensure, that investigation of complaints by the facility's quality assurance staff is a significant conflict of interest, causing under reporting of actual substantiated deficiencies. This may cause a rise in deficient practice that could cause harm to the residents of Missouri.*

*In response to the untimely on-site complaint investigations as listed in Table 1.2 of the draft audit report, review of these records was done with the following notations made.*

*Many of the records were requested in advance to review, so that a risk-driven approach to the investigation could be taken. After review of these records, we could determine if a surveyor needed to be on-site sooner than first determined. This was done according to our own internal policy under licensing in an effort to utilize our resources in the most responsible manner. Keeping the safety of the patients of Missouri always in the forefront, it is difficult to always distinguish when to request records, because it does allow the facility to know that an investigation is being conducted. According to Medicare protocols, complaint investigations are not to be announced prior to the on-site survey and the complainant is to remain anonymous.*

*The delay of more than one of these complaints was due to the fact that a survey activity was scheduled at a later date and the survey activity would be combined. The bureau administration made the decision it would be a more responsible use of our resources to delay an on-site complaint investigation and combine with previously scheduled survey activity.*

*Delay of more than one of these complaints was due to bureau administration waiting for a determination from Medicare whether to investigate under Medicare regulations. If the complaint had been investigated under licensing, a second visit would have been indicated when authorized by Medicare. The bureau administration made the decision it would be a more responsible use of our resources to delay until a determination by Medicare was made.*

*As you identified in your report, the Division of Health Standards and Licensure has recently implemented an internal tracking system. This system has made the tracking of survey processes much more efficient. Bureau administration believes that using internal quality assurance tools, such as the tracking system, will aide in the implementation of future processes that will enhance the use of our limited resources and at the same time assuring quality health care to Missouri citizens.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The objectives of this audit were to determine whether (1) surveyor resources were effectively managed, (2) complaint investigations were timely conducted, and (3) inspections of hospitals and hospital-based nursing facilities were properly performed.

**Scope and Methodology**

Audit procedures included:

- Review of the computerized complaint tracking system for complaints received from October 1, 1999, through December 31, 2001, and the related hardcopy complaint files for complaints received from October 1, 1999, through June 18, 2001.
- Observation of the procedures performed by the surveyors during the inspection of the nursing facility at Boone Hospital Center and Cedar County Memorial Hospital and the inspection of Royal Oaks Hospital. Review of the related statements of deficiencies, plans of correction, and other documentation prepared by the surveyors. The inspections occurred during August and September 2001.
- Review of relevant statutes, regulations, and the State Operations Manual of the Department of Health and Human Services - Centers for Medicare and Medicaid Services.
- Interviews of staff of the Division of Health Standards and Licensure and the Bureau of Health Facility Regulation.
- Review of other records and procedures of the Bureau of Health Facility Regulation as necessary.

**BACKGROUND**

**Overview**

Within the Department of Health and Senior Services - Division of Health Standards and Licensure, Bureau of Health Facility Regulation (bureau) staff review the operations of hospitals and hospital-based nursing facilities for compliance with state and federal standards for health care during Medicare surveys, licensing inspections, and complaint investigations. The bureau employs environmental sanitarians, nurses, and dietitians to conduct these procedures.

**Inspections**

Federal regulations require bureau staff to inspect hospital-based nursing facilities no later than 15 months after the previous standard inspection. Bureau staff inspect about 57 hospital-based nursing facilities. Bureau surveyors must conduct specific tasks designed to evaluate the quality of care provided by focusing on resident outcomes.

Federal regulations also require the bureau to annually inspect 33 percent of the hospitals not accredited by the Joint Commission on Accreditation of Healthcare Organizations. About 31 of the 144 licensed hospitals in Missouri are not accredited by the commission. The bureau surveyors must review patient records and hospital procedures, interview facility staff and patients, and observe the facility, equipment, supplies, and patient care.

State law requires bureau staff to conduct annual inspections of all licensed hospitals for compliance with state health and safety requirements. Under state law effective in 2001, the bureau staff must conduct 2 inspections annually of each of the 57 hospital-based nursing facilities. The new law essentially requires the bureau to conduct one additional inspection annually of each of these facilities because the annual federal inspection performed by the bureau fulfills the requirement for one of the inspections.

After completion of an inspection, bureau staff must prepare and send to the hospital or hospital-based nursing facility a statement of deficiencies within 10 calendar days for inspections done under federal law or 10 working days for inspections done under state law. The written statement of deficiencies must clearly identify the specific deficient practice. Officials of the hospital or hospital-based nursing facility must provide bureau staff with a written plan of correction for all deficiencies contained in the statement of deficiencies within 10 days. Bureau staff must evaluate the adequacy of the written corrective actions and ensure they are placed in operation. A revisit to the hospital or hospital-based nursing facility is often necessary to verify the implementation of the corrective action.

The time required of bureau staff to conduct an inspection usually varies according to the facility size. Often a team of three bureau surveyors will spend 3 days at the facility conducting the inspection.

### **Complaint investigations**

Bureau staff investigate complaints about hospitals and hospital-based nursing facilities. Most of the complaints are concerns from individuals about care they or a family member received in a facility. On-site investigations are usually done. Sometimes, copies of medical records are obtained from the facility for review prior to the on-site investigation. Often, a surveyor spends a day at the facility reviewing records and interviewing hospital personnel to determine the validity of the complaint and whether the hospital has violated state or federal laws. Deficiencies discovered during complaint investigations are reported to the facility and the facility must develop and implement measures to correct them.



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER SCHOLARSHIP, LOAN, AND TUITION  
REIMBURSEMENT PROGRAMS**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-46  
June 14, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Elementary and Secondary Education, Teacher Scholarship, Loan, and Tuition Reimbursement Programs.**

---

The Department of Elementary and Secondary Education (DESE) administers the Missouri Teacher Education Scholarship (MTES) and the Missouri Minority Teacher Education Scholarship (MMTES) programs. These scholarship programs are intended to attract qualified applicants into the teaching profession. Under both scholarship programs, the recipient is required to receive a degree in education from an approved teacher education program in a four-year college or university, and teach in an elementary or secondary public school in Missouri for five years after receiving their degree. If the recipient fails to fulfill these requirements, the scholarship amount is treated as a loan and must be repaid to the state. The scholarship amounts provided by the DESE are also matched, wholly or partially, by funds from the applicable college or university.

Our audit noted the DESE has spent approximately \$3.8 million since the MTES and the MMTES scholarship programs were established. However, the department has never determined or evaluated whether these programs have effectively increased the number of teachers in the state's public schools. In fact, the DESE's database for tracking individual accounts was in such disarray, much of the data had to be recreated and summarized before we could perform any analysis of this data. Our analysis indicated nearly 40 percent of MTES and almost half of the MMTES scholarship applicants for fiscal year 1996 did not complete the requirements of the programs.

Certain statutory provisions and departmental policies are having a negative impact on the success of the DESE's scholarship programs. Laws and policies for the program are currently focused on recruiting applicants early in their college years. In addition, teacher shortage areas designated as critical need are not considered when selecting recipients for the scholarship programs. If the state's laws and DESE's policies were amended to attract students who were serious about teacher education and who desired to teach in a critical need area, public schools would benefit by having a larger supply of teachers to fill their subject area shortage needs. It also appears state law does not adequately empower the DESE to pursue recovery from recipients of the MMTES program who default. Furthermore, the DESE does not collect the full defaulted amount from the recipients who fail to comply with the statutory requirements of the scholarships because the university's match is not collected.

(over)

YELLOW SHEET

The department does not follow some of its policies for the scholarship programs, and lacks formal written policies on monitoring the status of scholarship accounts and maintaining scholarship databases. This has resulted in inconsistencies in the handling of recipient accounts. Due to the inadequate monitoring, lack of segregated duties, and limited supervision regarding the scholarship programs, non-compliance with the scholarship requirements has gone undetected, and recipients who have defaulted are not being held fully accountable.

The department is forced to decline scholarships to approximately half of the qualified applicants due to a lack of available funding. Even though there are many more qualified applicants than there is available funding, the department has not utilized some existing funding due to complications arising from scholarship renewals. There have been virtually no increases in funding for scholarship programs since their implementation, and two loan programs approved by the General Assembly have never been funded. In addition, individual scholarship amounts have never been increased rendering the scholarship programs less attractive to prospective teachers. Monies received from recipients who have not fulfilled program requirements are not placed back into the scholarship programs to be used for future awards. If these funding issues were resolved, the scholarship programs would be available to a greater number of prospective teachers in the state and thereby lessen the impact of the teacher shortages.

Unlike some of the scholarship and loan programs mentioned above, the DESE has not established formal requirements for its tuition reimbursement programs that require participants to complete their education program and to remain employed in Missouri's public schools for a period of time after completion. Although the teachers who participate in the tuition reimbursement programs are expected to complete their teacher education program and to obtain certification in the subject area studied, participants are not required to reimburse the funding if they fail to do so. By failing to establish appropriate requirements for the tuition reimbursement programs, there is no assurance those programs are effectively addressing the statewide areas of critical need.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER SCHOLARSHIP, LOAN, AND TUITION  
REIMBURSEMENT PROGRAMS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR’S REPORT .....	1-3
EXECUTIVE SUMMARY .....	4-6
<u>MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS</u>	
<u>Number</u>	<u>Description</u>
1.	Scholarship and Loan Programs - Management and Oversight..... 8-15
2.	Funding of Scholarship and Loan Programs ..... 15-18
3.	Tuition Reimbursement Programs ..... 18-20
BACKGROUND .....	21-24

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
D. Kent King, Commissioner  
Department of Elementary and Secondary Education  
Jefferson City, MO 65102

We have audited the scholarship, loan, and tuition reimbursement programs provided to teachers or prospective teachers by the Department of Elementary and Secondary Education (DESE). The objective of this audit was to review whether DESE adequately administers and measures the effectiveness of these programs.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws, regulations, and procedures relating to teacher scholarship, loan, and tuition reimbursement programs. We also interviewed and surveyed applicable personnel, and reviewed certain relevant records, statistics, and other state reports.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Background section is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the department's teacher scholarship, loan, and tuition reimbursement programs.

The accompanying Management Advisory Report presents our findings arising from our audit of the DESE's teacher scholarship, loan, and tuition reimbursement programs.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 10, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Stephen Garner
	Liang Xu
	Paul Rozycki

## EXECUTIVE SUMMARY

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER SCHOLARSHIP, LOAN, AND TUITION  
REIMBURSEMENT PROGRAMS  
EXECUTIVE SUMMARY

Our audit of the state's teacher scholarship, loan, and tuition reimbursement programs noted several areas where significant improvements regarding management and oversight are needed. The department has spent approximately \$3.8 million since teacher scholarship programs were established, but has never determined or evaluated how effective these programs are in attracting and retaining teachers in the state's public schools. In fact, the department's database for tracking individual accounts was in such disarray, much of the data had to be recreated and summarized before we could perform any analysis of the information. Our analysis indicated high non-completion rates exist in the scholarship programs.

Certain statutory provisions and department policies are having a negative impact on the success of the department's scholarship programs. Laws and policies for the program are currently focused on recruiting applicants early in their college years. In addition, teacher shortage areas designated as critical need are not considered when selecting recipients for the scholarship programs. If the state's laws and the department's policies were amended to attract students who were serious about teacher education and who desired to teach in a critical need area, public schools would benefit by having a larger supply of teachers to fill their subject area shortage needs. In addition, for one scholarship program, state law needs to be changed to better enable the department to pursue recovery from recipients who default. Furthermore, the department does not appear to be collecting the full defaulted amount from the recipients who fail to meet the statutory requirements for compliance with the scholarships.

The department does not follow some of its policies for the scholarship programs, and lacks formal written policies on monitoring the status of scholarship accounts and maintaining scholarship databases. This has resulted in inconsistencies in the handling of recipient accounts. Due to inadequate monitoring, lack of segregated duties, and limited supervision regarding the scholarship programs, non-compliance with the scholarship requirements has gone undetected, and recipients who have defaulted are not being held fully accountable.

The department is forced to decline scholarships to approximately half of the qualified applicants due to a lack of available funding. Even though there are many more qualified applicants than there is available funding, the department has not utilized some existing funding due to complications involving scholarship renewals. There has been virtually no increase in funding for scholarship programs since their implementation, and two loan programs approved by the General Assembly have not been funded. In addition, individual scholarship amounts have never been increased rendering the scholarship programs less attractive to prospective teachers. Monies received from recipients who have not fulfilled program requirements are not placed back into the scholarship programs to be used for future awards. If these funding issues are resolved, the scholarship programs could be available to a greater number of prospective teachers in the state and may have a larger impact on any teacher shortages.

The department also provides funding for tuition reimbursement programs. However, the department has not established formal requirements that require participants to complete their education program and to remain employed in Missouri's public schools for a period of time after completion. In addition, the department has not monitored participants to determine whether the program for which the reimbursement was provided was successfully completed, and whether the participant subsequently taught in a Missouri public school in the area of certification obtained through the program. Without monitoring the participants, the department has no means to determine if the tuition reimbursement programs are working effectively and cannot implement changes when necessary.

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS



DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER SCHOLARSHIP, LOAN, AND TUITION  
REIMBURSEMENT PROGRAMS  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Scholarship and Loan Programs – Management and Oversight</b>
-----------	-----------------------------------------------------------------

**DESE has not measured the effectiveness of its scholarship programs**

The Department of Elementary and Secondary Education (DESE) has spent approximately \$3.8 million since the Missouri Teacher Education (MTES) and the Missouri Minority Teacher Education (MMTES) scholarship programs were established. However, the department has never determined or evaluated whether these programs have effectively increased the number of teachers in the state’s public schools. In fact, the DESE’s database for tracking individual accounts was in such disarray, much of the data had to be recreated and summarized before we could perform any analysis of this data. Our analysis indicated nearly 40 percent of MTES and almost half of the fiscal year 1996 MMTES scholarship applicants did not complete the requirements of the programs.

- At no time has the DESE monitored the success of either scholarship program. In addition, the master scholarship file currently being maintained for the MTES program was not complete or accurate. Current employees were unaware a prior employee who managed the program had purged older accounts into separate files. In addition, numerous accounts within both the current master file and the purged files had more than one account status. Since department personnel never determined that files were missing from their master file and several recipients were classified with more than one status, the effectiveness of the program could not have been accurately determined.
- We obtained the account history for 2,067 recipients from the DESE’s master file and for 1,446 recipients from the purged files. These 3,513 accounts had a total of 4,067 account statuses. Based on various assumptions, we cleaned up the database files to ensure only one status belonged to each recipient and removed fifteen declined scholarships. We summarized the scholarships awarded for both programs and determined that only 2,129 of the 3,498 MTES recipients (61 percent) since fiscal year 1987 have complied or are in the process of complying with the scholarship requirements. As for the MMTES program, although the program has only been in operation for six years, it appears there is a high non-completion rate. For fiscal year 1996 awards, the first award year for the program, thirteen of the twenty-seven recipients (48 percent) have failed to comply with the scholarship requirements.

Both scholarship programs have high non- completion rates
--------------------------------------------------------------------

Without evaluating the effectiveness of the programs, the DESE cannot support the need for continued or increased funding nor determine if programmatic changes are warranted.

### **Certain state laws and departmental policies should be revised**

Certain statutory provisions and departmental policies are having a negative impact on the success of the DESE's scholarship programs. Laws and policies for the program are currently focused on recruiting applicants early in their college years. In addition, teacher shortage areas designated as critical need are not considered when selecting recipients for the scholarship programs. If the state's laws and DESE's policies were amended to attract students who were serious about teacher education and who desired to teach in a critical need area, the districts could benefit by having a larger supply of teachers to fill their subject area shortage needs. It also appears state law does not adequately empower the DESE to pursue recovery from recipients of the MMTES program who default. Furthermore, the DESE does not collect the full defaulted amount from the recipients who fail to comply with the statutory requirements of the scholarships because the university's match is not collected.

- Rather than granting the MTES awards to students who have shown they are committed to completing college and obtaining a teaching degree, the awards are granted to high school seniors and first and second year college students. Neither the statutory provisions nor departmental policies consider requiring the recipients to demonstrate that they plan or are committed to completing a teacher education program at a four-year institution. If the awards were granted to junior and senior level students who have already demonstrated that they are committed to continuing and completing college and have already begun taking courses in a teacher education program, there would likely be a higher success rate for the MTES program.
- Unlike the Missouri Critical Teacher Shortage Loan Program, the department's scholarship programs give no consideration to the subject area the applicants would be trained/educated to teach. The applicants receive weighted points for their ACT score, their high school class rank, recommendations, and written essays. However, the areas of critical need are not weighted such that applicants that agree to enter one of those areas are given priority to receive the scholarship awards. According to state regulations, eligible applicants for the MMTES program must make a commitment to teach science or math; however, this eligibility requirement is not followed by the DESE. Since the desired subject area of the applicants are not considered, the department is not utilizing one option for filling teacher shortage areas. By amending the criteria for awarding scholarships to target areas of critical need for the MTES program, and enforcing existing state regulations for the MMTES program, the department could ultimately supply more teachers to those areas.

Scholarship programs do not target areas of critical need

- Currently, the DESE sells MTES scholarship defaults to the Missouri Higher Education Loan Authority (MOHELA), but not MMTES defaults. For the MTES program, Sections 160.281 and 160.283, RSMo 2000, specifically state that the DESE may sell defaults under the MTES program to MOHELA. However, the same authorization is lacking in the statutory provisions for the MMTES scholarship defaults. In addition, according to MOHELA personnel, the MOHELA may have resisted establishing a contract with the department for the MMTES program similar to the one in place for the MTES program to purchase defaulted scholarships because the amounts of default are much greater. As of June 2001, there were thirty-three defaulted recipients of the MMTES program who owed the state approximately \$95,330 in principal and \$17,470 in accrued interest. Under current procedures, these recipients may never be held accountable for their debt unless they pay it voluntarily.
- Under both scholarship programs, the participating college or university is required to provide \$1,000 in matching funds. However, when the DESE recovers monies from defaulted recipients or collects from MOHELA on defaulted accounts, the department is only seeking reimbursement of the state's portion of funding. Therefore, the \$1,000 match from the university on any MTES and MMTES awards are not collected. Statutory provisions require that if a student ceases their teacher education program prior to receiving a degree or does not complete five years of teaching in an elementary or secondary public school in Missouri after receiving a degree, any scholarship received shall be treated as a loan to the student and interest at the rate of nine and one-half percent per year shall be charged upon the unpaid balance of the amount received from the date of default until the amount received is paid back to the state. State law does not differentiate between the portion of funding which is from the state or the university when stating that the scholarship shall be treated as a loan when the recipient fails to comply with the requirements. Collection of approximately \$1.3 million in MTES awards and \$49,700 in MMTES awards from the universities' matched fund have not been pursued on defaulted scholarships.

Collection efforts  
on defaulted  
scholarships are  
not adequate

### **DESE needs to better manage its scholarship programs**

The department does not follow all the policies for the scholarship programs as stated in the Code of State Regulations. In addition, the department lacks formal written policies on how to properly monitor the status of scholarship accounts and maintain scholarship databases. This has resulted in inconsistencies in the handling of recipient accounts. Due to the inadequate monitoring, lack of segregated duties, and limited supervision regarding the scholarship programs, it is possible for non-compliance with the scholarship requirements to go undetected, or recipients who are identified as non-complying not being held fully accountable.

- The Code of State Regulations establishes provisions for the scholarship programs. The regulations provide for deadlines regarding application submission, notification of award, award acceptance, and notification of status updates from the institutions and/or

recipients. The regulations also document award procedures such as the basis for selecting recipients, how scholarships shall be granted when there are more eligible applicants than funding available, and how to select and award scholarships to alternate recipients if a designated recipient declines the scholarship. In addition to deadline and award procedures, the regulations specifically identify when a recipient is in default and when interest should begin to accrue. The DESE does not strictly adhere to the state regulations. For example, state regulations specifically explain that the "obligation to teach on a full time basis in a Missouri public elementary or secondary school for a period of five years following certification shall not be altered by any such moratorium (suspension) on the requirement to repay the scholarship funds." However, the DESE allows recipients to be placed on hold based on an individual review of the reason for the break in service. The DESE does not adhere to other regulations as 1) they do not accrue interest on all defaulted accounts, 2) they allow recipients to be placed on hold for other reasons than those outlined in the regulations, and 3) they do not restrict granting MMTES awards to only recipients making a commitment to teach science or math as required.

The department should review the regulations established by the state and ensure they adhere to them. In addition, to ensure consistent monitoring practices, the DESE should formally document any other necessary management practices which are not established in the regulations.

- The DESE also had not established formal written policies and procedures regarding the management of the scholarship programs' databases. The department attempts to track the status of each scholarship account, including whether the recipient has graduated and has met the teaching requirement, is currently teaching but has not yet taught the required 5 years, the recipient is still in school, the recipient repaid the scholarship, the recipient is currently in default, the recipient is "on hold" status because they took a leave from school or teaching, or whether the account was sold to MOHELA. Because formal written policies do not exist and numerous employees have been assigned to maintain scholarship accounts over the years, there are many inconsistencies and errors regarding how accounts are classified by status. For example, one recipient was marked sold, paid in full, and program completed because 1) when the account was sold to MOHELA, it was marked sold, 2) when the monies were received from MOHELA, it was considered paid in full, and 3) because the recipient did not owe the DESE any more, the recipient was also considered to have completed the program. We also noted instances where applicants had declined the scholarship but were still included in the MTES database.

Written policies  
and procedures  
had not been  
developed

The DESE should establish written descriptions of each scholarship account status. These descriptions should include the criteria which must be met to be classified as a particular status. Without clearly written guidelines, the programs are susceptible to inconsistent monitoring procedures and discrepancies.

- The DESE periodically updates account statuses to determine if recipients are in compliance with program requirements. At the time of our review, the last update for recipients in teaching status was performed in October 2000. However, 80 of the 742 MTES teaching recipients and 4 of the 27 MMTES teaching recipients appear to have been overlooked and not reviewed. In addition, the current manager of the scholarship program reviews on-hold accounts that have been on-hold for only two years or less. However, 72 of the 170 MTES on-hold accounts and 6 of the 25 MMTES on-hold accounts were last updated prior to 1/1/99. Therefore, these accounts were not subjected to review and update.
- During our review, we identified several recipient accounts that appeared to have an incorrect status. We attempted to verify the status of several recipient accounts for both scholarship programs. We reviewed 1,113 awards for the MTES program and 42 awards for the MMTES program and performed a match against the DESE's Core Data system for school year 2001 to determine if applicable recipients were teaching. The Core Data system contains information on current active teachers employed in Missouri's public schools. We noted several errors in this review. For the MTES program, we identified a total of 109 errors (10 percent) which included: 1) fifty-five recipients with a "teaching" status which were not located on Core Data, 2) fifty recipients with an "on-hold" status that were located on Core Data, and 3) four recipients with an "in-school" status which were located on Core Data. For the MMTES program, we identified a total of nine errors (21 percent) which included five recipients with a "teaching" status which were not located on Core Data and four recipients with an "on-hold" status that were located on Core Data.

Some accounts had not been reviewed in over three years

To further verify scholarship account statuses, we sent confirmations to sixty-three recipients with a defaulted status and received responses from twenty-seven of these recipients. Ten of those twenty-seven recipients indicated that they were not in default and were actually still in compliance with the scholarship requirements. Three of the recipients were still in school and the remaining seven were actually teaching in a Missouri public school during the 2000-01 school year. Therefore, the status of some scholarship accounts are not accurately reflected and could affect the department's monitoring efforts for these accounts.

- The efforts applied towards locating defaulted recipients are limited. For both scholarship programs, when a recipient defaults, the DESE sends out an inquiry letter giving the recipient the opportunity to identify their status and show they are in compliance with the scholarship requirements. If no reply is received from the inquiry correspondence, another letter is sent out by certified mail to obtain documentation that the recipient did in fact receive the notification. If either the original letter or the certified mail letter is returned undeliverable due to a bad address, the manager of the program will attempt to contact the recipient by phone. After these efforts fail, MTES defaulted accounts are typically sold to MOHELA. However, as of June 30, 2001, the

Efforts to locate recipients in default are not adequate

DESE had 98 defaulted MTES accounts totaling \$89,360 in principal and approximately \$23,390 in interest that had not been sold to MOHELA because the department had no current address for the recipient, or MOHELA determined the recipient was a high risk due to history of default on other student financial aid. There are also some defaulted MMTES accounts that the department does not have a good address on as well.

We matched defaulted recipient accounts to the DESE's Core Data system and were able to locate fourteen of the ninety-eight MTES defaults and six of the thirty-three MMTES defaults as employed in a Missouri public school. Therefore, the location of these individuals was easily obtained and follow-up contact could resolve the accounts.

We also located additional defaulted recipients through employment information records and Department of Revenue licensing data. We located a current employer or identified a current address for eighty of the ninety-eight MTES default recipients (82 percent) and twenty-nine of the thirty-three MMTES default recipients (88 percent). Therefore, through limited efforts, we were able to locate the whereabouts for a majority of the defaulted recipients of both of the scholarship programs. However, because the DESE limits their efforts of identifying the location of recipients of defaulted accounts, amounts due on these defaulted accounts remain uncollected.

- As of April 2001, the MTES database contained eighty-five accounts that had no status entered for scholarships awarded prior to 1997. By not specifically indicating a status for all accounts, it is possible that recovery of accounts that are in default may not occur.
- The DESE currently has five MMTES recipients who defaulted on their scholarship and are in the process of repaying their loan. However, the repayment schedules are not accurately maintained. For two of the recipients, the defaulted principal amount determined by the department was incorrect. None of the repayment schedules took into consideration additional interest due from instances where the recipient missed or made irregular payments. In addition, the DESE was not consistent in its procedures for determining when interest would begin to accrue. Because of these discrepancies, about \$2,300 owed to the department would not have been collected.
- Some scholarship recipient files do not contain all necessary documentation. During our review, we noted files which lacked declined acceptance forms to support that an individual had declined to accept the scholarship award. In addition, annual teacher placement forms, semester student status forms, and documentation of correspondence between the scholarship's program manager and the recipient for approving an on-hold status were also sometimes missing. Fifteen of fifty-three MTES accounts tested (28 percent) did not contain adequate documentation in the recipient files to support the status indicated in the management database. Without this information, there is less assurance the account status is correct and the account is properly monitored and managed.

Recipient files lack proper documentation
-------------------------------------------------



- Duties related to the operation of the scholarship programs are not adequately segregated. Currently, the same individual establishes accounts on the database, monitors account compliance, and initiates correspondence with non-complying recipients. In addition, there is only limited supervision of the scholarship programs. The extent of the supervision usually occurs only when this individual requests the supervisor's input in specific situations. Management does not perform regular reviews of accounts to ensure they are being maintained properly. Without proper segregation of duties and adequate supervision of the scholarship programs, problems and errors may go undetected and the risk of misappropriation of assets is increased.

In addition, the duties of receiving and recording receipts from payments on defaulted accounts are not adequately segregated. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording receipts from defaulted accounts.

**WE RECOMMEND** the DESE:

- A. Thoroughly review the effectiveness of all prospective teacher scholarship and loan programs provided by the state. This review should determine whether these programs are providing a significant contribution toward increasing the number and quality of teachers in the state's public schools. If any of these programs are not meeting this primary objective, the department should initiate efforts to suspend or eliminate these programs, or pursue changes to these programs or new programs that will be more effective and justified.
- B. Take the steps necessary to ensure scholarship accounts are accurately maintained and properly documented and monitored, defaulted account recipients are located and amounts due recovered, and that all existing policies and procedures are reviewed, updated as considered necessary, and complied with fully. The deficiencies in the existing programs and records should be corrected before any new scholarship or loan programs are initiated.

**AUDITEE'S RESPONSE**

- A. *We concur with the recommendation. An annual report was created January 2002 that will be used to help evaluate the success of the program.*
- B. *We concur with the recommendation. The scholarship accounts are currently being reviewed and updated to ensure accuracy of data. Formal written policies and procedures manuals have been developed for the MTES and the MMTES scholarship programs. In*

*addition, the State Board of Education voted to change the MTES rule that requires an applicant to be a senior in high school or a freshmen or sophomore in college to accept seniors in high school and college students. This change will allow the department policy to target critical need areas.*

**2.**

**Funding of Scholarship and Loan Programs**

There are funding issues with the scholarship and loan programs that should be addressed by the Board of Education and the General Assembly. The DESE has access to an abundant supply of qualified prospective teacher scholarship applicants to aid in filling any of the state's teacher shortages; however, the department is forced to decline scholarships to approximately half of the qualified applicants due to a lack of available funding. Even though there are many more qualified applicants than there is available funding, the department has not utilized some existing funding due to complications arising from scholarship renewals. There have been virtually no increases in funding for scholarship programs since their implementation, and two loan programs approved by the General Assembly have never been funded. In addition, individual scholarship amounts have never been increased rendering the scholarship programs less attractive to prospective teachers. Monies received from recipients who have not fulfilled program requirements are not placed back into the scholarship programs to be used for future awards. If these funding issues were resolved, the scholarship programs could be available to a greater number of prospective teachers in the state and thereby lessen the impact of the teacher shortages. The specifics of each funding issue are:

- The legislature approved the Missouri Critical Teacher Shortage Loan Program in 1999. This program allows eligible undergraduate and graduate students entering programs of study that lead to a degree in a teaching program in a critical teacher shortage area to receive forgivable loans. Since approval of this program, the DESE has requested funding of \$6 million each fiscal year; however the legislature has not appropriated any funding for this program.

Programs not  
funded or are  
inadequately  
funded

The Missouri Prospective Teacher Loan Program was approved by the legislature in 1985. It provides for financial assistance to students entering teacher programs with consideration given to critical need areas. However, this program has not received funding since fiscal year 1988.

- In fiscal year 2001, only 238 of the 440 qualified applicants (54 percent) for the MTES and only 19 of the 44 qualified applicants (43 percent) for the MMTES received awards. The remaining qualified applicants were denied awards because of the lack of available funding. For fiscal year 2001, an additional \$202,000 would have been necessary to fund all qualified applicants for the MTES program and an additional \$144,000 would have



been necessary to fund all qualified applicants for the MMTES program. There has been no increase in funding for the MTES program since 1992, and no increase in funding for the MMTES program since 1996.

- Despite the lack of available funding, the DESE has allowed some monies to lapse. Since fiscal year 1995, the department has lapsed \$57,655 from the MTES program. Since fiscal year 1996 (the first award year), the department has lapsed \$569,000 from the MMTES program. There is no apparent reason for any large amount of lapsed funds for the MTES program since the department awards scholarships to alternative recipients if the original recipient declines the award. Regarding the MMTES program, the renewal option causes complications because not all recipients of the MMTES renew their scholarship award for the additional three years allowed. However, when the DESE is determining the number of awards that it can issue for the year, they retain funds due to the renewable provision. Consequently, some of these retained funds are not utilized. Below is a summary of the funds which were lapsed since fiscal year 1995 for each scholarship program:

DESE has lapsed some funding that is available

#### Lapsed Scholarship Funds

Fiscal Year	MTES Program	MMTES Program
1995	\$11,030	N/A
1996	7,530	\$144,000
1997	7,505	127,000
1998	10,530	92,000
1999	9,030	85,000
2000	11,030	58,000
2001	1,000	63,000

- The individual award amounts for both scholarship programs have never been increased; therefore, the value of both the MTES and the MMTES awards are declining as the cost of college education increases. According to information from the Department of Higher Education, the average annual undergraduate educational costs (tuition and required fees) for a Missouri resident to attend a Missouri four-year public or private college have increased from an average of \$4,492 in 1989 to \$9,014 in 2001 (101 percent).

We also compared Missouri's teacher scholarship programs to those administered by other states. Missouri's MTES program offers a one-time award of \$2,000 (includes both the state and university match) and the MMTES program offers an award of \$3,000 a year (includes both the state and university match) for up to 4 years. In addition, regardless of the amount and/or years received, the recipient in Missouri is required to teach in a Missouri public school for five years. For the other states we reviewed, the recipient was allowed to receive approximately \$4,000-\$5,000 annually and were usually only required to teach one year/semester for each year/semester they received the award.

Therefore, it appears the recipients of Missouri's scholarship programs are indebted for more years of service and receive less financially. Below are provisions of some scholarship programs of other states we reviewed:

- Maryland's Teacher Scholarship Program offers \$5,000 annually to students at four-year colleges and \$2,000 to students at two-year colleges. These recipients must agree to work as a certified teacher for one year for each year of assistance received.
- Massachusetts has the Tomorrow's Teachers Scholarship Program that offers full tuition and fees to students who agree to teach four years in a Massachusetts public school. There is a maximum cap for the scholarship which is equivalent to the highest level of tuition and fees at a public institution within the state. This cap was \$5,212 for the academic year 2000-2001.
- Kentucky's Minority Teacher Scholarship Program offers \$5,000 annually for minority students. The student must agree to teach one semester in Kentucky for each semester the scholarship is received.
- State law requires the recipient to reimburse the state the scholarship amount if the recipient fails to comply with the education and/or teaching requirements of the scholarship programs. For the MTES program, if the recipient does not repay the scholarship amount received, their account will be sold to Missouri's Higher Education Loan Authority (MOHELA) for 90 cents on the dollar. However, the amounts collected by the department from repayments and from sales to MOHELA are not placed in a revolving fund to be used for future awards. Rather, MTES recoveries are returned to the state's General Revenue Fund and MMTES recoveries are returned to the Lottery Proceeds Fund. Therefore, the department is not given the opportunity to reapply these monies to another applicant to help fill the teacher shortage.

Cost recoveries  
are not returned  
to the scholarship  
programs

As noted earlier in this report, the DESE has not evaluated the effectiveness of these teacher scholarship and loan programs. Such a review should also include an evaluation of the funding levels for each program to determine the funding, if any, that will provide the greatest benefit toward the recruitment and retention of teachers in the state's public school system.

**WE RECOMMEND** the DESE evaluate the funding levels for each of the currently authorized teacher scholarship and loan programs to determine the funding requirements, if any, that are necessary to provide for efficient and effective financial aid programs for current or prospective teachers. All needed funding increases, decreases, or eliminations should be pursued through the applicable legislative processes.

## **AUDITEE'S RESPONSE**

*We concur with the recommendation. The scholarship and loan programs will be reviewed to determine the proper levels of funding requirements needed. These levels will be sought through the legislative process.*

<b>3. Tuition Reimbursement Programs</b>
------------------------------------------

### **Participants not required to complete program or to teach**

Unlike some of the scholarship and loan programs mentioned above, the DESE has not established formal requirements that require participants to complete their education program and to remain employed in Missouri's public schools for a period of time after completion. Although the teachers who participate in the tuition reimbursement programs are expected to complete their teacher education program and to obtain certification in the subject area studied, participants are not required to reimburse the funding if they fail to do so. By failing to establish appropriate requirements for the tuition reimbursement programs, there is no assurance those programs are effectively addressing the statewide areas of critical need.

### **DESE has not measured the effectiveness of its tuition programs**

As noted above, the DESE has not established any specific requirements for those who participate in the tuition reimbursement programs. The DESE has also not monitored participants to determine the results of the tuition reimbursement program and whether these results justify the costs of the programs. Without monitoring the participants, the DESE has no means to determine if the tuition reimbursement programs are working effectively and cannot implement changes when necessary. Since the DESE has not adequately monitored program participants, we reviewed the results of the tuition reimbursement programs and noted the following:

- During fiscal years 1998 through 2000, 685 participants received special education tuition reimbursements. Of these 685 participants, only 289 received full or provisional certification in a special education area, and only 249 of these actually taught in a special education area during the 2000-01 school year. In addition, 109 of the 685 participants did not teach in a Missouri public school district that year.
- During fiscal years 1998 through 2000, 285 participants received counselor tuition reimbursements. Of these 285 participants, only 126 received full or provisional certification as a counselor, and only 115 of these actually were counselors during the 2000-01 school year. In addition, 34 of the 285 participants did not teach in a Missouri public school district that year.

Because the DESE does not monitor the programs' participants, we could not determine whether the remaining participants that were in the special education or counselor tuition reimbursement programs are continuing their education or if they have dropped out of the applicable program.

We did not attempt to review results for the middle school tuition reimbursement program since it was discontinued in fiscal year 1997. Beginning in fiscal year 2001, the DESE did begin limited monitoring for its fiscal year 2000 participants in the special education tuition reimbursement program. However, this process is still not sufficient to determine the status of participants who were still enrolled in the programs and those who had already dropped out.

### **DESE does not monitor maximum credit hour limits**

The DESE does not monitor its informal rule for the counselor tuition reimbursement program which limits participants to only receive reimbursement for a maximum of twenty-one credit hours. In addition, this policy has not been formalized and is not being applied consistently to all participants. During our review, we scanned student roster invoices to determine the funding expended for the thirty-four individuals who are no longer employed in a Missouri public school. We noted three participants received funding for credit hours exceeding twenty-one hours.

Without established and documented policies, program participants are not fully informed of the requirements and department personnel are not consistently enforcing the twenty-one credit hour rule that exists. Formally established policies and procedures could decrease the potential for reimbursements of credit hours exceeding the twenty-one hour limit. Also these policies and procedures would require department personnel to properly monitor each recipient.

### **WE RECOMMEND** the DESE:

- A. Establish formal rules or policies that require participants to complete their education program and to remain employed in Missouri's public schools for a period of time after completion.
- B. Monitor all participants and periodically summarize results to determine the overall effectiveness of tuition reimbursement programs. Based on this information, the DESE should then determine whether changes to the programs are necessary, including whether these programs warrant increased funding or should be eliminated.
- C. Formally establish and monitor its rule on the maximum credit hour reimbursements for the counselor tuition reimbursement program.

### **AUDITEE'S RESPONSE**

- A. *We concur with the recommendation. Formal requirements will be created to address these programs by July 2003.*
- B. *We concur with the recommendation. Program criteria will be created to review the effectiveness of the tuition reimbursement program by July 2003.*
- C. *We concur with the recommendation. A formal rule will be established and monitored concerning the maximum credit hour reimbursements for the counselor tuition reimbursement program by July 2003.*

This report is intended for the information of the department's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## BACKGROUND

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
TEACHER SCHOLARSHIP, LOAN, AND TUITION  
REIMBURSEMENT PROGRAMS  
BACKGROUND

**Scholarship and Loan Programs**

The Department of Elementary and Secondary Education (DESE) administers the Missouri Teacher Education Scholarship (MTES) and the Missouri Minority Teacher Education Scholarship (MMTES) programs. These scholarship programs are intended to attract qualified applicants into the teaching profession. Under both scholarship programs, the recipient is required to receive a degree in education from an approved teacher education program in a four-year college or university, and teach in an elementary or secondary public school in Missouri for five years after receiving their degree. If the recipient fails to fulfill these requirements, the scholarship amount is treated as a loan and must be repaid to the state. For both scholarships, the applicants receive weighted scores based on their American College Test (ACT) scores, class rank, and essay evaluation. The scholarships are awarded based upon the highest numeric scores and the available funding. For the MTES program, state regulations require that 15 percent of the funding be initially earmarked for minority students who apply and meet the scholarship requirements.

The MTES is authorized by Sections 160.276-283, RSMo 2000, and was initiated in 1985 with the first awards granted for the 1986-87 school year. This scholarship awards the recipient \$1,000 from the state with matching funds of \$1,000 from the participating college or university. The MTES is to be made available to high school graduates and junior and community college students who are residents of Missouri. Through state regulations, the state Board of Education established that the MTES shall be awarded to college students who have completed no more than 60 college credit hours which includes high school seniors, college freshmen, and college sophomores. Section 160.278, RSMo 2000, allows the DESE to develop criteria to select which of the eligible applicants shall receive MTES awards. In addition to being a Missouri resident and the 60 college credit hour rule, to qualify for a MTES award, the applicant must have achieved scores on an accepted standardized test of academic ability, including, but not limited to, the Scholastic Aptitude Test (SAT), the ACT, or the School-College Ability Test (SCAT), which placed them at or above the eighty-fifth percentile; or have a high school rank at or above the eighty-fifth percentile. Since the inception of the MTES in fiscal year 1987, 3,498 recipients have received scholarships totaling approximately \$3.5 million.

The MMTES is authorized by Sections 161.415-424, RSMo 2000, and was passed in 1990 with the first awards granted for the 1995-96 school year. This scholarship awards the recipient \$2,000 from the state with \$1,000 matching from the participating college or university. This scholarship may be renewed for a maximum of three additional years. State law provides that this scholarship shall be available to minority high school graduates and college students who are residents of Missouri, or to students who after the completion of their baccalaureate degree enter teacher education and make a commitment to teach science or mathematics. For the later part of this provision, the DESE requires students who are continuing education after completion of their bachelor's degree to obtain a master's degree in math, science, math education, or science

education to receive this award. In addition to being a Missouri minority resident, to qualify for a MMTES award, the applicant must have achieved scores on an accepted standardized test of academic ability, including, but not limited to, the SAT, ACT, SCAT, which place them at or above the seventy-fifth percentile; and have a high school rank at or above the seventy-fifth percentile. However, because the statute limits the number of qualified minority applicants by requiring them to meet both the standardized test and the high school rank requirement, the DESE has allowed the applicants to meet one or the other. In addition, state regulations allow applicants that have completed thirty college credit hours or more with a 3.0 grade point average in an accredited institution to be considered eligible for the scholarship, with the standardized test and high school rank requirements waived. Section 161.418, RSMo 2000, allows the DESE to develop criteria to select which of the eligible applicants shall receive MMTES awards. Since the inception of the MMTES in fiscal year 1996, 146 recipients have received scholarships totaling approximately \$595,000.

Under Section 168.600, RSMo 2000, the DESE is authorized to administer the Missouri Critical Teacher Shortage Loan Program. This program allows eligible undergraduate and graduate students entering programs of study that lead to a degree in a teaching program in a critical teacher shortage area to receive forgivable loans. An undergraduate forgivable loan may be awarded for two undergraduate years and shall not exceed \$4,000 per year, or for a maximum of three years for programs requiring a fifth year of instruction to obtain initial teaching certification. A graduate forgivable loan may be awarded for two graduate years and shall not exceed \$8,000 per year. Critical teacher shortage areas are those identified by the state Board of Education. Credit of up to \$8,000 may be granted for each subsequent year of teaching service.

Sections 168.550-595, RSMo 2000, authorize the Coordinating Board for Higher Education to administer the Missouri Prospective Teacher Loan Program. This program was established to provide financial assistance to students who are enrolled as a full-time undergraduate student in an approved teacher education program at a participating school. Critical need areas, as identified by the state Board of Education, are to be considered when granting loans. For the first three years, the maximum loan amount is \$1,000 for each academic year. For the fourth and each subsequent year in which loans are made, the Coordinating Board determines the maximum amount for loans to eligible students in each academic year.

### **Tuition Reimbursement Programs**

In addition to the scholarship and loan programs noted above, the DESE also administers tuition reimbursement programs for certain educators. With the passage of the Outstanding Schools Act of 1993, the Commissioner of Education was provided discretionary funding to address statewide areas of critical need. Since fiscal year 1995, the Commissioner of Education has been allocating a portion of these moneys to fund tuition reimbursement programs. Currently, three areas are eligible to annually receive approximately \$415,000 for tuition reimbursement. These areas are paraprofessionals in special education, special education teachers, and counselors. The paraprofessionals are teacher aids who are employed in public schools and desire to obtain certification to become a special education teacher. The paraprofessional tuition reimbursement program began in fiscal year 2000 and expended approximately \$19,800 in state funds through fiscal year 2001. The special education and counselor tuition reimbursement programs began in



fiscal year 1998 and expended approximately \$692,000 and \$743,700 in state funds through fiscal year 2001 for these programs, respectively.

In addition, the DESE administered the Transitional Middle School Certification tuition reimbursement program from fiscal year 1995 through fiscal year 1997. This program was designed to enhance the quality of middle school teachers. To be a participant in this tuition reimbursement program, the educator had to be currently teaching in the fifth through ninth grades. This program expended approximately \$2.8 million during its years of operation.

\* \* \* \* \*



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-45  
June 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Elementary and Secondary Education, Missouri School for the Deaf.**

---

The Missouri School for the Deaf (MSD) provides residential and day school programs for school-age children who are deaf or hard of hearing. Through its outreach services the School for the Deaf also provides technical assistance and resources to local school districts serving children who are deaf/hard of hearing. The school celebrated its 150<sup>th</sup> year of service to deaf students in 2001.

As a result of our audit we noted the MSD should identify and consider the viability of various ways to increase operational economy and efficiency. An environment of shrinking enrollment and rising costs at the school has created the need for such action.

The school's enrollment has shrunk from 157 during the 1996-1997 school year to 136 for the 2001-2002 school year. Of the current enrollment, 88 are residential students living in dormitories on campus. Since the school's educational capacity is in excess of 400 and its dormitory capacity is 202, there currently exists considerable excess capacity. During the last several years, costs per pupil have also been on the rise. The school's costs per pupil have risen from \$39,221 during the 1996-1997 school year to \$47,796 for the 2000-2001 school year.

According to school personnel, the shrinking enrollment is a continuation of a trend beginning in 1975 with a federal law requiring free and appropriate education for all students. Prior to this law, all Missouri deaf students attended the Missouri School for the Deaf. Subsequent to 1975, local school districts had more control over their students and were free to provide services to all students, including the deaf. These local school districts now receive additional funding from the state's School Foundation Formula for deaf students attending their schools. This, coupled with the fact that more parents are currently choosing to keep their deaf children at a school near home contributes to the onward decline in enrollment.

As part of our review, we surveyed several states that operate schools for the deaf and hard of hearing to obtain their input on how to increase enrollment, save costs, and operate more economically and efficiently. The following results should be considered by the Missouri School for the Deaf:

- Shifting resources towards acting as a more proactive resource center for the state's deaf educators.

(over)

YELLOW SHEET

- Increasing outreach services.
- Conducting pre-school and adult education programs on campus.
- Centralizing dormitory usage and closing unneeded dormitories.

In the current environment of shrinking enrollment and rising costs, there may be other options to consider which may promote operational economy and efficiency for the state and the School. Such options may include, but not be limited to:

- Pooling of resources with other nearby state facilities.
- Combining operations of the School for the Deaf and the School for the Blind.
- Explore ways to expand other state or local school use of excess capacity at the school.

During the 2000-2001 school year, the school served deaf children throughout the state. The school served over 400 students each through audiological evaluations and audiological training unit rentals, parent advisors achieved nearly 600 family visits in Project Outreach, and over 200 students each were served with either individual or group sound field systems. In addition, the school holds in-services to train professionals, loans hearing aids to children in the local education agency, provides on-site consultations, and holds workshops in the local education agencies on requested topics.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF

TABLE OF CONTENTS

		<u>Page</u>
	STATE AUDITOR’S REPORT .....	1-3
	MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS .....	4-8
<u>Number</u>	<u>Description</u>	
1.	Enrollment and Cost Trends .....	5
2.	Steam Purchases.....	7
	HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	9-18
	<u>Appendix</u>	
	Statement of Appropriations and Expenditures-	
A-1	Year Ended June 30, 2001 .....	13
A-2	Year Ended June 30, 2000 .....	14
B	Comparative Statement of Changes in Cash and Investments, Missouri School for the Deaf Trust Fund, Years Ended June 30, 2001 and 2000 .....	15
C	Comparative Statement of Expenditures (From Appropriations) Years Ended June 30, 2001 and 2000 .....	16
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash – Activity Fund, Years Ended June 30, 2001 and 2000 .....	17
E	Comparative Statement of Receipts, Disbursements, and Changes in Cash – Auditory Training Unit Fund, Years Ended June 30, 2001 and 2000 .....	18

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Missouri State Board of Education  
and  
Dr. D. Kent King, Commissioner  
Department of Elementary and Secondary Education  
and  
Robert M. Alexander, Interim Superintendent  
Missouri School for the Deaf  
Fulton, MO 65251

We have audited the Department of Elementary and Secondary Education, Missouri School for the Deaf. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and certain expenditures made by the school.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the school's revenues, expenditures, contracts, rules and regulations, policies, and other pertinent procedures and records, and interviewed school and other state personnel.

As part of our audit, we assessed the school's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selected tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school's management and was not subjected to the procedures applied in the audit of the Department of Elementary and Secondary Education, Missouri School for the Deaf.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Elementary and Secondary Education, Missouri School for the Deaf.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

March 5, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Dan Vandersteen, CPA
Audit Staff:	Anissa Falconer
	Stacy Griffin-Lowery



MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Enrollment and Cost Trends</b>
-----------	-----------------------------------

The Missouri School for the Deaf (MSD) should identify and consider the viability of various ways to increase operational economy and efficiency. An environment of shrinking enrollment and rising costs at the school has created the need for such action.

The school's enrollment has shrunk from 157 during the 1996-1997 school year to 136 for the 2001-2002 school year. Of the current enrollment, 88 are residential students living in dormitories on campus. Since the school's educational capacity is in excess of 400 and its dormitory capacity is 202, there currently exists considerable excess capacity. During the last several years, costs per pupil have also been on the rise. The school's costs per pupil have risen from \$39,221 during the 1996-1997 school year to \$47,796 for the 2000-2001 school year.

According to school personnel, the shrinking enrollment is a continuation of a trend beginning in 1975 with a federal law requiring free and appropriate education for all students. Prior to this law, all Missouri deaf students attended the Missouri School for the Deaf. Subsequent to 1975, local school districts had more control over their students and were free to provide services to all students, including the deaf. These local school districts now receive additional funding from the state's School Foundation Formula for deaf students attending their schools. This, coupled with the fact that more parents are currently choosing to keep their deaf children at a school near home contributes to the onward decline in enrollment.

As part of our review, we surveyed several states that operate schools for the deaf and hard of hearing to obtain their input on how to increase enrollment, save costs, and operate more economically and efficiently. The following results should be considered by the Missouri School for the Deaf:

- Shifting resources towards acting as a more proactive resource center for the state's deaf educators. While the Missouri School for the Deaf does provide consultation to local school districts and educators, it currently does so only upon request. If enrollment continues to decline, the School's role may increasingly be relegated to that of consulting. As such, more staff may need to be reassigned to this role, and a more proactive stance taken in performing these services. For example, the school currently operates an auditory training unit rental program for local school districts. Consideration should be given to establishing a mentoring program for educators at local schools.

- Increasing outreach services. Currently, the school's outreach program consists of parent advisors who conduct visits to homes with deaf children ages five or less. Outreach to additional age groups might promote increased enrollment.
- Conducting pre-school and adult education programs on campus. According to school personnel, current state law restricts the school to educating only children between the ages of five and twenty-one. Local school districts are allowed to provide pre-school and adult education services. School personnel claim that a change in the law allowing them to educate ages beyond their current restrictions would provide more opportunity and incentive for the school to regionalize its approach, making the establishment of resource centers at local colleges and universities a possibility.
- Centralizing dormitory usage and closing unneeded dormitories. The School's current philosophy is to keep age or peer groups together, but in separate dormitories to prevent the older children from unduly influencing the younger children. This philosophy should be weighed against the costs of operating all dormitories at once.

In the current environment of shrinking enrollment and rising costs, there may be other options to consider which may promote operational economy and efficiency for the state and the School. Such options may include, but not be limited to:

- Pooling of resources with other nearby state facilities. The Department of Mental Health and the Department of Corrections both maintain facilities in Fulton, Missouri, near the school. The school and Department of Mental Health currently share steam production, with the Department of Mental Health providing steam to the school. Other types of services to consider the possibility of sharing with the Department of Mental Health and/or the Department of Corrections include laundry, food preparation, state vehicle usage, and grounds maintenance. Certain economies of scale may be realized by the state through the pooling of resources, where feasible.
- Combining operations of the School for the Deaf and the School for the Blind. Our research revealed that the states of Alabama, Colorado, Florida, Idaho, Montana, South Carolina, and Virginia currently operate combined schools for the blind and deaf. The states of Alabama and Virginia appear to operate multiple schools on the same campus, with separate administrative staffing for each of their blind and deaf schools. The other states appear to operate under one administration.
- Explore ways to expand other state or local school use of excess capacity at the school.

If the recent trends in enrollment and costs continue, the legislature may be forced to determine the need for continued funding of the school. To aid in preventing the

possibility of such drastic measures, the Department of Elementary and Secondary Education (DESE) and the school should review and consider the options outlined above in addition to developing and researching other means of increasing operational economy and efficiency.

**WE RECOMMEND** the Missouri School for the Deaf review and consider various options to promote economical and efficient operations and take actions as deemed appropriate.

### **AUDITEE'S RESPONSE**

*We agree with the recommendation that MSD/DESE review and consider various options to promote economical and efficient operations, and will in the next twelve months explore such options and take actions as deemed appropriate.*

<b>2. Steam Purchases</b>
---------------------------

- A. The Missouri School for the Deaf and the Fulton State Hospital have a written agreement allowing the hospital to charge expenditures to the school's appropriations. Under the agreement, the Fulton State Hospital provides steam to the school and charges expenses to the school's appropriations equivalent to a fixed rate per pound of steam used by the school. This results in a violation of the intent of the appropriation process and state law. Article IV, Section 28 of the Missouri Constitution requires expenditures to be for the purpose of the appropriation. Obviously, appropriations made to the school were not intended to be used for expenditures of the hospital.

In the past some of the hospital's expenses charged to the school's appropriations were for the purchase of fixed assets. This practice resulted in problems accounting for each entity's fixed assets, so beginning July 1, 2001, the school no longer purchases fixed assets for the hospital. However, this has resulted in fewer expenses charged against the school's appropriations and as of February 28, 2002, the balance owed to the Fulton State Hospital for steam totaled \$38,570.

The practice of allowing the Fulton State Hospital to charge expenditures to the Missouri School for the Deaf's appropriations violates the intent of the appropriation process and applicable state laws. The Missouri School for the Deaf should pay the Fulton State Hospital for the cost of providing steam.

- B. The Missouri School for the Deaf did not review the annual steam-billing rate calculations prepared by the state hospital. Our review of these calculations revealed many non-steam related costs included in the rate calculations. For example, the following non-steam related costs were among those included in the rate calculations:

Item	Cost	Item	Cost
Dishwasher	\$ 9,120	Refrigerator	\$ 998
Dust collector	\$ 14,619	Roofing supplies	\$ 2,409
Tiller and Trimmer	\$ 2,998	Files and furniture	\$ 8,042
Ice machine	\$ 3,172	Vehicle repair	\$ 2,991

These and other inappropriate charges resulted in an overcharge to the school of approximately \$4,300 for the year ended June 30, 2001. Our review of the fiscal year 2002 rate calculations revealed that overcharges will be approximately \$9,000 if steam usage remains at fiscal year 2001 levels.

To ensure future steam billing rates are proper, the Missouri School for the Deaf should review the rate calculations performed by the Fulton State Hospital.

**WE RECOMMEND** the Missouri School for the Deaf:

- A. Pay the hospital for the cost of providing steam.
- B. Seek reimbursement of amounts overcharged for steam. Additionally, the Missouri School for the Deaf should review future rate calculations for steam.

**AUDITEE'S RESPONSE**

- A. *We agree that an interagency billing procedure is preferable to the current system and will coordinate with Fulton State Hospital administration to implement such a procedure.*
- B. *We will review future rate calculations for steam to ensure the appropriate cost is billed. We do not believe reimbursement should be sought, as MSD's debt several years ago was forgiven by Fulton State Hospital. At that time, Fulton State Hospital had switched from coal to gas as a fuel source resulting in increased costs. MSD was unable to pay the increase, and the debt was forgiven.*

This report is intended for the information of the Department of Elementary and Secondary Education, Missouri School for the Deaf and other applicable government officials. However, this report is a matter of public record and its distribution is not limited. MSD should perform detailed reviews of future steam rate calculations.

## HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
HISTORY AND ORGANIZATION

The Missouri School for the Deaf provides residential and day school programs for school-age children who are deaf or hard of hearing. Through its outreach services the School for the Deaf also provides technical assistance and resources to local school districts serving children who are deaf/hard of hearing. The school celebrated its 150<sup>th</sup> year of service to deaf students in 2001.

The State Board of Education governs the school with supervision from the Assistant Commissioner for Special Education. The Superintendent is the chief executive officer. Peter H. Ripley served as Superintendent of the school from 1977 to June 2001. Robert M. Alexander has since served as Interim Superintendent. A five-member board of advisors, appointed by the State Board of Education, assists the school and Superintendent by advising on programs and services. There were 174 full time equivalent employees at the school during the 2000-2001 school year.

During the 2000-2001 school year, the school had an average attendance of 137 students with 90 of these being resident students. The school also serves deaf children throughout the state in a variety of ways. The school serves deaf students throughout the state through audiological evaluations, audiological training unit rentals, individual or group sound field systems, and parent advisors make family visits in Project Outreach. In addition, the school holds in-services to train professionals, loans hearing aids to children in the local education agency, provides on-site consultations, and holds workshops in the local education agencies on requested topics. During the 2000-2001 school year, the school served 420 students through the Personal FM Rental Program, 456 students through either the group or individual sound field systems, 34 students were loaned hearing aids, 450 students received an audiological evaluation, 35 families were served by Project Outreach, and 30 consultations were provided.

The State Board of Education appoints a five-member board of advisors for a term of four years. On June 30, 2001 the members of the board were:

	<u>Term Expires</u>
Mrs. Antonina Wilson, President	September 2001
Mrs. Charlotte Hamilton, Vice President	October 1999 *
Mrs. Julie Eaker, Member	October 1999 *
Mrs. Natalie Long, Member	October 2002
Vacant-replacing Mr. Irving Stewart, Member	October 2000 *

\* These board members and the vacancy remained until their replacements were named in November 2001.

The current board members are:

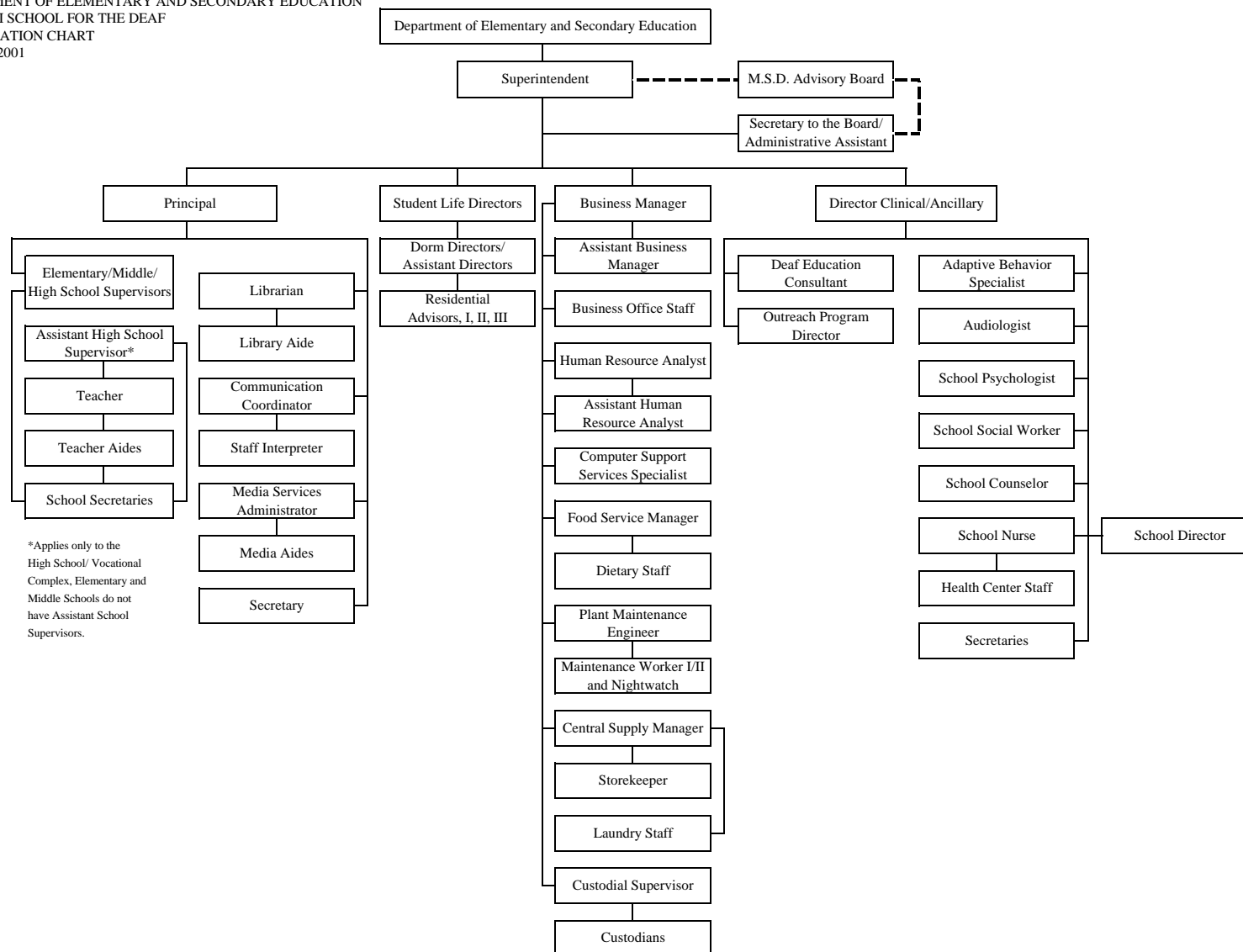
	<u>Term Expires</u>
Mrs. Natalie Long, President	October 2002
Ms. Cyndra McDavid, Vice President	October 2005
Mr. Bobby Graff, Member	October 2005
Mr. Harold Hankins, Member	October 2005
Mr. John Bell, Member	October 2005

The board acts in an advisory capacity in regards to maintenance, operation, management, control and all matters pertaining to conduct and improvement of the school. Each board member receives \$100 per year plus actual expenses as compensation for services.

An organization chart follows:



DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
ORGANIZATION CHART  
JUNE 30, 2001



APPENDIX A-1

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2001

	Appropriation/ Allocation	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND - STATE</b>			
Personal Service	\$ 4,983,587	4,982,930	657
New Technology	7,314 *	7,314	0
County Foreign Insurance Tax	10,946 *	10,946	0
Expense and Equipment	1,317,256	1,317,249	7
Total General Revenue Fund - State	6,319,103	6,318,439	664
<b>ELEMENTARY AND SECONDARY EDUCATION - FEDERAL AND OTHER FUND</b>			
Personal Service	318,911 *	318,911	0
Expense and Equipment	91,228 *	91,228	0
Total Elementary and Secondary Education - Federal and Other Fund	410,139	410,139	0
<b>BINGO PROCEEDS FOR EDUCATION FUND</b>			
Expense and Equipment	246,707	246,707	0
Total Bingo Proceeds for Education Fund	246,707	246,707	0
<b>VIDEO INSTRUCTIONAL DEVELOPMENT AND EDUCATIONAL OPPORTUNITY FUND</b>			
Video Instruction	2,292 *	2,292	0
Total Video Instructional Development and Educational Opportunity Fund	2,292	2,292	0
<b>STATE SCHOOL MONIES FUND</b>			
Foundation - Career Ladders	98,000 *	98,000	0
Total State School Monies Fund	98,000	98,000	0
<b>EXCELLENCE IN EDUCATION FUND</b>			
Expense and Equipment	619 *	619	0
Total Excellence in Education Fund	619	619	0
<b>SCHOOL FOR THE DEAF TRUST FUND</b>			
School for the Deaf	13,600 *	13,600	0
Total School for the Deaf Trust Fund	13,600	13,600	0
Total All Funds	\$ 7,090,460	7,089,796	664

\* This represents the amount expended by the school from an appropriation to the department.

APPENDIX A-2

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2000

	Appropriation/ Allocation	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND - STATE</b>			
Personal Service and/or Expense and Equipment	\$ 6,048,059	6,037,508	10,551
New Technology	7,368 *	7,368	0
County Foreign Insurance Tax	11,015 *	11,015	0
Total General Revenue Fund - State	6,066,442	6,055,891	10,551
<b>ELEMENTARY AND SECONDARY EDUCATION - FEDERAL AND OTHER FUND</b>			
Personal Service			
Expense and Equipment	431,870 *	431,870	0
Total Elementary and Secondary Education - Federal and Other Fund	431,870	431,870	0
<b>BINGO PROCEEDS FOR EDUCATION FUND</b>			
Foundation - Board Operated	244,510	244,510	0
Total Bingo Proceeds for Education Fund	244,510	244,510	0
<b>VIDEO INSTRUCTIONAL DEVELOPMENT AND EDUCATIONAL OPPORTUNITY FUND</b>			
Video Instruction	500 *	500	0
Total Video Instructional Development and Educational Opportunity Fund	500	500	0
<b>EXCELLENCE IN EDUCATION FUND</b>			
Personal Service	750 *	750	0
Total Excellence in Education Fund	750	750	0
<b>SCHOOL FOR THE DEAF TRUST FUND</b>			
School for the Deaf	5,000 *	5,000	0
Total School for the Deaf Trust Fund	5,000	5,000	0
Total All Funds	\$ 6,749,072	6,738,521	10,551

\* This represents the amount expended by the school from an appropriation to the department.

# APPENDIX B

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION MISSOURI SCHOOL FOR THE DEAF MISSOURI SCHOOL FOR THE DEAF TRUST FUND COMPARATIVE STATEMENT OF CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2001	2000
<b>ADDITIONS</b>		
Investment income	\$ 12,784	8,989
Investment expenses	(447)	(743)
Net investment income	12,337	8,246
Donations	39,440	15,825
Total Additions	51,777	24,071
<b>DEDUCTIONS</b>		
Other	13,601	5,201
Total Deductions	13,601	5,201
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	38,176	18,870
CASH AND INVESTMENTS, JULY 1	245,731	226,861
CASH AND INVESTMENTS, JUNE 30	\$ 283,907	245,731

## APPENDIX C

### DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION MISSOURI SCHOOL FOR THE DEAF COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Salaries and wages	\$ 5,399,840	5,128,217
Travel, in-state	335,173	327,833
Travel, out-of-state	7,872	9,306
Fuel and utilities	250,836	230,151
Administrative supplies	57,306	37,317
Lab and medical supplies	2,282	5,396
Merchandising supplies	6,600	2,998
Repair, maintenance, and usage supplies	189,393	154,788
Residential supplies	161,640	151,465
Specific use supplies	118,864	121,227
Professional development	29,741	34,256
Communication services and supplies	25,229	28,253
Health services	45,422	44,602
Business services	9,727	10,312
Professional services	34,639	55,523
Housekeeping and janitor services	13,625	10,246
Equipment maintenance and repair services	59,105	63,231
Transportation maintenance and repair services	9,035	2,406
Computer equipment	89,025	130,768
Educational equipment	38,463	12,756
Electronic and photo equipment	5,957	17,306
Medical and laboratory equipment	14,534	8,934
Motorized equipment	49,738	2,998
Office equipment	18,158	6,195
Specific use equipment	87,036	104,309
Stationary equipment	15,816	16,933
Real property rentals and leases	400	3,400
Equipment lease payments	24	46
Building and equipment rentals	1,381	1,246
Miscellaneous expenses	12,384	13,530
Rebillable expenses	551	2,573
Total Expenditures	\$ 7,089,796	6,738,521

APPENDIX D

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
ACTIVITY FUND  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH

	Year Ended June 30,	
	2001	2000
RECEIPTS		
Total Receipts	\$ 44,169	43,594
DISBURSEMENTS		
Total Disbursements	37,823	44,519
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,346	(925)
CASH, JULY 1	38,253	39,178
CASH, JUNE 30	\$ 44,599	38,253

APPENDIX E

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
MISSOURI SCHOOL FOR THE DEAF  
AUDITORY TRAINING UNIT FUND  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH

	Year Ended June 30,	
	2001	2000
RECEIPTS		
Total Receipts	\$ 145,218	159,907
DISBURSEMENTS		
Total Disbursements	145,186	157,512
RECEIPTS OVER DISBURSEMENTS	32	2,395
CASH, JULY 1	10,525	8,130
CASH, JUNE 30	\$ 10,557	10,525

\* \* \* \* \*



**DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-44  
June 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2002

**The following areas of concern were discovered as a result of an audit conducted by our office of the Department of Mental Health, Western Missouri Mental Health Center (WMMHC).**

---

The WMMHC Auxiliary is a not-for-profit organization created to provide benefits to patients and employees at the facility. The auxiliary generates approximately \$75,000 in annual gross revenues. During our review, we noted the following deficiencies:

- Financial statements prepared by the facility for auxiliary activities were inaccurate and incomplete during the years ended June 30, 1999 and 2000 and were not prepared for the year ended June 30, 2001.
- Bank reconciliation were not completed on a timely basis and receipts were not transmitted intact for deposit on a timely basis. During August 2001, \$125 was received and appears to be missing.
- The former gift shop coordinator cashed numerous personal checks from gift shop receipts. The personal checks were usually not deposited until several weeks later and several of these were returned by the bank for non-sufficient funds.
- Overages/shortages in receipts were not investigated and a reconciliation of monies received and amounts transmitted was not performed by an independent person.
- Documentation was missing for several days' activity in the gift shop, instances were noted where cash sales in the gift shop were not entered into the cash register and receipts were not always obtained from the cashier's office for the transmittal of auxiliary funds to be deposited.
- Perpetual inventory records for gift shop assets were not maintained properly.
- The auxiliary had not filed all applicable tax returns in a timely manner, nor had it always followed its written by-laws or articles of incorporation.

Due to the seriousness of these deficiencies, we were unable to determine whether all funds received by the auxiliary were properly recorded.

(over)

YELLOW SHEET

The amount of monies held by the auxiliary appears excessive. At June 30, 2001, the balance of the checking and savings accounts totaled approximately \$60,000. An Attorney General's opinion concludes that not-for-profit corporations which operate on facility premises for the benefit of patients should deposit revenues to the Mental Health Trust Fund. Excess funds should be turned over to facility officials to be credited to the Mental Health Trust Fund and used for the benefit of all patients or clients.

At June 30, 2001, the facility maintained a fleet of 32 vehicles for use by both personnel of the hospital and the residential treatment facilities. Vehicles permanently assigned to individuals may not be getting used efficiently and effectively. The vehicle logs maintained by the superintendent and regional director did not always identify the specific business use for the assigned vehicles, nor was personal use always identified. In addition, travel logs for state-owned vehicles were not always complete.

Numerous vehicles were underutilized during the fiscal years ended June 30, 2001, 2000 and 1999. There were 11 vehicles in fiscal year 2001, 22 vehicles in fiscal year 2000, and 16 vehicles in fiscal year 1999 that were driven less than 5,000 miles annually. While the facility reduced the total fleet in fiscal year 2001, the number of underutilized vehicles is still approximately one-third of the entire vehicle fleet.

Procedures for monitoring credit card purchases are inadequate. During the years ended June 30, 2001 and 2000, credit card purchases totaled approximately \$29,000 and \$33,000 respectively. Credit card receipt slips are not reconciled to the credit card statement before payment is made. Facility personnel indicated some employees rarely turn in their charge slips for gas purchases. Additionally, all gas purchases are not recorded on the vehicle logs.

All credit cards are not adequately safeguarded. An incident in August 2001 was disclosed where one of the drivers had used a gas card to make unauthorized purchases in excess of \$1,500. The cards were kept in a locked desk drawer in the Transportation Department. Security personnel and transportation drivers had access to the office and the drawer, when the transportation clerk was not available. Credit cards are now stored in a locked safe and access is limited.

Also included in the audit are recommendations to improve policies and procedures regarding bidding, expenditures, and incident reports.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR'S FINDINGS .....	4-15

<u>Number</u>	<u>Description</u>	
1.	Western Missouri Mental Health Center Auxiliary .....	5
2.	Expenditures .....	9
3.	State-Owned Vehicles.....	10
4.	Incident Reports .....	12
5.	Credit Card Procedures .....	13
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		16-25

Appendix

A-1	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000.....	21
A-2	Statement of Appropriations and Expenditures, Year Ended June 30, 1999 .....	22
B-1	Comparative Statement of Expenditures (from Appropriations), Years Ended June 30, 2001 and 2000 .....	23
B-2	Statement of Expenditures (from Appropriations), Year Ended June 30, 1999 .....	24
C	Comparative Statement of Receipts, Disbursements, and Cash Balances (from Non-Appropriated Funds), Years Ended June 30, 2001, 2000, and 1999 .....	25

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Mental Health Commission  
and  
Dorn Schuffman, Director  
Department of Mental Health  
and  
Gloria Joseph, M.S.W., Superintendent  
Western Missouri Mental Health Center  
Kansas City, MO 64108

We have audited the Department of Mental Health, Western Missouri Mental Health Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001, 2000, and 1999. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and certain expenditures made by the facility.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed facility and other state personnel.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on these controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the Department of Mental Health, Western Missouri Mental Health Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Western Missouri Mental Health Center.



Claire McCaskill  
State Auditor

December 26, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditors:	Tiffany Blew, CPA
	Cynthia L. Freeman
Audit Staff:	Christina Brown
	George Atkinson
	Sonia Williams

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Western Missouri Mental Health Center Auxiliary</b>
-----------	--------------------------------------------------------

The Western Missouri Mental Health Center (WMMHC) Auxiliary is a not-for-profit organization created to provide benefits to patients and employees at the facility. The auxiliary generates approximately \$75,000 in annual gross revenues from a gift shop, vending machines, and other activities. Accounting services and financial oversight were provided by the facility prior to April 2001. Currently, the Gift Shop Manager oversees the operations of the gift shop and vending machines, with guidance from the board president and the facility superintendent.

- A. We noted the following cash control deficiencies during our review of auxiliary accounting records:
- Financial statements prepared by the facility for auxiliary activities were inaccurate and incomplete during the years ended June 30, 1999 and 2000. Financial statements were not prepared for auxiliary activities for the year ended June 30, 2001.
  - Bank reconciliations for auxiliary accounts were not completed on a timely basis.
  - Receipts were not transmitted intact on a timely basis to the facility cashiers for deposit. In addition, receipts were not always adequately safeguarded prior to their transmittal. During August 2001, approximately \$125 was received during a two day period which was not transmitted to the cashiers and appears to be missing. This money was kept in an unlocked file drawer.
  - The former gift shop coordinator cashed numerous personal checks from the gift shop receipts. The personal checks were usually not deposited until several weeks later and several of these were returned by the bank for non-sufficient funds.
  - Numerous overages/shortages between recorded receipts and amounts transmitted to the cashiers were not investigated or resolved.
  - A reconciliation of monies received and amounts transmitted was not performed by an independent person.



- Documentation was missing for several days' activity in the gift shop. We were unable to determine whether the monies received on these dates were deposited to the auxiliary bank account.
- Instances were noted where cash sales in the gift shop were not entered into the cash register.
- Receipts were not always obtained from the cashier's office for the transmittal of auxiliary funds to be deposited.
- Perpetual inventory records for gift shop assets were not maintained properly. During the physical inventory done in December 2000, differences were noted between the perpetual inventory records and the physical counts for over half the items we reviewed. A physical inventory of gift shop assets was performed on December 28, 2001, which indicated significant differences when compared to the perpetual inventory records.

Due to the seriousness of these deficiencies, we were unable to determine whether all funds received by the auxiliary were properly recorded. Failure to adequately perform basic accounting procedures and reconciliations, and establish proper controls severely lessens the auxiliary's ability to adequately account for monies received and disbursed and hampers the office's ability to function efficiently. Timely action should be taken to correct these various deficiencies.

- B. The auxiliary had not filed all applicable tax returns in a timely manner and as a result, incurred numerous and unnecessary interest and penalty charges. The auxiliary failed to file federal and state payroll tax returns, state sales tax returns, and city returns of earnings tax withheld for the past two years and make the required payroll tax deposits timely. As a result, the auxiliary was assessed and paid penalties and interest on delinquent taxes totaling over \$1,000.
- C. The auxiliary does not always follow its by-laws or articles of incorporation. We noted:
  - An annual financial statement was not prepared or presented to the auxiliary for the year ended June 30, 2001.
  - Personnel other than those specified by the by-laws are authorized signatures on the auxiliary's checking account. The by-laws state that checks will require signatures by any two of the President, Vice-President, Secretary, Treasurer, Superintendent, or Assistant Superintendent. We noted checks written on the auxiliary's checking account signed by facility employees who are not one of the above mentioned members.

- The articles of incorporation state that at no time will corporate assets exceed \$1,000, although at June 30, 2001, the cash balance of the auxiliary's checking and savings accounts exceeded \$60,000 (see part D).

By-laws and articles of incorporation provide the framework of an organization, and set forth the basic agreement as to its operations and its responsibilities. The auxiliary should abide by its by-laws and articles of incorporation or revise them to reflect the current wishes of the board.

- D. The amount of monies held by the auxiliary appears excessive. At June 30, 2001, the balance of the checking and savings accounts totaled approximately \$60,000. Total expenditures during the year ended June 30, 2001 from the auxiliary checking account were only approximately \$64,000, which includes operating costs as well as funding proposals to benefit the clients of the facility. In addition, as noted above, the articles of incorporation only allows a cash balance of \$1,000 to be maintained.

Attorney General's Opinion No. 91, 1978 to Keyes, concludes that not-for-profit corporations which operate on facility premises for the benefit of patients should deposit revenues to the Mental Health Trust Fund. Since the auxiliary was established to promote the welfare of the patients or clients of the facility, excess funds should be turned over to facility officials to be credited to the Mental Health Trust Fund and used for the benefit of all clients.

- E. During our review of expenditures from the auxiliary account we noted the following concerns:

- Adequate supporting documentation is not maintained for all expenditures. On four of six items tested, documentation was either not adequate or not available.
- Indication of receipt of goods is not always shown on invoices to verify the items being paid for were actually received by the auxiliary.
- Invoices are not always cancelled to prevent their reuse.

To ensure the validity and propriety of expenditures, adequate supporting documentation, including acknowledgment that the specific goods and/or services were in fact received, should be maintained for all payments by the auxiliary. In addition, all invoices should be marked as paid or otherwise cancelled to prevent their reuse.

**WE RECOMMEND** the facility, through the WMMHC auxiliary:

- A. Ensure adequate financial records are maintained and accounting controls are implemented to address the numerous cash control deficiencies noted.

- B. File all applicable tax returns related to the auxiliary on a timely basis and make the required payroll tax deposits timely.
- C. Review the accounting records, by-laws, and articles of incorporation and take steps to bring the current policies and procedures into compliance.
- D. Transfer excessive cash balances and investment balances to the Mental Health Trust Fund.
- E. Require adequate supporting documentation for all invoices and ensure an indication that goods were received is noted and all invoices are adequately cancelled.

**AUDITEE'S RESPONSE**

- A. *We concur. Friends of Western Missouri Mental Health Center (Friends) reports to WMMHC that they have engaged the services of a local accounting firm to prepare all financial reports and reconciliations required. In addition, effective April 1, 2002, the Friends gift shop has been closed with all remaining inventory to be liquidated by the Friends board of directors. Friends also reports that they have contracted with a local vending machine company to manage all of the vending machines currently under their control. The vending company will fill all machines and make all deposits reporting pertinent information to Friends and paying with a commission check which will be paid monthly. Friends will present their financial reports to the WMMHC executive committee on a semi-annual basis.*
- B. *We concur. Friends of Western Missouri Mental Health Center reports that all tax returns have been filed with all penalties paid. With the aid of their contracted accounting firm, taxes should be filed and paid in a timely manner.*
- C. *We concur. Friends of Western Missouri Mental Health Center, with the aid of the contracted accounting firm, will review all financial records, by-laws, and articles of incorporation and take steps to bring the current policies and procedures into compliance. To be completed by July 1, 2002.*
- D. *We concur. Friends of Western Missouri Mental Health Center will deposit all revenue in excess of operating costs to the Mental Health Trust Fund by July 1, 2002.*
- E. *We concur. Because Friends of Western Missouri Mental Health Center has closed the auxiliary gift shop and contracted all vending machines to a local company they will have no direct expenditures for goods.*

**2.****Expenditures**

- A. Bids were not always obtained or documented for expenditures in excess of \$3,000. Our audit found that 20 of the 36 expenditures we reviewed either were not bid or did not include supporting documentation indicating bids or quotes were taken. Section 34.040, RSMo 2000, and the purchasing guidelines set forth in the Office of Administration's "Department Procurement Authority Delegation and Procedures" state that purchases in excess of \$3,000 will be based on competitive bids.

Bidding procedures for major purchases provide a framework for economical management of public resources and help ensure the facility receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an opportunity to participate in the facility's business.

- B. Goods available from Missouri Vocational Enterprises (MVE) were purchased from other vendors in violation of state law. We noted purchases of various goods by the facility, including furniture, cleaning supplies, and paper goods, which were available from MVE. Section 217.575, RSMo 2000, states no goods shall be purchased from any other source for the state unless certification is obtained that the goods could not be provided by the vocational enterprises program within 90 days. No certifications were obtained to indicate these items were unavailable from MVE.
- C. We found instances where it appears purchase orders were changed upon receipt of an actual invoice to agree to the invoice. No documentation was presented to explain the rationale for the changes to the purchase orders. In addition, we found instances where purchases were made prior to a purchase order being issued. Facility procedures indicate that a request for purchase is to be approved and a purchase order issued for all purchases. After the goods are received, a receiving report is completed and submitted to the accounting department. The invoice, purchase order, receiving report and the request for purchase are matched, compared and processed for payment. Altering the purchase order without documentation of the reason, or not preparing a purchase order at all, circumvents the controls of the facility's purchase approval processes.

**WE RECOMMEND** the facility:

- A. Follow statutory requirement regarding the bidding goods and services.
- B. Follow statutory requirements regarding the purchase of available products from Missouri Vocational Enterprises.
- C. Ensure documentation exists for any circumstances which necessitate deviation from policy guidelines about purchase approval.

### **AUDITEE'S RESPONSE**

- A. *We concur. Four of the twenty exceptions occurred through the office of Design and Construction acting on behalf of WMMHC. Effective immediately WMMHC will follow Section 34.040, RSMo 2000, and the "Department Procurement Authority Delegation and Procedures" as set forth by the Office of Administration.*
- B. *We concur.*
- C. *We concur.*

<b>3. State-Owned Vehicles</b>
--------------------------------

At June 30, 2001, the facility maintained a fleet of 32 vehicles for use by both the hospital and the residential treatment facilities.

- A. The facility's vehicle policy does not contain provisions relating to maintenance and repair or vehicle replacement. These policies are necessary to provide guidance to users of the fleet and, ultimately, to aid in preventing fleet mismanagement.

Vehicle maintenance is a critical element for any vehicle management policy. Without a vehicle maintenance policy, the condition of the fleet is left in the hands of the vehicle operator and the cost of owning and operating the vehicles may increase.

A vehicle replacement policy is also important for maintaining efficiency in fleet costs. Without a vehicle replacement policy, the facility cannot assess the appropriate break-even point for deciding to maintain and repair the vehicle or to purchase a new one. Replacing vehicles at the appropriate time is also important to obtain a substantial return on the facility's investment and to prevent excessive maintenance and operating costs which may occur as vehicles age.

- B. Vehicles permanently assigned to individuals may not be getting used efficiently and effectively. Vehicles are permanently assigned to the facility superintendent and regional director. These individuals used their vehicles for daily commutes in addition to normal business purposes. Annual mileage on their vehicles ranged from approximately 6,000 to 19,000 during each of the three years ended June 30, 2001. The vehicle logs maintained by the superintendent and regional director did not always identify the specific business use of the assigned vehicles, nor was personal use always identified.

The permanent assignment of state vehicles needs to be justified for business purposes. Based on the mileage that was noted on some of these vehicles and the fact that these mileage totals included commuting, the business miles on these

vehicles may be very low. In an effort to reduce costs and to ensure the efficient use of state-owned vehicles, the permanently assigned vehicles need to be reviewed to determine if they are necessary and justified.

- C. Numerous vehicles were underutilized during the fiscal years ended June 30, 2001, 2000, and 1999. The following chart summarizes the mileage of all vehicles during the fiscal years. Low mileage on some maintenance vehicles may be justified because of the need for short trips or other specialized purposes. However, there still existed vehicles in all three years of the audit period that had less than 5,000 total annual miles. The following chart illustrates the range of annual mileage the facility experienced with its fleet during the audit period:

**Annual Mileage of WMMHC Vehicles**

<b>Annual Miles</b>	<b>FY 2001</b>	<b>FY 2000</b>	<b>FY 1999</b>
<b>0 to 1,000</b>	1	8	6
<b>1,001 to 5,000</b>	10	14	10
<b>5,001 to 10,000</b>	13	8	9
<b>10,000 to 15,000</b>	1	6	6
<b>Over 15,000</b>	7	4	9
<b>Total in Fleet</b>	32	40	40

Source: DMH WMMHC Hospital Operations Annual Report and auditors

There were 11 vehicles (34 percent of the fleet) in fiscal year 2001, 22 vehicles (55 percent) in fiscal year 2000, and 16 vehicles (40 percent) in fiscal year 1999 that were driven less than 5,000 miles annually. While the facility reduced the total fleet in fiscal year 2001, the number of underutilized vehicles is still approximately one-third of the entire vehicle fleet. Low mileage is an indicator that a fleet has too many vehicles or is not using them efficiently. Based on this underutilization, it appears that WMMHC should consider reducing the size of its vehicle fleet.

- D. Travel logs for state-owned vehicles were not always complete. Facility policy requires a log be maintained including the purpose, destination, date, mileage and odometer readings, and identity of the driver. This information is necessary to document appropriate use of the vehicles. In addition, these logs are not reviewed by a supervisor to ensure the logs are complete and vehicle usage is reasonable.

**WE RECOMMEND** the facility:

- A. Develop and maintain policies and procedures relating to vehicle maintenance and repair and vehicle replacement.
- B. Review its policy regarding permanent assignment of vehicles and ensure any permanently assigned vehicles are justified.

- C. Review current fleet utilization and determine the need for maintaining underutilized vehicles.
- D. Ensure that vehicle travel logs are completed for all state vehicles and reviewed by a supervisor periodically for completeness and reasonableness.

#### **AUDITEE'S RESPONSES**

- A. *We concur.*
- B. *We concur. Although all mileage is properly documented for tax purposes by staff with permanently assigned vehicles, the superintendent's vehicle did not reach the mileage threshold of 15,000 miles per year set by the Office of Administration. As of April 4, 2002, the superintendent's vehicle has been returned to general use in the motor pool.*
- C. *We concur.*
- D. *We concur.*

<b>4. Incident Reports</b>
----------------------------

- A. Initial Incident and Injury Reports and Serious Incident Reports are not always filed timely. Of the 33 incident reports reviewed, 11 were not filed within the time frame stated in the policy. Facility policy states that all incidents are to be reported immediately and requires an initial Incident and Injury Report to be completed in the same shift as the occurrence. The initial Incident and Injury Report is to be recorded in the facility's database and reviewed daily by the quality control management team. Without the initial report being filed timely, the quality control management team is unable to investigate incidents such as abuse/neglect or theft on timely basis.
- B. Not all initial Incident and Injury Reports were available for review. According to policy, two copies of these reports should be on file with the Quality Management Department and the Unit Manager or Department Supervisor. However, 3 of the 33 Incident and Injury Reports we selected were not available for review. By not maintaining a complete record of all incident reports, the facility has less assurance that all reports were adequately investigated.
- C. Regular follow-up on incidents is not always performed or documented as required by policy. Policy requires that managers/directors are to follow up on incidents. Although documentation was available to indicate how the incidents were resolved, it did not always indicate that the appropriate manager/director investigated them.

**WE RECOMMEND** the facility:

- A. Ensure compliance with facility policy by preparing reports timely.
- B. Ensure compliance with facility policy regarding the number of copies of incident reports on hand, and their location.
- C. Ensure compliance with facility policy by documenting follow-up reviews by the appropriate individuals.

**AUDITEE'S RESPONSE**

- A. *We concur. Prior to the audit, WMMHC policy number 60.111 required that all incident reports were due by the end of the shift. The policy has been revised since then and includes language that "all incident reports are to be completed within 24 hours in which the incident occurred or staff were notified of the occurrence."*
- B. *We concur.*
- C. *We concur.*

<b>5. Credit Card Procedures</b>
----------------------------------

Procedures for monitoring credit card purchases are inadequate. A credit card is assigned to each facility vehicle for fuel purchases. During the years ended June 30, 2001 and 2000, credit card purchases totaled approximately \$29,000 and \$33,000, respectively. During our review of credit cards purchases, we noted the following concerns:

- A. Credit card receipt slips are not reconciled to the credit card statement before payment is made. When employees use the vehicles, they obtain a clipboard that contains the vehicle key, log, and credit card. Employees are to turn in all credit card receipts to the transportation department at the end of the day, or the end of the trip, along with the keys and log. Not all receipts are turned in to the transportation department. As a result, there is less assurance that credit cards are only used for reasonable and proper purchases. For example, we reviewed a credit card invoice for February 2002, totaling approximately \$1,512 and identified the following concerns:
  - 1) The credit card charge slips were missing for 19 of the 79 transactions (24%), totaling approximately \$358. Facility personnel indicated some employees rarely turn in their charge slips for gas purchases. Subsequent to our review, management provided three additional charge slips to



support charges on the February invoice. In addition, facility incident reports were not filed as required for the missing charge slips. Standard Operating Procedure 8.021 states that if a credit card or charge slip is not turned in or is lost, an incident report is to be completed.

- 2) All gas purchases are not recorded on the vehicle logs. Logs for four vehicles were reviewed for documentation of fuel purchases. The logs indicated that a fueling stop was made, but did not identify where the purchase was made, the number of gallons purchased, or the total amount charged. The logs for these four vehicles indicated that there were 24 fueling stops made, but the charge card monthly statement showed 28 charges for these vehicles.

In the instances noted above, accounting personnel processed these payments without questioning any of these issues.

- B. All credit cards are not adequately safeguarded. An incident in August 2001 was disclosed where one of the drivers had used a gas credit card to make unauthorized purchases in excess of \$1,500. The cards were kept in a locked desk drawer in the Transportation Department. Security personnel and transportation drivers had access to the office and the drawer, when the transportation clerk was not available. Credit cards should not be kept in a location that is easily accessible. Credit cards are now stored in a locked safe and access is limited.

**WE RECOMMEND** the facility:

- A. Ensure that credit card receipt slips are reconciled to the credit card invoice before payment is made. In addition, the facility should ensure that all gas purchases are recorded on the vehicle logs.
- B. Maintain all credit cards in a secure location. Consideration should be given to assigning the responsibility for securing credit cards to a specific employee.

**AUDITEE'S RESPONSE**

- A. *We concur.*
- B. *We concur. Credit cards assigned to motor pool vehicles are now locked in a safe with only the director of Hospital Operations, the locksmith, the Fire and Safety Marshal and the Electronics Tech having access. The credit cards are turned over to the transportation clerk each day for safe keeping and to issue /retrieve cards, and are returned to the safe at the end of each day.*

This report is intended for the information of the management of Western Missouri Mental Health Center and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Western Missouri Mental Health Center is a community mental health center located in Kansas City under the direction of the Missouri Department of Mental Health. This facility has as its primary service area the center city and a secondary responsibility to the Greater Kansas City, Missouri Region. The center is responsible for a total of 110 inpatient beds and 67 outpatient or group-home/apartment beds. It is part of the Hospital Hill Complex which includes; UMKC Schools of Medicine, Dentistry & Nursing, Truman Medical Center, Children's Mercy Hospital, and Central Kansas City Mental Health Services.

The history of Western Missouri dates to 1954 when the Greater Kansas City Mental Health Foundation opened the 73-bed Psychiatric Receiving Center (PRC). The PRC was the first racially integrated psychiatric facility in Kansas City. Its purpose was to provide mental health services to indigent Kansas City residents in their community. Serving as the psychiatric section of the city's General Hospital system, the PRC was one of the pioneers in community mental health using the new psychotropic drugs and treatment therapies. It was the recipient of the Gold Medal Award of the American Psychiatric Association. Its two inpatient wards, an admission unit and a discharge unit, emphasized community oriented treatment and its outpatient program maintained patients while they continued to function in their community.

In May 1963, the Kansas City General Hospital and Medical Center took over the administration of the PRC with the Foundation remaining in an advisory role and moving into new areas of mental health research and programming.

In 1963, the Missouri legislature upgraded the state's psychiatric services by authorizing the division of mental diseases (now the Department of Mental Health) to develop three intensive treatment centers across the state. In addition to Western Missouri in Kansas City, Malcolm Bliss Mental Health Center in St. Louis and Mid-Missouri Mental Health Center in Columbia were set up to work with established programs in their respective areas.

General Hospital #2, formerly for black patients, was purchased by the state from the city for \$1, and remodeled and enlarged for \$1.2 million. Directly adjacent to the PRC, Western Missouri opened on March 11, 1966, and the two facilities worked together to continue and expand services to the indigent and extended these services to the residents of the 31 western counties of Missouri. A total assimilation of the Psychiatric Receiving Center by the Department of Mental Health was on March 1, 1970.

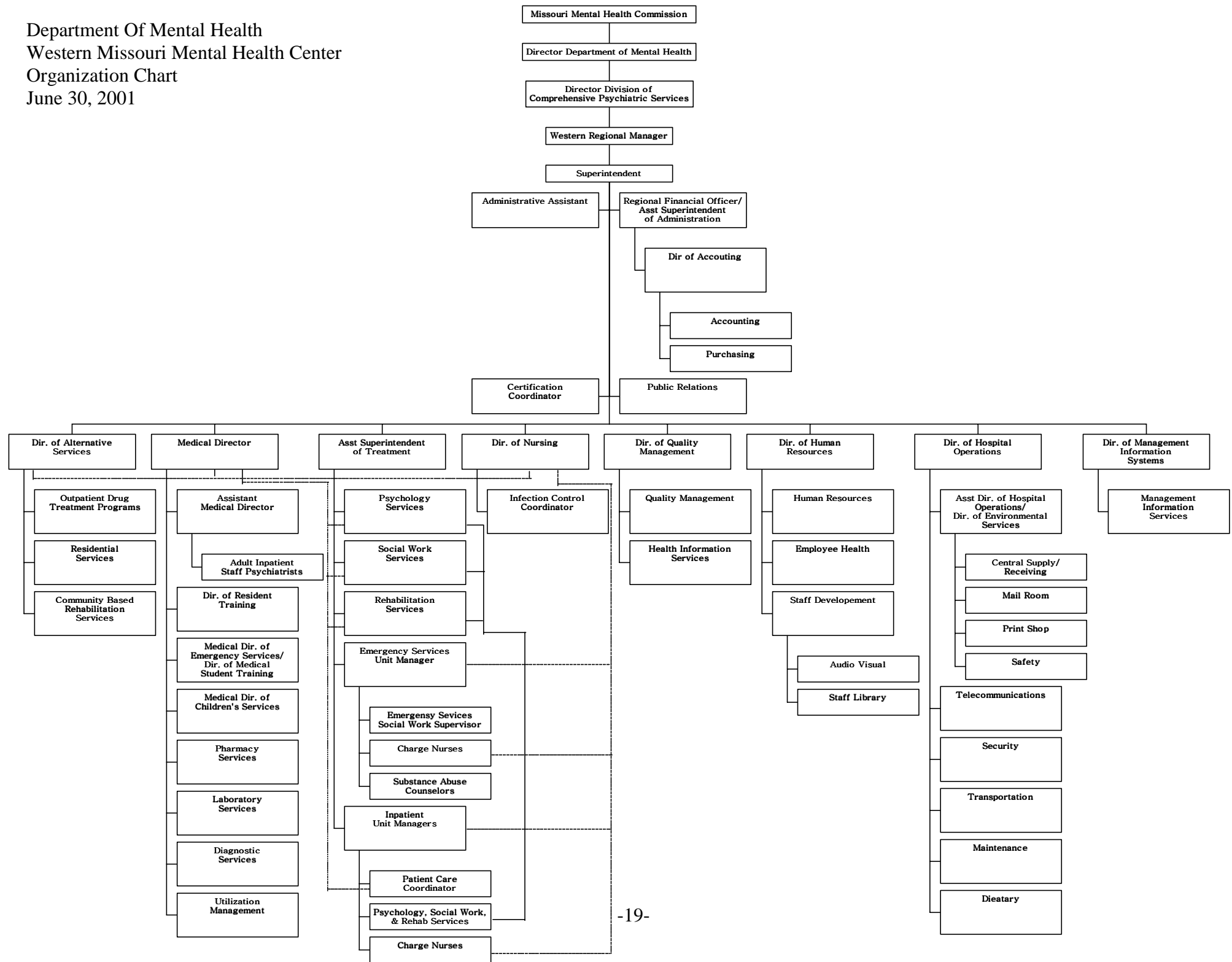
Western Missouri primarily serviced the residents of a special catchment area that geographically represents the central core of the urban area of Greater Kansas City. It also serves as the state's resource and back-up facility for the surrounding seven county area. Currently, there are four community mental health centers and one outpatient counseling center in the Kansas City Area. Each was originally developed through local mental health associations and concerned citizens with the aid of Western Missouri staff.

On July 1, 1993, the Outpatient and Community Programs of Western Missouri became a separate Administrative Agency, Central Kansas City Mental Health Services.

Western Missouri Mental Health Center is the Department of Psychiatry for the University of Missouri-Kansas City (UM-KC) School of Medicine. UM-KC operates the facility's Psychiatric Residency Program as well as the Psychopharmacology Residency Program. The Center, in conjunction with UM-KC, also has an American Psychological Association (APA) approved psychology Internship Program and is a training site for several Schools of Nursing, and Social Work and Activities Therapy Field Placement.

As of February, 2002, Western Missouri Mental Health Center had approximately 544 full-time employees performing various administrative, operational, and service functions. Gloria Joseph has served as the facility superintendent since 1993.

Department Of Mental Health  
 Western Missouri Mental Health Center  
 Organization Chart  
 June 30, 2001



DEPARTMENT OF MENTAL HEALTH  
 WESTERN MISSOURI MENTAL HEALTH CENTER  
 STATISTICAL DATA

	Year Ended June 30,		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>YEARLY ADMISSIONS</b>			
Inpatient - Hospital	2,807	2,353	2,019
Inpatient - Group Homes	157	109	216
Outpatient	7,636	7,557	6,535
Supported Community Living	472	402	606
Total	<u>11,072</u>	<u>10,421</u>	<u>9,376</u>
<b>YEARLY PATIENT DAYS</b>			
Inpatient - Hospital	31,458	31,928	34,286
Inpatient - Group Homes	22,073	20,200	19,547
Outpatient	318,000	240,559	160,131
Supported Community Living	413,472	425,105	409,116
Total	<u>785,003</u>	<u>717,792</u>	<u>623,080</u>
<b>OCCUPANCY STATISTICS</b>			
Number of beds	194	197	188
Average daily census	147	140	148
Bed occupancy percentage	76%	71%	79%

Appendix A-1

DEPARTMENT OF MENTAL HEALTH  
 WESTERN MISSOURI MENTAL HEALTH CENTER  
 COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES (See Note)

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service	\$ 19,015,248	18,959,379	55,869			
Expense and Equipment	2,816,885	2,816,663	222			
Personal Service and/or Expense and Equipment				21,013,091	20,997,354	15,737
 Total General Revenue Fund - State	 \$ 21,832,133	 21,776,042	 56,091	 21,013,091	 20,997,354	 15,737

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to department-wide appropriations that are identified to Western Missouri Mental Health Center (WMMHC) are noted in Appendix B.



Appendix A-2

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES (See Note)

	Year Ended June 30,		
	1999		
	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE			
Personal Service	\$ 16,693,374	16,693,142	232
Expense and Equipment	2,262,733	2,262,733	0
Personal Service and/or			
Expense and Equipment	1,434,543	1,434,543	0
Total General Revenue - State	\$ 20,390,650	20,390,418	232

See Note on Appendix A-1.

Appendix B-1

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2001		2000	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For WMMHC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For WMMHC
Personal Service	\$ 18,959,379			
Expense and Equipment	2,816,663			
Personal Service and/or Expense and Equipment		2,775,003	20,997,354	3,144,089
Design & Construction - New Facility		2,669,426		
Total Expenditures	\$ 21,776,042	5,444,429	20,997,354	3,144,089

Note: Not included in this schedule are expenditures paid from department-wide appropriations that do not specify amounts by facility.

Appendix B-2

DEPARTMENT OF MENTAL HEALTH  
 WESTERN MISSOURI MENTAL HEALTH CENTER  
 STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	1999	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For WMMHC
Personal Service	\$ 16,693,142	291,170
Expense and Equipment	2,262,733	0
Personal Service and/or Expense and Equipment	1,434,543	2,610,215
Total Expenditures	\$ <u>20,390,418</u>	<u>2,901,385</u>

See Note on Appendix B-1.

Appendix C

DEPARTMENT OF MENTAL HEALTH  
WESTERN MISSOURI MENTAL HEALTH CENTER  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,		
		2001	2000	1999
Cash Balance, July 1	\$	95,554	198,994	177,809
Receipts		583,672	682,106	637,975
Disbursements		(599,265)	(785,546)	(616,790)
Cash Balance, June 30	\$	<u>79,961</u>	<u>95,554</u>	<u>198,994</u>

\* \* \* \* \*



DEPARTMENT OF INSURANCE  
DIVISION OF CONSUMER AFFAIRS  
COMPLAINT PROCESSING

**From The Office Of State Auditor  
Claire McCaskill**

*Procedures to investigate and resolve consumer complaints could be improved.*

Report No. 2002-43  
June 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

PERFORMANCE AUDIT



Office of  
Missouri State Auditor  
Claire McCaskill

June 2002

**State agency adequately handles most citizen complaints on insurance companies; some improvements are needed in timeliness and completing case files**

The Department of Insurance sufficiently resolved most of the approximately 500 complaints received each month from citizens concerning insurance companies and agencies. This audit focused on ways to improve the effectiveness of the consumer complaint process.

**Untimely actions caused unnecessary delays**

Of the 126 consumer complaints reviewed by auditors, 80 percent of the files were closed in an average of 33 days, which is under the department goal of 60 days. However, auditors found 20 percent of the cases took 180 days to close, with only 2 of these cases having reasonable reasons for remaining open. Untimely actions by specialists and follow up on inadequate responses from companies caused some delays. Specialists said periodically excessive workloads contributed to these delays. (See page 3)

**Better response needed from insurance companies**

Department officials closed 13 percent of the complaints reviewed before receiving adequate responses from insurance companies. For five of these cases, department officials could have assessed penalties for the insufficient responses. Some department staff told auditors it was not their place to question or audit a company's response. (See page 4)

**Department's penalty is not effective**

Department officials said they did not always assess penalties because the hearing process was not cost effective and the \$100 penalty did not have enough impact on the companies. Because raising the fine would require legislative change, department staff are considering alternatives, such as issuing subpoenas to companies, to ensure adequate responses are obtained. (See page 5)

**Supervisors do not review files before closure**

Supervisors do not review complaint files before they are closed, which could catch instances of closing a file before receiving an adequate response from an insurance company. Instead, the specialist who handles the case can deem it closed. In some cases, the work load is too high to expect review of all cases, but there are also no written guidelines to assure these complaints are resolved equitably. (See page 4)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

**DEPARTMENT OF INSURANCE  
DIVISION OF CONSUMER AFFAIRS  
COMPLAINT PROCESSING**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
Consumer Complaint Procedures Need Improvement .....	2
Conclusions.....	6
Recommendations.....	7
<b>APPENDIXES</b>	
I.    OBJECTIVE, SCOPE AND METHODOLOGY .....	9
II.   VOLUME OF TELEPHONE CALLS AND COMPLAINTS .....	10



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Scott B. Lakin, Director  
Department of Insurance  
Jefferson City, MO 65101

The Department of Insurance, Division of Consumer Affairs, receives about 5,000 telephone calls and about 500 new complaints per month from citizens concerning insurance companies or agents. Division personnel help citizens resolve disputes regarding insurance policies and claims without requiring legal action. The objective for this report was to determine if the division resolves consumer complaints in a timely and satisfactory manner using all enforcement methods available.

We found the division generally resolves consumer complaints in a timely manner or with sufficient information from insurance companies. While division staff tracked information requested from insurance companies, they did not always require adequate responses. Lack of a policies and procedures manual detailing staff requirements on complaints and no supervisory review of files upon closing led to inequitable case resolutions. We make several recommendations to improve these operations and to help ensure complainants are treated equitably.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

March 18, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits: Kirk R. Boyer  
Audit Manager: Alice M. Fast, CPA  
In-Charge Auditor: Karen A. Lenk, CPA  
Audit Staff: Chris Vetter



## **RESULTS AND RECOMMENDATIONS**

### **Consumer Complaint Procedures Need Improvement**

Consumer Services section specialists must balance between closing cases within 60 days and resolving consumers' complaints equitably. In 20 percent of the cases we reviewed, unnecessary delays in resolving complaints occurred because specialists did not always process complaints timely or obtain adequate responses from insurance companies. Further, specialists closed 13 percent of the cases without obtaining adequate responses from insurance companies. When enforcement may have been warranted, specialists chose not to issue subpoenas or assess a penalty. Division procedures do not require supervisors to review complaint files before they are closed, and there are no written formal policies and procedures for staff working consumer complaints. Thus, there is little assurance consumer services complaints are resolved equitably or accurate information is entered into the database from these files.

### **Background**

Citizens can contact the Department of Insurance, Division of Consumer Affairs when they have inquiries concerning, or believe they were treated unfairly by, employees and agents of insurance companies, health services corporations and health maintenance organizations. Complaints are reviewed, processed and investigated to ensure consumers have been treated fairly under state insurance laws. The division is divided into two sections - Consumer Services and Investigations. The Consumer Services section handles inquiries and complaints from the public regarding actions of insurers and other licensed companies. The Investigations section reviews complaints involving agents, brokers and agencies that can result in legal action such as the loss of a license. *(See Appendix II, page 10, for the division's caseload during 2000 and 2001.)*

When a complaint is received, it is reviewed, set up as a file and entered into a computerized database. A specialist or investigator reviews the file and mails the insurance company or agent a copy of the complaint requesting a response in 20 days. At the same time, an acknowledgement letter is also sent to the complainant. When the company's response is received, it is reviewed for violations of the insurance laws and additional information is requested, if needed. If the original response is not adequate or timely, the department can either assess a voluntary forfeiture (penalty) or issue a subpoena. Once all of the necessary information is collected and reviewed, the file is closed and a closing letter is sent to the complainant. The division's goal is to close 95 percent of all complaint files within 60 days.

In September 2001, the Consumer Services section established performance expectations for the specialists, which outline specific timeframes and goals for processing consumer complaints. To accomplish these goals, necessary documentation is to be requested from the company within two business days of receipt of the assigned complaint. Additional documentation is to be requested within 10 business days of receiving a response and files should be closed within 10 days of receiving a final response. The division also tracks recoveries, which are the amounts of monetary relief provided to consumers who were previously denied claims or denied premium refunds.

### **Untimely actions caused unnecessary delays in the complaint process**

For the 126 Consumer Services section complaints reviewed, we found that the time between receiving the complaint and the file being closed averaged 62 days. The length of time to close files varied depending on how soon insurance companies responded, and what actions, if any, the specialists took to obtain an adequate response. Eighty percent of the complaint files were closed in an average of 33 days; however, for the remaining 20 percent (25 cases), it took an average of 180 days to close the complaint file. While the degree of difficulty can cause cases to be open greater than 60 days, only two of the 25 cases had reasonable explanations for exceeding 60 days, such as waiting for the insurance adjuster to meet with the complainant.

For the 23 cases without a reasonable explanation for delays, 12 were at least partially caused by specialists following up on inadequate responses from companies. Specialists for the remaining 11 cases did not take timely or adequate actions to process them, such as waiting 9 business days to open a complaint file, 31 business days to follow up on an inadequate response, and 39 business days to close a file after the final response was received. In one case, there was no documentation in the file after December 1998, but the specialists did not close the file until March 2000. The file did not contain a closing letter documenting the actions taken.

None of the 11 complaint files documented the reasons for the untimely actions. Several consumer services specialists indicated they did not process the complaint files timely due to the excessive, and at times unmanageable, volume of telephone calls and complaint files. For example, one specialist had 192 files open at one time. This specialist indicated she could not keep up with the volume of work assigned to her.

Department officials have not established workload parameters. The overall workload, as of October 31, 2001, averaged 115 cases per specialist ranging from 57 to 192 cases. The Deputy Director told us supervisors try to distribute the workload evenly but some cases may be more difficult and take longer to resolve causing the number of open cases among specialists to vary. He also indicated consumer phone calls and complaints have increased mainly due to an April 2001 hailstorm in the St. Louis area. While the hailstorm contributed to the complaint volume, files we reviewed from prior to the hailstorm included some of the untimely actions noted above. In addition, the division has experienced turnover in consumer services specialists.

### **Supervisor reviewed Investigations section files**

The time from receiving the complaint to final closure averaged 276 days for the 20 Investigations complaint files reviewed. Because the Investigations section complaints are complex, they generally take longer than 60 days to resolve. The supervisor initially prioritizes and assigns cases. If a file is expected to be open longer than 60 days, the investigator prepares a preliminary case assessment, which summarizes the complaint, the agent's response, potential law violations, planned actions for the file and estimated closing date. The preliminary case assessment is to be approved by the section supervisor. Preliminary case assessments were generally prepared as required and the supervisor and investigators responsible for these cases told us they communicated regarding case priority and status.

## **Adequate responses were not always obtained from insurance companies**

We found Consumer Services section specialists closed 13 percent (16 of 126 cases) of the complaint files without an adequate response from the insurance companies. The specialists did not follow up on information requested, verify employer self-funded medical plans or verify payments were made. These cases were closed in an average of 37 days. In five of the cases, specialists could have assessed penalties for inadequate responses. However, supervisors did not review the files to determine if specialists obtained the requested or necessary information from the insurance companies.

To resolve a consumer's complaint against an insurance company, the specialist working the complaint is to determine what information is needed and should request it from the company. The specialist allows the company 20 days to provide an adequate response, the timeframe required by state law.<sup>1</sup> Once the company responds, the specialist reviews the information and determines if it satisfactorily resolves the consumer's complaint. A company can respond after the 20-day timeframe with reasonable justification for the delay. State law defines an adequate response as written communication with reasonably specific answers to each question. The training manual states that unless the company has resolved the complaint in favor of the complainant, the specialist should not accept, as an adequate response, a letter from the company summarizing the handling of the situation with no supporting documentation.

In one case we reviewed, a specialist did not follow up with an insurance company after company officials failed to submit all requested documents, including the insurance policy. In another case, the consumer services specialist closed the file and informed the complainant the case should be resolved when the insurance adjuster returned from his or her travel. However, the specialist did not obtain a written response documenting the final decision from the insurance company before closing the file. Although the specialist told us the issue had been resolved, the file should not have been closed until all the complaint issues were resolved.

When questioned why they did not obtain adequate responses from the insurance companies, the specialists on these cases stated they believed they had sufficient information to resolve the complaints. However, one specialist told us she did not believe it was within her responsibility to audit the response. Another specialist told us it is not her place to question a company's response. Two supervisors added that the consumers must have been satisfied since follow-up complaints were not filed.

Supervisors do not review consumer services complaint files before they are closed and do not have useful management reports to monitor these cases. Files are closed when deemed appropriate by the specialist who handled them. While the Jefferson City complaint file volume may be too high to review each file before it is closed, there is no written guidance to assure consumer services complaint files are resolved equitably. The Kansas City supervisor reviews the closing letters to consumers, but not the case file, before files are closed. The supervisors in Jefferson City and St. Louis do not review letters or files. The St. Louis

Supervisors  
do not  
review files

---

<sup>1</sup> 20 CSR 100-4.100 Required Response to Divisional Inquiries.

supervisor said that reviewing each file is not necessary because the specialists are experienced and would have consulted the manager if they had questions.

The supervisors monitor complaint files that have been open in excess of 60 days. The Jefferson City supervisor, who handles a higher volume of files, told us she conducts monthly reviews of files. However, the monthly reviews were not documented, and the supervisors generally do not review files open less than 60 days.

Division staff did not assess any penalties or issue any subpoenas in the cases where the specialists did not obtain adequate responses. Between January 2000 and September 2001, the section issued 297 penalties and issued 2 subpoenas while assisting 9,887 complainants. However, if the company refused to pay the \$100 penalty, the department either waived the penalty or held an administrative hearing. The department Deputy Director indicated the division did not always assess the penalty because the hearing process was not cost effective, and the \$100 does not have enough impact on the companies. To increase the penalty to a more effective amount, division management would have to seek legislative authority. In lieu of legislative changes, division officials are considering alternative procedures within their authority, such as issuing subpoenas or threatening to issue subpoenas, to ensure adequate responses are received within 20 days. According to the Deputy Director, the division needs to change the behavior of the insurance companies to ensure adequate responses are always received. He believes more adequate and timely responses can be achieved through other enforcement tools.

### **Formal policies and procedures for the Consumer Services section have not been established**

The Consumer Services section does not have written policies and procedures for processing complaints. In 2000, division officials prepared a training manual for the Consumer Services section staff that outlines general procedures for handling inquiries, setting up complaint files, handling phone calls, initiating penalties and using the department's independent review organization. It also includes relevant state regulations and statutes as well as useful information for various types of insurance, such as health, life, automobile, homeowners, and workers' compensation. This training manual, which some specialists did not know existed, is not a specific policies and procedures manual. Division officials recognize the need for a written policies and procedures manual and plan to implement one by June 2002. The Director told us the development of the written policies and procedures manual was delayed because the workload was extremely heavy due to the April 2001 hailstorm in the St. Louis area.

The Investigations section has a formal policies and procedures manual that is available to each investigator. In addition, the National Association of Insurance Commissioners (NAIC) prepared a report<sup>2</sup> to share best practices among insurance departments regarding the handling of consumer complaints.

---

<sup>2</sup> National Association of Insurance Commissioners' Consumer Complaint White Paper dated March 13, 2000.

## **Computer information is not always accurate**

We found inaccurate computer data for 18 of the 126 (14 percent) consumer services complaint files. The errors included the complaint received date, the insurance company involved, closing date, disposition code and recovery amount. The Investigations section supervisor codes the complaint files upon receipt and reviews the files once closed. No errors were found for the Investigations section files. However, the Consumer Services section does not verify the data entered into the system.

This data is maintained to track key complaint information, comply with national insurance standards and trend complaints. It is also used by other department divisions, such as the Division of Market Conduct, to identify complaint trends and select insurance companies for review. The complaint information is also compiled and analyzed by the NAIC to share among the states.

Division officials did not consistently record recovery amounts or ensure case files adequately supported the amounts. Some amounts included recoveries obtained by complainants before the division was involved and amounts recovered by the division. On the other hand, some amounts were based solely on the recoveries obtained by the division. The Division Director stated recoveries should only include the amounts recovered after the division's involvement.

## **Conclusions**

The division did not always enforce timely or adequate responses from insurance companies to resolve consumer complaints. Two factors affected this condition and limit the department's ability to resolve consumer complaints equitably. First, the division has not established formal policies and procedures for the Consumer Services section staff to follow. These procedures would help ensure (1) actions taken by specialists to resolve consumer complaints are timely, (2) adequate responses to division inquiries are received, (3) supervisors and specialists prioritize their workload to facilitate management involvement in these cases, (4) actions taken to resolve complaints are documented, and (5) computer data, including recoveries, is accurate. The division could use the Investigations section's manual or the NAIC's report to help develop a formal policies and procedures manual.

The second factor is a lack of supervisor involvement in resolving consumer complaints. Supervisors do not obtain management reports which could assist them in monitoring complaint processing or distribution among specialists. In addition, the supervisors generally do not review consumer complaint files before they are closed to ensure reasonably specific information is received from insurance companies and considered by specialists. We noted five cases in which penalties could have been issued but were not and specialists closed files before obtaining reasonably specific responses from insurance companies. Division officials do not believe the \$100 penalty (voluntary forfeiture) effectively changes the behavior of unresponsive companies.

## Recommendations

We recommend the Director, Department of Insurance:

- 1.1 Establish written policies and procedures for the Consumer Services section, including the use of enforcement tools to obtain reasonably specific responses.
- 1.2 Establish procedures for a supervisory review of complaint files before they are closed.
- 1.3 Evaluate the effectiveness of the monthly management reports.

## Department of Insurance Responses

1.1 *A draft procedure manual with written policies and procedures has been developed for the Consumer Services section. This manual includes a procedure for the use of subpoenas and fines as an enforcement tool in order to obtain specific responses. The manual will be ready for use and the Consumer Services section will have a staff meeting to go over all information in the procedure manual before June 30, 2002.*

1.2 *As of March 1, 2002, the Supervisor of the Investigations section is reviewing all files before they are closed. The review includes approval of the Closing Memorandum for the files and the final closing letter before it is sent to the complainant.*

*As specified in the procedure manual, the Department will do a random review by the Supervisor of the files before closing. This review will include review of a sampling of files handled and closed by all Consumer Services Specialists.*

*Because of the volume of files handled in the Consumer Services section, it is unrealistic to expect a review of all files before closing. There were 5,672 files handled in the Consumer Services section in 2001 compared to 450 in the Investigations section.*

1.3 *The Supervisors of the Consumer Services section and the Investigations section are working with the Information Technology (IT) section to identify reports from the database to monitor the flow of work of each office, section and individual working in these sections. They are meeting with IT on a regular basis and will have this completed by mid summer depending on the availability of IT to work on their reprogramming needs.*

## The department made the following general comments about specific sections of the report

Page 3

“...only two of the 25 cases had reasonable explanations for exceeding 60 days...”

*We have developed and implemented use of a complaint activity log that will assist in accurate documentation of the file activities.*

“Department officials have not established workload parameters.”

*The volume of work coming into this section is not directly controlled by the Department since complaints and inquiries are submitted by the general public. We deal with the volume of work that the general public sends in. With a finite number of employees, the work has to be distributed among the employees available. Due to budget constraints, we are not in a position to consider the addition of staff, but are looking at ways to stabilize employee turnover and improve employee productivity.*

Page 4

“We found Consumer Services section specialists closed 13 percent (16 of 126 cases) of the complaint files without an adequate response from the insurance companies.”

*The newly implemented procedure of random review by the supervisor of Consumer Services Specialists should reduce this percentage.*

Page 6

“We found inaccurate computer data for 18 of the 126 (14 percent) consumer services complaint files.”

*We implemented a procedure for reviewing the file for accuracy before closing the file.*

“Division officials did not consistently record recovery amounts or ensure case files adequately supported the amounts.”

*The complaint activity log will assist in adequate file documentation and we implemented a standard procedure for computing the recovery amounts.*

**OBJECTIVE, SCOPE AND METHODOLOGY**

**Objective**

The objective for this report was to determine if the Division of Consumer Affairs resolves consumer complaints in a timely and satisfactory manner using all enforcement methods available.

**Scope and Methodology**

To determine the extent to which the division resolved consumer complaints in a timely and satisfactory manner, we selected 132 of the 9,487 complaint files closed between January 1, 2000 and September 30, 2001 for a detailed review. Complaints are filed by consumers regarding coverage and costs on all types of insurance including life, homeowners, automobile, workers' compensation, and medical. The files were judgmentally selected to ensure that each office location and specialist or investigator was included. We also selected 14 workers' compensation complaint files that were closed between January 1, 1997 and December 31, 1999. In total, we reviewed 126 Consumer Services section complaint files and 20 Investigations section complaint files. We interviewed the Division Director, the Investigations section supervisor, branch managers, five Investigations section investigators and 11 Consumer Services section specialists from the Jefferson City, St. Louis, and Kansas City offices regarding these complaints and related matters. In addition, we reviewed monthly management reports.

To determine the division workload, we obtained data from the department regarding the volume of telephone calls received and consumer complaints received and closed, as well as the average number of days complaint files were open for 2000 and 2001.

To determine what policies or practices govern insurance consumer complaint processing, we reviewed state laws and regulations, the division's policies, and the National Association of Insurance Commissioners' Consumer Complaint White Paper dated March 13, 2000.

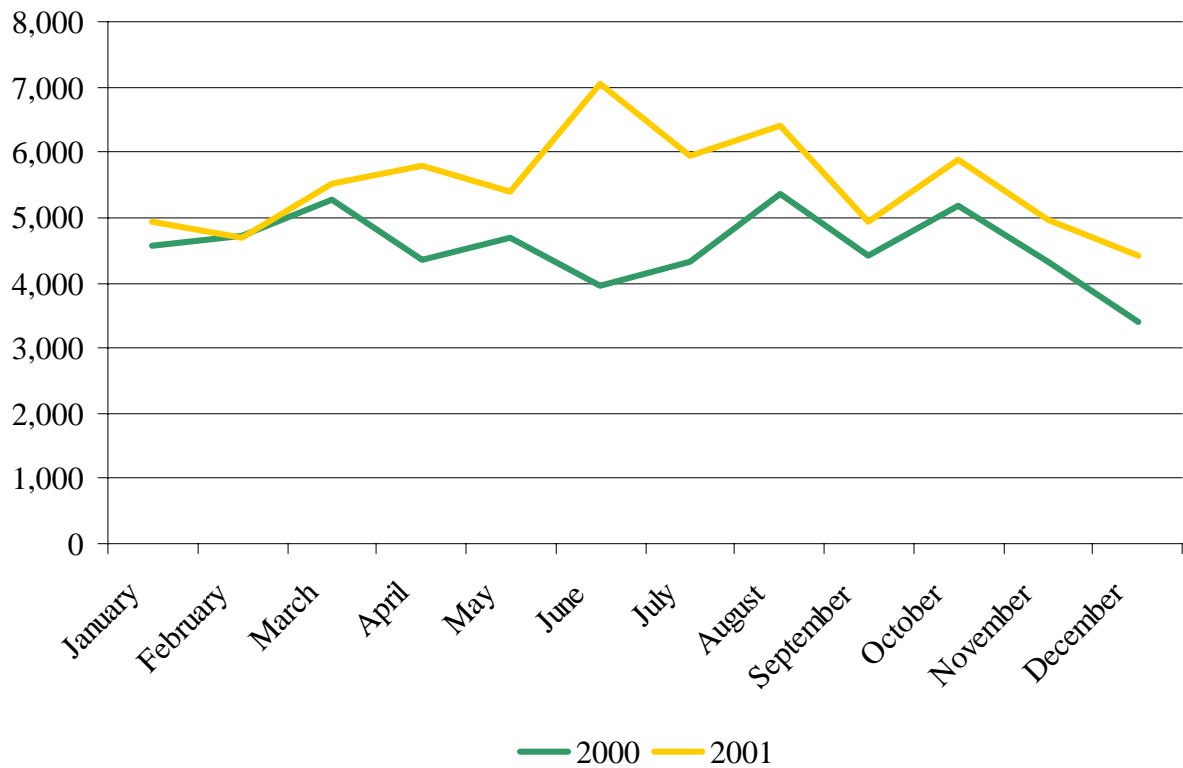
We conducted our fieldwork between October 2001 and March 2002.



**VOLUME OF TELEPHONE CALLS AND COMPLAINTS**

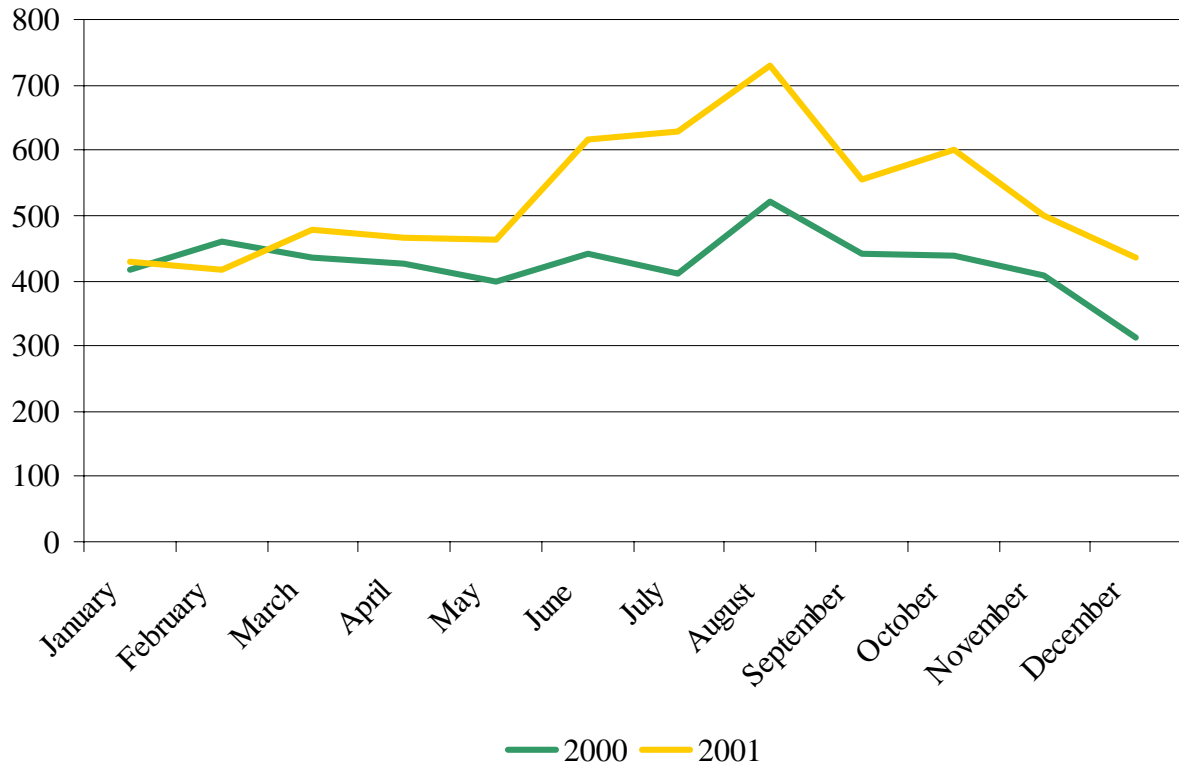
This appendix shows the volume of telephone calls and complaints the Division of Consumer Affairs received between January 2000 and December 2001.

**Figure II.1: Volume of Telephone Calls Received**



Source: Department of Insurance data

**Figure II.2: Volume of Complaints Received**



Source: Department of Insurance data



**DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-42  
June 3, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2002

**The following areas of concern were discovered as a result of an audit conducted by our office of the Department of Mental Health, St. Louis Regional Center.**

---

The St. Louis Regional Center (SLRC) is one of eleven regional centers established by the Department of Mental Health. The Department of Mental Health allocates portions of its department-wide appropriations to the St. Louis Regional Center to pay for the costs of services provided to Regional Center clients. The Regional Center purchases services for clients who live in personal residences and pays a portion of the costs for eligible clients who live in Community Placement facilities. Allocations are also used to fund specialized programs such as First Steps, Autism, and Choices for Families.

There is a lack of control over the spending of allocations. Regional Center management indicated they compare the total allocations to the total costs of authorized services on a monthly basis. Since the Regional Center overspent program allocations by more than \$2 million during the years ended June 30, 2001 and 2000, it does not appear that adequate steps were taken to control spending.

The Choices for Families program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals which reside within their home. During our review of Choices for Families expenditures, we noted numerous instances where clients' monies were inappropriately borrowed for Choices for Families expenditures. In addition, several families received funding in excess of the maximum amount allowed. Program guidelines clearly state that no family shall receive more than \$3,600 annually, unless approved by the District Deputy Director. Furthermore, instances were noted where the costs of goods and services for the Choices for Families program were not bid.

Client monies, such as income and benefits, are received by Regional Center personnel and transmitted to personnel at the Bellefontaine Habilitation Center to be deposited into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for Regional Center clients. Adequate steps are not always taken to safeguard client monies. Eighteen client accounts had negative balances, totaling \$6,632, as of November 3, 2001. Additionally, inactive client accounts totaled more than \$17,000, and numerous client accounts exceeded the maximum allowable balance, which can jeopardize future client benefits.

Procedures for documenting employees' actual time worked are inadequate. Employees do not always document time worked. There is a lack of supervisory review of time worked. Employees' supervisors do not sign attendance sheets in at least two of the five Regional Center buildings, and payroll and timekeeping personnel do not compare attendance sheets to exception sheets. The lack of this comparison has resulted in at least some errors.

(over)

YELLOW SHEET

Regional Center service coordinators provide Targeted Case Management (TCM) services to numerous clients. If eligible, the state's Medicaid program currently reimburses the Regional Center \$6.36 for every unit, or five minutes, spent on TCM services. During the year ended June 30, 2001, the Regional Center received approximately \$4.9 million in reimbursements from the state's Medicaid program for TCM services.

Ten clients were selected from TCM billings during the months of May and October 2001. On 30 percent of the invoices reviewed, the number of units billed did not agree to the amount of time spent providing TCM services to clients. After bringing the discrepancies to the attention of Regional Center personnel, a member of the Information Technology department determined that the discrepancies occurred due to an error in the computer billing system.

Regional Center management has placed most of the responsibility of monitoring the quality of services on its clients and their families. During the year ended June 30, 2001, the Regional Center contracted with approximately 379 different providers. Regional Center personnel do not review any documentation that supports the amounts billed for services provided to clients. Some vendors reviewed could not provide adequate documentation to support amounts billed on behalf of Regional Center clients. In two different instances, we noted that one vendor billed the Regional Center twice the actual cost of equipment purchased for clients.

Procedures for monitoring credit card purchases are inadequate. A credit card is assigned to each Regional Center vehicle to be used for fuel purchases and emergency repair costs. During the years ended June 30, 2001 and 2000, total credit card purchases totaled \$13,531 and \$8,539 respectively. We noted credit card receipt slips are not reconciled to the credit card invoice before payment is made. Additionally, all credit cards are not adequately safeguarded.

Regional Center management has not adopted a formal cellular telephone policy to address the usage and monitoring of cellular telephones. As of June 30, 2001, the Regional Center owned 17 cellular telephones with total cellular telephone expenditures of \$11,550 and \$9,521 for the years ended June 30, 2001 and 2000, respectively. Numerous cellular telephone invoices are not reviewed for personal calls and accounts payable personnel do not request reimbursement for personal calls in a timely manner. One employee used the cellular telephone 2,813 minutes, or more than 47 hours, during one month, and the invoice was paid without any review.

Also included in the audit are recommendations to improve policies and procedures regarding general fixed assets.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-23
 <u>Number</u>	 <u>Description</u>
1.	Overspending of Allocations .....5
2.	Choices for Families .....6
3.	Non-Appropriated Funds System Procedures.....8
4.	Targeted Case Management.....10
5.	Quality Control and Monitoring Procedures.....12
6.	Payroll Procedures .....15
7.	Credit Card Procedures .....18
8.	Cellular Telephone Policies and Procedures .....19
9.	General Fixed Asset Policies and Procedures.....21
 HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	 24-31
 <u>Appendix</u>	
A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000 .....28
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000 .....29
C	Comparative Statement of Client Receipts, Disbursements, and Cash Balances (From Non-Appropriated Fund), Years Ended June 30, 2001 and 2000 .....30
D	Comparative Statement of Mental Health Trust Fund Receipts, Disbursements, and Cash Balances (From Senate Bill 40 Tax), Years Ended June 30, 2001 and 2000 .....31

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Mental Health Commission  
and  
Dorn Schuffman, Director  
Department of Mental Health  
and  
Ralph J. Sneed, Ph.D., Deputy Director  
Field Services, Eastern District  
and  
Jennifer Wooldridge, Director  
Suzanne Wells, Director  
St. Louis Regional Center  
St. Louis, MO 63103

We have audited the Department of Mental Health, St. Louis Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the St. Louis Regional Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed facility personnel.



As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, St. Louis Regional Center.

The Department of Mental Health Region XI is a consolidation of the St. Louis Regional Center, St. Louis Developmental Disabilities Treatment Centers, and the Bellefontaine Habilitation Center. The accompanying Management Advisory Report presents our findings arising from our audit of the St. Louis Regional Center. Separate audit reports will be issued for the St. Louis Developmental Disabilities Treatment Centers and the Bellefontaine Habilitation Center.



Claire McCaskill  
State Auditor

January 18, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	Michael J. Monia
	A. Dailey

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Overspending of Allocations</b>
-----------	------------------------------------

The Department of Mental Health allocates portions of its department-wide appropriations to the St. Louis Regional Center to pay for the costs of services provided to Regional Center clients. The Regional Center purchases services for clients who live in personal residences and pays a portion of the costs for eligible clients who live in Community Placement facilities. Allocations are also used to fund specialized programs such as First Steps, Autism, and Choices for Families. The following table represents program allocations and expenditures for the Regional Center during the audit period:

**Program Allocations and Expenditures**

	Year Ended June 30, 2001	Year Ended June 30, 2000
Allocations	\$36,047,631	31,599,163
Expenditures	<u>38,447,205</u>	<u>33,649,881</u>
Total Overspending	<u>\$(2,399,574)</u>	(2,050,718)

Source: Regional Center records and SAMII data

There is a lack of control over the spending of allocations. Regional Center management indicated they compare the total allocations to the total costs of authorized services on a monthly basis. Since the Regional Center overspent program allocations by more than \$2 million during the years ended June 30, 2001 and 2000, it does not appear that adequate steps were taken to control spending. Regional Center management indicated that they are aware of the overspending but that the health and welfare of each client must be addressed.

The costs of these authorized services that caused the overspending were subsidized by unallocated or other available Department of Mental Health monies.

Effective fiscal management is necessary to ensure that Regional Center programs operate within the amounts budgeted. Furthermore, careful planning of expenditures helps to ensure all clients are receiving the most benefit from services.

**WE RECOMMEND** Regional Center management carefully monitor program allocations and expenditures and take appropriate actions to control spending. In addition, Regional Center management and Department of Mental Health personnel should work together to ensure that amounts allocated to the Regional Center are sufficient for authorized services.

## **AUDITEE'S REPOSE**

*The Division of Mental Retardation - Developmental Disabilities (DMRDD) agrees. The St. Louis Regional Center has implemented a Fiscal Plan to reduce expenditures in fiscal year 2002. The DMRDD has established a statewide utilization review process to increase fiscal accountability and ensure sufficient funds are available to support the authorized services.*

<b>2. Choices for Families</b>
--------------------------------

The Choices for Families program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals which reside within their home. The purpose of the program is to prevent or delay out-of-home placement. The program empowers families by allowing them to act as the primary decision makers for obtaining the goods and services needed by the individual. These monies are allocated by the Department of Mental Health from a department-wide appropriation. During our review of Choices for Families expenditures, we noted the following concerns:

- A. Numerous instances were noted where clients' monies were inappropriately borrowed for Choices for Families expenditures. Choices for Families monies are drawn down and deposited into a fiduciary checking account that also accounts for clients' personal monies. The use of the funds in this account is directed by the Regional Center but the checking account is maintained by the Bellefontaine Habilitation Center. As monies are expended, Regional Center personnel request reimbursements to replenish the fund; however, reimbursements are not always requested in a timely manner. Furthermore, reimbursement checks are not immediately transmitted to the Bellefontaine Habilitation Center for deposit when received by Regional Center personnel. As a result, we noted negative balances in the Choices for Families fund within the checking account. These temporary negative balances in the fund are covered by personal funds of the clients. Two of the highest negative balances occurred during October 1999 and November 2001, with deficits of \$220,853 and \$211,794, respectively.

Negative balances are corrected when reimbursements are received for Choices for Families expenditures and deposited to the account. However, because of the state's fiduciary responsibility for client funds, it is imperative that clients' monies are never borrowed or otherwise used to pay for Choices for Families expenditures.

- B. Several families' Individual Habilitation Plans (IHP) included funding in excess of the maximum amount allowed. Program guidelines clearly state that no family shall receive more than \$3,600 annually, unless approved by the District Deputy Director. Each family is required to submit an IHP which includes all needed goods and services. Ten (37 percent) of 27 client files reviewed contained plans with expected expenditures ranging from \$3,750 to \$16,245, which clearly

exceeded the maximum allowable funding. These plans were not approved by the District Deputy Director.

- C. Instances were noted where the costs of goods and services for the Choices for Families program were not bid. For example, the Regional Center paid \$3,600 for fencing for one family and \$10,150 for an elevator for another family. There was no documentation included in the clients' files to indicate that these purchases were bid.

Bidding is necessary to ensure that the best economical value is received for goods and services. Furthermore, Section 34.040, RSMo 2000, requires purchases greater than \$3,000 to be competitively bid. When personnel ensure the lowest and best value is received on purchases, more monies are made available for the other clients' needs.

**WE RECOMMEND** Regional Center management:

- A. Ensure that reimbursements to the Choices for Families fund are requested and transmitted to the Bellefontaine Habilitation Center, for deposit, in a timely manner to avoid deficit spending.
- B. Require proper approval for Individual Habilitation Plans when planned expenditures exceed the maximum allowable funding.
- C. Ensure that purchases are properly bid in accordance with state law.

**AUDITEE'S REPOSE**

- A. *The DMRDD agrees. The St. Louis Regional Center is investigating the use of wire transfers or other processes to expedite the reimbursements for the Choices for Families expenditures and increase the timeliness of the deposits. This recommendation will be implemented by June 1, 2002.*
- B. *The DMRDD agrees. However, the District Deputy established a local process to delegate authority for the approval process to the Regional Center Directors for plans in excess of \$3,600 annually. The appropriate Regional Center Director did approve these plans. The District Deputy Director will approve all future plans in excess of \$3,600 annual limit.*
- C. *The DMRDD agrees. The St. Louis Regional Center will obtain bids for these types of purchases.*

**3.****Non-Appropriated Funds System Procedures**

Client monies, such as income and benefits, are received by Regional Center personnel and transmitted to personnel at the Bellefontaine Habilitation Center to be deposited into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for Regional Center clients. All client transactions and balances are recorded and maintained on the Non-Appropriated Funds System (NAFS). Our review of the Regional Centers responsibilities for the clients' monies noted:

A. Required procedures are not followed to adequately monitor client balances. Regional Center policy requires balances to be monitored on a monthly basis. During our review of this system, we noted the following concerns:

- 1) Eighteen client accounts had negative balances, totaling \$6,632, as of November 3, 2001. Overspending occurred because client balances were not adequately monitored to ensure sufficient balances existed before expenditures were made. As a result, expenditures for these eighteen clients were made using or borrowing other clients' monies.

It is imperative that clients' balances and expenditures are closely monitored to ensure only a client's own funds are used for expenditures.

- 2) Inactive client accounts totaled more than \$17,000. A report of approximately 1,400 client balances, as of November 3, 2001, indicated that 227 accounts had been designated inactive in the NAFS. Regional Center personnel indicated that an account becomes inactive when it no longer receives benefits on the client's behalf or when a client dies. Personnel should investigate these accounts and determine the proper disposition of these monies.
- 3) Numerous client accounts exceeded the maximum allowable balance. Regional Center policy requires action to be taken when a client's balance exceeds \$500 so that client benefits are not jeopardized. When requested, a monthly report of all client balances exceeding \$500 is generated and given to Regional Center reimbursement officers. A report dated October 15, 2001, indicated that 139 (9 percent) of the 1,400 client balances reached or exceeded the maximum balance. Of these accounts, 37 exceeded \$1,000. In addition, there was no documentation to support that any actions were taken to reduce client balances. Reimbursement officers did not receive a report for November 2001; therefore, it appears that balances are not monitored on a monthly basis as required.

B. Adequate steps are not always taken to safeguard client monies. Client income and benefits are received by Regional Center reimbursement officers and

transmitted to personnel at the Bellefontaine Habilitation Center. We noted the following concerns relating to client receipts and disbursements:

- 1) Regional Center personnel do not verify that receipts are properly applied to client accounts. Reimbursement officers maintain a log of all amounts received on behalf of clients. However, after monies are transmitted, reimbursement officers do not ensure the monies are properly posted to the correct client's account. In addition, reimbursement officers do not obtain receipt slips from personnel within the NAFS office at the Bellefontaine Habilitation Center to indicate the transmitted monies were received.
- 2) Reimbursement officers do not restrictively endorse checks before transmitting to the Bellefontaine Habilitation Center. Because checks are not stamped "for deposit only" before they are transmitted to other locations, they are more susceptible to loss or theft. In addition, monies are kept in an unlocked desk drawer until transmitted.
- 3) Actual documentation of client expenditures is not retained. Service coordinators prepare requests, approved by their supervisor, to withdraw client monies and submit these requests to personnel at the Bellefontaine Habilitation Center. The purpose of the expenditure is written on the request form; however, service coordinators are not required to submit actual receipts to support the purchases.

In September 2001, representatives from the Social Security Administration performed a review of the Regional Center that included expenditures of client monies. A report was issued to Regional Center management concluding, in part, that no receipts were available to support expenditures. In addition, the reviewers stated that large amounts of client monies were routinely requested from clients' personal funds, but the reviewers could not determine what amount of these monies were actually spent.

Regional Center management has the fiduciary responsibility to ensure its clients' monies are properly receipted and disbursed. Without oversight, management cannot be assured that client monies are handled in a prudent and appropriate manner.

**WE RECOMMEND** Regional Center management:

- A.1. Ensure expenditures are not made in excess of clients' balances.
2. Ensure that each inactive account is investigated to determine the proper disposition of the account balance.

3. Require monitoring of client account balances on a timely basis and ensure proper action is taken to reduce the balances when necessary.
- B.1. Ensure reimbursement officers verify that amounts received are properly applied to clients' accounts.
2. Require all checks be restrictively endorsed and maintained in a secure location prior to transmitting to the Bellefontaine Habilitation Center for deposit.
3. Require actual supporting documentation of purchases made with clients' monies be placed in the clients' files.

### **AUDITEE'S REPOSE**

- A.1. *The DMRDD agrees. Monitoring procedures for the NAFS accounts have been implemented and actions taken to ensure sufficient funds are available before expenditures are made.*
2. *The DMRDD agrees. The DMRDD will dispose of inactive client funds according to RSMo 630.320. This recommendation will be phased in and completed by July 1, 2002.*
3. *The DMRDD agrees. Monitoring procedures for the NAFS accounts have been implemented to identify client account balances in excess of \$500 and develop a process to reduce client account balances to ensure client benefits are not jeopardized.*
- B.1. *The DMRDD agrees. Monitoring procedures for the NAFS accounts have been implemented to verify receipts are properly applied to client accounts.*
2. *The DMRDD agrees. Checks shall be restrictively endorsed and maintained in a secure location prior to transmitting to the Bellefontaine Habilitation Center.*
3. *The DMRDD agrees. Supporting documentation for all client fund expenditures shall be maintained in the client file.*

<b>4.</b>	<b>Targeted Case Management</b>
-----------	---------------------------------

Regional Center service coordinators provide Targeted Case Management (TCM) services to numerous clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for receiving services from the Division of Mental Retardation and Developmental Disabilities (MRDD). TCM services are defined as activities that assist individuals in gaining access to care and services; they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information.



Each time a service coordinator provides TCM services, they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed to the Medicaid program each month. Medicaid currently reimburses the Regional Center \$6.36 for every unit, or five minutes, spent on TCM services. During the year ended June 30, 2001, the Regional Center received approximately \$4.9 million in reimbursements from the state's Medicaid program for TCM services.

We selected 10 clients from TCM billings during the months of May and October 2001. Our test was performed to determine if the service coordinators' case notes fully documented the TCM services provided and if the time spent on each client agreed to the number of units billed to Medicaid. Since the state's Medicaid program would determine the extent that these costs were reimbursable, we did not attempt to determine if services provided were billable services under Medicaid guidelines.

The number of units billed were not always supported by service coordinators' case notes. On 3 (30 percent) of the 10 invoices reviewed, the number of units billed did not agree to the amount of time spent providing TCM services to clients. The following table illustrates the discrepancies:

<b>Comparison of units billed to units provided</b>		
<b>Units Provided per Case Notes</b>	<b>Units Billed to Medicaid</b>	<b>Units Overbilled or (Underbilled)</b>
90	144	54
108	60	(48)
6	10	4

Source: Regional Center Remittance Advices and Service Coordinators' case notes.

After bringing the discrepancies to the attention of Regional Center personnel, a member of the Information Technology department determined that the discrepancies occurred due to an error in the computer billing system. We contacted personnel within the Department of Mental Health's Information Technology department and found that a programming change was made to the billing system between one and one-half and two years ago which caused the billing errors. When service coordinators make changes to the amount of units billed for TCM, both the original number of units recorded and the corrected number of units recorded are billed to Medicaid, resulting in an overbilling to the state's Medicaid program. As of February 2002, personnel within the Department of Mental Health's Information Technology department had not yet estimated the total amount of overbilling to Medicaid or determined how the errors would be corrected.

**WE RECOMMEND** Regional Center management work with the Department of Mental Health, Central Office to thoroughly investigate differences between actual units provided and billed to the state's Medicaid program. If it is determined that Medicaid has been overbilled, Regional Center management should determine the amount that has been overbilled and work with Medicaid officials to refund that amount. In addition,

Regional Center management should develop procedures that allow differences to be discovered prior to billing Medicaid.

### **AUDITEE'S REPOSE**

*The DMRDD agrees. Central Office and the Office of Information System have investigated this issue and identified additional Medicaid claims that were billed as a result of a programming problem. These claims will be adjusted in the next billing of Targeted Case Management services. The programming problem has been corrected.*

<b>5. Quality Control and Monitoring Procedures</b>
-----------------------------------------------------

- A. Regional Center management has placed most of the responsibility of monitoring the quality of services on its clients and their families. While the Regional Center currently has a quality control team consisting of a quality control supervisor, a specialist, four nurses and an investigator, most of the team's time is spent investigating or following-up on abuse and neglect allegations. Other team responsibilities include consulting with providers regarding the Medicaid Waiver program, handling conflicts between clients and facilities, and licensing foster homes. According to the quality control supervisor, there are not enough resources to pro-actively monitor facilities.

The Regional Center contracts with approximately 89 Community Placement facilities which house and provide services to clients. Regional Center service coordinators are required to meet monthly with Medicaid Waiver clients in these facilities. The main focus of the meeting is to review the client's Individual Habilitation Plan to ensure the provided services are meeting their needs. Documentation of these visits indicate that service coordinators ensure the clients' basic safety needs are met and that the clients' rights are observed by allowing them to make personal choices while living in these homes. However, there is no review conducted to ensure the facilities are complying with their contracts with the Regional Center. Such a review could include verifying documentation of purchases made with client monies and ensuring that facility personnel properly monitor client balances to ensure benefits are not jeopardized.

The Regional Center's purpose is to connect clients with service providers that can offer the best services for the clients' specific needs. However, after clients are placed with providers, the Regional Center personnel cannot ignore issues that could affect the propriety and quality of the services provided. Therefore, it appears that Regional Center personnel should take a more pro-active approach in ensuring that clients receive the best services possible.

- B. Regional Center personnel do not review any documentation that supports the amounts billed for services provided to clients. During the year ended June 30, 2001, the Regional Center contracted with approximately 379 different service

providers or vendors. Providers are setup to bill either the state's Medicaid program or the Regional Center for services provided to clients through the Department of Mental Health's computer system. The computer system only allows a provider to bill up to a maximum authorized amount that is determined by Regional Center personnel. When billing information is received by Regional Center personnel, it is only scanned for unusual items before it is sent to the Department of Mental Health for processing. Furthermore, no documentation is maintained to support follow-up on unusual items.

While it does not appear feasible to obtain support from vendors for each amount billed on behalf of each client, periodic reviews of documentation could help ensure Regional Center management that amounts billed are only for actual services provided. This type of periodic review could include randomly selecting some individuals from several providers' billings and requesting supporting documentation for the billed services. For example, Regional Center personnel could request a detailed time sheet for a therapist which shows the amount of hours spent with a specific client or an invoice for an item purchased for a client.

We visited 10 service vendors to review support for the amounts billed for, or on behalf of, 21 different Regional Center clients. We noted the following problems:

- 1) Four vendors were unable to provide adequate documentation to support amounts billed for five different clients. The following illustrates a few examples of a lack of documentation:
  - a) One vendor submitted a document to the Regional Center indicating a client's need for two hearing aids. The document stated that the vendor could purchase the hearing aids for \$2,430 each. The Regional Center approved the purchase and subsequently paid the vendor \$4,860. We obtained the actual invoice and found that the purchase price was only \$1,215 for each hearing aid. Therefore, the vendor doubled the purchase price of each hearing aid when submitting documentation to the Regional Center. We noted that a billing for another client was handled the same way; the vendor indicated that cost for a hearing aid was \$2,280, while the actual invoice showed the cost was \$1,140.

When questioning the vendor's management about the doubling of the cost of the hearing aids, we were told that the costs of setting up the hearing aids for the clients were included in the billed costs. However, the vendor could provide no supporting documentation for the additional amounts billed.

- b) The Regional Center paid another vendor \$630 for speech services provided to a client during October 2001. However, we noted that the vendor overbilled the Regional Center for 16 units of service,

or \$168, during the month. We noted one instance where the vendor billed for services, while the therapist's progress notes indicated that the client was not at the facility.

- c) The Regional Center paid another vendor \$384, during October 2001, to transport a client. While reviewing the vendor's transportation logs, we noted support for 1,106 miles; the vendor billed the Regional Center for 1,240 miles. Vendor personnel indicated that a keying error caused the overbilling of 134 miles.
- 2) Department of Mental Health guidelines clearly state that only those services included on each client's Individual Habilitation Plan will be provided to the client. However, we noted that services provided to 5 (23 percent) of the 21 clients reviewed did not agree to the client's plan. These discrepancies were a result of the service coordinator increasing the amount of units the vendor was authorized to bill under First Steps contracts to the Regional Center without updating the client's plan. Service coordinators indicated that they are not required to obtain approval before changing First Steps authorizations because of the frequency of needed changes. Increasing authorized units affects Regional Center spending. If Regional Center personnel are not allowed to approve increases in services and fiscal managers are not aware of these changes, internal controls over spending are further weakened.
- 3) There was no documentation in 3 (14 percent) of 21 clients files to indicate that the client was seen by their service coordinator as required by Department of Mental Health and Regional Center guidelines. As a result, these clients' Individual Habilitations Plans were not reviewed or updated.

**WE RECOMMEND** Regional Center management:

- A. Periodically conduct quality control reviews at community placement facilities to ensure Regional Center clients are receiving quality services and that the facility is in compliance with contract provisions.
- B.1. Perform periodic tests of vendor invoices to ensure adequate documentation exists to support amounts billed on behalf of Regional Center clients. In addition, Regional Center management should investigate the discrepancies we noted and determine if monies should be recouped.
- 2. Require changes to First Steps authorizations be approved by the appropriate management. In addition, Regional Center management should ensure that each client's individual habilitation plan accurately reflects all services to be provided to the client.

3. Ensure that all clients are seen by their respective service coordinators as required by departmental guidelines.

### **AUDITEE'S REPOSE**

- A. *The DMRDD agrees. The St. Louis Regional Center has developed a process to pro-actively monitor quality of care and services provided by community placement providers on a periodic basis.*
- B.1. *The DMRDD agrees. The St. Louis Regional Center has developed a monitoring tool to conduct billing reviews on a periodic basis and recoup monies, when appropriate.*
2. *The DMRDD agrees. The appropriate management approval shall be obtained and habilitation plans shall accurately reflect all services to be provided.*
3. *The DMRDD agrees. Clients must be seen by their service coordinator in compliance with state guidelines. St. Louis Regional Center will implement a policy by May 1, 2002, to periodically monitor client visits by service coordinators.*

<b>6. Payroll Procedures</b>
------------------------------

- A. Procedures for documenting employees' actual time worked are inadequate. A weekly attendance sheet with each employee's name is maintained at each Regional Center building. Employees are required to record their daily arrival and departure times on the weekly attendance sheet; this sheet must be signed at the end of the week. We noted the following concerns relating to attendance sheets:
  - 1) Employees do not always document time worked. Three employees did not record arrival or departure times for a total of ten days during the month of August 2001, and these employees did not use leave for these days. The Regional Center assumed these employees were working on those days and were fully compensated. One day, we noted that some employees were at work but did not record their arrival time on the attendance sheet. Also, we reviewed an attendance sheet at 10:30 a.m. one morning and noted that one employee had already recorded a departure time of 2:00 p.m. for that day.
  - 2) There is a lack of supervisory review of time worked. Attendance sheets were not signed by employees' supervisors in at least two of the five Regional Center buildings.

Accurate documentation of time worked and a supervisory review of this documentation are necessary to ensure time worked is adequately supported and employees are paid correctly.

- B. Procedures for tracking employees' leave balances are inadequate and do not allow personnel to detect errors. Employees are required to submit a time and attendance input record, or exception sheet, to the timekeeper when using annual, sick, or other types of leave. The timekeeper records the exception information to the state's accounting system, which updates employees' leave balances. If no exceptions are keyed, the system will generate a regular payroll check for each employee. During our review of leave balances, we noted:
- 1) Payroll and timekeeping personnel do not compare attendance sheets to exception sheets. The lack of this comparison has resulted in at least some errors. For example, two employees recorded "vacation" on the attendance sheet for one day in March 2001 and August 2001. However, neither employee completed an exception sheet. As a result, these hours were not deducted from the employees' leave balances, and no one noted the errors.
  - 2) We noted inaccuracies with leave balances on 6 (60 percent) of 10 employee files reviewed. In these cases, we either could not determine how leave balances were calculated, based upon documentation in the file and the leave accrual policy, or the employee took leave and it was not deducted from their balance.
- C. Procedures for monitoring and controlling the accrual and use of compensatory time are inadequate. Employees record compensatory time earned and used on the exception sheets that are submitted to the timekeeper. The information is then recorded to the state's accounting system where compensatory balances are maintained. We noted the following concerns relating to compensatory time:
- 1) Compensatory balances are not adequately monitored. There is no written policy regarding compensatory time. Payroll personnel indicated that employees should not accrue more than a total of 80 hours. However, a report of compensatory balances, dated April 2001, indicated that seven employees' balances exceeded the maximum; the highest balance was 374 hours.
  - 2) Compensatory time is accrued without prior approval. Employees accrue compensatory time at their discretion by submitting an exception sheet to the timekeeper indicating the hours earned. Employees are not required to get supervisory approval prior to accruing these hours. The following illustrates examples where compensatory time was accrued:
    - a) One employee submitted an exception sheet indicating that she arrived to work at 6:40 a.m. each morning for several days. Twenty minutes of compensatory time was accrued each of these days.

- b) During one day, another employee used 4 hours of compensatory time from 8:00 a.m. until noon, worked from 1:00 p.m. until 5:30 p.m., and accrued 30 minutes of compensatory time for working later than 5:00 p.m.

A report dated April 2001, indicated that the balance of all employees' compensatory time totaled more than 3,900 hours. This balance appears excessive, and its accumulation is likely a result of the unreasonable accrual of compensatory time as noted above.

**WE RECOMMEND** Regional Center management:

- A.1. Ensure all employees accurately document actual time worked.
- 2. Perform a documented review of weekly attendance sheets.
- B.1. Require timekeepers to compare attendance and exception sheets. In addition, Regional Center management should ensure that discrepancies noted in employees' leave balances are corrected.
- 2. Ensure timekeeping personnel properly account for and adjust individual leave balances as necessary.
- C.1. Monitor compensatory balances and appropriately reduce those employee balances exceeding the maximum allowable hours.
- 2. Develop a formal policy to outline procedures for the proper accrual and use of compensatory time.

**AUDITEE'S REPOSE**

- A. *The DMRDD agrees. The St. Louis Regional Center has implemented procedures to document actual work time and perform a weekly review of the attendance sheets.*
- B. *The DMRDD agrees. The St. Louis Regional Center has developed procedures for timekeepers to compare attendance and exception sheets and reconcile individual leave balances.*
- C. *The DMRDD agrees. The St. Louis Regional Center Human Resources will monitor compensatory balances to ensure the balances do not exceed the maximum allowable hours. They have developed and implemented a formal policy for the accrual and use of compensatory time.*

**7.****Credit Card Procedures**

Procedures for monitoring credit card purchases are inadequate. A credit card is assigned to each Regional Center vehicle to be used for fuel purchases and emergency repair costs. During the years ended June 30, 2001 and 2000, total credit card purchases totaled \$13,531 and \$8,539, respectively. During our review of credit cards, we noted the following concerns:

A. Credit card receipt slips are not reconciled to the credit card invoice before payment is made. When employees use the state vehicles, they obtain a packet that contains the vehicle key, log, and credit card. Employees are asked to place all credit card receipts in this packet upon their return. However, the receipt slips are never forwarded to the accounts payable department so that personnel can match them to the credit card invoice. As a result, personnel cannot be assured that credit cards are only used for reasonable and proper purchases. For example, we reviewed a credit card invoice for February 2000, totaling \$1,008, and identified the following examples of possible misuse:

- 1) One credit card was used to purchase 23.7 gallons of diesel fuel. Several days later, this same card was used to purchase 19.7 gallons of unleaded fuel. Credit cards are assigned to specific vehicles, and a single vehicle cannot use both types of fuel. Furthermore, management stated that no Regional Center vehicles use diesel fuel. No explanation could be given for the purchase.
- 2) Another credit card was used to make a non-fuel purchase of \$83. Accounts payable personnel stated that purchase was “probably” for a tire; however, there was no supporting documentation for this purchase.
- 3) One credit card was used to purchase 12.1, 11.0, and 11.2 gallons of fuel in the St. Louis area within three consecutive days in February 2000. There were other similar consecutive purchases made in the St. Louis area on the same invoice. Management could not provide vehicle logs for February 2000, so we could not determine the location or purpose of each trip or the employee who made the credit card purchases. While it is possible that the vehicles were used for long trips, these types of purchases should be noted and questioned by the individuals reviewing the invoices to ensure the credit cards are only used to fuel state-owned vehicles.

In the instances noted above, accounts payable personnel processed these payments without questioning any of these unusual purchases.

B All credit cards are not adequately safeguarded. At one Regional Center location, the packets containing credit cards are placed on a shelf immediately inside the



doorway of a public entrance. At a second location, the credit cards are placed on a table that is accessible to anyone who enters the Regional Center.

Credit cards should not be kept in a location that is easily accessible. Management should keep the credit cards in a secure location until a vehicle is checked-out by an employee.

**WE RECOMMEND** Regional Center management:

- A. Ensure that credit card receipt slips are reconciled to the credit card invoice before payment is made. In addition, Regional Center management should ensure that purchases are scanned and any unusual purchases are investigated prior to payment.
- B. Maintain all credit cards in a secure location. Consideration should be given to assigning the responsibility for securing credit cards to a specific employee at each location.

**AUDITEE'S RESPONSE**

- A. *The DMRDD agrees. The St. Louis Regional Center implemented a process to reconcile gasoline credit card invoices to the credit card monthly statement and investigate unusual purchases as of March 15, 2002.*
- B. *The DMRDD agrees. The St. Louis Regional Center is maintaining all gasoline credit cards in a secure location as of March 15, 2002.*

<b>8. Cellular Telephone Policies and Procedures</b>
------------------------------------------------------

Regional Center management has not adopted a formal cellular telephone policy to address the usage and monitoring of cellular telephones. As of June 30, 2001, the Regional Center owned 17 cellular telephones. Total cellular telephone expenditures were \$11,550 and \$9,521 for the years ended June 30, 2001 and 2000, respectively. We noted the following concerns relating to cellular telephones:

- A. Numerous cellular telephone invoices are not reviewed for personal calls. Normally, accounts payable personnel copy cellular invoices and send them to the individual users so that personal calls can be identified. However, we noted the following inconsistencies with this procedure:
  - 1) One employee often did not review or return her cellular telephone invoice to the accounts payable department. During a review of the invoices for this telephone, we noted that during one month this employee used her cellular telephone a total of 2,813 minutes, or 47 hours. This invoice was paid without any review.

- 2) Another employee verbally indicated to accounts payable staff that her cellular telephone is never used for personal calls. Therefore, accounts payable personnel do not send invoices to this employee for review. These invoices are simply paid each month without review.
- 3) Three cellular telephones are pool telephones that are used by numerous employees. No one is responsible for reviewing these invoices for personal telephone calls before they are paid.

Also, we noted that accounts payable personnel do not request reimbursement for personal calls in a timely manner. In many cases, personal telephone charges were allowed to accumulate for as much as eight months before the employee was required to submit payment.

Effective and thorough reviews of telephone charges are necessary to control costs and to eliminate waste and inappropriate use of state funds.

- B. Employees' cellular telephone packages are not periodically reviewed. Regional Center management has made changes when they were notified of obvious problems with the package, but usage is not monitored on a continual basis. When reviewing six cellular telephone invoices, we noted five users exceeded the minutes provided by their cellular package, incurring additional costs for each minute used. For example, one user's monthly package cost was \$28; however, because package minutes were exceeded, the total invoice was \$328.

A periodic review of cellular telephone usage is necessary to ensure that the Regional Center is receiving the best economical value. In addition, unusual usage patterns could help management detect personal, unreasonable or unnecessary use of cellular telephones.

- C. Discrepancies were noted on the listings of cellular telephone users. Accounts payable personnel maintain a listing of individual cellular telephone users so that copies of the invoices can be sent for review. We noted instances where the employee names on this listing did not agree to the listing which management maintains. In addition, it appears that all names and cellular telephone numbers were not included on the accounts payable department's listing.

A complete and accurate listing of all cellular telephones is necessary to ensure proper control over state property.

The Department of Mental Health updated its policy, DOR 1.125, on use of cellular telephones. The updated policy, made effective on October 1, 2001, establishes specific requirements for all departments within the agency. The Regional Center should comply with this policy.

**WE RECOMMEND** Regional Center management fully comply with the departmental cellular telephone policy. Particular emphasis should be given to ensuring that changes are made in the areas of effectively and thoroughly reviewing cellular telephone charges and usage, as well as ensuring accurate and complete records are maintained of all cellular telephone users and equipment.

**AUDITEE'S REPOSE**

*The DMRDD agrees. The St. Louis Regional Center implemented the Department-wide policy DOR 1.125 on use of cellular telephones. The policy went into effect October 1, 2001.*

<b>9. General Fixed Asset Policies and Procedures</b>
-------------------------------------------------------

A. Proper vehicle information is not adequately maintained at all Regional Center locations. The Regional Center owns 18 vehicles that are used by employees for business travel and providing assistance to clients. These vehicles are located at four different Regional Center locations. During our review of vehicles, we noted the following concerns:

- 1) Vehicles usage logs were not always complete. Regional Center policy requires employees to document information such as date, odometer reading, time, name, purpose, and location for each trip in a state vehicle. However, actual logs did not always indicate the operator's name or the purpose of the trip.

In addition, at one location vehicle usage logs are not maintained for two state vehicles. These vehicles are assigned to two employees at that location; however, the vehicles can also be used by other employees.

Vehicle logs are necessary to ensure that state vehicles are properly used for business purposes.

- 2) Vehicle fixed asset records contained discrepancies and errors. A listing of all state vehicles, including the description and location of each vehicle, is maintained by personnel. The location of two state vehicles was incorrectly recorded on this record. In addition, the recorded license plate number of one vehicle did not match the actual vehicle's license plate. It appears this was a recording error.

B. The general fixed asset listing contained inaccuracies. Currently, this listing is maintained by an employee at the Bellefontaine Habilitation Center. However, for several years prior to May 2001, the listing was maintained by personnel within the Regional Center's payroll department. We noted the following concerns relating to general fixed assets:

- 1) Some items on the general fixed asset listing could not be found at the Regional Center. These items included an executive chair and a computer. After two days of searching, Regional Center personnel located the chair at another Regional Center location and the computer in an attic at the Bellefontaine Habilitation Center.
- 2) Physical inventories of general fixed assets are not performed. State regulation 15 CSR 40-2.031 indicates that an annual physical inventory of all fixed assets should be performed and reconciled to the general fixed asset listing. According to Regional Center management, a physical inventory of the Regional Center's fixed assets was not performed for the year ended June 30, 2001.
- 3) General fixed asset records do not properly indicate the date of acquisition. While an acquisition date is recorded, it represents the date when the items were recorded to the computer system. For example, an acquisition date of May 2001 was recorded for one computer, but personnel indicated the computer was at least five years old.

Adequate general fixed asset records are necessary to secure better internal controls over property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with taxpayer monies are properly utilized.

**WE RECOMMEND** Regional Center management:

- A.1. Ensure vehicle usage logs are accurately completed for all vehicles in accordance with Regional Center policy.
2. Ensure an accurate and up-to-date listing of all state vehicles is maintained.
- B.1. Ensure that the general fixed asset listing includes accurate information for all Regional Center assets.
2. Perform an annual physical inventory of assets in accordance with State regulation.
3. Ensure the actual acquisition date be included on the general fixed asset listing. In addition, Regional Center management should ensure that procedures are in place to add new assets to the general fixed asset listing in a timely manner.

**AUDITEE'S REPOSE**

- A.1. *The DMRDD agrees. The St. Louis Regional Center implemented the use of vehicle logs in accordance with the Regional Center policy.*

2. *The DMRDD agrees. The St. Louis Regional Center is maintaining an accurate listing of all their state vehicles.*
- B.1. *The DMRDD agrees. The St. Louis Regional Center general fixed asset listing shall include accurate information for all Regional Center assets.*
  2. *The DMRDD agrees. The St. Louis Regional Center shall conduct an annual physical inventory in accordance with State regulation.*
  3. *The DMRDD agrees. The St. Louis Regional Center shall develop a process to ensure the actual acquisition date is included on the general fixed asset listing and new assets are entered into the general fixed asset listing in a timely manner. This will be phased in and completed by July 31, 2002.*

This report is intended for the information of the management of the St. Louis Regional Center and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

The St. Louis Regional Center (SLRC) is one of eleven regional centers established by the Department of Mental Health. The objective of the facility is to provide, procure, or purchase comprehensive services for the mentally retarded, cerebral palsied, epileptic, autistic, and learning disabled residents of St. Louis City, St. Louis County, Jefferson County, and St. Charles County. The facility's operations began on May 14, 1973. Office spaces are leased at 211 North Lindbergh, 59<sup>th</sup> & Arsenal, and 220 South Jefferson. Satellite offices are maintained in the cities of St. Charles and Festus.

The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

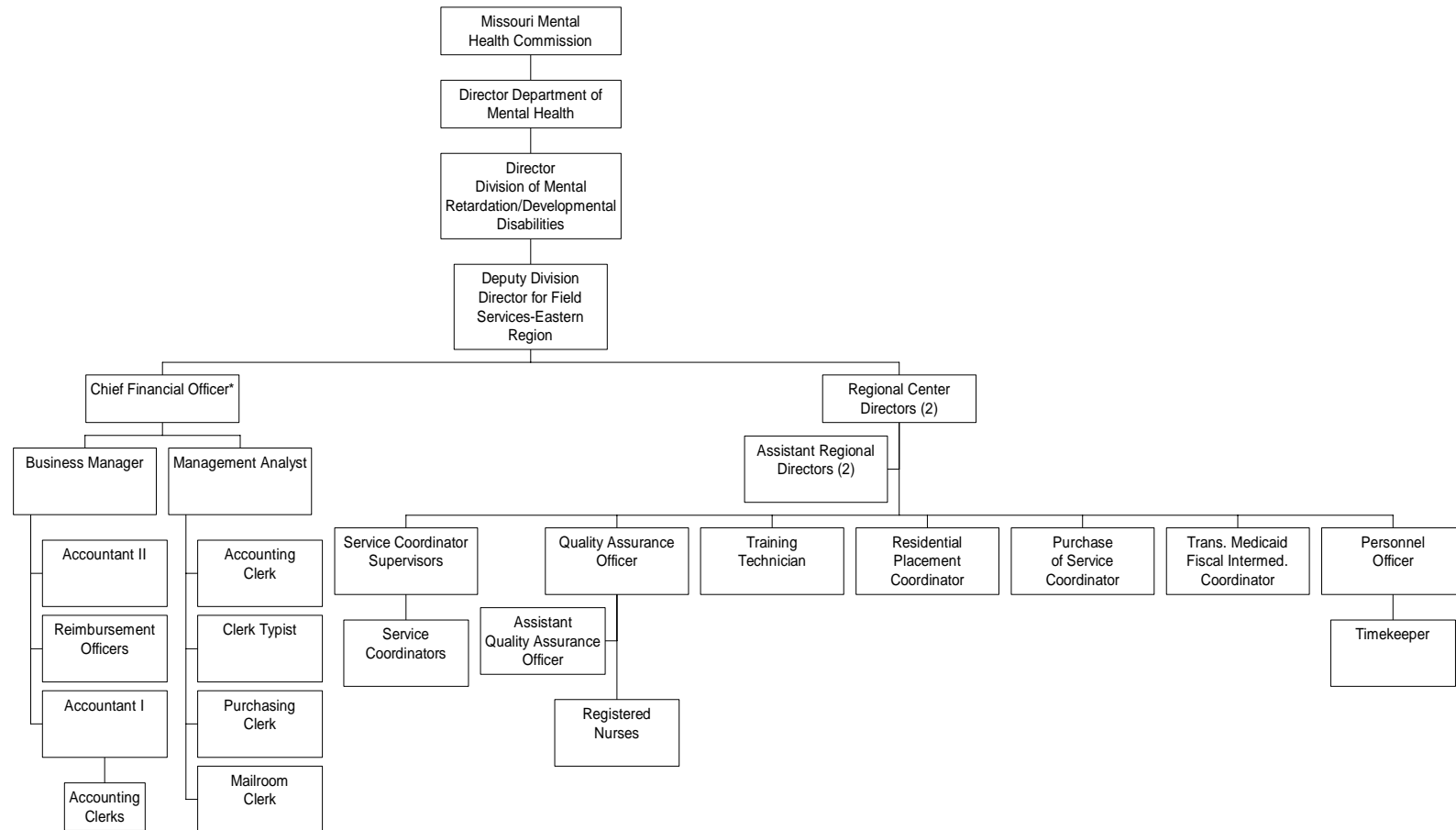
The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2001, the facility had an active caseload of approximately 10,059 clients and employed approximately 265 personnel assigned to various administrative, service, and support sections.

The St. Louis Regional Center, St. Louis Developmental Disabilities Treatment Centers, and the Bellefontaine Habilitation Center make up the Department of Mental Health Region XI. The consolidation of these facilities was initiated in fiscal year 1989 to enhance efficiency among the data processing, accounting, and record keeping departments. This audit reports only on the management practices and operations of the St. Louis Regional Center. Separate audit reports will be issued for the remaining two facilities.

In December 2000, Dr. Ann Deaton became the Director of the Division of Mental Retardation and Developmentally Disabilities. At June 30, 2001, Dr. Ralph J. Sneed serves as Deputy Division Director for Field Services, Eastern Region, and is responsible for supervising and coordinating operations of the three facilities. Jennifer Wooldridge and Suzanne Wells serve as St. Louis Regional Center Directors.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
JUNE 30, 2001



\*The Chief Financial Officer was hired in November 2001



DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
STATISTICAL DATA

	Year Ended June 30,	
	2001	2000
Service Coordinators	173	140
Clients	10,059	9,150
Ratio of Service Coordinators To Clients	1:58	1:65
Providers:		
Community Placement	89	91
Purchase of Service	163	154
Medicaid Waiver	127	120
Total Providers	379	365

Appendix A

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES (See Note)

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service and/or Expense and Equipment	\$ 3,769,718	3,736,127	33,591	3,950,102	3,925,877	24,225
Expense and Equipment	372,521	372,521	0	0	0	0
Total General Revenue Fund - State	\$ 4,142,239	4,108,648	33,591	3,950,102	3,925,877	24,225

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. During 2000, only one appropriation was made for Personal Service, Expense, and Equipment. During 2001, separate appropriations were made to the St. Louis Regional Center. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to St. Louis Regional Center are noted in Appendix B.

Appendix B

DEPARTMENT OF MENTAL HEALTH  
ST. LOUIS REGIONAL CENTER  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,			
		2001		2000	
		Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLRC
Personal Service	\$	3,736,127	3,660,397	3,498,746	2,990,068
Travel and Vehicle Expenditures		53,598	194,730	60,604	155,922
Institutional Supplies		133,546	189,349	158,985	98,872
Professional Services		86,965	167,968	93,033	39,478
Office and Communication Equipment		92,670	79,239	59,190	5,963
Building and Equipment Lease Payments		2,028	882,762	32,337	855,284
Program Expenditures		1,238	38,447,205	0	33,649,881
Miscellaneous Expenditures		2,476	203	22,981	37,132
Total General Revenue Fund - State	\$	4,108,648	43,621,852	3,925,877	37,832,600

## Appendix C

### DEPARTMENT OF MENTAL HEALTH

### ST. LOUIS REGIONAL CENTER

### COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)(See Note)

	Year Ended June 30,	
	2001	2000
CASH BALANCE, JULY 1	\$ 771,277	868,486
RECEIPTS	8,608,992	7,572,934
DISBURSEMENTS	<u>8,617,328</u>	<u>7,670,143</u>
CASH BALANCE, JUNE 30	\$ <u>762,941</u>	<u>771,277</u>

Note: The receipts and disbursements presented in this schedule include client benefits, Choices for Families, and Family Directed Service monies. Choices for Families and Family Directed Service monies are department-wide appropriations but are accounted for in the Non-Appropriated Funds System with client monies. At June 30, 2000, the Choices for Families fund owed \$71,422 to client funds. The balance presented at June 30, 2001, includes Choices for Families monies totaling \$125,477.

## Appendix D

### DEPARTMENT OF MENTAL HEALTH

### ST. LOUIS REGIONAL CENTER

### COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS, DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

	Year Ended June 30,	
	2001	2000
CASH BALANCE, JULY 1	\$ 531,478	470,851
RECEIPTS	1,159,417	965,541
DISBURSEMENTS	<u>1,593,887</u>	<u>904,914</u>
CASH BALANCE, JUNE 30	\$ <u>97,008</u>	<u>531,478</u>

Note: Vendors of the St. Louis Regional Center provide services to numerous clients who are also affiliated with the St. Charles County and Jefferson County Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the two Senate Bill 40 Boards for a percentage of the costs. The disbursements represent the St. Louis Regional Center's match which is paid to the state's Medicaid program.

\* \* \* \* \*



**MISSOURI SEXUAL OFFENDER REGISTRATION PROGRAM**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-41  
May 29, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office of  
Missouri State Auditor  
Claire McCaskill

May 2002

**Changes to sex offender registration laws and better monitoring practices could increase compliance and alert more citizens**

This audit examined compliance rates of the current sex offender registration laws, which require Missouri's 8,000 known offenders to register with local law enforcement. Under current law, all convicted sex offenders have to register within 10 days of coming into a county and verify their information yearly or every 90 days, in most cases. The public can then obtain a listing of sexual offenders living in their area.

In a detailed review of registration lists in seven counties, auditors found 36 percent of the offenders listed had not met their most recent registration requirement. Missouri legislators first established the registration law in 1994 and have since revised the law several times. Some revisions to the laws and court decisions have affected the degree of compliance. The following highlights our findings:

**State Supreme Court decision exempts half of offenders on probation from registering**

An October 2000 Missouri Supreme Court decision effectively released half of all sexual offenders sentenced to probation from having to register. This decision changed the event triggering registration to an offender "coming into" a county. As a result, if an offender already lives in the county and stays in the county through their probation, they do not have to register. Auditors found 57 percent of sex offenders sentenced to probation since 1997 had current addresses in the same county they received their sentence. It should be noted that on May 8, 2002, the General Assembly passed legislation to address this issue. This legislation (Senate Bill 1070) now awaits the Governor's approval. (See page 9)

**Some sex offenders not on state Family Care Safety Registry**

Auditors found more than 500 sexual offenders who may not be included in the Family Care Safety Registry. Citizens can turn to this registry to receive a criminal background check on a family caregiver they want to hire. But auditors found sexual offenders receiving a "suspended imposition of sentence" will not be identified in inquiries to the registry after the end of their probation period. This sentence allows an offender's criminal record to be closed at the end of probation, which makes the record unavailable for the registry. (See page 12)

YELLOW SHEET

### **Other states release more detailed offender information**

State law allows county law enforcement to only release names, addresses and the crimes of the registered offenders to the public. Auditors found other state offender lists include an offender's picture, physical description, employer address and vehicles driven as well as victim information, such as age and sex. In addition, auditors found three counties charging citizens from \$10 to \$20 for a copy of the list, which is not authorized under state law. (See page 10)

### **Half of noncompliant offenders found employed, in phone book**

Auditors found half of the 803 noncompliant offenders noted in our seven-county review were employed in Missouri in 2001. In addition, auditors found another 76 noncompliant offenders listed in the phone book. Local law enforcement officials indicated inadequate resources prevented the pursuit of these noncompliant offenders. (See page 12)

### **Few parole/probation violations issued for noncompliant offenders**

Auditors reviewed 11 offenders who had failed their most recent verification requirement, and found only one received a probation violation for the failure. In addition, auditors reviewed 55 offenders in Jackson County and found 31 violating registration requirements, but state officials did not issue a probation violation. (See page 16) The Department of Corrections followed up on these 55 cases and presented the results in their response on page 18.

### **Highway Patrol should quicken planned improvements**

The Missouri State Highway Patrol, which is required by state law to maintain the offender registration information, does not track the dates offenders verify their information. As a result, patrol staff cannot tell who has met their annual or 90-day verification requirement. Patrol staff are developing an enhanced sexual offender database allowing data entry on registration and verification dates. This new system will identify offenders who have not met their last verification requirement and generate an automatic notice to local law enforcement officials. (See page 19)

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



# MISSOURI SEXUAL OFFENDER REGISTRATION PROGRAM

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT.....	1-3
EXECUTIVE SUMMARY .....	4-6
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	7-21
Background.....	8
<u>Number</u>	<u>Description</u>
1. Statutory Revisions Needed to Improve Registration Compliance and to Alert Citizens .....	9
2. Department of Corrections Should Improve Sexual Offender Registration Compliance Monitoring .....	14
3. Missouri State Highway Patrol Should Expedite Planned Improvements .....	19
4. Many States Post Sexual Offender Registries on the Internet .....	21
STATISTICAL INFORMATION .....	22-26
<u>Appendix</u>	
A Registered Sexual Offenders by County .....	23
B Sexual Offenders Failing a Registration Requirement .....	24
C Program Attributes and Statistics for Sexual Offender Registries in Other States .....	25
D Information Included on Sexual Offender Registry Internet Sites in Other States .....	26

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Gary B. Kempker, Director  
Department of Corrections  
and  
Charles R. Jackson, Director  
Department of Public Safety  
and  
Colonel Roger D. Stottlemire, Superintendent  
Missouri State Highway Patrol  
Jefferson City, MO 65102

We have audited various operating components of the State of Missouri's sexual offender registration program and assessed overall offender compliance with the registration requirements. The program was established under Sections 589.400 through 589.425, RSMo 2000. Offenders who have committed sexual offenses and certain other offenses against victims less than 18 years old are required to register as sexual offenders with the chief law enforcement officer in their county of residence. The objectives of this audit were to:

1. Review and evaluate offender compliance with the registration requirements.
2. Evaluate the functions of the Department of Corrections and the Division of Probation and Parole in promoting offender compliance with the registration requirements of the program.
3. Review the role of the Missouri State Highway Patrol in administering certain records maintained for the offender registration program.
4. Review the functions and effectiveness of local law enforcement agencies in enforcing program compliance.
5. Compare and contrast Missouri program rules and operations to those of other states.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state and federal laws, interviewed personnel, and inspected relevant records and reports of the Department of Corrections, the Missouri State Highway Patrol, nine county sheriff's offices, and the St. Louis City Police Department.

As part of our audit, we assessed the Department of Corrections', Missouri State Highway Patrol's, and local law enforcement's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the state's sexual offender registration program.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

March 15, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	James Helton, CPA
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Kelly Davis
	Mark Rodabaugh

## EXECUTIVE SUMMARY

## MISSOURI SEXUAL OFFENDER REGISTRATION PROGRAM EXECUTIVE SUMMARY

Since passage of the federal Violent Crime Control and Law Enforcement Act of 1994, laws seeking to require known sexual offenders to register with local law enforcement officials in the area where they live have proliferated nationwide. The registration laws seek to make it possible for citizens to be aware that previously convicted sexual offenders reside in their neighborhood and to allow them to be appropriately vigilant toward the protection of family members from sexual predators.

The Missouri offender registration laws were first established in 1994 and major changes were made in 1997, 1998, and 2000. In October 2000, a Missouri Supreme Court ruling (J.S. vs Beaird, SC82274) limited the registration requirements to offenders moving into a county instead of to all offenders as under previous interpretations. Under this ruling many offenders are not required to register. Legislation has been passed and now awaits the Governor's approval to address this issue.

Based on our review of certain county records, approximately 36 percent of sexual offenders in Missouri have failed to meet their most recent registration requirement. Currently, there are about 8,000 known sexual offenders in Missouri who should be registered with local law enforcement officials and about 3,800 offenders who are currently in prison and who will be required to register as offenders when they are released.

Several problems limit the effectiveness of the sexual offender registration program in Missouri. Many offenders considered subject to registration requirements have not initially registered as required and numerous others have not complied with continuing registration requirements such as reconfirming their address annually, or every 90 days in the case of violent or predatory offenders. Offenders also fail to notify law enforcement officials when they change address or move into or out of a county as required by the registration laws.

The effectiveness of the offender registration laws have also been hindered by the difficulties local officials have in locating and prosecuting offenders who fail or refuse to register. An offender may have been expected to locate in one county but actually located in another county. Even if that offender registers in the county where he/she actually went, the county where the offender was expected has the problem of dealing with the records that show the offender has violated the registration laws and should be located and possibly prosecuted.

Law enforcement officials must strive to meet the record keeping requirements and enforce the sexual offender laws while simultaneously dealing with many other high priority demands on their limited resources. More effectively coordinated and responsive systems are needed to allow local and state officials to reduce or eliminate unnecessary enforcement efforts, duplication of efforts, and to expedite interagency communications.

Our audit also noted a serious problem involving offenders who will not be identified when inquiries are made under the Family Care Safety Act. When offenders have received a suspended imposition of sentence for a sexual crime requiring registration as an offender and

have successfully completed the related probationary period, the offender's criminal record is closed and the offender will not be identified as a sexual offender when a citizen makes a caregiver inquiry to the Family Care Safety Registry under the Family Care Safety Act. Similarly, an offender living in Missouri who committed a sexual crime outside of Missouri and is required to register as a sexual offender would not be identified in a Family Care Safety Registry inquiry.

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS



MISSOURI SEXUAL OFFENDER REGISTRATION PROGRAM  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

**BACKGROUND**

Establishment of the sexual offender registration program was mandated in the federal Violent Crime Control and Law Enforcement Act of 1994. That act set forth the minimum requirements states must meet regarding sexual offender registration or face loss of federal funding under the Byrne Formula Grant. For example, the act requires states to set a 10 year minimum offender registration requirement. Missouri's law requires offender's to register for the rest of their lifetime.

The purpose of the sexual offender registration law is to require persons found guilty of sexual and certain other offenses to register their name, address, and other information with local law enforcement officials and to make a listing of those individuals available to area citizens. The law makes it possible for citizens to obtain a listing of sexual offenders living in their local area allowing an informed vigilance toward the protection of their families.

In Missouri, the sexual offender registration program was established in 1994. The original legislation required persons who had committed a felony sexual crime to register with local law enforcement and only allowed law enforcement to release information if the offender was found to be a predatory sexual offender. In 1997, the statutes were revised (Sections 589.400 to 589.425, RSMo) and registration requirements were expanded to include certain other crimes (when the victim was under age 17), including kidnapping, promoting prostitution, incest, child abuse, and use of a child in a sexual performance.

In 1998, the registration requirements were expanded to include a 90-day verification requirement for persistent and predatory sexual offenders and offenders who committed a crime requiring registration if the victim was a minor. Sheriffs were charged with the responsibility of maintaining a publicly available listing of the offenders, their addresses, and the crimes committed. In 2000, the registration requirements were again expanded to require offenders who committed misdemeanor offenses to register. All offenders were required to verify their registration information in person and to register annually in the month of their birth. In addition the definition of a minor for the purposes of the act was increased to persons under age 18 and the registration requirement was made a lifetime requirement.

Under the current registration laws offenders who are convicted of, found guilty of, or pled guilty to committing or attempting to commit sexual offenses and certain other offenses against victims less than 18 years old must register within 10 days of coming into a county and verify the registration information annually and in most instances every 90 days with the county sheriff's department in their county of residence. In St. Louis City, offenders must register with the St. Louis City Police Department.

All offenders must notify the local law enforcement official if they are moving out of the county and submit an intended future place of residence so local officials at the new place of residence may be notified of the intended relocation. The offender is required to register in the new jurisdiction within 10 days of arrival. If an offender fails to register, he or she is subject to prosecution for a Class A misdemeanor on the first offense and for a Class D felony for the second and subsequent violations.

When the offender is convicted in a local court and is placed on probation instead of being confined to an institution, the court is responsible for informing the offender of the registration requirements and obtaining the intended place of residence so the court can notify local law enforcement officials. Courts often rely upon probation officers from the state's Division (Board) of Probation and Parole (P&P) to handle the notification tasks. Similarly, when an offender subject to the registration requirements is released from confinement in the Department of Corrections (DOC) or the Department of Mental Health, those agencies are required to inform the offender of the local registration requirements, obtain the intended place of residence, and notify local law enforcement officials.

The Missouri State Highway Patrol (Patrol) is designated to maintain a sexual offender database within the Missouri Uniform Law Enforcement System (MULES). As a result, both the Patrol and the local law enforcement official are to be notified when an offender is placed on probation by a court or at the time of release from an institution. When the offender registers with the local official, the official is required to submit the completed registration to the Patrol and the Patrol enters the offender information into the sexual offender database. Currently, there are about 8,000 offenders listed in the Patrol's sexual offender database and about 3,800 offenders who are in prison and will be required to register following their release. (*See Appendix A for the number of sexual offenders registered in each Missouri county.*)

Any person may request a current list of offenders registered in their county from their local county sheriff's department, or in St. Louis City residents should contact the St. Louis City Police Department. A few jurisdictions charge a modest copying fee to provide the list. The Greene County and Jefferson County Sheriff's Departments have also made their listing available via the Internet.

<p><b>1. Statutory Revisions Needed to Improve Registration Compliance and to Alert Citizens</b></p>
----------------------------------------------------------------------------------------------------------

The state's sexual offender registration program was established in 1994. The enabling statutes were revised in 1997, 1998, and 2000. We noted several areas where further revisions would improve the effectiveness of the law.

- A. In October 2000, the Missouri Supreme Court ruled in *J.S. vs Beard*, SC82274, that the event that triggered the registration requirement was the offender "coming into" a county. The effect of this ruling has been to exempt from the registration requirements any offender who was sentenced to probation and has not moved his county of residence.

Based on our analysis at least half of all sexual offenders sentenced to probation appear exempt from registration requirements because of the ruling. According to the DOC, since 1997, 1,569 sexual offenders have been sentenced to probation. We noted that 902 (57 percent) of those offenders have a current address in the same county in which they received their sentence. Furthermore, our review of certain county records noted 716 offenders who failed to meet their most recent registration requirement, of which 253 of those offenders did so in 2001. This was a significant increase in the number of failures over previous years, and may be attributable to the court ruling.

The General Assembly should revise the sexual offender registration statutes to ensure all offenders will be required to register in their county of residence.

- B. Under current statutes, all sexual offenders are subject to the registration requirements, including those currently incarcerated. We noted there are about 3,800 offenders currently in prison for crimes requiring registration. Upon conviction offenders sentenced to time in prison are transported to the DOC. During their sentences the majority of offenders are transferred between various institutions but there is currently no methodology by which incarcerated persons can register with each local enforcement official.

Because incarcerated offenders pose a negligible public safety risk, we believe the General Assembly should consider revising the statutes to exempt offenders from the registration requirements during their incarceration.

The local law enforcement official sexual offender registration units responsible for local registration enforcement are not always aware and are not always notified an offender on their list has been incarcerated. Every offender registration listing we received from the counties included some of the 3,800 offenders currently imprisoned. As a result, local offender registration units may waste time and resources trying to locate the offender who has failed his continuing local registration requirement.

This often is a result of the offender being returned to prison because of a parole violation and/or commission of new crimes. The DOC has developed and is in the early stages of implementing procedures to notify the Patrol and local law enforcement that the offender has been re-incarcerated.

- C. Section 589.417, RSMo 2000, allows the chief law enforcement officer of the county to release only the names, addresses, and the crimes for which the offenders are registered, and requires the complete list of offenders be provided to any person who requests it.

Our review of the publicly available information in other states disclosed that most states provide the above information and also include a photograph and physical description of the offender. Some states provide information such as the

offender's employer address, vehicles driven, and general information about the victim of the crime, such as age and sex. Such additional information could allow concerned citizens and families to more effectively identify and monitor the activities of these offenders in their neighborhoods.

We also noted three Missouri counties are charging citizens for the cost of copying when providing the requested offender list. The charges ranged from \$10 to \$19.95. In addition, one Missouri county was charging offenders \$10 each time they registered or verified their registration. Neither of these charges appear to be authorized under existing statutes.

- D. Missouri law imposes a lifetime registration requirement for all offenders regardless of the seriousness of the offense committed. However, 41 other states have adopted sexual offender registration requirements that require registration for specific minimum periods ranging from 10 to 25 years. Only 7 other states have lifetime registration requirements for all offenders. (*See Appendices C and D for additional information regarding sexual offender registration programs in other states.*)

Oklahoma only requires sexual offenders successfully completing the sexual offender treatment program to register for two years, other offenders for 10 years and habitual offenders for life. Ten states have established a formal appeals process that generally allows offenders to appeal to the courts for relief from the registration requirements and removal from the sexual offender lists after a minimum period of at least 10 years. Federal rules generally specify a minimum 10-year state registration requirement.

Ten states incorporate a risk assessment methodology by which the level of detail about an offender made available to the public is determined by the level of perceived risk that the individual will re-offend and the seriousness of the present and past offenses. Risk assessments are made by courts or review boards. Review boards are generally comprised of corrections and mental health professionals.

Although we are not opposed to lifetime registration requirements, revisions in the registration requirements may reduce the number of offenders that must be monitored by local law enforcement personnel. A reduction in the registration requirements could improve the accuracy of the offender lists and enforcement of and compliance with registration provisions.

- E. Without exception, all local law enforcement officials contacted during our review of the sexual offender registration program indicated the limited existing resources and manpower within their departments severely restricted their ability to actively enforce the registration and verification requirements. They also noted the program is mandated under state law but the law provides no additional funding source to assist in covering the local costs of enforcing the program.

To evaluate the degree of compliance with registration and verification requirements at the local level, we reviewed the records of seven counties. The counties reviewed were Boone, Cole, Dunklin, Greene, Jackson, Jasper, and Jefferson. These counties provided our office a report of the last date of contact of each offender on their registry and indicated whether the offender was required to verify their registration information every 90 days or only annually. (*See Appendix B for additional detail for the seven counties.*)

We determined 36 percent of Missouri offenders listed on these counties' records were in violation of sexual offender registration requirements. We found 32 percent (716 of 2,241) of the offenders listed on the sexual offender registries of the seven counties have failed to comply with their most recent registration requirement. It is possible that some of the 716 offenders had moved since their last contact date but did not notify the county of the move. In addition, 4 percent (87 of 2,241) of the offenders listed on the registries based on notifications from the DOC, the P&P, the courts, or other entities had failed to register at any time. We also compared the county registries to DOC records and noted 146 offenders on the county listings that, according to DOC records, had relocated or were incarcerated.

Local law officials indicated the lack of resources prevented the pursuit of noncompliant offenders. Of the 803 noncompliant offenders (716 plus 87) noted above, we found 406 were employed in Missouri during calendar year 2001 according to employment information records. We also identified 76 offenders who failed their most recent requirements and whose exact names and addresses were listed in recent local telephone directories. If the local law enforcement units had any available resources, some of these offenders could have been pursued.

The General Assembly should consider establishing local funding methodologies to assist the various local enforcement officials in covering the costs of enforcing the registration program.

- F. During our audit of the sexual offender registration program it came to our attention there is a serious problem involving offenders who will not be identified when inquiries are made under the Family Care Safety Act under Section 210.909, RSMo 2000.

The Family Care Safety Registry was established to protect children, the elderly, and disabled individuals in this state and to promote family and community safety by providing information concerning family caregivers. We noted that a criminal history record check of persons on the family care safety registry obtained under the Act does not include some offenders registered in the sexual offender database. As a result, citizens making an inquiry to the family care registry toward hiring a caregiver for a child or other family member will not learn that the prospective caregiver is a registered sexual offender.

This occurs if offenders have received a *suspended imposition of sentence* and have been placed on probation for a crime that requires registration as a sexual offender. Once an offender has successfully completed his probation period, his criminal record is closed and the record of the sexual offense will no longer be available in the family care safety registry, in spite of a life long obligation to register as a sexual offender.

Crimes for which offenders may receive a suspended imposition of sentence are sexual and certain other offenses as stated in Chapter 589 RSMo, and include (for example) forcible rape, statutory rape in the first degree, and child molestation in the first degree. An analysis of the records of 1,609 sexual offenders who are required to register and were assigned to probation between July 1, 1997 and December 31, 2001 identified 525 (33 percent) who received a suspended imposition of sentence. As a result, there are over 500 offenders who now may not, and in the future will not be identified as offenders on citizen inquiry to the family care safety registry. While many of these offenders would be identified during their probationary period using the existing procedures, offenders who have received a suspended imposition of sentence will not be identified once they have successfully completed their probation.

An additional concern is that the family care registry criminal background check does not identify offenders living in Missouri who have committed out of state crimes requiring sexual offender registration. Under current law the only way a citizen can learn if a prospective family care giver is a registered sexual offender (who committed a sexual crime outside Missouri or successfully completed his probation under a suspended imposition of sentence) is to request a sexual offender registration list from local law enforcement officials and look for the caregiver's name on that list.

The Family Care Safety Act should be amended to require that criminal history record checks include a check of the sexual offender registry and authorize the inclusion of that information in the Family Care Safety Registry.

**WE RECOMMEND** the General Assembly:

- A. Revise state law to require all offenders who are convicted of, found guilty of, or plead guilty to a crime requiring sexual offender registration to register in their county of residence. It should be noted that on May 8, 2002, the General Assembly passed legislation to address this issue. This legislation (Senate Bill 1070) now awaits the Governor's approval.
- B. Revise state law to excuse or exempt incarcerated offenders from the sexual offender registration requirements while they are incarcerated.

- C. Consider revising state law to allow the release of additional information regarding offenders such as physical descriptions and photographs. Furthermore, any charges relating to the lists and the registration process should be specified in the law.
- D. Consider whether an appeals process should be established under which offenders could petition the courts to be relieved of registration requirements after a mandatory period of time. An additional consideration would be whether the state should establish a risk assessment process under which the type of publicly available information is related to the individual's crime and perceived risk of re-offending.
- E. Consider establishment of local funding methodologies to assist local enforcement officials in covering the costs of enforcing the registration program.
- F. Revise the Family Care Safety Act to require a check of the sexual offender registry as part of the criminal history records check and authorize the inclusion of sexual offender registry information in the Family Care Safety Registry.

**2.**

**Department of Corrections Should Improve  
Sexual Offender Registration Compliance Monitoring**

The DOC and P&P are charged with various duties prior to and after the offender's release from prison confinement. Those duties include informing the offender of his responsibility under the law to register as a sexual offender after release, obtaining the offender's intended place of residence, and preparing and sending the sexual offender registration notification form to the Patrol and the chief law enforcement officer in the intended county of residence.

When an offender is released to parole, P&P is responsible for monitoring and ensuring the offender complies with the registration and periodic verification requirements. When an offender is sentenced to probation rather than to prison confinement, the courts are to initiate the offender notification process, but the courts often delegate their reporting responsibilities related to notification to the local P&P office.

Any weaknesses in the procedures and controls over these various duties increases the risk that offenders will be allowed to ignore their registration and verification requirements. Of the 716 offenders noted in our review of certain county records who failed their most recent registration requirement, 93 were under supervision of P&P at the time the offender stopped registering as required.

Changes in the following areas could significantly improve the degree of registration compliance:

- A. One serious weakness is the DOC's offender tracking system cannot provide DOC or P&P officers or management with reports of parole or probation offenders who failed to meet registration requirements.

When a sexual offender is released from confinement and placed under parole supervision, or is placed on probation by the courts, the Sexual Offender Registration unit, within the P&P, receives a copy of the notification form and monitors the Patrol's MULES system to ensure the offender has complied with initial registration requirements. However, after that point monitoring and enforcement of the 90-day and annual registration requirements is left up to the individual P&P officer who supervises the offender. That officer must remember to personally and manually confirm offender compliance or lack of compliance and then initiate efforts to ensure compliance, if necessary.

An automated offender tracking system capable of preparing system generated reports of offenders due to verify 90-day and annual registration requirements would significantly enhance an officer's monitoring effectiveness. Similarly, such a system capability would enhance management's ability to monitor officer effectiveness in ensuring offender compliance.

The department has long range plans to improve the offender tracking system by expanding the ability of the system to provide needed offender compliance data. Plans include system-generated reminders to notify the officer when offenders are due to verify registration, management reports on offender compliance, and officer entry of updated offender registration compliance information. However, the department has indicated that other planned system enhancements have a much higher priority.

The DOC should give system enhancements for tracking of sexual offender registration a high priority.

- B. As noted earlier in this report, the local sexual offender registration units responsible for local registration enforcement are not always aware when an offender on their registration list has been incarcerated. This can cause local offender registration units to unnecessarily waste time and resources trying to locate the offender.

The DOC is in the process of implementing new procedures to prepare a change of address form for all offenders who are returned to prison. The offender's change of address will be submitted to the Patrol and to the applicable local law enforcement officials in the county where the offender was or should have been registered.



The department should fully implement this new procedure as promptly as possible.

- C. According to information obtained from the Sexual Offender Registration unit, very few parole or probation violation reports are issued for offenders who fail to meet registration and verification requirements. The P&P policy manual, Section P3-6.4, requires officers to verify that offenders have complied with registration requirements.

To test the level of compliance with this policy, we reviewed case files of 11 offenders who had failed their last 90-day verification requirement in 2001. The cases were selected from the sexual offender lists provided by county law enforcement officials for our audit. Our examination of the probation violation reports for the 11 offenders found only one instance in which the offender had actually been cited for failing to verify his registration information as required.

When an offender fails to comply with registration requirements, the probation officer is to give the offender a specific directive to complete the registration and or verification process. Then, if the offender does not comply, the probation officer is to issue a violation report. A copy of the violation report is to be submitted to the sentencing court for probationers. The violation report is also to be brought to the attention of the district administrator who is to write a letter to the local law enforcement agency and the prosecuting attorney notifying them of the violation. Based on our analysis, none of these required corrective actions were taken in 6 of the 11 (55 percent) cases reviewed and inappropriate actions were taken in two cases.

The P&P determined in its review of the 11 cases that two of the offenders were currently exempt from the registration requirements under the Supreme Court ruling (*see MAR 1A*). These two included the offender cited for a failure to verify violation mentioned above. Another offender had been cited for failure to register as a ***dangerous felon***. However, there is no such registration requirement and P&P plans to revise the violation to a failure to register as a sexual offender. One of the 11 offenders was exempted by statutory changes effective August 28, 2000, and for one offender the date of last contact was incorrectly listed by county officials causing the offender to be shown in violation in error.

As a further test of the level of compliance with policy P3-6.4, we also reviewed the violation reports of 55 offenders from the Kansas City area. According to the county listing, these offenders had failed their last 90-day registration requirement and according to DOC records still appeared to be under P&P supervision. At our request, the Sexual Offender Registration unit provided the listing of these 55 offenders to the Kansas City area P&P offices in late January 2002 so the 90-day registration failures could be addressed. As of April 1, P&P provided the following updated status for those 55 offenders:

- 31 were in violation but a violation report had not been issued,
- 7 registered and complied but the date on the county list was not correct,
- 6 have absconded from supervision during their most recent registration period,
- 4 were revoked and returned to prison for other violations,
- 2 were confined in local jails for other offenses, and
- 5 were either exempt under the Supreme Court ruling, were not actually required to register, or were not required to comply with the 90 day rule.

It should be noted that according to a report we obtained from the DOC offender database, there have only been 12 misdemeanor and 2 felony convictions statewide for failure to register as required since 1995. Some crimes, particularly misdemeanors, would not typically result in the offender being placed under the control of DOC or P&P, and therefore would not be recorded in the offender database. As a result, the number of actual convictions for failure to register is not known. The weaknesses noted in the DOC's procedures could have significantly reduced the number of convictions for failure to register.

The Department of Corrections should strengthen management oversight and improve compliance with policies regarding the issuance of violations for failure to meet registration and verification requirements.

**WE RECOMMEND** the Department of Corrections:

- A. Promptly pursue the enhancement of the offender tracking system related to sexual offender registration.
- B. Fully implement the planned procedures for notifying the Patrol and local law enforcement officials when applicable sexual offenders are incarcerated or re-incarcerated.
- C. Strengthen management oversight and compliance with departmental policy to ensure parole or probation violation reports are issued for offenders who fail to meet registration and verification requirements.

**AUDITEE'S RESPONSE**

- A. *We agree. The Department recognizes the need to enhance the offender management system to allow for better tracking of sex offender registration. The Department's intent is to improve the current offender tracking system in a number of areas, one of which will expand the ability of the system to provide the needed offender compliance data regarding registration. However, the Department's Information Technology section is currently staffed at half of what the 1999 Information Systems Infrastructure Review Report recommended. As a result, a number of upgrades in the offender management system are on a waiting list that is constantly evaluated and prioritized.*

- B. *We agree. Division policy P3-6.6 Registration Requirements was revised in March 2002. This policy requires the supervising officer to complete the Change of Address Form and distribute it to the appropriate authorities, which include the Highway Patrol and the local chief law enforcement official.*
- C. *We agree. It is the expectation that offenders comply with the conditions of supervision, including Condition #1 Laws. It is further the expectation of the Division that officers report such violations to the appropriate authority by way of a violation report.*

*The Division is committed to holding offenders accountable for their behavior. Management staff with the assistance of the Department's Information Technology section will continue to develop reports to monitor staff performance in this area. Additional review of the recent revision of P3-6.6 Registration Requirements is being conducted with all supervisors and officers with an increased emphasis on this facet of the supervision process.*

*It should be noted that Chapter 589 of the Missouri Revised Statutes does not place the responsibility to maintain a sex offender registry on this division. In the interest of public safety, the Division of Probation and Parole took on the additional duties associated with monitoring offender compliance of the registration laws without any additional resources being provided. Given the recent fiscal situation, additional resources have been unavailable.*

*We believe that the Division has made every effort to work with local law enforcement and other criminal justice agencies in implementation of the registration requirements without any additional resources being provided. Of the approximately 2,100 sex offenders required to register, 96% have registered with local law enforcement as of March 12, 2002.*

*It is noted that of the sex offenders under supervision, the audit cites thirty-one offenders in Jackson County as being in violation status but a violation report was not completed. A further review of these cases indicates that:*

- 18 of the 31 offenders had a violation report submitted for a violation of a condition of supervision, reflecting focus on more serious violations of supervision.*
- 11 of the offenders have since registered and are in compliance.*
- 14 of the offenders are not in compliance and a violation report is being completed.*
- 4 of the offenders were not in compliance with the registration requirements at the time that their period of supervision expired.*

### **3. Missouri State Highway Patrol Should Expedite Planned Improvements**

Under Section 589.410, RSMo 2000, the Missouri State Highway Patrol is responsible for maintaining sexual offender registration information within the MULES system to make the information available to criminal justice officials. Local law enforcement officials are required to submit the completed registration forms and changes of offender name or address to the Patrol, and many officials submit a change of address form to report each offender's required 90-day or annual verification contact.

- A. The system currently used does not record the date of the offender's registration or verification. While the system does record the date the information is entered into the system, that date remains unchanged until it is updated by a change of name or address. As a result, the Patrol and the MULES system users are unable to determine whether the offender has complied with his verification requirements. While the forms submitted to the Patrol to record the offender's verification are filed in the Patrol's paper files, the data system is not updated to reflect that last date of contact.

The Patrol indicated they have under development a major enhancement to the sexual offender database that will allow the input of the actual date of registration and verification events. The enhancements will allow the system to identify offenders that have failed to meet their last verification requirement and will generate an automated notice to the appropriate local law enforcement official. This notice should help local enforcement officials identify and initiate needed follow-up action.

- B. The Patrol has not routinely investigated or resolved incomplete or missing offender registration information or forms. It appears this policy is at least partly why the patrol has received over 700 notification forms (denoting offenders who are required to register) since 1995 for offenders who appear to have never registered. The Patrol provided our office with a summary report of the incomplete registration forms. That report indicated the DOC was the source of 546 of the over 700 forms. The remaining notifications were received from the various Missouri courts, local law enforcement officials, other states, the Federal Bureau of Prisons, and the military.

We requested the P&P Sexual Offender Registration unit obtain and review the detailed listing of these offenders so the department could take appropriate follow-up action for those offenders still under their control. The unit indicated they did so and, where appropriate, referred the results to the P&P district administrators for possible corrective action. They also prepared a report summarizing their review. The following Table 1.1 shows the results of their review.

**Table 1.1 Explanation of Unregistered Offenders when DOC Provided Original Notification**

<b>Number of Offenders</b>	<b>Explanation</b>
121	Director's Discharge - Served full sentence, not subject to P&P supervision
92	Currently incarcerated
69	Form sent in error
69	Discharged prior to development of DOC procedures
60	Offender registered in county but Patrol did not receive completed form
35	Registration paperwork was in processing
21	Offender no longer under P&P supervision
20	Offender exempt under Supreme Court ruling
13	Offender deceased
2	Offender remanded to Sexually Violent Predator Unit
44	Other
546	Total

The results of the above analysis illustrate the complex range of situations local law enforcement officials encounter while attempting to enforce the sexual offender registration requirements.

As part of the system enhancement discussed above, the Patrol also plans to implement electronic messaging to inform both the originating agency (DOC, for example) and the intended place of residence agency (law enforcement official) when offender notification forms do not result in a confirmed registration.

**WE RECOMMEND** the Missouri Highway Patrol expedite the implementation of the planned system enhancements for the sexual offender registration database.

**AUDITEE'S RESPONSE**

*We appreciate your findings and recommendations in the report regarding the audit conducted on the State of Missouri's Sexual Offender Registration Program. The proactive measures you have indicated should correct any deficiencies that were identified in the review. The Missouri State Highway Patrol is dedicated to ensuring the integrity of the data maintained in its database so as to provide timely and accurate information for public safety concerns.*

*The Patrol's Information Systems Division is near completion with the enhancements to the Sexual Offender Registry System. By the end of October, 2002, Missouri will be participating in the National Sexual Offender Registry. This enhancement will provide law enforcement officers throughout the country with the identity of Missouri sexual offenders by means of the national database. In addition, the sexual offender system will have the capability to notify chief law enforcement officials of those individuals that are not in compliance with the law.*

*If legislation is enacted to provide the sexual offender information via the internet, the enhanced system has been developed in a web-based format and could be programmed to provide the information to the public on the internet.*

*The Patrol supports all improvements that provide citizens with the necessary information to protect themselves and their family members from sexual predators. We trust this review has been beneficial.*

#### **4. Many States Post Sexual Offender Registries on the Internet**

During our research on how other states handle their sexual offender programs, we noted 31 states make their sexual offender registries available on the Internet. The level of detail about offenders varies significantly from state to state but in most instances exceeds the information available to Missouri citizens.

It should also be noted that in four states (Alaska, Connecticut, Hawaii, and New Jersey), state or federal courts have ruled the posting of sexual offender registries on the Internet violated the offenders' rights to privacy or due process. Generally, the privacy issue related to how widespread the availability of the information is to citizens, and the due process issues related to posting of offenders whose crimes were committed before the state's registration law was implemented.

If the General Assembly should decide to allow the posting of Missouri's sex offender registry on the Internet, careful consideration should be given to both privacy and due process issues.

**WE RECOMMEND** the General Assembly consider authorizing the posting of Missouri's sexual offender registry on the Internet after appropriate consideration of privacy and due process issues.

This report is intended for the information of the General Assembly, the Department of Corrections, and the Missouri State Highway Patrol's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## STATISTICAL INFORMATION

## Appendix A

### Missouri Sexual Offender Registration Program Registered Sexual Offenders by County

County	Registered Offenders	County	Registered Offenders
Adair	39	Livingston	24
Andrew	14	McDonald	31
Atchison	2	Macon	27
Audrain	42	Madison	16
Barry	45	Maries	2
Barton	19	Marion	45
Bates	33	Mercer	10
Benton	35	Miller	38
Bollinger	9	Mississippi	23
Boone	174	Moniteau	15
Buchanan	119	Monroe	18
Butler	89	Montgomery	18
Caldwell	4	Morgan	46
Callaway	53	New Madrid	30
Camden	39	Newton	77
Cape Girardeau	88	Nodaway	14
Carroll	16	Oregon	15
Carter	16	Osage	8
Cass	87	Ozark	14
Cedar	20	Pemiscot	36
Chariton	6	Perry	19
Christian	42	Pettis	58
Clark	15	Phelps	58
Clay	205	Pike	15
Clinton	21	Platte	63
Cole	99	Polk	27
Cooper	25	Pulaski	38
Crawford	34	Putnam	9
Dade	6	Ralls	5
Dallas	22	Randolph	67
Daviess	9	Ray	29
DeKalb	5	Reynolds	7
Dent	27	Ripley	29
Douglas	7	St. Charles	245
Dunklin	83	St. Clair	14
Franklin	147	St. Francois	106
Gasconade	22	St. Louis	954
Gentry	3	Ste. Genevieve	16
Greene	432	Saline	73
Grundy	14	Schuyler	8
Harrison	11	Scotland	5
Henry	30	Scott	52
Hickory	20	Shannon	12
Holt	3	Shelby	13
Howard	25	Stoddard	65
Howell	55	Stone	52
Iron	12	Sullivan	10
Jackson	1161	Taney	65
Jasper	161	Texas	32
Jefferson	212	Vernon	36
Johnson	51	Warren	26
Knox	4	Washington	36
Laclede	68	Wayne	34
Lafayette	58	Webster	36
Lawrence	38	Worth	2
Lewis	27	Wright	30
Lincoln	58	St. Louis City	968
Linn	10	<b>Total</b>	<b>7992</b>

Source: Missouri State Highway Patrol



## Appendix B

### Missouri Sexual Offender Registration Program Sexual Offenders Failing a Registration Requirement

County	Offenders Listed	Offenders Not Registered**	Failed Last 90 Day	Failed Last Annual
Boone	135	*	24	3
Cole	97	*	20	3
Dunklin	66	*	22	7
Greene	464	30	70	2
Jackson	1,117	54	357	91
Jasper	169	3	69	1
Jefferson	<u>193</u>	<u>*</u>	<u>41</u>	<u>6</u>
Total	<u>2,241</u>	<u>87</u>	<u>603</u>	<u>113</u>

Source: County Sheriff's offices

\* County report only included registered offenders

\*\* Since 1995

Appendix C

**Missouri Sexual Offender Registration Program**  
**Program Attributes and Statistics for Sexual Offender Registries in Other States**

State	Estimated Number of Offenders Registered	Percent of Offenders in Compliance	Information Contained on Website	Non-Internet Registry Availability	Minimum Length of Registration	Maximum Length of Registration	Appeal Process Available	Risk Assessment Used	90 Day Verification
Alabama	2,063	-	A	-	L	L	-	-	N
Alaska (1)	3,550	-	D	-	15	15	-	-	-
Arizona	12,000	-	S	-	L	L	-	Y	N
Arkansas	3,088	-	I	S	15	20	-	-	S
California	87,000	-	-	A	L	L	-	-	N
Colorado	8,800	-	S	-	10	L	-	-	S
Connecticut (1)	2,075	90	I	N	10	L	-	-	A
Delaware	854	-	S	-	15	L	-	Y	S
Florida	20,728	-	A	-	20	L	Y	-	S
Georgia	2,800	67	A	-	10	L	-	-	N
Hawaii (1)	2,177	-	-	N	-	-	-	-	-
Idaho	1,550	-	-	LE	10	10	Y	-	N
Illinois	12,212	85	A	-	10	L	-	-	S
Indiana	11,800	-	D	-	10	L	-	-	S
Iowa	4,000	-	S	LE	10	L	-	Y	S
Kansas	1,820	94	D	-	L	L	-	-	A
Kentucky	1,900	80	A	-	10	L	-	-	S
Louisiana	5,708	98	D	-	10	L	-	-	S
Maine	480	-	-	LEN	10	L	-	-	S
Maryland	1,500	-	-	LE	10	L	-	-	N
Massachusetts	18,000	-	-	LE	10	L	-	-	S
Michigan	26,715	61	A	-	25	L	-	-	S
Minnesota	9,000	70	S	-	L	L	-	Y	-
Mississippi	1,496	-	A	-	10	L	Y	-	A
Missouri	7,630	-	-	LE	L	L	-	-	S
Montana	1,906	-	A	-	10	L	-	-	S
Nebraska	898	-	S	-	10	10	-	Y	S
Nevada	2,548	-	-	LE	15	L	Y	Y	S
New Hampshire	1,748	-	-	N	10	L	-	-	N
New Jersey (1)	7,447	-	I	LEN	15	L	Y	Y	S
New Mexico	700	-	A	-	10	20	-	-	N
New York	11,500	-	S	-	10	L	-	Y	S
North Carolina	5,076	91	A	-	10	10	-	-	S
North Dakota	1,227	-	S	-	10	L	-	Y	-
Ohio	6,396	-	A	-	10	L	-	-	S
Oklahoma	3,731	-	A	-	2	L	-	-	S
Oregon	10,000	84	-	LE	10	L	Y	-	N
Pennsylvania	4,744	92	I	LE	10	L	-	-	S
Rhode Island	1,424	-	-	S	15	L	-	Y	-
South Carolina	4,602	-	A	-	L	L	-	-	N
South Dakota	1,192	75	-	LE	L	L	Y	-	N
Tennessee	5,000	75	D	-	10	L	Y	-	A
Texas	28,728	89	D	-	10	L	-	-	S
Utah	5,192	75	A	-	10	10	-	-	-
Vermont	1,532	-	I	LE	10	10	-	-	N
Virginia	9,200	-	S	-	10	L	Y	-	S
Washington	15,385	-	-	LE	10	L	-	-	-
West Virginia	950	100	S	-	10	L	-	-	-
Wisconsin	12,000	87	I	LE	15	L	-	-	S
Wyoming	691	-	A	-	10	L	Y	-	S

Source: Information gathered through the KlaasKids Foundation website at [www.klaaskids.com](http://www.klaaskids.com)

A - all offenders

I - Internet site is informational only

LE - Public access through local law enforcement only

N - No general public access to registries

- Not applicable or not available

D - Only offender information for crimes after adoption date of legislation is available

L - Registration requirement is for lifetime

LEN - Law enforcement determines who is notified

S - Serious offenders only, includes predatory and persistent offenders

(1) Court decisions have limited or eliminated Internet access

## Appendix D

### Missouri Sexual Offender Registration Program Information Included on Sexual Offender Registry Internet Sites in Other States

State	Name	Address	Physical Description	Photo	Crime	Employer Information	General Victim Information	Registration Date	Verification Date	Compliance Indicator
Alabama	✓	✓	✓	✓	✓					
Alaska	✓	✓	✓	✓	✓	✓		✓		
Arizona	✓	✓	✓	✓	✓				✓	
Colorado	✓	✓	✓	✓	✓	✓	✓			
Delaware	✓	✓	✓	✓	✓					
Florida	✓	✓	✓	✓	✓		✓			
Georgia	✓	✓	✓	✓	✓			✓		
Illinois	✓	✓	✓	✓			✓			
Indiana	✓		✓		✓					
Iowa	✓	✓	✓	✓	✓		✓			
Kansas	✓	✓		✓	✓			✓	✓	
Kentucky	✓	✓	✓	✓	✓					✓
Louisiana	✓	✓	✓	✓	✓					
Michigan	✓	✓	✓		✓					
Minnesota	✓	✓	✓	✓	✓		✓			✓
Mississippi	✓	✓	✓	✓	✓					
Montana	✓	✓	✓	✓	✓					✓
Nebraska	✓	✓	✓	✓	✓					
New Mexico	✓	✓	✓	✓	✓	✓		✓	✓	
New York	✓	✓	✓	✓	✓		✓			
North Carolina	✓	✓	✓	✓	✓			✓	✓	
North Dakota	✓	✓	✓	✓	✓			✓	✓	
Ohio	✓			✓	✓					
Oklahoma	✓	✓								
South Carolina	✓	✓	✓	✓	✓					
Tennessee	✓	✓		✓	✓					
Texas	✓	✓	✓	✓	✓		✓			
Utah	✓	✓	✓	✓	✓		✓			
Virginia	✓	✓	✓	✓	✓					
West Virginia	✓	✓	✓	✓	✓	✓	✓			
Wyoming	✓	✓	✓	✓	✓					
31	31	29	27	28	29	4	9	6	5	3

Source: Information gathered through the KlaasKids Foundation website at [www.klaaskids.com](http://www.klaaskids.com)

✓ Information included.

\* \* \* \* \*



**NORTH ANDREW COUNTY R-VI SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-40  
May 20, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

**The following problems were discovered as a result of an audit conducted by our office of the North Andrew County R-VI School District.**

---

Purchase orders were not always prepared in accordance with district policy. Purchase orders were not prepared for 19 of 26 expenditures reviewed, including \$2,779 and \$1,427 for building materials and \$3,936 for athletic supplies.

The district made payments in 2001 of \$4,800 to the superintendent for vehicle allowance and \$1,000 to each of the two principals for district travel. Additionally, teachers are each paid \$100 for completing in-service training. These payments appear to be taxable compensation but are not reported on the employees' W-2 forms.

Adequate supporting documentation was not retained for many purchases made on the district's credit cards. The district has three credit cards used for travel and other purposes. Credit card purchases totaled \$9,466 for the year ended June 30, 2001, and invoices or other supporting documentation was not retained for \$2,688, of the total credit card expenditures. The purpose of some credit card expenditures, especially travel expenditures, was not documented, including \$237 for food and beverage at the Lake of the Ozarks.

Controls over the petty cash account need to be improved. The duties of handling, recording, distributing, and reconciling the petty cash account need to be segregated. In addition, the school board needs to review and approve all petty cash expenditures. The petty cash account should be used only for small and emergency purchases, and several expenditures were made from the account which appear inappropriate including \$1,950 for furniture, \$300 for in-service training, \$220 for a retirement gift, and \$175 for graduation supplies.

The audit also includes some matters related to expenditures, rentals and leases, fixed assets procedures, and petty cash procedures, upon which the school district should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

NORTH ANDREW COUNTY R-VI SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-10
<u>Number</u>	<u>Description</u>
1.	Expenditures .....5
2.	Petty Cash .....6
3.	Taxable Compensation.....8
4.	General Fixed Assets .....8
5.	Rentals/Leases.....9
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	11-13

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Board of Education  
North Andrew County R-VI School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the North Andrew County R-VI School District. The school board had engaged William White, Certified Public Accountant (CPA), to audit the district for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.



The accompanying Management Advisory Report presents our findings arising from our audit of the North Andrew County R-VI School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

February 6, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Marty Beck

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

NORTH ANDREW COUNTY R-VI SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1.**

**Expenditures**

- A. Purchase orders were not always prepared in accordance with district policy. Except for regular recurring expenditures such as telephone and utility bills, purchase orders, approved by a supervisor, are required for all purchases. Purchase orders were not prepared for 19 of 26 applicable expenditures reviewed, including \$2,778 and \$1,427 for building materials and \$3,936 for athletic supplies. To help ensure the propriety of expenditures and to ensure compliance with district policy, purchase orders should be prepared for all applicable expenditures.
- B. Adequate supporting documentation was not retained for many purchases made on the district's credit cards. The district has three credit cards used by officials and employees for travel and other purposes, and the district incurs dues of \$165 and credit protection fees of \$80 annually on these cards. Credit card purchases totaled \$9,466 for the year ended June 30, 2001, and invoices or other supporting documentation was not retained for \$2,688, or 28 percent, of the total credit card expenditures. The purpose of some credit card expenditures, especially travel expenditures, was not documented, including \$237 for food and beverage at the Lake of the Ozarks. In addition, it appears some non-travel related expenditures charged to the credit cards, such as books and supplies, should have been made through the district's purchase order procurement process.

Due to the inadequate documentation of many credit card expenditures and the fees incurred just for possessing the credit cards, the school board should review the use of these cards. The board should adopt policies and procedures to ensure credit cards are used for only necessary district-related purposes and are not used for purchases which should go through the purchase order procurement process. The district should require the users of the credit cards to submit invoices or other documentation for all charges, and document the purpose of all travel-related charges prior to payment.

- C. During the year ended June 30, 2001, the district incurred expenditures totaling approximately \$1,500 for flowers for funerals and illnesses, a board Christmas dinner, a retirement reception and gifts for retirees, and food for other celebrations. These expenditures do not appear to be necessary for district operations or prudent uses of public funds.

**WE RECOMMEND** the School Board:

- A. Ensure purchase orders are prepared for all applicable expenditures.
- B. Review the use of the district's credit cards and adopt applicable policies and procedures. These policies should require adequate supporting documentation is submitted for all credit card charges prior to payment, including documentation of the purpose of travel-related charges, and ensure the credit cards are used for only necessary district-related purposes. In addition, items which could be procured through the normal purchase order process, such as books and supplies, should not be charged to district credit cards.
- C. Ensure expenditures are a necessary and prudent use of public funds.

**AUDITEE'S RESPONSE**

- A. *Checks were prepared and paid by the board from invoices in all cases noted. We have already changed the process of making sure that all invoices are matched with purchase orders. This change has been adopted since January 1, 2002.*
- B. *The district has examined all these credit card purchases and has determined that they were all valid charges related to the operation of the school. We will be working with the Missouri School Board Association (MSBA) policy division to develop policies to meet the recommendations given here. We will have these procedures in place by August 1, 2002.*
- C. *The board will conduct a study of these situations and will develop policies by August 30, 2002, to address issues dealing with purchases related to funerals, flowers, illnesses, and retirements.*

**2.**

**Petty Cash**

- A. Controls over the petty cash bank account need to be improved. The petty cash bank account is used mainly for small or emergency purchases, and the account is replenished by writing checks from the district's general checking account. The board secretary maintains this account, writes and signs the checks, and performs the bank reconciliations. For the school year ending June 30, 2001, approximately \$8,500 in expenditures was paid from the petty cash account.

To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling the petty cash account should be segregated. If the duties cannot be adequately segregated, at a minimum, there should be monthly documented independent reviews of the petty cash accounting records. This review should include the bank reconciliations, reconciling recorded receipts to

deposits, and propriety of disbursements. Failure to adequately segregate duties or provide a supervisory review increases the risk of improper expenditures and that errors or irregularities will not be detected in a timely manner.

- B. Individual expenditures processed through the petty cash account are not reviewed by the school board. The board receives a listing of current expenditures for approval at each meeting. The amount needed to replenish the petty cash account is recorded as a single line item total with no detail of the individual amounts comprising the total.

In addition, the district has not adopted formal policies and procedures regarding the use of the petty cash account. The purpose of a petty cash account is to provide funds for small emergency purchases or small purchases which are impractical to process through the normal purchase-order process. Several expenditures were made from the petty cash account which appear inappropriate and should have been processed through the general district account, including \$1,950 for furniture, three payments of \$100 each to teachers for in-service training, \$220 for a retirement gift, and \$175 for graduation supplies.

Section 165.021, RSMo 2000, requires district monies be disbursed by the treasurer of the district upon orders of the school board. Therefore, it is necessary for the board to adopt formal procedures regarding petty cash expenditures and ensure the board receives and approves listings of all petty cash expenditures.

**WE RECOMMEND** the School Board:

- A. Provide for adequate segregation of duties for the petty cash account, or at a minimum, require independent documented reviews of petty cash accounting records.
- B. Adopt formal procedures regarding the use of petty cash and ensure only small and emergency expenditures are made from the petty cash fund. In addition the board should receive and review listings of individual expenditures processed through the petty cash fund prior to approving replenishments to the fund.

**AUDITEE'S RESPONSE**

- A. *We have, as of January 1, 2002, developed a review and check-off system whereas four distinct entities examine the monthly transactions regarding the petty cash account. The entities are the Board Secretary, School Bookkeeper, Superintendent of Schools, and the district's independent auditor.*
- B. *The board will start receiving a copy of expenditures processed through petty cash. This process will begin with the May 2002 board meeting.*

**3.****Taxable Compensation**

The district makes payments to employees which appear to be taxable compensation but are not reported on the employees' W-2 forms. Teachers are each paid \$100 for completing in-service training but these payments are not reported on W-2 forms nor subjected to payroll tax withholding. In addition, the district made payments in 2001 of \$4,800 to the superintendent for vehicle allowance and \$1,000 to each of the two principals for district travel. IRS regulations require travel and expense reimbursements be reported on the recipients' W-2 forms unless the recipients are required to report the related expenses to their employer. The district does not require these employees to report their actual district-related vehicle and travel expenses, so these reimbursements should be included on the employees' W-2 forms.

**WE RECOMMEND** the School Board ensure all taxable compensation is reported on employees' W-2 forms and subject to payroll tax withholding. In addition, the board should require employees who receive vehicle and travel allowances to report their actual district-related expenses or report the allowances on their W-2 forms. Prior years' W-2 forms should be amended as applicable.

**AUDITEE'S RESPONSE**

*These payments for travel allowance were included as salary beginning January 1, 2002. We will work with our independent auditor to make all applicable adjustments for prior years.*

**4.****General Fixed Assets**

- A. The district has not established a permanent detailed record of the property owned by the district. Teachers conduct annual physical inventories of property located in their classrooms; however, some property in the custody of administrative and support staff is not inventoried. In addition, the district does not reconcile the physical inventories to a fixed asset list and the district does not tag or otherwise identify fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for

identification of the property in the records and may deter the potential for personal use of district assets.

- B. District owned equipment is allowed to be used by employees or the general public for personal use. District personnel indicated that a tractor has been used by employees of the district as well as non-district employees. Equipment purchased with public monies should only be used for district-related purposes. The district should discontinue allowing personal use of district equipment and adopt a written policy regarding the use of district equipment. The policy should address and define personal use of equipment and any other pertinent issues.

**WE RECOMMEND** the School Board:

- A. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. Additions to the property records should be reconciled to purchases annually, and prenumbered inventory tags that label each item as "Property of North Andrew County R-VI School District" should be attached to all fixed assets.
- B. Adopt a policy regarding equipment usage and discontinue allowing personal use of district equipment.

**AUDITEE'S RESPONSE**

*The district has already been made aware of the new financial reporting standards in the area of general fixed assets by our independent auditor. We have already targeted the 2002-2003 school year as the year to get this program in place. This would include all policies and procedures dealing with all of the fixed assets including the use of these items. These new financial reporting standards become effective July 1, 2003.*

*The district presently keeps on file inventories of supplies and equipment of teachers and administrators work areas.*

**5.**

**Rentals/Leases**

The district has entered into several rental and operating lease agreements for approximately 70 computers, 4 copiers, and a water softener. Payments on these agreements totaled approximately \$41,300 for the year ended June 30, 2001. District personnel indicated the lease and/or rental of this equipment was more beneficial than lease/purchase or outright purchase because these types of equipment become obsolete over a short period of time. However, the district has not formally documented these reasons or documented the economic benefit of these decisions. Formal cost/benefit analyses are necessary to ensure the economical use of district resources and to provide public information of the reasons for rental and lease decisions.

**WE RECOMMEND** the School Board perform a formal cost analysis prior to leasing or renting equipment to ensure the decision is the most economical.

**AUDITEE'S RESPONSE**

*The district is very limited in the amount of monies that we can spend in the area of capital outlay. Therefore, we have been forced to rent many items that under normal circumstances we could purchase. The rental of these items saves the district substantial monies. If these items were purchased and a tax levy was required for every dollar spent, the district would lose over two dollars in state aid for every dollar spent. The board is very aware of these savings generated by our rental programs and makes sure that all of these rentals conform to generally accepted accounting practices. Renting computers allows us to maintain state of the art equipment for our students.*

This report is intended for the information of the management of the North Andrew County R-VI School District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

# NORTH ANDREW COUNTY R-VI SCHOOL DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The North Andrew R-VI School District is located in northern Andrew County near the town of Rosendale, approximately twenty miles north of St. Joseph.

The district operates one school building which houses grades K-12.

Enrollment was approximately 370 for the 2000-2001 school year. The district employed approximately 58 full- and part-time employees, including 3 administrators, 38 teachers, and 17 support staff.

The North Andrew County R-VI School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2001, and their current terms of office are:

Name and Position	Term Expires
Carey Barr, President (1)	April 2002
Larry Carr, Vice President	April 2003
Donnie Denney, Member	April 2003
John House, Member (2)	April 2004
Bob Lance, Member (3)	April 2002
Jeff Pittman, Member (1)	April 2002
Richard Wall, Member	April 2004

(1) Re-elected in April 2002.

(2) Elected to the board in April 2001, replacing David Potter.

(3) Replaced by Ray Gilbert who was elected in April 2002.

Other Principal Officials	Annual Compensation
Mike Newman, Superintendent	\$70,031
Jane Snyder, High School Principal (1)	52,913
Betty Schieber, Elementary School Principal	52,913

(1) Bob Elder became principal in July 2001.

Assessed valuations and tax rates for 2000 and 2001 were as follows:

	<u>2001</u>	<u>2000</u>
Assessed Valuation	\$ <u>13,600,770</u>	\$ <u>12,943,850</u>
Tax Rates:		
Incidental	\$ 4.3427	\$ 4.3458
Debt	<u>0</u>	<u>0</u>
Total	\$ <u>4.3427</u>	\$ <u>4.3458</u>



**STATE OF MISSOURI  
SINGLE AUDIT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-39  
May 16, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

**The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The State Auditor's Office has completed an audit of the federal grant programs administered by the state. The state is required by the Single Audit Act and Office of Management and Budget, Circular A-133 to have this audit conducted each year for the benefit of the federal agencies that provide grant funds to the state. State agencies expended \$6.2 billion of federal grant funds during the year ended June 30, 2001. The single audit requires an audit of the state's financial statements and expenditures of federal awards.**

As stated in numerous previous reports, the audit noted several instances where Food Stamps and Temporary Assistance for Needy Families benefits were provided to ineligible recipients. The audit noted the state provided improper benefits to deceased persons, prisoners incarcerated in state correctional facilities, parents of children in state custody, lottery winners, sponsored aliens, and persons with outstanding felony warrants. These benefits totaled more than \$740,000.

The audit recommended the state resolve the questioned costs with the federal grantor agencies, investigate the cases with improper benefits, establish recoupment claims where appropriate, and implement policy and procedure changes to ensure that improper payments do not occur.

The state made unnecessary managed care payments of at least \$111,312 for Medicaid and State Children's Insurance Program (SCHIP) recipients that moved out of the state. During July 2001, there were 1,987 recipients eligible for Medicaid or SCHIP that had out-of-state addresses in the state's computer system.

Of the 838,000 recipients eligible for Medicaid and SCHIP benefits, nearly 57,000 did not have a valid social security number in the state's computer system. Federal regulations require the state to obtain the social security number for each recipient. Computer matches performed by the state with other database records cannot be effective if the recipient social security numbers are not consistently entered into the state's computer systems.

The state does not perform eligibility redeterminations on Medicaid and SCHIP recipients on a timely basis as required by federal regulation. The audit tested a sample of 185 recipients and found that a redetermination had not been performed for 25 (13 percent) of the recipients. Without timely redetermination of recipient eligibility, there is increased risk these programs are paying medical costs for ineligible individuals.

(over)

YELLOW SHEET

The state is incurring unnecessary Medicaid costs because spenddown program policies are not in compliance with federal regulations. Based on the average of claims tested, the state could have incurred at least \$18 million in unnecessary costs during the 18 month period reviewed.

The state did not meet various federal standards for the Child Support Enforcement Program. The state failed to take the required actions to establish paternity on 46 percent of the cases tested and to establish an order of support on 40 percent of the cases tested.

Child support monies in a State Treasurer's account are not being reconciled to Division of Child Support Enforcement accounting records. In addition, interest totaling \$994,383 has accumulated in the Family Support Trust Fund account since October 1999, but should have been disbursed to the state's general revenue fund and the federal government.

The audit also covered the state's financial statements. The Office of Administration (OA) has issued a Comprehensive Annual Financial Report (CAFR) for about 20 years. The OA typically issues the CAFR within six months (by December 31) after the end of the state's fiscal year. However, the OA has not been able to issue the CAFR by December 31 for the past two years. The OA cited several reasons for the delay in completion of the state's CAFR. While there may be valid reasons for certain delays, the audit recommended the OA complete the state's CAFR by December 31.

Following the implementation of a new accounting system (SAM II) in fiscal year 2000, the OA requested state agencies to submit an internal control plan to the OA. However, only five state agencies had submitted their internal control plan.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

STATE OF MISSOURI  
SINGLE AUDIT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION AND SUMMARY .....	1-6
Summary information, charts, and graphs of Expenditures of Federal Awards .....	2-6
STATE AUDITORS REPORTS .....	7-12
Supplementary Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133 and on Compliance and Internal Control Over Financial Reporting .....	8-10
Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance .....	11-12
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	13-22
Notes to the Schedule of Expenditures of Federal Awards .....	20-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	23-65

Financial Statement Findings:

<u>Number</u>	<u>Description</u>	
1.	Timeliness of Reporting.....	26
2.	Workflow and Document Listing .....	27
3.	Internal Control Plans .....	28
4.	Document Processing.....	29
5.	Reconciliations.....	31

Federal Award Findings and Questioned Costs:

<u>Number</u>	<u>Description</u>	
2001-1.	<u>Department of Economic Development</u> Reconciliation of Accounting Systems .....	32
2001-2.	<u>Department of Health and Senior Services</u> Schedule of Expenditures of Federal Awards .....	33
2001-3.	<u>Department of Mental Health</u> Subrecipient Monitoring .....	34

STATE OF MISSOURI  
SINGLE AUDIT

TABLE OF CONTENTS

		<u>Page</u>
Federal Award Findings and Questioned Costs:		
<u>Number</u>	<u>Description</u>	
	<u>Department of Natural Resources</u>	
2001-4.	Accounting and Reporting Procedures .....	36
2001-5.	Subrecipient Monitoring .....	38
	<u>Department of Social Services</u>	
2001-6.	Schedule of Expenditures of Federal Awards .....	39
2001-7.	Eligibility - Improper Benefit Payments .....	40
2001-8.	Eligibility - Unreported Lottery Winnings .....	41
2001-9.	Cash Management - Interest Calculation Errors .....	43
2001-10.	Sponsored Alien Reimbursement Claims .....	44
2001-11.	Service Organization Audits .....	45
2001-12.	Management of Outstanding Felony Warrants .....	46
2001-13.	Eligibility - Out of State Recipients .....	47
2001-14.	Eligibility - Recipient Social Security Numbers .....	48
2001-15.	Eligibility - Redeterminations .....	50
2001-16.	Spenddown Program .....	51
2001-17.	ADP Risk Analysis and Security Review .....	52
2001-18.	Claims Processing Service Provider System Reviews .....	53
2001-19.	School District Administrative Claiming Procedures .....	53
2001-20.	Review of Hospital Final Settlements .....	55
2001-21.	Lock-In Program .....	56
2001-22.	Medicaid Eligibility Quality Control .....	57
2001-23.	340B Program .....	59
2001-24.	Allowable Costs .....	59
2001-25.	Approval of Allowable Costs .....	60
2001-26.	Compliance .....	61
2001-27.	Reconciliations and Interest .....	63
2001-28.	Duplicate Payments .....	64
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....		66-101



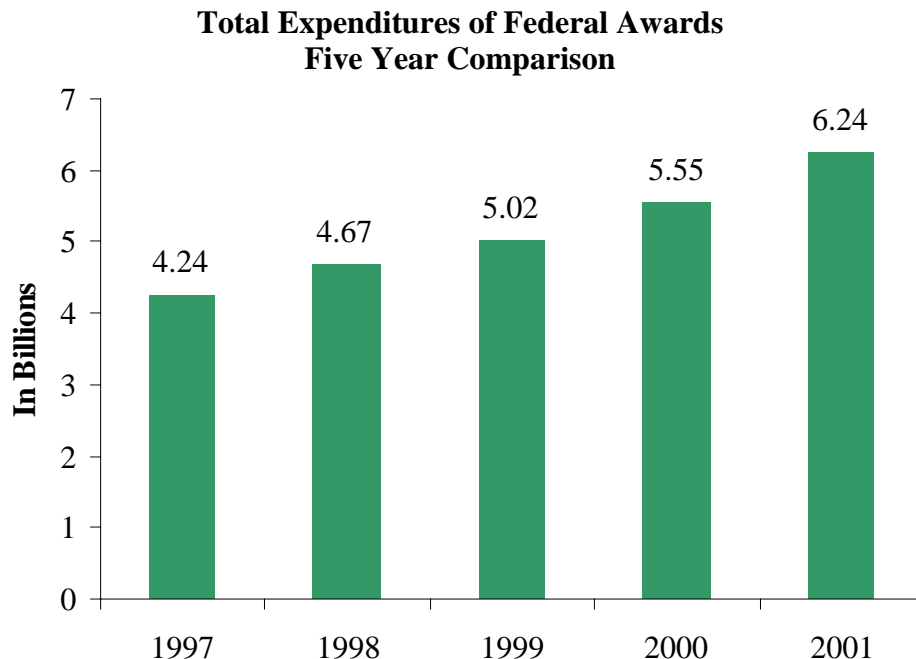
## INTRODUCTION AND SUMMARY

## INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

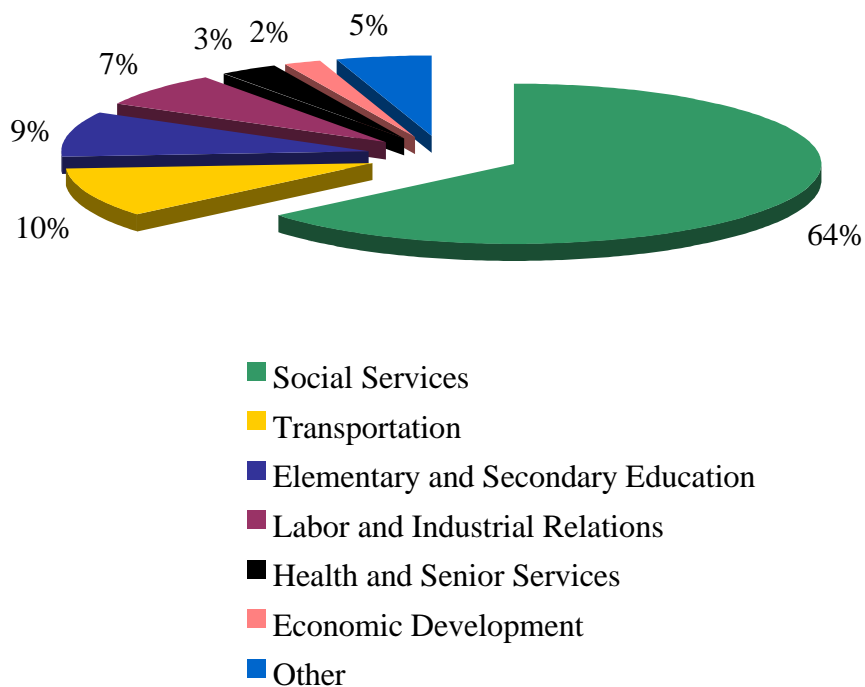
- The state's general-purpose financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the general-purpose financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$6.2 billion in federal awards during the year ended June 30, 2001. Expenditures of federal awards have increased significantly over the past five years.



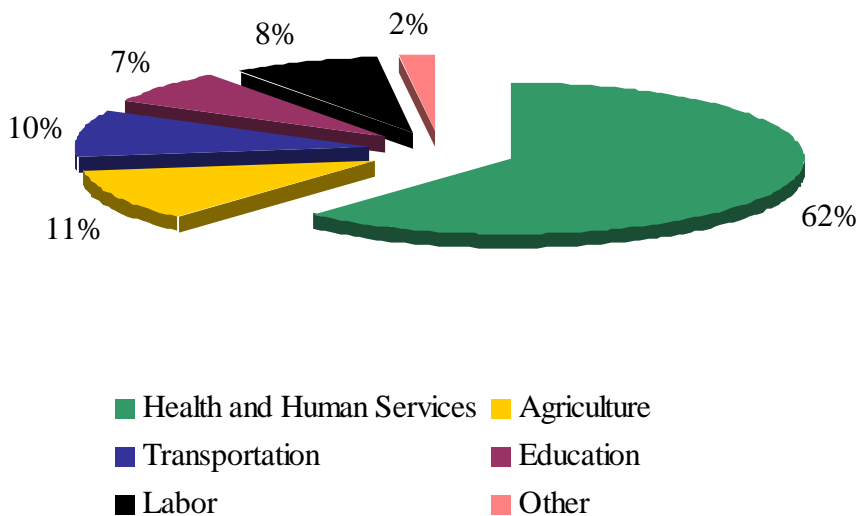
Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

**Expenditures of Federal Awards by State Department  
Year Ended June 30, 2001**



The state received federal awards from 20 different federal agencies. Most of the federal awards (98 percent) came from five federal agencies.

**Expenditures of Federal Awards by Federal Department  
Year Ended June 30, 2001**

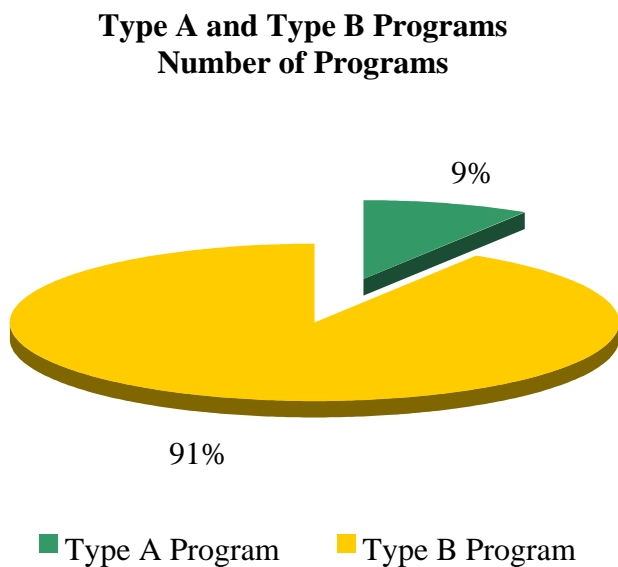


Overall, the state expended federal awards in 271 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

<b>Determination of Type A Programs</b>	
Total expenditures of federal awards	\$ 6,237,524,816
Three-tenths of one percent	.003
Dollar Threshold	\$ 18,712,574

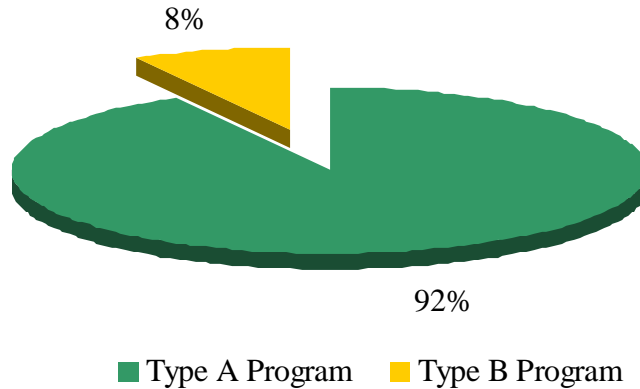
We rounded the dollar threshold to \$18.7 million. Programs with federal expenditures over \$18.7 million are Type A programs and the programs under \$18.7 million are Type B programs.

The state had a total of 271 different federal award programs. There were 25 Type A programs (over \$18.7 million) and 246 Type B programs (under \$18.7 million).



The 25 Type A programs had expenditures of federal awards totaling \$5.7 billion, which was 92 percent of the total expenditures for all programs. The 246 Type B programs had expenditures of federal awards totaling \$496 million, which was only 8 percent of the total expenditures for all programs.

**Type A and Type B Programs  
Expenditures of Federal Awards**



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 5 of the 25 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended, (\$6.24 billion times .0003 = \$1.87 million). We performed risk assessments on the 61 larger Type B programs that were over \$1.87 million and determined that 9 of them were high risk. In accordance with OMB Circular A-133, we audited 5 (one-half) of these 9 high risk Type B programs as major in place of the 5 low risk Type A programs not audited as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 20 Type A programs and 5 Type B programs as major.

**Major and Non-major Programs**

<b>Audit Coverage by Type of Program</b>	<b>Number of Programs</b>	<b>Expenditures</b>	<b>Percentage of Expenditures</b>
Type A major programs	20	\$ 4,406,712,508	
Type B major programs	5	41,281,147	
Total major programs	25	4,447,993,655	71.3%
Type A non-major programs	5	1,334,598,164	
Type B non-major programs	241	454,932,997	
Total non-major programs	246	1,789,531,161	28.7%
Total all programs	271	\$ 6,237,524,816	100.0%

STATE OF MISSOURI  
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 384,737,694
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	37,820,310
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	25,630,865
10.555	National School Lunch Program	Agriculture	96,551,865
10.556	Special Milk Program for Children	Agriculture	346,973
10.559	Summer Food Service Program for Children	Agriculture	5,044,800
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	Agriculture	63,979,010
10.558	Child and Adult Care Food Program	Agriculture	28,602,076
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	33,474,698
17.225	Unemployment Insurance	Labor	451,412,844
17.255	Workforce Development Act	Labor	35,169,753
20.205	Highway Planning and Construction	Transportation	601,737,363
66.458	Capitalization Grants for State Revolving Funds	Environmental Protection Agency	43,058,334
84.010	Title I Grants to Local Educational Agencies	Education	132,145,272
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	107,652,530
84.173	Special Education - Preschool Grants	Education	5,996,626
84.032	Federal Family Education Loans	Education	57,892,930
84.048	Vocational Education - Basic Grants to States	Education	27,765,751
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	44,037,071
84.340	Class Size Reduction	Education	21,067,134
93.558	Temporary Assistance for Needy Families	Health and Human Services	199,144,179
93.563	Child Support Enforcement	Health and Human Services	50,334,992
93.568	Low-Income Home Energy Assistance	Health and Human Services	55,662,704
	Child Care Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	54,251,910
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	54,508,340
93.658	Foster Care - Title IV-E	Health and Human Services	69,957,233
93.667	Social Services Block Grant	Health and Human Services	35,653,529
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	651,140
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	9,113,136
93.778	Medical Assistance Program	Health and Human Services	2,897,934,226
93.767	State's Children's Insurance Program	Health and Human Services	50,272,400
93.959	Block Grant for Prevention and Treatment of Substance Abuse	Health and Human Services	28,301,599
96.001	Social Security - Disability Insurance	Social Security Administration	31,401,385
	Total Type A Programs (expenditures greater than \$18.7 million)		5,741,310,672
	Total Type B Programs (expenditures less than \$18.7 million)		496,214,144
	Total Expenditures of Federal Awards		\$ <u>6,237,524,816</u>

## STATE AUDITOR'S REPORTS



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the state of Missouri, as of and for the year ended June 30, 2001, and have issued our report thereon dated April 5, 2002. We did not audit the financial statements of the Missouri Department of Transportation, which statements constitute 3 percent and 24 percent, respectively, of the assets and revenues of the special revenue funds; 67 percent and 99 percent, respectively, of the assets and revenues of the capital projects funds; 14 percent of the general fixed assets account group; and 18 percent of the general long-term debt account group. We did not audit the financial statements of the Missouri State Lottery, which statements constitute 28 percent and 92 percent, respectively, of the assets and operating revenues of the enterprise funds. We did not audit the financial statements of the Missouri Consolidated Health Care Plan, Missouri State Employees' Insurance Plan, Highway and Transportation Employees' and Highway Patrol Insurance Plan, and the Missouri Department of Transportation Self Insurance Plan, which statements constitute 52 percent and 72 percent, respectively, of the assets and operating revenues of the internal service funds. We did not audit the financial statements of the Missouri State Public Employees Deferred Compensation Plan, which statements constitute 57 percent and 8 percent, respectively, of the assets and revenues of the expendable trust funds. We did not audit the financial statements of the pension trust funds, which statements constitute 82 percent of the assets of the agency and trust funds. We did not audit the financial statements of the colleges and universities and the proprietary component units, which statements constitute 28 percent of the assets for all fund types and account groups. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those amounts, is based on the reports of the other auditors. Our report expressed a qualified opinion on the general-purpose financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the state of Missouri taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. The state of Missouri has excluded federal award expenditures of public universities from the accompanying Schedule of Expenditures of Federal Awards. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

### Compliance

As part of obtaining reasonable assurance about whether the general-purpose financial statements of the state of Missouri are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the general-purpose financial statements of the state of Missouri, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the state of Missouri's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 1 to 5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

The State Auditors office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general-purpose financial statements. Our reports of these conditions do not modify our report dated April 5, 2002, on the general-purpose financial statements.

This report is intended for the information of the management of the state of Missouri and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE

Honorable Bob Holden, Governor  
and  
Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The state's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the state's compliance with those requirements.

As described in item 2001-17 in the accompanying schedule of findings and questioned costs, the state of Missouri did not comply with requirements regarding a periodic risk analysis and system security review of its automated data processing that are applicable to its Medical Assistance Program. Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that

are applicable to each of its major federal programs for the year ended June 30, 2001. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2001-1 to 2001-16 and 2001-18 to 2001-28.

### Internal Control over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-1, 2001-2, 2001-3A, 2001-4B, 2001-5, 2001-6, 2001-13, 2001-14, 2001-15, 2001-16, 2001-17, 2001-18, and 2001-19.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-17 to be a material weakness.

This report is intended for the information of the state's management, and federal awarding agencies and pass-through entities, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

February 2, 2002 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
<b>Office of National Drug Control Policy</b>			
07.PMWP549	HIDTA-HP Enforcement	\$ 337,840	0
07.PMWP550	HIDTA-Lab Enhancement	219,332	61,322
07.PMWP551	HIDTA-Task Forces	916,885	770,474
07.PMWP552	HIDTA-SAUSA	489,772	360,255
Total Office of National Drug Control Policy		1,963,829	1,192,051
<b>Department of Agriculture</b>			
10	School Lunch Commodity Refund	7,465	0
10.025	Plant and Animal Disease, Pest Control, and Animal Care	90,068	14,970
10.064	Forestry Incentives Program	1,311	0
10.069	Conservation Reserve Program	24,351	0
10.250	Agricultural and Rural Economic Research	96,292	0
10.550	Food Donation	15,863,559	15,592,325
10.551	Food Stamps	384,737,694	0
10.553	School Breakfast Program	25,630,865	25,630,865
10.555	National School Lunch Program	96,551,865	95,245,943
10.556	Special Milk Program for Children	346,973	346,973
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (Note 2)	63,979,010	11,820,138
10.558	Child and Adult Care Food Program	28,602,076	28,275,557
10.559	Summer Food Service Program for Children	5,044,800	3,859,401
10.560	State Administrative Expenses for Child Nutrition	2,484,513	23,505
10.561	State Administrative Matching Grants for Food Stamp Program	38,200,534	228,600
10.565	Commodity Supplemental Food Program	3,135	0
10.568	Emergency Food Assistance Program (Administrative Costs)	772,141	699,711
10.569	Emergency Food Assistance Program (Food Commodities)	6,451,965	6,451,965
10.570	Nutrition Program for the Elderly	4,546,419	4,546,419
10.572	WIC Farmers' Market Nutrition Program (FMNP)	138,668	138,668
10.574	Team Nutrition Grants	114,438	3,871
10.652	Forestry Research	18,000	0
10.664	Cooperative Forestry Assistance	893,221	0
10.665	Schools and Roads - Grants to States	2,045,641	2,045,641
10.672	Rural Development thru Forestry	29,000	0
10.902	Soil and Water Conservation	167,018	0
10.OM	USDA - Mark Twain N. F./BLM	50,000	50,000
Total Department of Agriculture		676,891,022	194,974,552
<b>Department of Defense</b>			
12	Troops to Teachers	52,414	0
12.104	Flood Plain Management	10,902	0
12.112	Payments to States in Lieu of Real Estate Taxes	755,297	755,297
12.113	State Memorandum of Agreement Program for the Reimbursement of Tech Services	637,096	0
12.401	National Guard Military Operations and Maintenance Projects	15,801,431	0
12.AAG	Drug Interdiction & Counter Drug Activities (Note 4)	90,244	90,244
Total Department of Defense		17,347,384	845,541
<b>Department of Housing and Urban Development</b>			
14.228	Community Development Block Grants/State's Program	33,474,698	32,450,790
14.231	Emergency Shelter Grants Program	1,190,697	1,190,697
14.238	Shelter Plus Care	4,818,248	4,818,248
14.241	Housing Opportunities for Persons with AIDS	354,856	354,856
14.401	Fair Housing Assistance Program - State and Local	338,672	0
Total Department of Housing and Urban Development		40,177,171	38,814,591
<b>Department of the Interior</b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	452,913	0
15.252	Abandoned Mine Land Reclamation Program	1,020,573	218,432
15.605	Sport Fish Restoration	4,818,178	0
15.611	Wildlife Restoration	4,498,287	0
15.615	Cooperative Endangered Species Conservation Fund	59,019	0
15.616	Clean Vessel Act	27,217	0
15.617	Wildlife Conservation and Appreciation	204,221	0
15.623	North American Wetlands Conservation Fund	194,457	0
15.810	National Cooperative Geologic Mapping Program	118,682	0
15.904	Historic Preservation Fund Grants-In-Aid	828,023	210,557
15.916	Outdoor Recreation - Acquisition, Development and Planning	(29,761)	0

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	386,302	0
15.FFB	Webless Migratory Game Bird Research Program	10,675	0
Total Department of the Interior		12,588,786	428,989
Department of Justice			
16.523	Juvenile Accountability Incentive Block	2,292,949	2,292,949
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,192,399	1,192,399
16.541	Juvenile Justice and Delinquency Prevention - Special Emphasis	105,094	105,094
16.542	National Institute for Juvenile Justice and Delinquency Prevention	358,763	0
16.543	Missing Children's Assistance	3,486	0
16.546	Delinquency and Youth Violence	504,030	504,030
16.554	National Criminal History Improvement Program	364,544	255,791
16.555	National Sex Offender Registry Assistance	194,935	0
16.575	Crime Victim Assistance	5,643,686	5,643,686
16.576	Crime Victim Compensation	708,344	0
16.579	Byrne Formula Grant Program	9,276,191	9,276,191
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants		
16.580	Program	267,462	0
16.585	Drug Court Discretionary Grant Program	128,738	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	1,379,047	0
16.588	Violence Against Women Formula Grants	2,635,389	2,635,389
16.592	Local Law Enforcement Block Grants Program	442,452	442,452
16.593	Residential Substance Abuse Treatment for State Prisoners	637,967	637,967
16.598	State Identification Systems Grant Program	137,429	0
16.606	State Criminal Alien Assistance Program	467,005	0
16.610	Mid-States Organized Crime Information Center	2,594,266	2,594,266
16.710	Public Safety Partnership and Community Policing Grants	1,418,379	0
16.727	Enforcing Underage Drinking Laws Program	542,410	542,410
16.99CK-WX-0014	COPS Technology Program	2,987,476	0
16.SCMOE121	Organized Crime Drug Enforcement Task Force	916,885	758,765
16	Marijuana Eradication Program	492,334	0
Total Department of Justice		35,691,660	26,881,389
17.002	Labor Force Statistics	1,805,949	0
17.005	Compensation and Working Conditions	207,330	179
17.203	Labor Certification for Alien Workers	154,919	0
17.207	Employment Service	15,189,098	170,645
17.225	Unemployment Insurance (Note 3)	451,412,844	0
17.235	Senior Community Service Employment Program	2,142,440	2,110,303
17.245	Trade Adjustment Assistance - Workers	10,685,770	0
17.249	Employment Services and Job Training-Pilot and Demonstration Programs	679,621	580,665
17.253	Welfare-to-Work Grants to States and Localities	9,176,819	9,038,395
17.255	Workforce Investment Act	35,169,753	34,518,185
17.504	Consultation Agreements	848,719	0
17.600	Mine Health and Safety Grants	371,794	0
17.801	Disabled Veterans Outreach Program	1,609,934	0
17.804	Local Veterans Employment Representative	1,868,219	0
17.E9483928	State Occupational Information Coordinating Committee	108,404	0
Total Department of Labor		531,431,613	46,418,371
Department of Transportation			
20.106	Airport Improvement Program	10,518,306	10,403,068
20.205	Highway Planning and Construction	601,737,363	39,705,343
20.218	Motor Carrier Safety Assistance Program	1,061,804	1,050,040
20.219	Recreational Trails Program	63,113	0
20.500	Federal Transit Capital Investment Grants	8,241,553	8,241,553
20.505	Federal Transit Metropolitan Planning Grants	817,662	704,952
20.507	Federal Transit Formula Grants	646,287	646,287
20.509	Formula Grants for Other Than Urbanized Areas	5,197,204	4,828,868

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,506,884	1,427,572
20.516	Job Access Reverse Commute	389,977	389,977
20.600	State and Community Highway Safety	4,145,345	4,145,345
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	628,243	628,243
20.604	Safety Incentive Grants for use of Seatbelts	313,293	313,293
20.700	Pipeline Safety	293,254	0
Total Department of Transportation		635,560,288	72,484,541
Department of the Treasury			
21.052	Alcohol, Tobacco, and Firearms Training Assistance	3,981	0
Total Department of the Treasury		3,981	0
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	303,632	0
Total Equal Employment Opportunity Commission		303,632	0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property (Note 4)	2,157,280	2,157,280
Total General Services Administration		2,157,280	2,157,280
National Foundation of Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	512,251	161,718
45.026	Promotion of the Arts - Leadership Initiatives	12,000	12,000
45.302	Museum Assessment Program	3,805	0
45.304	Conservation Assessment Program	6,570	0
45.310	State Library Program	2,641,493	1,514,615
Total National Foundation of Arts and the Humanities		3,176,119	1,688,333
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	3,801,912	0
64.015	Veterans State Nursing Home Care	12,818,357	0
64.203	State Cemetery Grants	186,283	0
64.V101223B	Veterans Educational Assistance	409,823	0
Total Department of Veterans Affairs		17,216,375	0
Environmental Protection Agency			
66.001	Air Pollution Control Program Support	103,187	0
66.433	State Underground Water Source Protection	137,296	0
66.438	Construction Management Assistance	13,655	0
66.454	Water Quality Management Planning	585,555	0
66.458	Capitalization Grants for State Revolving Funds	43,058,334	30,675,185
66.460	Nonpoint Source Implementation Grants	2,026,197	1,024,706
66.461	Wetlands Grants	379,480	12,073
66.463	Water Quality Cooperative Agreements	76,450	0
66.468	Capitalization Grants for Drinking Water SRF	8,761,274	6,838,866
66.470	Hardship Grant Program Rural Community	997,706	0
66.605	Performance Partnership Grants	11,108,120	539,945
66.606	Surveys, Studies, Investigations and Special Purpose Grants	2,373,138	133,915
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	104,787	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	273,341	0
66.708	Pollution Prevention Grants Program	77,558	0
66.802	Superfund State Site - Specific Cooperative Agreements	2,728,356	32,640
66.805	Leaking Underground Storage Tank Trust Fund Program	1,126,597	0
66.810	CEPP Technical Assistance Grants Program	12,361	0
Total Environmental Protection Agency		73,943,392	39,257,330
Department of Energy			
81.039	National Energy Information Center	8,810	0
81.041	State Energy Program	1,041,544	268,189
81.042	Weatherization Assistance for Low-Income Persons	4,805,923	3,481,748
81.092	Weldon Springs Site Remedial Action Project	497,082	0
81.111	Alternative Fuel Transportation Program	88,100	0
81.119	State Energy Program Special Projects	33,107	0
81.902	State Environmental Oversight & Monitoring	431,435	0
Total Department of Energy		6,906,001	3,749,937



STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Federal Emergency Management Agency			
83.105	Community Assistance Program - State Support Services Element	121,580	121,580
83.534	Emergency Management - State and Local Assistance	9,750	9,750
83.536	Flood Mitigation Assistance	982,757	982,757
83.541	Disaster Unemployment Assistance	13,394	0
83.542	Fire Suppression Assistance Grants	132,351	132,351
83.544	Public Assistance Grants	5,196,653	5,096,821
83.548	Hazard Mitigation Grant	1,191,430	1,186,159
83.550	National Dam Safety Program	11,883	0
83.551	Disaster Resistance Community Grant	9,056	9,056
83.552	Emergency Management Performance Grants	4,399,620	2,707,181
Total Federal Emergency Management Agency		12,068,474	10,245,655
Department of Education			
84.002	Adult Education - State Grant Program	12,440,322	12,020,172
84.010	Title I Grants to Local Educational Agencies	132,145,272	130,297,695
84.011	Migrant Education - Basic State Grant Program	1,927,918	1,927,918
84.013	Title I Program for Neglected and Delinquent Children	834,720	826,913
84.027	Special Education - Grants to States	107,652,530	104,377,994
84.032	Federal Family Education Loans	57,892,930	0
84.048	Vocational Education - Basic Grants to States	27,765,751	24,789,500
84.069	Leveraging Educational Assistance Partnership	822,750	0
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	49,889,263	1,486,833
84.154	Public Library Construction and Technology Enhancement	153,489	153,489
84.158	Secondary Education and Transitional Services for Youth with Disabilities	164,657	158,344
84.162	Immigrant Education	903,568	903,568
84.169	Independent Living - State Grants	235,578	235,578
84.173	Special Education - Preschool Grants	5,996,626	5,996,626
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	515,881	0
84.181	Special Education - Grants for Infants and Families with Disabilities	8,824,115	8,824,015
84.185	Byrd Honors Scholarships	708,000	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,864,638	7,070,547
84.187	Supported Employment Services for Individuals with Severe Disabilities	638,809	0
84.194	Bilingual Education Support Services	86,223	82,983
84.196	Education for Homeless Children and Youth	439,014	438,171
84.213	Even Start - State Educational Agencies	2,148,159	2,148,159
84.215	Fund for the Improvement of Education	1,242,532	1,124,230
84.216	Capital Expenses	25,394	25,394
84.224	Assistive Technology	405,205	0
84.243	Tech-Prep Education	3,124,273	3,014,947
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	81,377	0
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	9,363,335	8,335,364
84.278	School To Work State Implementation Grants	3,812,906	3,662,009
84.281	Eisenhower Professional Development State Grants	6,021,886	5,465,194
84.282	Charter Schools	1,571,324	1,558,615
84.298	Innovative Education Program Strategies	6,275,328	5,259,003
84.314	Even Start-Statewide Family Literacy Program	118,210	118,210
84.318	Technology Literacy Challenge Fund Grants	6,339,665	6,027,464
84.323	Special Education-State Program Improvement Grants for	998,877	998,877
84.326	Special Education-Technical Assistance and Dissemination to	26,002	26,002
84.330	Advanced Placement Incentive Program	295,037	295,037
84.331	Grants to States for Incarcerated Youth Offenders	275,585	0
84.332	Comprehensive School Reform Demonstration	3,927,490	3,686,195
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	170,490	0
84.340	Class Size Reduction	21,067,134	21,067,134
84.RN94-13-6026	National Cooperative System Program	4,636	0
Total Department of Education		485,196,899	362,402,180
Department of Health and Human Services			
93	Osteoporosis State Mentoring Program	1,746	0
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	90,515	85,989
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	193,376	183,707
93.043	Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	264,259	251,046

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,401,952	7,031,854
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	8,989,299	8,539,834
93.048	Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	16,425	0
93.052	National Family Caregiver Support Program	43,628	41,447
93.103	Food and Drug Administration Research	13,159	0
93.110	Maternal and Child Health Federal Consolidated Programs	364,071	38,523
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	617,452	69,620
	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	62,926	0
93.119	Primary Care Services - Resource Coordination and Development- Primary Care Offices	215,614	60,000
93.130	Centers for Research and Demonstration for Health Promotion and Disease Prevention	121,659	0
93.135	Injury Prevention and Control Research and State and Community Based Programs	98,243	6,727
93.136	Projects for Assistance in Transition from Homelessness (PATH)	504,482	493,973
93.150	Health Program for Toxic Substances and Disease Registry	429,510	0
93.161	Grants for State Loan Repayment	33,344	33,344
93.165	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	304,451	303,152
93.196	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	543,272	2,539
93.197	Mammography Inspections	289,014	0
93.223-98-4424	Tobacco Investigations	8,250	0
93.223-98-4828	Consolidated Knowledge Development and Application (KD&A) Program	548,912	407,167
93.230	Traumatic Brain Injury - State Demonstration Grant Program	101,536	89,678
93.234	Abstinence Education	1,006,379	221,967
93.235	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	600,875	26,233
93.238	Policy Research and Evaluation Grants	23,856	0
93.239	State Rural Hospital Flexibility Program	208,454	196,307
93.241	Universal Newborn Hearing Screening	949	0
93.251	Immunization Grants (Note 4)	16,278,300	13,284,261
93.268	State Demand and Needs Assessment Studies: Alcohol and Drugs	183,458	181,720
93.270-95-0031	Outcome Pilot Studies	31,124	0
93.270-96-0009	Prevention Needs Assessment	131,085	125,833
93.277-98-6020	Centers for Disease Control and Prevention - Investigations and Technical Assistance	3,608,477	406,557
93.283	Uniform Alcohol and Drug Abuse Grant	93,405	93,405
93.283-95-0026	Promoting Safe and Stable Families	5,669,371	0
93.556	Temporary Assistance for Needy Families	199,144,179	0
93.558	Child Support Enforcement	50,334,992	15,379,740
93.563	Refugee and Entrant Assistance - State Administered Programs	3,791,155	0
93.566	Low-Income Home Energy Assistance	55,662,704	27,167,784
93.568	Community Services Block Grant	15,080,384	14,900,854
93.569	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	69,869	0
93.571	Child Care and Development Block Grant	54,251,910	0
93.575	Refugee and Entrant Assistance - Discretionary Grants	464,575	344,769
93.576	Refugee and Entrant Assistance - Targeted Assistance	1,106,746	0
93.584	Empowerment Zones Program	270,408	270,408
93.585	State Court Improvement Program	175,959	0
93.586	Community-based Family Resource and Support Grants	420,910	420,910
93.590	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	54,508,340	0
93.596	Grants to States for Access and Visitation Programs	156,972	0
93.597	Headstart	175,770	175,770
93.600	Adoption Incentive Payments	268,228	0
93.603	Developmental Disabilities Basic Support and Advocacy Grants	1,309,740	867,703
93.630	Developmental Disabilities Projects of National Significance	46,558	44,136
93.631	Children's Justice Grants to States	184,788	0
93.643	Child Welfare Services - State Grants	6,108,988	0
93.645	Foster Care - Title IV-E	69,957,233	0
93.658	Adoption Assistance	15,577,249	0
93.659	Social Services Block Grant	35,653,529	0
93.667	Child Abuse and Neglect State Grants	587,972	0
93.669	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,112,303	0
93.671	Independent Living	1,427,030	0
93.674	State Children's Insurance Program	50,272,400	0
93.767			

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	31,185	0
93.775	State Medicaid Fraud Control Units	651,140	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	11,523,993	440
93.778	Medical Assistance Program	2,897,934,226	0
93.779	Health Care Financing Research, Demonstrations and Evaluations	357,316	0
93.865	Center for Research for Mothers and Children	389,222	357,129
93.913	Grants to States for Operation of Offices of Rural Health	107,681	34,684
93.917	HIV Care Formula Grants	8,839,281	8,839,281
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer for Early Detection Programs	3,003,283	1,523,128
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to	153,969	109,796
93.940	HIV Prevention Activities - Health Department Based	3,166,321	1,894,736
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) Surveillance	402,994	68,230
93.945	Assistance Programs for Chronic Disease Prevention and Control	847,410	231,888
93.958	Block Grants for Community Mental Health Services	6,375,819	6,021,312
93.959	Block Grants for Prevention and Treatment of Substance Abuse	28,301,599	25,370,465
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	1,931,415	666,582
93.982	Mental Health Disaster Assistance and Emergency Mental Health	141,036	141,036
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	27,209	25,000
93.991	Preventive Health and Health Services Block Grant	4,442,710	610,363
93.994	Maternal and Child Health Services Block Grant to the States (Note 4)	14,848,735	5,715,745
Total Department of Health and Human Services		<u>3,650,690,263</u>	<u>143,356,772</u>
Corporation for National Service			
94.003	State Commissions	218,337	0
94.004	Learn and Serve America - School and Community Based Programs	543,219	484,645
94.006	AmeriCorps	1,854,983	1,854,983
94.007	Planning and Program Development Grants	70,208	52,423
94.009	Training and Technical Assistance	122,515	0
Total Corporation for National Service		<u>2,809,262</u>	<u>2,392,051</u>
Social Security Administration			
96.001	Social Security - Disability Insurance	31,401,385	0
Total Social Security Administration		<u>31,401,385</u>	<u>0</u>
Total Expenditures of Federal Awards		<u>\$ 6,237,524,816</u>	<u>947,289,563</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF MISSOURI  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those accounted for in the college and university fund type of the general-purpose financial statements of the state of Missouri. Federal financial assistance provided to entities accounted for in the college and university fund type has been excluded from this audit.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$18.7 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

The major programs for which expenditures of federal awards are presented on the modified accrual basis are as follows:

17.207	Employment Service
17.253	Welfare to Work Grants to States and Localities
17.255	Workforce Investment Act
17.801	Disabled Veterans Outreach Program
17.804	Local Veterans Employment Representative
20.205	Highway Planning and Construction
84.032	Federal Family Education Loans

2. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling \$28,718,099, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures from the State Unemployment Compensation Fund

Expenditures reported for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$407,399,196. Reimbursements to other states from the State Unemployment Compensation Fund for benefits paid by those states totaling \$14,911,621 have also been included in the Unemployment Insurance program expenditure totals. Reimbursements to the State Unemployment Compensation Fund from other states for benefits paid by the State of Missouri totaling \$5,670,552 have been excluded from the Unemployment Insurance program expenditure totals.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals. Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$9,384,683 under the Immunization Grants program (CFDA No. 93.268) and \$725,136 under the Maternal and Child Health Block Grant to the States Program (CFDA No. 93.994).

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$9,258,712 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program. Property distributions totaled \$387,313 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2001

**Section I - Summary of Auditor's Results**

**Financial Statements**

The auditor's report on the financial statements was qualified.

The audit identified reportable conditions in the internal control over financial reporting.

None of the reportable conditions were considered to be material weaknesses.

The audit did not note any noncompliance material to the financial statements.

**Federal Awards**

The auditor's report on compliance on the major programs was unqualified, except for the Medical Assistance Program (CFDA 93.778), which was qualified.

The audit identified reportable conditions in the internal controls over major programs.

Some of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$18,700,000.**



The following programs were audited as major programs:

CFDA Number	<u>Name of Federal Program or Cluster</u>
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
14.228	Community Development Block Grants/State's Program
14.238	Shelter Plus Care
	Employment Service Cluster:
17.207	Employment Service
17.801	Disabled Veterans' Outreach Program
17.804	Local Veterans' Employment Representative Program
17.253	Welfare-to-Work Grants to States and Localities
17.255	Workforce Investment Act
66.458	Capitalization Grants for State Revolving Funds
81.042	Weatherization Assistance for Low-Income Persons
84.032	Federal Family Education Loans
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.278	School to Work State Implementation Grants
84.340	Class Size Reduction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Social Security - Disability Insurance

## Section II - Financial Statement Findings:

### 1. Timeliness of Reporting

The Office of Administration (OA) has issued a Comprehensive Annual Financial Report (CAFR) for about 20 years. The OA typically issues the CAFR within six months (by December 31) after the end of the state's fiscal year. However, the OA has not been able to issue the CAFR by December 31 for the past two years.

The OA cited several reasons for the delay in completion of the state's CAFR. Because of the recent state budget cuts, the OA has not been able to replace staff. Due to staff changes, only three staff were available to work on the CAFR (instead of the normal five staff). In addition, the OA does not always receive information in survey responses from other state agencies on a timely basis, and audit reports from entities audited by other independent certified public accountants are not received on a timely basis. In total, 51 agencies/entities were late for fiscal year 2001 in submitting to the OA some or all of the required survey response information or audited financial statements. Several examples are noted in the table below:

Agency/Entity	Information Requested	Due Date	Date Received
Office of the Secretary of State	Fixed assets	8/03/2001	12/18/2001
Attorney General	Legal opinion	9/07/2001	1/25/2002
Office of Administration - Division of Budget and Planning	Economic condition of the state and total state revenue refund information	9/28/2001	2/19/2002
Department of Natural Resources	Revolving Fund financial statements	8/06/2001	12/14/2001
State Lottery	Financial statements*	10/26/2001	12/20/2001
City of Springfield Missouri State Highway Improvement Corporation	Financial statements*	8/31/2001	2/20/2002 (Draft)
Southeast Missouri State University	Financial statements* and financial data	10/05/2001	1/07/2002
Missouri Consolidated Health Care Plan	Financial statements*, fixed assets, and accrued leave balances	9/05/2001	12/26/2001
	Deposits and investments	9/05/2001	1/16/2002
St. Louis Regional Convention And Sports Complex Authority	Financial statements*	8/03/2001	1/25/2002

\* Audit reports on financial statements audited by Certified Public Accountants.

The staff also experienced delays in obtaining data from the new state accounting system (SAM II) and had to change numerous reports due to modifications made to the data warehouse.

While there may be valid reasons for certain delays, the OA should issue the CAFR by December 31. The Government Finance Officer Association (GFOA) recommends that financial reports be issued on a timely basis (no later than six months after the close of the fiscal year), so that information is still relevant. In addition, the GFOA requires the six-month limit to be eligible to receive the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

The Governmental Accounting Standards Board (GASB), Codification of Governmental Accounting and Financial Reporting Standards, Section 1900.115 requires the CAFR to be prepared and published promptly after the close of the fiscal year.

**WE RECOMMEND** the Office of Administration complete the state's CAFR by December 31.

### **AUDITEE'S RESPONSE**

*We concur. The OA will make every effort to complete the CAFR by December 31. However, timely completion will be impacted by budget reductions and available resources. Implementation of GASB Statement 34 could also have an impact.*

## **2.**

### **Workflow and Document Listing**

The SAM II workflow system routes documents from one user to another user to facilitate the processing and approval of various on-line documents. Included in the workflow system is a worklist which is a listing of all documents routed to a specified user. Each user has a unique worklist which identifies documents ready to be processed and approved.

Vendor invoices are processed using different types of on-line payment voucher documents. All payment vouchers except for automated payment vouchers and vendor payment vouchers require approval by the Office of Administration (OA) – Compliance Audit Section before payment is made. The on-line payment voucher documents are submitted to the compliance auditors from state agencies by the workflow system and the state agencies submit the original invoices to the compliance auditors for final approval of the payment voucher document.

The compliance auditors are not using the worklist in the workflow system to approve payment voucher documents. A large number of payment voucher documents from different state agencies are routed through the workflow system to the compliance auditors for the compliance auditors to approve the payment voucher document. However, the worklist cannot locate payment voucher documents by using a specific document number. In addition, the worklist cannot be sorted to allow the compliance auditors to locate specific documents. To locate a document on the worklist, the compliance auditors must scroll through the listing of documents until the specific document is located. As a result, it takes a significant amount of time to search the

worklist for specific documents needing approval. To locate the documents quicker, the compliance auditors are using the document listing table which is also known as the suspense file (SUSF). However, the SUSF allows the compliance auditor access to documents before the documents have been processed and approved at the agency level.

The SUSF does not operate within the workflow system. The SUSF operates as a holding file storing documents from all workstations connected to the system. The SUSF stores documents until the documents are approved, completed or corrected. Compliance auditors are allowed access to the SUSF and use it to locate documents needing approval. The SUSF allows the compliance auditors to search by document number, document type, agency number, or fund number. However, by using the SUSF, compliance auditors have access to all documents, not just those documents pending approval from the compliance auditors. By not using the workflow system, which restricts the flow of documents to only the designated workstation, the OA compliance auditors could approve documents, which would generate a check to the vendor, before the documents have been reviewed and approved at the agency level. In addition, by using the SUSF the compliance auditors are circumventing the controls established with workflow in the SAM II system.

**WE RECOMMEND** the Office of Administration modify the workflow system to provide for the more efficient and timely location of documents by the compliance auditors and discontinue allowing the compliance auditors to approve documents from the SUSF.

### **AUDITEE'S RESPONSE**

*We have identified the functionality enhancement to the software vendor, American Management Systems. In the meantime, we have strengthened our procedures to reduce the chance of error when using SUSF.*

#### **3.**

#### **Internal Control Plans**

Following the implementation of the SAM II system, state agencies were requested to submit an internal control plan to the OA. However, only five state agencies have submitted completed internal control plans as of October 23, 2001.

The instructions for the preparation of an agency internal control plan were distributed to state agencies in April 1999. Originally, internal control plans were to be submitted to the OA by October 1999. However, due to complications and increased workload associated with the implementation of the SAM II system, an extension was granted to January 2000. The OA did not receive any internal control plans by January 2000 and extended the deadline to the spring of 2000 without setting an actual date for the submission of the internal control plans.

The state agencies are responsible for preparing the internal control plans and submitting the plans to the OA. The state agencies are also responsible for reviewing and evaluating internal controls on an annual basis and are required to report on the annual review to the OA. The development of internal control plans by the state agencies will provide assurance that assets are being safeguarded, that applicable statutes, rules and regulations are being followed, and that the objectives of agency management are being met.

**WE RECOMMEND** the Office of Administration require all state agencies to submit internal control plans by a certain date and discontinue extending the deadline.

#### **AUDITEE'S RESPONSE**

*A deadline of June 30, 2002, was given to the agencies to submit all internal control plans. The OA is currently reviewing some of the larger agencies' plans and following up with those agencies who have not completed their plans.*

<b>4. Document Processing</b>
-------------------------------

#### **Receivable (RE) Documents**

The RE document is used to record accounts receivable and interagency billings. In general, receivables are to be recorded in SAM II when the state has the right to an asset (cash) that has not been received.

The processing of an RE document results in a debit to accounts receivable and a credit to revenue. When cash is received for an applicable receivable, the cash receipt (CR) document will reference the RE document number and the system will debit cash and credit accounts receivable.

The RE document is also used to record interagency billings. When a RE document is used to bill another state agency, certain fields in the RE document must be coded correctly to ensure the transaction is accurately recorded. The net effect on cash when processing an RE document correctly for an interagency transaction is zero. A RE document for non-interagency transactions results in a cash increase. To ensure the proper recording of interagency transactions, the prefix IAB was added as the first three digits of the RE document number when processing an interagency billing. In addition to the IAB prefix, interagency revenue source codes were established to distinguish interagency revenue from non-interagency revenues.

#### **Cash Receipt Payment (CRP) Documents**

The CRP document was a modification to the SAM II system and is used strictly to record payments for interagency billings. The CRP document is a clone of the SAM II cash receipt (CR) document consisting of the same fields. The CRP document is used to record both revenue and expense information. The CRP document references the

interagency billing/invoice (RE) document and also records the expenditure accounting information for the billed/paying agency.

Users are not following SAM II policies and procedures for processing interagency RE documents or CRP documents. As a result, we noted the following areas of concern:

- A. Since the RE document is used to code both interagency and non-interagency transactions, the SAM II system is unable to ensure the IAB prefix is indicated on the RE document for interagency transactions. It is the users responsibility to know when to manually add the IAB prefix and when to use the specified interagency revenue source code. The SAM II system does not provide an edit check to ensure IAB is coded in the first three characters of the document number when an interagency revenue source code is used or ensure an interagency revenue source code is used when IAB is coded in the first three characters of the document number. Without the IAB coding in the first three characters of the document number, the SAM II system will not recognize the transaction as an interagency transaction and will not record the transaction correctly.
- B. The document prefix IAB and the interagency bank account code fields distinguish CRP documents from CR documents; however, neither the IAB prefix nor the interagency bank account code populate the fields automatically for a CRP document. In addition, the CRP document will accept any valid object or revenue source code in the SAM II system versus only accepting revenue source codes specific to interagency transactions. The CRP document does not have edit checks to ensure the above information has been entered correctly. Thus, interagency transactions are not recorded correctly resulting in errors in the accounting records.

In addition, we noted the following concerns:

- C. The CRP document will process without referencing a valid RE document. When the CRP document is processed without referencing a valid RE document, the transaction will credit revenues instead of accounts receivables, overstating both revenues and accounts receivables. An edit check should be included on the CRP document to ensure a valid RE document is referenced.
- D. For interagency transactions, the purchasing agency must manually cancel the purchase order generated by the SAM II system instead of being automatically liquidated, as the RE document does not include the purchase order document number. Without manually canceling the purchase order, the purchase order will remain on the SAM II system which causes reporting errors and understates the balance of remaining appropriations.

**WE RECOMMEND** the Office of Administration:

- A. Implement edit checks to ensure that agencies properly code the RE documents when processing interagency transactions by using IAB in the first three characters of the document number and to ensure that agencies use the interagency revenue source code.
- B. Modify the CRP document to populate the prefix IAB and the interagency bank account code automatically to ensure the proper processing of interagency billing transactions. In addition, the modification should ensure only interagency revenue source codes are used on a CRP document.
- C. Design an edit check to ensure a valid RE document is referenced on CRP documents.
- D. Change procedures for interagency transactions so that purchase orders will be liquidated automatically by the SAM II system.

**AUDITEE'S RESPONSE**

- A. *The OA is currently proceeding with finalizing a proposal to eliminate the use of the CRP document for expenditure transactions. Our plan is to use a standard payment transaction document (PVQ, PI, etc.)*
- B. *With the plan of using the standard payment voucher, the CRP document would only have the revenue side. The data warehouse reports will identify CRP's that have an internal vendor code without an internal revenue source code.*
- C. *Current system functionality exists and will continue to exist to validate the referenced RE document number on the CRP document.*
- D. *The proposed design being finalized by the OA to use a standard payment voucher for internal payments will allow agencies to liquidate purchase orders automatically by the SAM II system.*

**5.**

**Reconciliations**

The OA did not prepare their monthly financial summary on a timely basis. As of February 2002, the last monthly financial summary completed was August 2001, indicating the OA was five months behind in preparing the monthly financial summary.

To prepare the monthly financial summary, the OA reconciles SAM II data from the data warehouse to the State Treasurer's Office monthly cash balance report and the SAM II Monthly Fund Cash Activity Report. The OA reconciles the cash balance but also reviews transactions for possible coding errors to ensure transactions were processed

properly. The OA has indicated that most problems encountered when reconciling are due to interagency transactions which have been discussed earlier in this report.

Timeliness of monthly reporting is essential to the monitoring of state activities. By not ensuring monthly financial summary reports are prepared on a timely basis, the state's activities cannot be properly monitored.

**WE RECOMMEND** the Office of Administration ensure monthly financial summary reports are completed on a timely basis.

### **AUDITEE'S RESPONSE**

*While the monthly financial report can be used to reconcile SAM II to the STO Cash Activity Reports, that is not its original purpose. In addition, there are other methods available to monitor the state's activities. Monthly system reports, available on MOBIUS, and the data warehouse can be used to monitor state activity. In the future, the monthly financial reports will be prepared if resources are available to prepare them.*

### **Section III - Federal Award Findings and Questioned Costs**

**2001-1**

#### **Reconciliation of Accounting Systems**

Federal Agency:	Department of Labor
Federal Program:	17.207 Employment Service
	17.801 Disabled Veterans Outreach Program
	17.804 Local Veterans Employment Representative
	17.253 Welfare-to-Work Grants to States and Localities
	17.255 Workforce Investment Act
State Agency:	Department of Economic Development (DED) - Division of Workforce Development (DWD)

The DWD did not reconcile its internal accounting systems to the statewide accounting system (SAM II) during fiscal years 2000 or 2001. The DWD uses two internal accounting systems to track expenditures of its federal programs and to prepare the required reports of federal expenditures to the U. S. Department of Labor. Expenditures are processed and paid through SAM II. We noted several expenditures that had been processed through the SAM II system but had not been recorded in the internal accounting systems. After we completed our prior audit of fiscal year 2000, the DWD performed a reconciliation of fiscal year 2000 records and identified approximately \$1.4 million that had not been recorded in the internal accounting systems and, therefore was not reported to the Department of Labor. A partial reconciliation of fiscal year 2001 records as of November 30, 2001, indicates the amount of unrecorded expenditures for fiscal year 2001 is more than \$235,000. These unrecorded expenditures represent expenses incurred by the state agency for which available federal funds have not been drawn down. Periodic reconciliation of the internal accounting records to the SAM II



records is needed to identify any unrecorded expenditures and to ensure federal reports are accurate.

**WE RECOMMEND** the DWD reconcile internal accounting records to the SAM II records on a periodic basis. In addition, the DWD should complete the reconciliation for 2000 and 2001 and drawdown the appropriate amount of federal funds.

### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

<b>2001-2</b>	<b>Schedule of Expenditures of Federal Awards</b>
---------------	---------------------------------------------------

Federal Agency: Department of Agriculture  
 Federal Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
 10.558 Child and Adult Care Food Program  
 State Agency: Department of Health and Senior Services (DOHSS)

The original schedule of expenditures of federal awards prepared by the DOHSS was overstated by approximately \$126 million. Amounts were incorrectly stated on the schedule for most programs. Listed below are the programs with the most significant misstatements.

CFDA #	Program	Overstated (Understated)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 74,344,455
10.558	Child and Adult Care Food Program	29,840,607
93.268	Immunization Grants	(11,066,863)
93.575	Child Care and Development Block Grant	3,816,464
93.917	HIV Care Formula Grants	9,552,564
93.994	Maternal and Child Health Services Block Grant to the States	7,724,982

We noted additional problems with the schedule prepared by the DOHSS:

- The amount provided to subrecipients was overstated by approximately \$76 million for the Special Supplemental Nutrition Program for Women, Infants, and Children program. In addition, for some other programs, the schedule indicated the amount provided to subrecipients exceeded the total expenditures of the program.

- The program name was not correct for many of the programs included on the schedule. Programs were identified by the generic title used by the DOHSS instead of the proper name used by the federal government in the Catalog for Federal Domestic Assistance.
- Several grants were not reported on the original schedule.

The DOHSS made several revisions to the schedule after our review. It appears these errors resulted from inadequately trained staff, a lack of formal procedures for preparing the schedule, inappropriate sources for the information, and a lack of appropriate supervisory reviews.

Section .310(b) of OMB Circular A-133 requires the DOHSS to prepare a schedule of expenditures of federal awards showing the financial activity for each federal program. The DOHSS needs to establish effective procedures to ensure the schedule is complete and accurate.

**WE RECOMMEND** the DOHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

#### **AUDITEE'S RESPONSE**

*We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-3**

#### **Subrecipient Monitoring**

Federal Agency: Housing and Urban Development  
 Federal Program: 14.238 Shelter Plus Care  
 State Agency: Department of Mental Health (DMH)

The DMH did not adequately monitor subrecipients of the program. In addition, program spending exceeded the limits established by the grant agreement and some expenditures were improperly charged to the grant. The DMH received a five-year grant which ends in June 2006. The purpose of the grant is to provide shelter, primarily through rental assistance, to homeless individuals with disabilities and their families.

- A. The DMH provides funding to eight subrecipients who provide assistance to eligible individuals. Subrecipients that spend more than \$300,000 of federal grant funds during the year are required to obtain audits in accordance with OMB Circular A-133. The DMH relies on a review of these A-133 audit reports as its primary monitoring of grant expenditures. We noted the following concerns with the monitoring system:

- 1) For fiscal year 2000, six of the eight subrecipients were required to have an A-133 audit, but the DMH only received four audit reports. Although the DMH has procedures to require subrecipients expending \$300,000 or more in federal grant funds to submit copies of audit reports, the DMH did not follow up with one applicable subrecipient that did not submit an audit report. Furthermore, of the four audit reports received, the Shelter Plus Care program was audited as a major program for only one subrecipient. As a result, little, if any, monitoring of this program was performed for seven of the eight subrecipients.
- 2) One subrecipient audit report did not list the Shelter Plus Care program on the schedule of expenditure of federal awards. The DMH noted this omission, but did not follow-up to determine the reason for the omission.

An adequate system of subrecipient monitoring is required by OMB Circular A-133. Failure to adequately monitor subrecipients could result in violations of the grant agreement and a loss of future grants.

- B. On May 2, 2001, the federal Department of Housing and Urban Development issued their report resulting from a review of the program, which noted the following concerns:

- 1) The Tenant-Based Rental Assistance program exceeded spending limits set by the grant agreement. Grant expenditures cannot exceed twenty-five percent of the total grant award in any year of the five-year grant period. The DMH exceeded this limit by over \$700,000 in the first year of the grant. The DMH is developing a plan to eliminate the deficit, but the plan has not been approved by the grantor agency as of December 27, 2001.
- 2) The DMH incorrectly charged administrative costs of approximately \$22,000 as rental assistance. As a result, total administrative costs exceeded the eight percent limit set by the grant agreement.
- 3) The DMH charged approximately \$80,000 to the grant for costs incurred prior to the effective date of the grant agreement.

The DMH needs to resolve these issues with the grantor agency and implement procedures to ensure compliance with grant requirements.

**WE RECOMMEND** the Department of Mental Health:

- A. Implement a monitoring system which provides adequate assurance that subrecipients comply with grant requirements.
- B. Resolve these issues with the grantor agency and implement procedures to ensure compliance with grant requirements.

## **AUDITEE'S RESPONSE**

- A. *We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*
- B. *We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-4**

### **Accounting and Reporting Procedures**

Federal Agency: Environmental Protection Agency  
Federal Program: 66.458 Capitalization Grants for State Revolving Funds  
State Agency: Department of Natural Resources (DNR)

- A. The DNR has not completed the Clean Water State Revolving Fund annual report for fiscal year 2001 as of December 31, 2001. Federal regulations in 40 CFR Section 35.3165(a) and (b) require the DNR to provide the annual report to the federal agency by October 1, 2001.

The federal agency granted the DNR an extension to December 1, 2001; however, DNR staff indicated the annual report would not be complete until February 2002.

- B. The original schedule of expenditures of federal awards prepared by DNR understated the amounts provided to subrecipients by approximately \$1.9 million. The DNR revised the schedule after we questioned the accuracy of the schedule.

OMB Circular A-133 requires the DNR to prepare the schedule of expenditures of federal awards showing the financial activity for each federal program.

- C. The DNR is not processing Trustee Reserve Fund administration fees in a timely manner. The DNR receives administration fees paid by the community through the trustee bank of approximately one percent of the trustee reserve fund balance. When these fees are paid to the trustee bank by the community, the trustee bank issues a check to the DNR Water Pollution Control Program for the amount of these fees. The lack of timely logging of receipts by administrative staff has led to several of these checks being held by the DNR six to eighteen days before being deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited in a timely manner. In addition, timely deposits maximize interest income.

- D. Administration fees are unnecessarily being held by the trustee banks. According to the agreement between the DNR and the trustee banks, the banks hold all fees until each community within a bond series has made payment. We noted the trustee banks held some fees (totaling \$205,524) 30 to 108 days after receiving payment from individual communities.

To reduce the amount of time between fees being due and the actual receipt of these fees, the DNR should require the trustee banks to remit the fees when received instead of waiting for all fees within a series to be received.

- E. The DNR management does not periodically supervise accounting and reporting responsibilities over the State Revolving Fund. The program's primary accounting analyst is responsible for supervising the State Revolving Fund accounting staff and performs several of the responsibilities, such as, approving the draw down requests and preparing the annual report. However, there is no supervisory review of the work performed by the accounting analyst. At a minimum, there should be a periodic documented review of the work performed by the accounting analyst for accuracy and completeness.

**WE RECOMMEND** the DNR establish procedures to ensure:

- A. The annual report is submitted to the federal agency in a timely manner.
- B. The schedule of expenditures of federal awards is prepared timely and accurately.
- C. All administration fees are processed in a timely manner.
- D. The trustee banks remit administration fees to the DNR when received from each community.
- E. Periodic supervisory reviews are performed over the State Revolving Fund accounting and reporting activities.

**AUDITEE'S RESPONSE**

- A. *We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*
- B. *We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*
- C. *We agree with the auditor's finding. Although new procedures have been in place since February of 2001 and the timeliness of administration fee checks deposited has greatly improved, there is still room for additional improvements.*

- D. *We agree with the auditor's findings in that the Trustee Bank should not hold administration fees unnecessarily. The department's current agreement with the Trustee Bank is that they submit administration fees once a month.*
- E. *We agree with the auditor's findings but wish to point out that much of the work the accounting analyst is responsible for is reviewed or overseen by the program.*

**2001-5**

**Subrecipient Monitoring**

Federal Agency: Environmental Protection Agency  
Department of Energy  
Federal Program: 66.458 Capitalization Grants for State Revolving Funds  
State Agency: Department of Natural Resources (DNR)

The DNR does not adequately monitor subrecipients to ensure that an A-133 audit is performed when applicable and submitted to the DNR. We noted the DNR did not have an annual audit on file for 47 out of 118 communities for the Capitalization Grants for State Revolving Funds program and did not monitor subrecipients to determine whether thresholds were met requiring an audit under OMB Circular A-133.

OMB Circular A-133 requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$300,000 in a fiscal year. Without the audit reports, the DNR has little assurance these monies are expended and accounted for properly.

**WE RECOMMEND** the DNR ensure all subrecipients submit an A-133 audit.

**AUDITEE'S RESPONSE**

*We agree with the auditor's finding. The requirement for subrecipients to perform A-133 audits was formally transmitted to the states via PRM 02-2 on November 6, 2001. Department staff currently track subrecipient A-133 audit submittals. They also track subrecipient draws of program federal dollars. It should be noted that the federal agency has been inconsistent on whether or not the program funds fall within the definition of the A-133 requirements.*

**2001-6****Schedule of Expenditures of Federal Awards**

Federal Agency: Department of Agriculture  
 Department of Education  
 Department of Health and Human Services

Federal Program: 10.551 Food Stamps  
 84.126 Rehabilitation Services - Vocational Rehabilitation  
 Grants to States  
 93.767 State Children's Insurance Program  
 93.778 Medical Assistance Program

State Agency: Department of Social Services (DSS)

The DSS incorrectly reported expenditure amounts for some programs on the schedule of expenditures of federal awards. The original schedule prepared by the DSS misreported expenditure amounts for the following programs:

CFDA #	Program	Overstated (Understated)
10.551	Food Stamps	\$ (27,229,931)
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	1,472,738
93.767	State Children’s Insurance Program	518,247 (1,497,945) (10,949)
93.778	Medical Assistance Program	3,426,314 (518,247) 10,949

In addition to the above errors, the amount provided to subrecipients was understated by \$6,102,550 for the Low-Income Home Energy Assistance program (CFDA #93.568) and several program names did not agree with the names used by the federal government in the Catalog of Federal Domestic Assistance.

We noted similar conditions in our prior report. Although the Summary Schedule of Prior Audit Findings prepared by the DSS indicates corrective action was taken, our review of the schedule noted the above errors. It appears several of these errors were caused by inconsistent use of data sources. The sources used to calculate expenditure amounts for some programs varied from quarter to quarter and the preparer did not always use the most current copies of grant program financial reports. The errors noted above were corrected when we brought them to the attention of DSS management.

Section .310(b) of OMB Circular A-133 requires the DSS to prepare a schedule of expenditures of federal awards showing the financial activity for each federal program.

The DSS needs to establish effective procedures to ensure the schedule is complete and accurate. To be effective, the procedures should include a detailed supervisory review.

**WE RECOMMEND** the DSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-7**

### **Eligibility - Improper Benefit Payments**

Federal Agency:	Department of Agriculture Department of Health and Human Services	
Federal Program:	10.551 Food Stamps	<u>Questioned Costs</u> \$ 28,817
	93.558 Temporary Assistance for Needy Families	4,290
State Agency:	Department of Social Services - Division of Family Services (DFS)	

On August 3, 2001, the Missouri State Auditor's Office issued audit report No. 2001-58, ***Department of Social Services Electronic Benefit Security Card and Electronic Benefit Transfer Benefit Delivery System***. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at [www.auditor.state.mo.us](http://www.auditor.state.mo.us).)

The audit noted several instances where Food Stamps and Temporary Assistance benefits were provided to ineligible recipients. The audit matched September 2000 Food Stamp and Temporary Assistance recipients to state death records through January 2001. The audit reviewed the benefit records of deceased recipients in detail and identified benefits received and used subsequent to the recipient's death. In total, 300 of the 418 (72 percent) deceased recipients in the test had received \$31,130 in food stamp benefits following the death of the recipient and at least \$2,117 had been used. According to division personnel, it is reasonable to take up to two months to terminate benefits for a deceased recipient. However, the audit noted it took the DFS an average of six months to terminate benefits.

In addition, the audit matched September 2000 recipients to incarceration records of state correctional facilities during October 2000. The audit reviewed the benefit records of the 114 prisoners identified by this match for possible receipt of improper benefits. State and federal laws and division policy prohibit prisoners from receiving food stamp or temporary assistance payments. Improper food stamp benefits totaling at least \$13,100 were used while the recipients were incarcerated. The benefits were either used by the prisoner who was on daytime community release or escape status, or by an individual



who was in possession of the prisoner's electronic benefits transfer card and personal identification number.

The audit also determined that parents of children in state custody were allowed to collect Food Stamp and Temporary Assistance benefits for an average of 8 and 12.5 months, respectively, after the child was placed in state custody. Federal regulations and division policy allow benefits to be extended for only 60 days after the child is placed in the state's custody. Audit tests estimated that \$7,150 in improper Temporary Assistance benefits, and \$13,600 in improper Food Stamp benefits were paid to parents after their children were placed in state custody. The federal share of the Temporary Assistance benefits is \$4,290 (60 percent) and the Food Stamp benefits is \$13,600 (100 percent). Estimated amounts of improper payments were determined by multiplying the number of months each child was in state custody by the average monthly Food Stamp and/or Temporary Assistance benefit for Missouri recipients, as determined by the Department of Agriculture and/or reported in the DFS Annual Data Report for Federal Fiscal Year 2000.

As a result of the conditions noted above, we question the federal share of Food Stamp benefits (\$28,817) and Temporary Assistance benefits (\$4,290).

**WE RECOMMEND** the DFS resolve the questioned costs with the grantor agencies. In addition, the DFS should investigate the various cases noted above and establish recoupment claims where appropriate. The DFS should also implement policy and procedure changes to ensure that improper payments do not occur. Where necessary, the DFS should reinforce to staff the importance of compliance with existing policies and procedures.

### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-8**

#### **Eligibility – Unreported Lottery Winnings**

Federal Agency:	Department of Agriculture Department of Health and Human Services
Federal Program:	10.551 Food Stamps 93.558 Temporary Assistance for Needy Families
State Agency:	Department of Social Services – Division of Family Services (DFS)

The DFS determines eligibility for Food Stamp benefits and Temporary Assistance benefits based on family income and asset guidelines established under various state and federal rules and policies. Under those rules, recipients who receive lump sum income, such as lottery winnings, must report the income within ten days of its receipt. While the

DFS policies require the recipient to report the lump sum income, the policies also exclude such income from being counted in determining continuing eligibility for benefits. As a result, when a recipient wins a lottery prize, the money won counts only as an asset and would not necessarily disqualify the recipient from continuing assistance benefits. Further, if the recipient has already spent the lottery winnings, it would not count as an asset because it is no longer available.

To help ensure recipients report lottery winnings, the DFS obtains monthly lottery win information from the Missouri Lottery Commission and performs a match with Temporary Assistance and Food Stamp recipients. The DFS policies require the caseworker to perform a redetermination of the recipient's eligibility counting the unspent lottery winnings as an asset.

To test the effectiveness of these procedures, we performed a match of Temporary Assistance and Food Stamp recipients for June 2001 with individuals who received lottery winnings greater than \$5,000 between July 1999 and June 2001. We identified 13 cases where the recipient received either Temporary Assistance and/or Food Stamps during the same month of their lottery win. Two of the 13 clients properly reported their win to the DFS. The results of our review of the remaining 11 case files are summarized below:

Case Number	Net lottery winnings	June 2001 benefits	Did DFS perform a redetermination?
1	\$ 5,290	\$ 341 - FS 234 - TA	No
2	6,800	104 - FS	No
3	6,800	130 - FS	No
4	18,890	226 - FS	No
5	5,290	213 - FS	No
6	6,290	472 - FS	No
7	6,801	186 - FS 292 - TA	No
8	5,702	339 - FS	No
9	6,800	169 - FS	Yes
10	16,320	130 - FS	Yes
11	6,801	246 - FS	Yes

FS – Food Stamps  
TA – Temporary Assistance

Even though the DFS has procedures to perform computer matches on lottery winners, the DFS did not perform a redetermination of eligibility for 8 of the 11 (73 percent) recipients who had lottery winnings of as much as \$18,890. The DFS should perform a redetermination of eligibility on these eight recipients. In addition, the DFS should

ensure that caseworkers perform redeterminations of eligibility on all recipients identified in the match of lottery winners.

**WE RECOMMEND** the DFS perform a redetermination of eligibility on the eight recipients noted above. In addition, the DFS should ensure that caseworkers perform redeterminations of eligibility on all recipients identified in the match of lottery winners.

### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-9**

### **Cash Management - Interest Calculation Errors**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.568 Low-Income Home Energy Assistance  
State Agency: Department of Social Services – Division of Budget and Finance (DBF)

The DBF has not established procedures to ensure interest earned on federal grants is calculated correctly. The federal Cash Management Improvement Act requires each state to enter into an agreement with the federal Department of the Treasury covering the rules and procedures for the transfer of federal funds to the state for specific federal programs covered in the agreement. The state will owe interest to the federal government or the federal government will owe interest to the state based on the drawdown and expenditure clearing patterns for these monies.

For fiscal year 2001, the Low-Income Home Energy Assistance Program was covered by the cash management agreement. The DBF did not calculate interest earned on some monies received. As a result, the interest amount reported in the annual report to the federal Department of the Treasury was understated by \$9,386. The DBF should implement procedures, including a supervisory review, to ensure the interest calculations are accurate.

**WE RECOMMEND** the DBF implement procedures, including a supervisory review, to ensure interest calculations are accurate.

### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-10**

**Sponsored Alien Reimbursement Claims**

Federal Agency:	Department of Agriculture Department of Health and Human Services	<u>Questioned Costs</u>
Federal Program:	10.551 Food Stamps	\$ 3,364
	93.558 Temporary Assistance for Needy Families	3,510
State Agency:	Department of Social Services – Division of Family Services (DFS)	

The DFS has not established policies and procedures to pursue reimbursement of public assistance benefits paid to sponsored aliens. Under federal law, a United States resident can sponsor a person from another country to arrange for that foreign person to migrate to the United States. To sponsor an alien person, the sponsor must sign an affidavit stating the sponsor agrees to provide financial support to maintain the sponsored alien at an annual income that is not less than 125 percent of the federal poverty level.

During our testing of Temporary Assistance case files, we noted the DFS provided a sponsored alien \$5,850 in Temporary Assistance benefits and \$3,364 in Food Stamp benefits over a period of nearly 24 months. Chapter 2, Section 213A of the Immigration and Nationality Act indicates that when public assistance benefits are provided to sponsored aliens, the government entity providing the benefits is to request full reimbursement of the benefits from the sponsor. In addition, the Immigration and Nationality Act provides for the government entity to compel the sponsor to provide reimbursement.

Although the DFS became aware of this alien's sponsor in April 2001, the DFS has not properly identified the sponsor or requested reimbursement of the benefits. Based on discussions with DFS personnel, they were not aware of the reimbursement provisions in the Immigration and Nationality Act until we brought those provisions to their attention, and as a result, the DFS does not have policies and procedures to identify sponsors and pursue reimbursements.

We question the federal share of \$3,364 for Food Stamps (100 percent) and \$3,510 for Temporary Assistance (60 percent).

**WE RECOMMEND** the DFS resolve the questioned costs with the grantor agencies and pursue reimbursement from the sponsor. In addition, the DFS should establish policies and procedures to ensure identification of sponsors and reimbursement of benefits.

**AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

Federal Agency: Department of Agriculture  
Department of Health and Human Services  
Federal Program: 10.551 Food Stamps  
10.561 State Administrative Matching Grants for Food  
Stamp Program  
93.558 Temporary Assistance for Needy Families  
State Agency: Department of Social Services – Division of  
Family Services (DFS)

The DFS did not require its electronic benefits transfer (EBT) service provider to fully comply with audit requirements imposed by the U.S. Department of Agriculture, Food and Nutrition Service. The DFS uses an electronic benefits transfer (EBT) security card system for delivery of Food Stamp and Temporary Assistance benefits. DFS clients must use their EBT card at an automated teller machine or retailer point-of-sale terminal to make withdrawals and/or purchases. Effective March 30, 2000, federal regulation 7 CFR Part 274.12(j)(5)(i) requires annual audits of Food Stamp EBT service providers and indicates the annual audit must cover the entire period since the previous audit.

During the year ending June 30, 2001, the DFS paid a service organization \$2,829,557 to process Food Stamp and Temporary Assistance electronic benefit transactions totaling approximately \$384,737,694 and \$148,863,632, respectively. The service organization subcontracted the processing work to another service organization. The subcontractor's controls and procedures for providing the processing services were not audited for the six months ending November 2000, but were audited for prior and subsequent periods. DFS personnel confirmed they did not inform the service provider and subcontractor that the federal regulation had changed to require audits covering all periods of service, because they were unaware of the change until we brought it to their attention.

**WE RECOMMEND** the DFS ensure service providers obtain annual audits that cover the entire period since the previous audit.

#### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-12**

**Management of Outstanding Felony Warrants**

Federal Agency: Department of Agriculture  
Department of Health and Human Services  
Federal Program: 10.551 Food Stamps  
93.558 Temporary Assistance for Needy Families  
State Agency: Department of Social Services - Division of  
Family Services (DFS)

On August 16, 2001, the Missouri State Auditor's Office issued audit report No. 2001-63, ***Management of Outstanding Felony Warrants***. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at [www.auditor.state.mo.us](http://www.auditor.state.mo.us).)

The audit matched the Missouri Highway Patrol's database of outstanding warrants to the DFS database of benefit recipients. The audit reported 802 individuals with outstanding felony warrants were collecting Food Stamp and/or Temporary Assistance benefits. Federal regulations 7 CFR, Section 2015, and 42 CFR, Section 608, prohibit payments of Food Stamp benefits and Temporary Assistance benefits, respectively, to individuals with outstanding felony warrants. The audit determined 605 individuals collected an estimated \$192,712 in improper Food Stamp benefits and 197 individuals collected an estimated \$479,928 in improper Temporary Assistance benefits. The federal share of the Temporary Assistance benefits is \$287,956 (60 percent) and the Food Stamp benefits is \$192,712 (100 percent).

**WE RECOMMEND** the DFS coordinate with the Missouri Highway Patrol to develop a system to routinely match benefit payments on federal programs to felony warrants data and use the results to stop payments to ineligible individuals. In addition, the DFS should establish recoupment claims where appropriate.

**AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-13****Eligibility - Out of State Recipients**

Federal Agency:	Department of Health and Human Services	
		<u>Questioned Cost</u>
Federal Program:	93.767 State Children's Insurance Program (SCHIP)	\$ 87
	93.778 Medical Assistance Program	67,861
State Agency:	Department of Social Services - Division of Family Services (DFS)	
	Division of Medical Services (DMS)	

Inadequate procedures for changing the eligibility and benefit status for Medicaid and SCHIP recipients that move out of the state have resulted in unnecessary managed care payments of at least \$111,312 (federal share \$67,948). During July 2001, there were 1,987 recipients eligible for Medicaid or SCHIP that had out-of-state addresses in the department's computer systems. The income maintenance unit and the children's services unit of the DFS determine eligibility. The following table shows the results by program and the unit responsible for eligibility determination:

Program and Unit	Recipients Out of State	Recipients in Managed Care	Recipients Reviewed	Recipients with Managed Care Payments	Total Managed Care Payments <sup>1</sup>
<u>Medicaid</u>					
Children's services unit	1,047	246	139	38	\$ 94,957
Income maintenance unit	819	297	36	23	16,236
Total Medicaid	<u>1,866</u>	<u>543</u>	<u>175</u>	<u>61</u>	<u>111,193<sup>2</sup></u>
<u>SCHIP</u>					
Income maintenance unit	<u>121</u>	<u>67</u>	<u>4</u>	<u>1</u>	<u>119<sup>3</sup></u>
Grand Total	<u>1,987</u>	<u>610</u>	<u>179</u>	<u>62</u>	<u>\$ 111,312</u>

<sup>1</sup> Payments from November 1998 to October 2001 - only three years of data is readily available in the department's computer system.

<sup>2</sup> Federal share \$67,861.

<sup>3</sup> Federal share \$87.

When recipients handled by the children's services unit move out of state, federal law requires that they must continue to be covered by Missouri until state officials are notified that Medicaid benefits have been started in the new state. However, Missouri should change the coverage from managed care to fee-for-service when the recipient moves out of state. We noted 38 of 139 (27 percent) recipients reviewed for which managed care payments, totaling at least \$94,957, continued after the recipient moved out

of the state. Beginning in April 2001, the unit implemented a computer system change that automatically changes a recipient from managed care coverage to fee-for-service coverage when the caseworker enters the location code for an out of state address. For 3 of the 38 recipients for which we noted errors, the location code was not correctly changed by the caseworker. The unit also did not make the system changes retroactive, so recipients that moved prior to April 2001 were not changed to fee-for-service. For 35 of the 38 recipients for which we noted errors, the recipient had moved prior to April 2001. In addition, 8 of these recipients moved prior to the managed care benefit option being available in the state, yet they were automatically placed in managed care coverage when the option became available in the region handling their case.

When recipients handled by the income maintenance unit leave the state, their cases should be closed, unless the recipient indicates the intent to remain a Missouri resident (temporarily leaves the state). To avoid unnecessary managed care payments, recipients that leave the state permanently should be removed from Medicaid or SCHIP eligibility in a timely manner. We noted 24 of 40 (60 percent) Medicaid or SCHIP recipients reviewed for which managed care payments, totaling at least \$16,355, continued after they moved out of the state. Nineteen of these cases were closed after we questioned DFS officials about the eligibility of these recipients. The other 5 cases were closed at the time of our review, but had not been closed timely. The income maintenance unit should also implement a change to the computer system to ensure recipients permanently moving out of state have their managed care payments stopped timely.

**WE RECOMMEND** the DSS resolve the questioned costs with the grantor agency. In addition, the DSS should improve procedures to ensure recipients that move out of the state are timely removed from eligibility or the managed care program. The DSS should review the eligibility status for all other managed care program recipients with out of state addresses and recoup improper managed care payments.

### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-14**

#### **Eligibility - Recipient Social Security Numbers**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 State Children's Insurance Program (SCHIP)
	93.778 Medical Assistance Program
State Agency:	Department of Social Services - Division of
	Family Services (DFS)
	Division of Youth Services (DYS)

During July 2001, there were nearly 57,000 recipients (7 percent of the total 838,000 recipients) that were eligible for Medicaid or SCHIP benefits without social security



numbers or with invalid numbers on the state's computer systems. Nearly 25,000 of these recipients had been eligible for benefits for more than a year. The following table shows the results by program and the division or unit responsible for eligibility determination:

Program and Division or Unit	Recipients without Social Security Numbers	Recipients Eligible for More Than a Year	Recipients with Invalid Social Security Numbers	Recipients Eligible for More Than a Year
<u>Medicaid</u>				
Income maintenance unit	50,299	20,321	71	29
Children's services unit	1,885	1,296	8	6
Division of Youth Services	<u>80</u>	<u>26</u>	<u>0</u>	<u>0</u>
Total Medicaid	<u>52,264</u>	<u>21,643</u>	<u>79</u>	<u>35</u>
<u>SCHIP</u>				
Income maintenance unit	<u>4,617</u>	<u>3,116</u>	<u>15</u>	<u>7</u>
Grand Total	<u>56,881</u>	<u>24,759</u>	<u>94</u>	<u>42</u>

Recipients must apply for Medicaid or SCHIP benefits. During the application process, federal regulation 42 CFR 435.910 requires caseworkers to obtain social security numbers for each person included in the case and validate those numbers with the Social Security Administration. If the applicant cannot provide documentation of the social security number of all case members, the law requires the caseworker to open the case and obtain the social security number documentation at the next redetermination. In addition, federal regulation 42 CFR 435.916 and state regulation 13 CSR 40-2.020 require a redetermination at least every 12 months. If the documentation is not provided at redetermination, the client's eligibility is to end. The department is not in full compliance with these requirements.

In 5 of 10 case files reviewed for recipients eligible for more than one year with no social security number, we located documentation that a social security number was obtained for the recipient; however, the number had not been entered into the state's computer system. In addition, the children's services unit and the Division of Youth Services do not require caseworkers to obtain a social security number for recipients, including those receiving Medicaid benefits.

The DSS should improve its procedures to ensure social security numbers are obtained for all recipients, validated with the Social Security Administration, and entered into the state's computer systems. Computer matches performed by the department with other database records cannot be effective if recipient social security numbers are not consistently entered into the state's computer systems.

**WE RECOMMEND** the DSS improve procedures to ensure social security numbers are received from all Medicaid and SCHIP eligible recipients, validated with the Social Security Administration, and entered into the state's computer systems.

## **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-15**

### **Eligibility - Redeterminations**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.767 State Children's Insurance Program (SCHIP)  
93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Family Services (DFS)  
Division of Medical Services (DMS)

The DFS does not perform Medicaid and SCHIP eligibility redeterminations on a timely basis. Federal regulation 42 CFR 435.916 and state regulation 13 CSR 40-2.020 require a redetermination of eligibility at least every 12 months. During fiscal year 2001, more than 800,000 recipients participated in these programs.

We selected a sample of 170 Medicaid recipients and 15 SCHIP recipients and reviewed the case files to determine if the DFS performed redeterminations in accordance with state and federal law. For 13 of the 185 recipients (7 percent) tested, annual eligibility redeterminations were not performed within the required frequency during the 2 year period tested. For twenty-five of the 185 recipients (13 percent) an eligibility redetermination was not performed at all during the entire test period. Changes in a recipient's eligibility status (marriage, death, increased income, etc.) could result in a recipient being ineligible for benefits. Without timely redetermination of recipient eligibility, there is increased risk these programs are paying medical costs for ineligible individuals.

**WE RECOMMEND** the DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

## **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-16**

**Spenddown Program**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Family Services (DFS)  
Division of Medical Services (DMS)  
Questioned Costs: \$2,283

The state is incurring unnecessary Medicaid costs because spenddown program policies are not in compliance with federal requirements. Spenddown is a status given to a recipient whose income is too high to qualify for normal Medicaid benefits but can qualify after incurring a determined amount of medical costs during a three-month period. A DFS caseworker calculates a quarterly spenddown amount the recipient must incur before Medicaid coverage takes effect. The quarterly spenddown amount for a recipient may be only a few dollars up to several thousand dollars depending on the recipient's income. As of October 31, 2001, there were 24,911 recipients in the spenddown program. During the year ended June 30, 2001, the Medicaid program paid medical costs of approximately \$893 million for spenddown recipients.

To determine if spenddown recipients were meeting their incurred cost obligation prior to becoming Medicaid eligible, we tested five spenddown recipients. For these five recipients, we reviewed the claims for the last 6 quarters (30 quarters tested) and determined in 10 of the 30 quarters, the claim that would have put the recipient over his/her spenddown amount was paid by the Medicaid program, causing the program to pay for some or all of the spenddown obligation of the recipients. Costs paid by the Medicaid program, which were the responsibility of the spenddown recipient, totaled \$3,741. We question the federal share of this amount, \$2,283. The state's practice of allowing the Medicaid program to pay for any expenses incurred to meet spenddown obligations is not in compliance with federal regulations. The average costs paid by the state which the recipient was responsible for averaged \$748 for the 5 cases tested. Based on this average, the state could have incurred at least \$18 million in unnecessary costs during the 18 month period reviewed.

Federal regulation 42 CFR 435.121 (f)(iii), indicates expenses incurred by a recipient for the spenddown are not subject to payment by a third party. Officials of the Department of Health and Human Service - Centers for Medicare and Medicaid Services stated this provision means the Medicaid program should not pay for any expenses incurred by recipients to meet their spenddown obligation.

**WE RECOMMEND** the DMS resolve the questioned costs with the grantor agency. In addition, the DFS should establish policies and procedures to ensure Medicaid does not pay for any portion of a recipient's spenddown obligation.

### **AUDITEE'S RESPONSE**

*We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.*

**2001-17**

#### **ADP Risk Analysis and Security Review**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Medical Services (DMS)

The DMS failed to perform an automated data processing (ADP) analysis and system security review in accordance with federal regulation 45 CFR 95.621 during fiscal years 2001 and 2000. According to the federal regulation, the DMS must conduct a periodic risk analysis to ensure appropriate cost effective safeguards are incorporated into new and existing systems. The DMS must also review the system security on a biennial basis. These reviews must include an evaluation of physical and data security operating procedures, and personnel practices.

The state's contract with the service provider requires the service provider to have a security officer who is to develop and implement a security program including periodic risk analyses. A risk analysis and system security review was started in fiscal year 2000; however, it was not completed because the service provider's security officer resigned in November 2000 and the position was not filled until June 2001.

**WE RECOMMEND** the DMS perform a periodic risk analysis and system review in accordance with federal requirements.

### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-18**

**Claims Processing Service Provider System Reviews**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Medical Services (DMS)

The DMS did not perform system reviews as outlined in the claims processing contract. The contract with the service provider sets forth the requirements and responsibilities of the DMS and the service provider. The contract indicates the DMS staff will review at least once per year compliance with the contract terms relating to claims control and identification, timeliness of processing, prior authorization control and entry, and third party liability verification. However, the DMS failed to perform these reviews in fiscal year 2001. Division officials decided to implement new procedures to satisfy the review requirements for fiscal year 2001, but the new procedures were not finalized and thus the reviews did not take place.

**WE RECOMMEND** the DMS perform system reviews in accordance with the claims processing contract.

**AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-19**

**School District Administrative Claiming Program**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Medical Services (DMS)

Sufficient controls are not in place to ensure claims submitted for the School District Administrative Claiming program are accurate. The DMS hired a contractor to administer the program and primarily relies on the contractor to ensure billings to the state are accurate.

The program reimburses participating school districts for performing Medicaid administrative services. Reimbursements to school districts are based on calculations using staff expenses, the Medicaid federal financial participation rate, the percentage of time staff spent performing claimable administrative activities, and the percentage of Medicaid eligible children in the school districts. Services are provided by skilled medical personnel (speech pathologists, physical therapists, occupational therapists, etc.)

or non-skilled personnel. The program reimburses 75 percent for skilled personnel and 50 percent for non-skilled personnel. The school districts are required to maintain documentation to support invoiced amounts, but do not have to submit that documentation with the invoice. Expenditures for the program were more than \$7.4 million in fiscal year 2001, which was 60 percent higher than the prior year.

The DMS requires the contractor to:

- Develop and conduct periodic random moment time studies of a sample of all school personnel participating in the program.
- Obtain the percentage of Medicaid eligible students for each school district from the Department of Elementary and Secondary Education.
- Obtain cost pool data on staff salaries and related expenses from each school district.
- Prepare the billings for the school districts to submit to the Medicaid program.

The DMS does not adequately monitor the work performed by the contractor. The DMS did not:

- Determine if amounts billed at the 75 percent rate were performed by skilled personnel and met the program criteria. The contractor's computer software has an edit to ensure the 75 percent federal match is only claimed for services meeting the criteria; however, the DMS has not performed any procedures to ensure the edit is working properly.
- Sufficiently review the cost pool information submitted by the participating school districts. The cost pool and sample data submitted by the contractor prior to the beginning of a quarter is not always reviewed for reasonableness prior to the school billings being submitted and paid. Through observation or survey, DMS employees review 5 percent of the sample population.
- Test the accuracy of the percentage of Medicaid eligible students for the school districts.
- Review supporting documentation maintained by the school districts or the reviews performed by the contractor.
- Evaluate the contractor's procedures for performing the time studies. Although the time study methodology was approved by the Department of Health and Human Services - Centers for Medicare and Medicaid Services, DMS officials have not reviewed the procedures for selecting the sample to determine if the sample selection process is adequate.

Based on discussions with the DMS staff, the state primarily relies on the contractor to have effective controls in place to ensure program billings are accurate.

**WE RECOMMEND** the DMS strengthen procedures to evaluate the controls in place by the contractor to ensure program billings are accurate.

### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-20**

#### **Review of Hospital Final Settlements**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Medical Services (DMS)

The DMS is not completing hospital final settlements in a timely manner. The DMS has finished all hospital final settlements for fiscal year 1992, which resulted in a net recoupment of \$4 million. However, the DMS has not finished the final settlement determinations for years subsequent to 1992. As of September 2001, the DMS was working on final settlements for fiscal years ending in 1993, 1994, and 1995, and had completed more than 80 percent of the final settlements for these three years.

The DMS is required to determine if the Medicaid payments to hospitals are in accordance with state regulations and the state Medicaid plan. State regulation 13 CSR 70-15.010 requires hospitals to submit annual cost reports within five months after their year end. The DMS performs a desk review on the hospital's cost report to ensure the expenses are properly classified. Hospitals also send cost reports to the federal Medicare fiscal intermediary to perform an audit. When the federal fiscal intermediary has completed the audit, the results are sent to the DMS to allow the final settlement process to begin. The federal Medicare fiscal intermediary has completed audits of all cost reports for hospitals for fiscal years through 1998. Therefore, the DMS has the information necessary to complete final settlements for all hospitals through 1998.

State regulation 13 CSR 70-15.040 requires the DMS to review the audited Medicare cost report for each hospital. This audited cost report is used to perform the final settlement for inpatient and outpatient hospital services. For inpatient services, final settlements are performed to ensure Medicaid payments do not exceed the allowable inpatient Medicaid charges. If payments exceed the charges, the DMS recoups the excess payments. For outpatient services, final settlements determine if there has been an overpayment or underpayment. Overpayments are recouped and underpayments are paid to the hospital.

The DMS should consider ways to ensure hospital final settlement are completed in a timely manner. If staffing shortages are causing the delay in the final settlement process, the DMS could change the order in which the cost reports are reviewed. For example, instead of reviewing the cost reports in no particular order, the DMS could review them based upon the recoupment or payout for the previous period. With this method, the facilities more likely to have a large recoupment or payout could be completed first.

**WE RECOMMEND** the DMS consider ways to speed up hospital final settlement determinations.

### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-21**

#### **Lock-In Program**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of Medical Services (DMS)

The DMS is not evaluating enough recipients for potential inclusion in the lock-in program. The lock-in program is used by the DMS to restrict a recipient to a single primary physician or single pharmacy if the recipient overutilizes Medicaid services. For program abuse that is less severe, the DMS may send a warning letter and place the recipient on watch status to evaluate for the lock-in program in the future. Warning letters are also sent if a recipient is considered to be making unnecessary trips to emergency rooms. The DMS reviews quarterly reports of potential program abusers that meet established criteria for lock-in status. As of June 30, 2001, there were 2,229 recipients in lock-in status.

To evaluate the program, we reviewed the results of the most recent quarterly review completed by the DMS. Of the 996 potential cases on the quarterly report, the DMS selected 115 cases for evaluation and determined 34 of these recipients should have a detailed review. Of the 34 cases reviewed, the DMS determined 24 should be placed in lock-in status. The following concerns were noted:

- Review of the Medicaid computer system indicated four of the twenty-four recipients to be placed in lock-in were not done so until our review noted the problem. A misunderstanding between DMS staff over who was to place these recipients in lock-in lead to these errors.



- Since only a small portion of the recipients were evaluated for potential lock-in, we reviewed 190 more recipients from the report. Ninety of the 190 recipients (47 percent) met the division's criteria for a lock-in status review or to be placed on watch status. With the assistance of the DMS medical staff, we evaluated 25 of the 90 recipients for possible lock-in and noted the following:
  - Five of the 25 recipients met the criteria to be locked into one pharmacy and/or one physician.
  - Four of the 25 recipients were abusing the use of emergency room facilities and could be sent a warning letter and placed on watch status.
  - Five of the 25 recipients met the criteria for both assignment to lock-in and a warning letter for abusing the use of emergency room facilities

The results indicate many recipients listed on the quarterly exception report meet the lock-in review criteria but are not being reviewed for possible lock-in or watch status. As a result, the overuse and abuse of Medicaid services by these recipients is allowed to continue for an indefinite time. The DMS should review additional recipients for possible lock-in or watch status.

**WE RECOMMEND** the DMS expand its reviews of cases for the lock-in program and improve procedures to ensure all recipients determined to be placed in the lock-in program are placed in the program.

#### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-22**

#### **Medicaid Eligibility Quality Control**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.778 Medical Assistance Program
State Agency:	Department of Social Services - Division of Family Services (DFS)

The DFS has not completed Medicaid eligibility quality control pilot projects that cover a broad enough recipient population to meaningfully reduce the state's Medicaid error rate. Missouri obtained a waiver from the federal grantor beginning with fiscal year 1999 that allowed the state to suspend the normal testing for five years. Pilot projects replaced the normal testing and are intended to reduce the state's Medicaid error rate. Since the waiver was granted in 1999, the DFS has started only five pilot projects. The following table lists the projects, estimated Medicaid population covered by the project, and project status:

Project Title	Start Date	Current Status	Estimated Population Covered
Transitional medical assistance	September 1999	Not Completed <sup>1</sup>	Less than 1%
Case closing	January 2000	Not Completed <sup>1</sup>	Less than 1%
Family Medicaid denials	April 2000	Not Completed <sup>1</sup>	Less than 1%
Spenddown	January 2001	Completed	3%
Supplemental Aid to the Blind	September 2001	In Progress <sup>2</sup>	Less than 1%

<sup>1</sup> Projects were stopped due to sampling concerns and will not be completed. DFS officials indicated the results of these projects were not submitted to the federal agency, but the results were used in some staff training.

<sup>2</sup> At December 2001

Although the DFS is conducting pilot projects in compliance with federal requirements, the one completed and the one in progress do not cover a broad base of the recipient population. In addition, the projects have focused primarily on untimely establishment of benefits or errors in the denial of eligibility rather than also covering whether the recipient's eligibility was appropriately determined and the person remained eligible through appropriate redeterminations. Without additional projects to cover a broader Medicaid population which also address the appropriateness of eligibility determinations made and person's continued eligibility, the DFS will not have enough information to meaningfully reduce the Medicaid error rate. As a result, the DFS is not meeting the intent of the federal waiver.

**WE RECOMMEND** the DFS perform additional pilot projects covering a broader Medicaid recipient population which also evaluate whether the recipient's eligibility was appropriately determined and whether the person remained eligible through appropriate redeterminations.

### **AUDITEE'S RESPONSE**

*We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.*

**2001-23****340B Program**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.778 Medical Assistance Program  
State Agency: Department of Social Services - Division of  
Medical Services (DMS)

A review of compliance issues regarding a federal government prescription drug discount program available to applicable covered entities (340B program) is being performed as part of a performance audit covering state prescription drug cost containment. That report will be issued in spring 2002. The results of this review will be in that audit report.

**2001-24****Allowable Costs**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.563 Child Support Enforcement  
State Agency: Department of Social Services - Division of  
Child Support Enforcement (DCSE)  
Questioned Costs: \$44,336

We identified expenditures totaling \$67,176 (federal share \$44,336) that were either unallowable or unnecessary.

Tuition expenses of \$54,049 and \$180 to replace a lost child support check were claimed for reimbursement, but are not allowable. Federal regulations specifically prohibit reimbursement for education costs, except for short term training provided to child support agency staff.

We identified unnecessary costs of \$4,575 for lodging expenses for Jefferson City Central Office employees attending two training seminars at the Lake of the Ozarks. These lodging expenses violate Rule 15 of the state travel regulations which states, "while traveling on state business, employees and officials will not be allowed hotel expenses when it would be more economical and advantageous to the state to return to their residence". Mileage reimbursement for a 100 mile round trip daily to the seminar would have cost approximately 50 percent of the daily lodging costs for each employee. Federal regulations do not allow reimbursement for expenditures that are prohibited under state laws, rules, and regulations.

Other unnecessary costs include \$1,434 for food provided to employees for various luncheon meetings, \$5,738 for plaques, clocks, watches and other gifts for employee tenure awards, and \$1,200 for attorney fees where the judgment stated the division unjustly denied a timely hearing request made by a client. Federal regulations require expenditures to be allowable and necessary to administer the child support program.

**WE RECOMMEND** the DCSE resolve the questioned costs with the grantor agency. In addition, the DCSE should establish procedures to ensure costs charged to the grant are allowable and necessary to administer the child support program.

### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

**2001-25**

#### **Approval of Allowable Costs**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.563 Child Support Enforcement  
State Agency: Department of Social Services - Division of  
Child Support Enforcement (DCSE)  
Questioned Costs: \$2,566

Unallowable costs are being claimed for federal reimbursement because of control weaknesses in identifying and accumulating costs allowable for reimbursement. The DCSE approves invoices and sends warrant requests to the Division of Budget and Finance (DBF) for payment, where the expenditures are recorded on the statewide accounting system (SAM II). The DBF prepares the quarterly claim for federal reimbursement based on reporting category codes of expenditures recorded on SAM II.

We noted the DCSE failed to identify and properly code unallowable guardian ad litem costs, resulting in those costs being claimed for reimbursement. We also noted the DBF incorrectly claimed reimbursement for unallowable guardian ad litem costs that had been correctly coded by the DCSE. Guardian ad litem costs totaling \$3,888 (federal share \$2,566) were either incorrectly coded as allowable by DCSE or incorrectly claimed for reimbursement by the DBF.

DCSE is responsible for approving invoices for payment and determining allowability of costs by ensuring that proper reporting category codes are assigned to expenditures and that unallowable costs are not accumulated and claimed for reimbursement.

**WE RECOMMEND** the DCSE resolve the questioned costs with the grantor agency. In addition, establish procedures to ensure costs are coded to the proper reporting category and work with the DBF to ensure that unallowable expenditures are not claimed for reimbursement.

**AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

**2001-26**

**Compliance**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.563 Child Support Enforcement  
State Agency: Department of Social Services - Division of  
Child Support Enforcement (DCSE)

The objectives of the Child Support Enforcement program are to: enforce support obligations owed by non-custodial parents, locate absent parents, and establish paternity and orders for child support. Federal regulations establish standards for program operations that the DCSE must meet in providing support enforcement services.

To test the effectiveness of procedures in meeting program standards for case management, we reviewed the division's enforcement efforts in five areas of support enforcement services. Division officials provided computer-generated lists of case populations for each enforcement area reviewed. We tested items requiring enforcement services during the period July 1, 2000 through September 30, 2001.

- A. Federal regulations require DCSE to establish paternity or attempt to establish paternity within 90 calendar days of locating the alleged father (45 CFR Section 303.5). We randomly selected cases to review for paternity services from a population of 48,673 cases in the paternity function. Test results disclose that for 29 of 85 cases reviewed, DCSE failed to take any action to establish paternity and on 10 cases failed to take action within the required time frames, resulting in a compliance rate of 54 percent for cases tested.
- B. Federal regulations require DCSE to establish an order of support or serve process to establish an order of support within 90 calendar days of locating the non-custodial parent (45CFR Section 303.4). We randomly selected cases to review for establishment services from a population of 57,289 cases in the establishment function. Test results disclose that for 17 of 42 establishment cases reviewed, DCSE failed to take the required actions to establish an order of support within the established timeframe, resulting in a compliance rate of 60 percent for cases tested.

- C. Federal regulations require DCSE to initiate income withholding or another appropriate enforcement action within no more than 30 calendar days of identifying a delinquency (45 CFR Section 303.6). We randomly selected cases to review for enforcement services from a population of 287,359 cases in the enforcement function. Test results disclose that for 13 of 55 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 76 percent for cases tested.
- D. Federal regulations require DCSE to petition for and secure, or pursue enforcement of medical support in the form of health insurance as part of support orders, and to inform the Medicaid agency and custodial parent, as applicable (45 CFR Section 303.31). We randomly selected cases to review for medical support services from a population of 203,341 cases requiring or having medical support orders. Test results disclose that for 28 of 101 cases reviewed, DCSE failed to take one or more of the following required actions: petition for an order of medical support when requested by the custodial parent, verify if employer-related insurance was available at a reasonable cost, enroll dependents when employer-related insurance was available, and provide insurance coverage information to the custodial parent and/or Medicaid agency after dependents were enrolled in health insurance plans. For cases tested, the compliance rate for providing medical support services is 72 percent.
- E. Federal regulations require DCSE, as the responding state, to take appropriate action on inquiries received from other states within ten working days, and as the initiating state, to refer cases requiring interstate services to other states within 20 calendar days of determining that the non-custodial parent is in another state (45 CFR Section 303.31). We selected cases where interstate activity was present on the other tests for support enforcement services. For 12 of 28 cases reviewed, DCSE failed to provide interstate services as required by federal regulation, resulting in a compliance rate of 57 percent for cases tested.

Federal regulations include program standards to ensure child support clients receive effective and timely enforcement services. When DCSE fails to meet program standards, some child support clients do not receive effective and timely services.

**WE RECOMMEND** the DCSE provide services within timeframes established by federal regulation.

#### **AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

Federal Agency: Department of Health and Human Services  
Federal Program: 93.563 Child Support Enforcement  
State Agency: Department of Social Services - Division of  
Child Support Enforcement (DCSE)

Child support monies in a State Treasurer's account are not being reconciled to DCSE accounting records. In addition, interest totaling \$994,383 has accumulated in the Family Support Trust Fund account since October 1999, and has not been disbursed as of October 31, 2001.

DCSE maintains records of collections, disbursements and open items (monies collected but not yet paid out), while the Division of Budget and Finance (DBF) controls the monies once they are deposited in the bank. Child support collections are deposited to the Family Support Trust Fund account, while some collections, such as federal tax refund intercepts, are deposited to a State Treasurer's account. When child support payments to custodial parents are due to be paid out, the DCSE notifies the DBF and they release the money.

DCSE accounting records materially agree to DBF's reconciled cash balance of the Family Support Trust Fund account at October 31, 2001. Although DCSE accounting records identify a book balance for the State Treasurer's account of \$6,416,306 at November 5, 2001, the DBF does not reconcile cash in the State Treasurer's account to the accounting records.

DCSE and DBF have a fiduciary responsibility to ensure that child support funds are adequately safeguarded and accounted for properly. Records of open items should be reconciled to the cash balances to ensure the records are in balance and that sufficient cash is available for the payment of all liabilities. State law 454.533.1, RSMo 2000, and federal regulation 45 CFR 304.50 require interest in the Family Support Trust Fund be disbursed to the state's general revenue fund with an adjustment to the quarterly report of expenditures for the federal share.

**WE RECOMMEND** the DCSE and DBF establish procedures to reconcile accounting records to cash in State Treasurer's account. In addition, we recommend the DBF remit accumulated interest to the state's general revenue fund and adjust the quarterly report of expenditures for the federal share.

#### **AUDITEE'S RESPONSE**

*We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

Federal Agency: Department of Health and Human Services  
Federal Program: 93.563 Child Support Enforcement  
State Agency: Department of Social Services - Division of  
Child Support Enforcement (DCSE)

The DCSE disbursed 7,505 duplicate payments on November 23, 2001, totaling approximately \$1,204,389 to families receiving child support. These same payments had already been made on November 21, 2001. The transactions consisted of checks mailed to families and electronic fund transfers deposited directly to the families' bank accounts.

The DCSE is responsible for collecting and disbursing child support monies for all custodial parents in the state and has contracted with an outside vendor to process the collections and disbursements. The vendor processes payments for cases being enforced by the division as well as cases not being enforced by the division; therefore, the overpayments went to both DCSE clients and non-clients. The vendor deposits payments received and DCSE notifies them when a disbursement should be made. A breakdown in procedures occurred which resulted in duplicate payments being made.

When the overpayment was discovered on Monday, November 26, 2001, division officials took immediate action to determine how the duplicate payment occurred to prevent a possible recurrence. According to DCSE records, on Friday, November 30, 2001, the division successfully reversed 92 percent of the amount paid out by electronic fund transfer and mailed letters to check recipients requesting them to return the duplicate payment. DCSE officials told us they decided not to issue stop payment orders on the checks.

Based on discussions with DCSE personnel and summary reports of recoveries, the amount of unrecovered monies totaled approximately \$485,152 at February 14, 2002, or 40 percent of the total overpayment. Because recovery efforts are ongoing, officials cannot accurately estimate how much of the overpayment they will recoup and any liability to the state due to this situation cannot yet be determined. The State Auditor's office will continue to monitor this situation.

In addition, the DCSE issued duplicate checks of about \$63,000 in December 2001 and January 2002, on the St. Louis City Circuit Clerk's bank account. Details regarding these duplicate payments are not yet available, and this matter is still being reviewed by the State Auditor's office.

**WE RECOMMEND** the DCSE implement procedures to ensure duplicate payments are not made.



**AUDITEE'S RESPONSE**

*We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

STATE OF MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2000, and the findings from the prior audits for the years ended June 30, 1999 and 1998, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 1999 is as follows:

Findings numbered 1, 2, 4C, 5B, 6B, 10, 11, 14, and 15 were corrected.

Findings numbered 3, 4A, 4B, 5A, 6A, 7A, 7B, 7C, 8, 9, 12, and 13 are included in the Summary Schedule of Prior Audit Findings.

The disposition of the findings from the year ended June 30, 1998 is as follows:

Findings numbered 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19B, 20, 21, 22, 23, 25, 26, 27B and 28 were corrected.

Findings numbered 5, 19A, 24, and 27A are included in the Summary Schedule of Prior Audit Findings.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-1**                      Cost Allocation Errors

**State Agency:**                Department of Social Services  
**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**        93.659 - Adoption Assistance

The department's Division of Budget and Finance (DBF) incorrectly allocated \$67,139 in administrative costs to the federal Adoption Assistance program. The DBF made correcting entries to the cost allocation for the fourth quarter to correct the previous errors after we informed them of the problem.

**Recommendation:**

The DBF ensure future cost allocations are correct.

**Status of Finding:**

*Corrective action has been implemented. The error in the spreadsheet application was corrected.*

**Contact Person:** Victoria Therien

**Phone number:** (573) 751-2170

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-2.A**      Schedule of Expenditures of Federal Awards

**State Agency:**      Department of Social Services  
**Federal Agency:**    Department of Health and Human Services  
**Federal Program:**    93.563 - Child Support Enforcement  
                              93.658 - Foster Care - Title IV-E  
                              93.667 - Social Services Block Grant

Amounts were incorrectly stated on the Schedule of Expenditures of Federal Awards (SEFA) for some programs.

**Recommendation:**

The DSS should ensure amounts are accurately reported on the SEFA.

**Status of Finding:**

*Corrective action has been implemented and completed.*

**Contact Person:** Victoria Therien

**Phone number:** (573) 751-2170

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

### **Finding 00-2.B**      Schedule of Expenditures of Federal Awards

**State Agency:**      Department of Social Services  
**Federal Agency:**    Department of Health and Human Services  
**Federal Program:**    93. – Combined  
**Questioned Costs:**   \$11,832,573

The SEFA prepared by the DSS did not report any amounts provided to subrecipients for the Social Services Block Grant or Family Preservation and Support Services programs. The DSS indicated they did not report these amounts as payments to subrecipients because these entities were vendors instead of subrecipients within the definition of OMB Circular A-133. However, we believed these entities were subrecipients. The DSS indicated another reason they classified the community partnerships as vendors is they were unable to determine the specific grant fund source for the funding provided the partnerships. The DSS stated its accounting system did not provide the needed information. To comply with OMB Circular A-133 Section 400 (d), the DSS should provide all possible required information to subrecipients. In addition, the above problems resulted in additional concerns, including failure of appropriate subrecipients to obtain required audits of the use of their federal funds in compliance with OMB Circular A-133. As a result, we questioned the federal funds provided to the local juvenile courts and the Caring Communities Program totaling an estimated \$11,832,573.

#### **Recommendation:**

The DSS resolve the questioned costs with the grantor agency. In addition, the DSS should treat the community partnerships and local juvenile courts as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain audits in compliance with OMB Circular A-133 when appropriate.

#### **Status of Finding:**

*DBF completely disagrees with the finding. DBF is having negotiations with the federal government to determine the vendor vs. subrecipient designation. Resolution is expected by the end of the calendar year.*

#### **Status of Questioned Costs:**

*The status of questioned costs will be addressed once the vendor vs. subrecipient designation is resolved.*

**Contact Person:** Ray Schneider, Dep. Director, DBF

**Phone number:** (573) 526-8758

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-3**                      Inadequate Monitoring of Immigrant Mutual Aid Association

**State Agency:**                      Department of Social Services - Division of Family Services

**Federal Agency:**                      Department of Health and Human Services

**Federal Program:**                      93.566 - Refugee & Entrant Assistance - State Administered Programs

**Questioned Costs:**                      \$36,000

The Lao Mutual Aid Association (Association) received reimbursements from the Division of Family Services (DFS) for expenditures incurred in accordance with a contract to provide refugee resettlement services to persons immigrating to Missouri from Laos. The Association was unable to provide supporting documentation for most of the expenditures claimed for reimbursement. The DFS contract with the Association did not cover the retention period for financial records. Although the DFS contract with the Association required an annual audit, such an audit was not obtained and the DFS had only limited assurance monies provided to the Association were used in accordance with the budget specified in the contract. As a result, we questioned the entire \$36,000 paid to the Association during the year ended June 30, 2000.

### **Recommendation:**

The DFS resolve the questioned costs with the Association and the grantor agency. In addition, DFS should require the Association to keep all financial records for at least three years and submit an annual audit as required by the contract.

### **Status of Finding:**

*The DFS is modifying grant award contracts to reflect a higher level of financial accountability by Refugee service vendors. The two suggestions noted above are among those changes.*

### **Status of Questioned Costs:**

*Insofar as resolution concerning questioned costs, the DFS is currently exploring this.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-4**                      Independent Living Program Payments

**State Agency:**                      Department of Social Services - Division of Family Services

**Federal Agency:**                      Department of Health and Human Services

**Federal Program:**                      93.674 - Independent Living

**Questioned Costs:**                      \$537

We identified six individuals out of forty tested (15 percent) that were not eligible to receive federal Independent Living Program payments because they were under sixteen years of age. These six individuals received \$725 in benefits during the year ended June 30, 2000, and we question the federal share of \$537 (74 percent).

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure the system edit prevents future errors and review for and correct similar errors in the remaining client records.

### **Status of Finding:**

*On August 23, 2000 data processing changes were made to prevent expenditure of these funds on behalf of youth under the age of 16.*

### **Status of Questioned Costs:**

*Through a fund recoupment process in the Children's Services Integrated Payment System, the funds have been recovered. Documentation has been forwarded to the proper federal agency. No further response is expected.*

**Contact Person:** Sheila Tannehill

**Phone number:** (573) 526-5533



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-5**                      Eligibility - Unreported Income

**State Agency:**                      Department of Social Services - Division of Family Services (DFS)

**Federal Agency:**                      Department of Agriculture  
Department of Health and Human Services

**Federal Program:**                      10.551 - Food Stamp  
93.778 - Medical Assistance

**Questioned Costs:**                      \$8,668

We performed a match of computer records of Temporary Assistance for Needy Families and Food Stamp clients as of September 2000 against records of individuals who received a settlement from the Second Injury Fund between January 1999 and June 2000. The match identified 235 clients that received benefits and also received a settlement from the Second Injury Fund. We selected six cases for further review to determine if the client had properly reported this unearned income. We determined four of the six (67%) had not properly reported the unearned income and as a result, received \$8,399 in Food Stamp benefits and \$446 in Medical Assistance Claims they may not have been eligible for. We questioned the federal portion of these amounts - \$8,399 for Food Stamps and \$269 for Medical Assistance.

### **Recommendation:**

The DFS resolve the questioned costs with grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. The DFS should also determine needed policy and procedure changes to help identify clients who fail to properly report Second Injury Fund or other types of unearned income.

### **Status of Finding:**

*The DFS was supplied a list of four (4) exception in this finding. Staff was asked to review the benefit statuses questioned by the SAO. Of a total of \$8398 in Food Stamps benefits and \$446 in Medicaid premiums questioned, our reviews reveal that none of the four cases were ineligible as a result of the settlements they received from the 2<sup>nd</sup> Injury Fund; no claims were due.*

*Staff are continually reminded, when taking applications and/or conducting regular eligibility reviews, that clients should always be informed of their obligations to report new income to the household while in active status. This message is even included on applications, and should be a covered point with the applicant during intake.*

### **Status of Questioned Costs:**

*Initially, due to lack of time for an adequate review, the DFS partially agreed with the finding. However, subsequent investigation has determined that none of the four cases were ineligible. Since we have determined that the cases were indeed eligible, there were no associated questioned costs. This information will be forwarded to the proper federal agency for consideration and resolution.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

### **Finding 00-6**                      Child Care Attendance Records

**State Agency:**                Department of Social Services - Division of Family Services (DFS)  
**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**        93.575 - Child Care and Development Block Grant  
                                      93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Unlicensed child care providers who serve clients participating in the above programs are required to submit an attendance sheet signed by the parents to verify the child received the services. However, since state regulations require licensed providers to keep attendance records, the DFS does not require licensed providers to submit any attendance records to the DFS. Without reviewing the attendance records of the licensed providers, the DFS has little assurance it is billed for the correct amount or that its policies regarding allowable absences are followed.

### **Recommendation:**

The DFS consider ways to enhance the reliability of billings submitted by licensed child care providers.

### **Status of Finding:**

*To enhance the reliability of billings submitted by licensed providers, the DFS effected production of a report identifying licensed providers submitting invoices exceeding a given monthly amount. The target date established in the original corrective action plan was met. Where a provider is identified as submitting an excessive invoice, a report is generated to the county that is billed for the provider's services. County staff then, in turn, investigate circumstances and submit their compiled findings back to the Child Care Unit here in Central Office where the findings are addressed accordingly.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

### **Finding 00-7.A**      Cash Management

**State Agency:**      Department of Natural Resources (DNR)

**Federal Agency:**    Environmental Protection Agency

**Federal Program:**   66.458 - Capitalization Grants for State Revolving Funds

The DNR has not established adequate cash management procedures to ensure the minimum time elapses between receipt of federal monies and the disbursement of such monies.

#### **Recommendation:**

The DNR ensure federal monies are requested in accordance with the Cash Management Improvement Act.

#### **Status of Finding:**

The Department of Natural Resources has implemented new guidelines to ensure minimum time elapses between receipt and disbursement of federal monies. The department has also initiated new procedures to ensure that the state match is deposited into fund 0649 prior to the deposit of the federal monies. The procedures were outlined in the corrective action plan on file with Office of Administration and have been used since early this year.

The SAM II system requires two days to process checks from the scheduled pay date. The money must be in the fund before the checks (EFT) can be processed. Therefore, at least three days are required for this process.

**Contact Person:**    Steve Townley

**Phone number:**    (573) 751-1397

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-7.B**      Cash Management

**State Agency:**      Department of Natural Resources (DNR)

**Federal Agency:**    Environmental Protection Agency

**Federal Program:**   66.458 - Capitalization Grants for State Revolving Funds

The DNR had not established adequate cash management procedures to ensure a timely state match on all federal draws deposited in the State Revolving Fund (SRF).

**Recommendation:**

The DNR ensure that the state match is made on or before federal monies are received.

**Status of Finding:**

The department has implemented new guidelines to ensure minimum time elapses between receipt and disbursement of federal monies and a timely state match. Responsible parties including the Water Pollution Control Program, Accounting Program, and OA have outlined and used these procedures since early this year.

**Contact Person:**    Sandy Wells

**Phone Number:**    (573) 751-0960

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

**Finding 00-7.C**      Cash Management

**State Agency:**      Department of Natural Resources (DNR)

**Federal Agency:**    Environmental Protection Agency

**Federal Program:**   66.458 - Capitalization Grants for State Revolving Funds

The DNR did not process the repayments of loan guarantees in a timely manner. Our test of twenty-five repayments noted that all repayments were deposited in the Water and Wastewater Loan Revolving Fund, approximately one month after receiving the checks from the trustee banks.

### **Recommendation:**

The DNR ensure all repayments of loan guarantees are deposited in a timely manner.

### **Status of Finding:**

New procedures are in place and repayments of loan guarantees are being processed in a timely manner. The program's administration staff are aware of the urgency of timely deposits and are required to contact FSS the same day a repayment check is received. The accountant is required to process the repayment no later than the next day. In the event a check is not deposited timely, reasons for the delay are documented. The program continues to review the electronic fund transfer (EFT) process for additional improvement.

**Contact Person:**    Carrie Schulte

**Phone Number:**    (573) 526-8403

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-8**                      Reporting

**State Agency:**                      Department of Natural Resources (DNR)

**Federal Agency:**                      Environmental Protection Agency

**Federal Program:**                      66.458 - Capitalization Grants for State Revolving Funds

The original Schedule of Expenditures of Federal Awards (SEFA) prepared by the DNR was overstated by approximately \$48 million.

**Recommendation:**

The DNR prepare a complete and accurate SEFA.

**Status of Finding:**

The Accounting Program has developed and used formal written procedures for preparing the FY2001 SEFA. Review procedures have been implemented where the report is reviewed by the preparer for reasonableness, then reviewed by the preparer's supervisor and passed to the Internal Audit function before submission to the State Auditor's Office.

**Contact Person:**                      Sandy Wells

**Phone Number:**                      (573) 751-0960

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

**Finding 00-9**                      Accounting Procedures

**State Agency:**                      Department of Natural Resources (DNR)

**Federal Agency:**                      Environmental Protection Agency

**Federal Program:**                      66.458 - Capitalization Grants for State Revolving Funds

The recording and custodial duties regarding receipts were not adequately segregated within the State Revolving Fund (SRF) Program. The program's primary accountant was responsible for recording and had access to the receipts.

### **Recommendation:**

The DNR adequately segregate the recording function from the custody of assets functions over receipts.

### **Status of Finding:**

The Financial Services Section (FSS) Accounting Analyst II position now has approval level only and no data entry capabilities. The FSS accountant continues to work with the program's administration staff to further implement proper recording and custodial duties regarding receipts.

**Contact Person:** Steve Townley

**Phone Number:** (573) 751-1397

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

### **Finding 00-10.A      Administrative Fees**

**State Agency:**      Department of Natural Resources

**Federal Agency:**      Environmental Protection Agency

**Federal Program:**      66.458 - Capitalization Grants for State Revolving Funds

The DNR did not process Construction Loan Fund administration fees in a timely manner.

#### **Recommendation:**

The DNR establish procedures to ensure all administration fees are processed in a timely manner.

#### **Status of Finding:**

New procedures have been in place since February of 2001 and the timeliness of checks deposited has greatly improved. We continue to review our activities in an effort to improve our operations. Department staff receiving checks have been informed of the importance of timely deposits and have been instructed to immediately endorse the check and contact the appropriate program.

**Contact Person:**      Steve Townlev

**Phone Number:**      (573) 751-1397



## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

### **Finding 00-10.B      Administrative Fees**

**State Agency:**      Department of Natural Resources

**Federal Agency:**      Environmental Protection Agency

**Federal Program:**      66.458 - Capitalization Grants for State Revolving Funds

Trustee banks held some checks thirty-three to sixty-five days after receiving payment from individual communities for administration fees.

#### **Recommendation:**

The DNR require the trustee bank to remit the administration fees to the DNR when received from each community.

#### **Status of Finding:**

The department's agreement with the Trustee bank is that they are to submit administration fees once a month. We will continue to work with the Trustee to ensure the Trustee does not hold administration fees unnecessarily.

**Contact Person:**      Steve Townley

**Phone Number:**      (573) 751-1397

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

### **Finding 00-11.A      Compliance Issues**

**State Agency:**      Department of Natural Resources (DNR)  
**Federal Agency:**      Environmental Protection Agency  
**Federal Program:**      66.458 - Capitalization Grants for State Revolving Funds

Unused Construction Loan Funds (CLF) were not used to reduce bond issue debt. We noted thirty-seven completed projects with CLF balances totaling approximately \$26,675,000 at June 30, 2000.

### **Recommendation:**

The DNR revise the bond covenant to require unused CLF monies to be applied to the reduction of bond principal.

### **Status of Finding:**

The department is drafting regulations for management review with an expected effective date of November 11, 2002. New regulations will not affect previous financings and therefore we will continue with administrative action to encourage these communities to spend their funds on approved construction as promptly as possible.

**Contact Person:**      Steve Townley

**Phone Number:**      (573) 751-1397

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000**

**Finding 00-11.B**      Compliance Issues

**State Agency:**      Department of Natural Resources

**Federal Agency:**    Environmental Protection Agency

**Federal Program:**    66.458 - Capitalization Grants for State Revolving Funds

The DNR did not adequately monitor subrecipients to ensure that an A-133 audit had been performed when applicable and a comprehensive annual financial report (CAFR) was submitted.

### **Recommendation:**

The DNR ensure applicable communities submit an A-133 audit and a CAFR.

### **Status of Finding:**

Department SRF staff currently log all sub-recipient A-133 submittals. We also track sub-recipient expenditures of SRF program federal dollars. However, our tracking form is currently being updating so that we can record the sub-recipient's requirement with the OMB Circular A-133. Our plans are to monitor the receipt of submittals from sub-recipients that have exceeded the \$300,000 threshold of expended federal funds as they relate to the SRF program funds. If the sub-recipient fails to submit the required A-133 audit report they will be sent a written notification of their responsibility in complying with the OMB Circular A-133 requirement and the EPA will be copied.

Our intention is to train the SRF Coordinators to review the A-133 audit and report specific information necessary in determining whether or not performance goals are being achieved. We will do everything we have the ability to do in persuading sub-recipients to comply with this requirement.

**Contact Person:**    Steve Townley

**Phone Number:**    (573) 751-1397

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 2000

**Finding 00-12**            Reconciliation of Accounting Systems

**State Agency:**        Department of Economic Development, Division of Workforce Development

**Federal Agency:**     Department of Labor

**Federal Program:**    17.207 - Employment Service  
                              17.801 - Disabled Veterans Outreach Program  
                              17.804 - Local Veterans Employment Representative  
                              17.246 - Employment and Training Assistance - Dislocated Workers  
                              17.250 - Job Training Partnership Act - JTPA Title II  
                              17.253 - Welfare-to-Work Grants to States and Localities

The Division of Workforce Development (DWD) did not reconcile its internal accounting systems to the statewide accounting system (SAM II) during fiscal year 2000. We noted several expenditures that had been processed through the SAM II system that had not been recorded in the internal accounting systems. As a result, these expenditures of federal funds were not included in the reports filed with the federal grantor as required.

### **Recommendation:**

The DWD review fiscal year 2000 activity to identify any transactions that were not properly reported and reconcile their internal accounting systems to the SAM II system.

### **Status of Finding:**

*Partially Completed: The reconciliation is 80% complete. Expected completion date is April 30, 2002.*

**Contact Person:**     Carl Rogers

**Phone Number:**    (573) 526-8214

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### Finding 99-3                      Expenditures

**State Agency:**              Department of Social Services – Division of Child Support Enforcement (DCSE)  
**Federal Agency:**              Department of Health and Human Services  
**Federal Program:**              93.563 - Child Support Enforcement  
**Questioned Costs:**              \$755,911

During our review of expenditures charged to the Child Support Enforcement (CSE) grant, we noted the DCSE included costs associated with the Parents Fair Share (PFS) program. The federal Office of Child Support Enforcement (OSCE) had issued a draft report dated December 8, 1999, which identified \$1,112,636 (federal share \$734,340) in PFS program costs which had been inappropriately charged to the CSE grant for the period January 1, 1998 through March 31, 1999. The DCSE continued to charge PFS program costs to the CSE grant until September 30, 1999; however, the additional amount of questioned costs was not determined. The OSCE draft report also noted some personnel and other administrative costs of the Department of Health to provide birth record information to the DCSE were inappropriately charged to the CSE grant. The federal share of these costs amounted to \$21,571.

### Recommendation:

The DCSE resolve the questioned costs with the grantor agency. In addition, we recommend the DCSE establish procedures to ensure costs charged to the Child Support Enforcement grant are allowable for federal reimbursement.

### Status of Finding:

*These findings were resolved with the OIG Audit Clearance Document transmitted on June 13, 2000.*

*Written approval of DCSE's resolution of the findings from HHS' ACF Region VII is on file with DSS/DBF/Audit Services.*

### Status of Questioned Costs:

*Questioned costs were adjusted on the March 31, 2000 OCSE-396A.*

**Contact Person:** Michael H. Longanecker

**Phone number:** (573) 526-3227

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-4.A**      Eligibility-Unreported Income

<b>State Agency:</b>	Department of Social Services – Division of Family Services (DFS)
<b>Federal Agency:</b>	Department of Agriculture and Department of Health and Human Services
<b>Federal Program:</b>	<b>Questioned Costs:</b>
10.551 - Food Stamps	\$48,606
93.558 - Temporary Assistance for Needy Families (TANF)	16,682

We performed a match of computer records of TANF and Food Stamp clients with computer records of DFS paid child day care vendors. This match identified 4,495 TANF and/or Food Stamp clients who also received DFS state paid child day care vendor payments. We reviewed 53 of these cases and noted that 26 (49 percent) clients had not reported their state paid child day care vendor income, nor did the DFS discover its own payments to 24 of those same clients. As a result, these 26 cases received approximately \$27,347 in TANF benefits and \$48,606 in Food Stamp benefits that they may not have been eligible for. We questioned the federal portion of these amounts, \$16,682 in TANF benefits and \$48,606 in Food Stamp benefits.

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. Further, the DFS should ensure caseworkers consider DFS records of state paid child day care income paid to Food Stamp and TANF applicants when making eligibility determinations.

### **Status of Finding:**

*A pilot is scheduled to occur in FAMIS in May 2002 to cross-check child day care payment records against public assistance applicants/recipients. A memo was also sent to field staff at the time of DFS's response to the initially released findings reminding them to always carefully explore with public assistance applicants all sources of income. That would include income an individual might not necessarily consider "bona-fide" income (i.e. baby-sitting).*

### **Status of Questioned Costs:**

*The regional administrator for the Dept. of Health & Human Services does not agree with the SAO finding for TANF. The questioned costs of \$16,682.00 are not sustained and the finding is resolved.*

*All information regarding the questioned costs for Food Stamps has been forwarded to the proper federal agency and is in the process of being resolved.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-4.B**      Eligibility-Unreported Income

<b>State Agency:</b>	Department of Social Services – Division of Family Services (DFS)
<b>Federal Agency:</b>	Department of Agriculture and Department of Health and Human Services
<b>Federal Program:</b>	<b>Questioned Costs:</b>
10.551 - Food Stamps	\$126,093
93.558 - Temporary Assistance for Needy Families (TANF)	40,406

A match of TANF and Food Stamp clients with retirement and disability benefit recipients of the Missouri State Employee Retirement System (MOSERS) identified 128 TANF and/or Food Stamp clients who were also receiving MOSERS retirement or disability payments. Our review indicated that 49 (38 percent) of these clients had not properly reported their retirement or disability benefits to the DFS caseworkers. As a result, these 49 cases received approximately \$66,240 in TANF benefits and \$126,093 in Food Stamp benefits that they may not have been eligible to receive. We questioned the federal portion of these amounts, \$40,406 in TANF benefits and \$126,093 in Food Stamp benefits.

#### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. Further, the DFS should establish a periodic match with the MOSERS to help ensure Food Stamp and TANF recipients report all unearned income.

#### **Status of Finding:**

*The DFS is still looking at the viability of doing a quarterly match with MOSERS, comparing Social Security numbers of active clients with those of persons receiving pension or disability payments. Cost of effecting such a match is a crucial consideration, however, and that is being looked into. If approval can be obtained for the expenditure, then we will need to enter into an agreement with MOSERS, decide on a way to get data to MOSERS, and implement a plan to receive and disburse match information.*

#### **Status of Questioned Costs:**

*The regional administrator for the Dept. of Health & Human Services does not agree with the SAO finding for TANF. The questioned costs of \$40,406.00 are not sustained and the finding is resolved.*

*All information regarding the questioned costs for Food Stamps has been forwarded to the proper federal agency and is in the process of being resolved.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

**Finding 99-5.A**      Independent Living Expenditures and Eligibility

**State Agency:**      Department of Social Services – Division of Family Services (DFS)

**Federal Agency:**    Department of Health and Human Services

**Federal Program:**   93.674 - Independent Living

**Questioned Costs:**   \$85,407

Section 477 (e) (3) of Title IV-E of the Social Security Act specifies that Independent Living (IL) monies may not be used to provide room and board. In addition, state monies used as matching contribution for the Independent Living Program (ILP) cannot be used to provide room and board. We determined the DFS had expenditures totaling \$115,415 for room and board, which was inappropriately paid from the ILP. Therefore, we questioned the federal share of \$85,407 (74 percent).

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure that expenditures of the federal ILP are for allowable cost and in compliance with federal requirements or limitations.

### **Status of Finding:**

*An error was made in identifying and subsequently reporting expenditures to the federal agency. Appropriate changes were made to internal procedures in conjunction with the Division of Budget and Finance to correct this problem.*

### **Status of Questioned Costs:**

*The June 2000 report submitted to the federal government by Budget and Finance corrected this error and appropriately charged the correct funding sources. In addition, the year end report for this grant submitted in February 2001 also documented the correction.*

**Contact Person:** Sheila Tannehill

**Phone number:** (573) 526-5533



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

## Finding 99-6.A Eligibility – Child Care Services

**State Agency:** Department of Social Services – Division of Family Services (DFS)

**Federal Agency:** Department of Health and Human Services

### Federal Program:

### Questioned Costs:

### 93.575 - Child Care and Development Block Grant

**\$2,019**

### 93.596 - Child Care Mandatory and Matching Funds

of the Child Care and Development Fund

2,019

Children are eligible to receive Child Care Development Fund (CCDF) services if under age 13 or under age 19 when physically or mentally incapable of caring for themselves or are under court supervision. We selected a sample of 40 of the state's 2,089 clients that were age 13 or older and still received CCDF services during fiscal year 1999. The DFS was unable to locate 8 of the 40 case files requested, in one case the child's birth date was recorded wrong, and in 8 cases the client was not properly identified. Of the 23 cases tested, 12 of the clients were not eligible for CCDF services. These clients received \$10,355 in CCDF benefits and we questioned the federal portion of the amount, which is \$4,038.

**Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should review the case errors noted above and initiate recoupment claims for any inappropriate CCDF benefits.

**Status of Finding:**

*Relating to the 12 exception cases identified by the SAO as being in error for receipt of Child Care services, claims have been effected.*

**Status of Questioned Costs:**

*Claims have been effected to recapture the \$4038.00 from the claimants. The federal agency has been repaid. No further response is expected.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-7.A**      Eligibility – Kansas Match

<b>State Agency:</b>	Department of Social Services – Division of Family Services (DFS)
<b>Federal Agency:</b>	Department of Agriculture and Department of Health and Human Services
<b>Federal Program:</b>	<b>Questioned Costs:</b>
10.551 - Food Stamps	\$ 9,229
93.558 - Temporary Assistance for Needy Families	9,638

In accordance with various regulations, no individual may receive Food Stamps, Temporary Assistance for Needy Families (TANF), and/or Medicaid benefits in more than one state at the same time. We performed a match of computer records of TANF and Food Stamp clients during April 1999 against computer records of TANF and Food Stamp clients in Kansas during April 1999. The match identified 23 cases that had received Food Stamp and/or TANF benefits in both Missouri and Kansas at the same time. These 23 cases received \$9,229 in Food Stamp benefits and \$15,805 in TANF benefits from April 1, 1999 through August 31, 1999. We questioned the federal portion of these amounts, \$9,638 in TANF benefits and \$9,229 in Food Stamp benefits.

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the questioned payments for Food Stamps and TANF and establish recoupment claims where appropriate.

### **Status of Finding:**

*Claims have been effected on the cases ineligible. To note, however, questioned costs were not sustained in the HHS ruling received by the DFS 3/12/01; the Regional Administrator deemed the finding resolved.*

### **Status of Questioned Costs:**

*Questioned costs were not sustained in the HHS ruling received by the DFS 3/12/01; the Regional Administrator deemed the finding resolved.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-7.B**      Eligibility – Kansas Match

**State Agency:**        Department of Social Services – Division of Family Services (DFS)  
**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.778 - Medical Assistance Program  
**Questioned Costs:**   \$30,008

Clients who receive Food Stamps or Temporary Assistance for Needy Families (TANF) benefits often also qualify for health care coverage under the Medicaid program. Medicaid coverage can take two different forms, one being based on the traditional direct fee for services paid to the health care provider, and the other being based on the HMO model whereby a monthly fee (or capitation payment) is paid to a care provider who provides all needed services at no additional charge. Through our match of Missouri and Kansas client records, we determined that 31 of the individuals who were listed on a Food Stamp or TANF case also had a capitation payment made on their behalf in both states for the same period. These 31 individuals received approximately \$13,615 in capitation payments on their behalf, which they were not eligible to receive. We questioned the federal share of the Missouri payments, which was \$8,202. We also noted two instances where an individual received capitation payments in Kansas and at the same time direct fee for service payments in Missouri. This resulted in Medicaid direct fee for service payments totaling over \$36,200 in Missouri while capitation payments were being paid in Kansas. We questioned the federal share of the Missouri payments, which was \$21,806.

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the questioned payments for Medicaid and establish recoupment claims where appropriate.

### **Status of Finding:**

*Claims have been established on cases ineligible; capitation payments have been recouped by Medical Services from HMO vendors.*

### **Status of Questioned Costs:**

*The regional administrator for the Dept. of Health and Human Services, in finding 99-7.A, does not sustain the SAO questioned costs associated with TANF.*

*The necessary information has been sent to the proper federal agency regarding finding 99-7.B and is in the process of being resolved.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

**Finding 99-7.C**      Eligibility – Kansas Match

**State Agency:**      Department of Social Services – Division of Family Services (DFS)

**Federal Agency:**    Department of Agriculture and Department of Health and Human Services

**Federal Program:**    10.551 - Food Stamps

93.778 - Medical Assistance Program

93.558 - Temporary Assistance for Needy Families

The DFS needs to improve procedures to help ensure Missouri clients do not receive Food Stamps or other public assistance benefits in more than one state at the same time. The U.S. Department of Health and Human Services Administration for Children and Families (ACF) encourages states to participate in interstate matches conducted through the Public Assistance Recipient Information System (PARIS).

### **Recommendation:**

The DFS arrange to participate in the PARIS interstate match program, and enhance its procedures to ensure bordering state public assistance information is reviewed during the application process.

### **Status of Finding:**

*The DFS is participating in the quarterly match coordinated by Manpower Defense – the initial trial run was February, 2001. Procedures are being fine-tuned to realize optimal effectiveness and, as with any new program, this will be so in time.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-8**                      Eligibility – Benefits Provided to Inmates

**State Agency:**                      Department of Social Services – Division of Family Services (DFS), Division of Medical Services (DMS)

**Federal Agency:**                      Department of Agriculture and Department of Health and Human Services

**Federal Program:**                      **Questioned Costs:**

10.551 - Food Stamps                      \$11,251

93.558 - Temporary Assistance for Needy Families                      4,976

93.778 - Medical Assistance Program                      913

Our match of computer records of TANF and Food Stamp clients for April 1999 against computer records of inmates in the custody of the state Department of Corrections (DOC) as of the same date identified 189 current TANF and/or Food Stamp clients who were also incarcerated in the DOC. We selected 60 of those clients and determined that 24 (40 percent) had received two or more months of assistance payments while incarcerated. Therefore, we questioned \$11,251 in Food Stamp benefits, \$4,976 as the federal share (61 percent) of \$8,158 in TANF benefits, and \$913 as the federal share (60.24 percent) in Medicaid benefits received through September 30, 1999. We also contacted 40 of the 114 county jails in Missouri and found that 14 (35 percent) were not providing the local DFS office with inmate information. Personnel in those 14 DFS offices confirmed that inmate information is not requested and that they only worked with the information provided from the state level DOC matches.

### **Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. The DFS should also enhance its procedures to ensure all inmates in the custody of the state DOC or local law enforcement facilities are identified and appropriate benefit changes processed in a timely manner.

### **Status of Finding:**

*Staff have been reminded to stress to clients that they are obligated to report changes to household makeup when a member in the assistance group leaves - for example, becomes incarcerated. The DFS, in collaboration with the Department of Corrections, is routinely alerted to possible inmates active on the public assistance rolls. Often this information is some number of months old when received due to processing time in the Corrections system and the time frame involved for the DFS' data to match with Correction's data. The DFS has in place a highly effective tracking system for staff actions on the alerts. It is felt that ultimately the vast majority of assistance active inmates are identified and the cases acted on as appropriate.*

### **Status of Questioned Costs:**

*The regional administrator for the Department of Health and Human Services does not agree with the SAO finding for TANF. The questioned costs of \$4,976 are not sustained and the finding is resolved.*

*For all other questioned costs, recoupments have been established.*

*All information regarding the questioned costs for Food Stamps has been forwarded to the proper federal agency and is in the process of being resolved.*

**Contact Person:** D.Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999

### **Finding 99-9**

<b>State Agency:</b>	Department of Social Services – Division of Family Services (DFS)
<b>Federal Agency:</b>	Department of Agriculture and Department of Health and Human Services
<b>Federal Program:</b>	<b>Questioned Costs:</b>
10.551 - Food Stamps	\$29,477
93.558 - Temporary Assistance for Needy Families	15,124

We performed a match of computer records of TANF and Food Stamp clients as of April 1999 against records of registered vehicles as of April 1999 obtained from the Missouri Department of Revenue (DOR). We selected 33 cases, representing 63 of the 1,935 vehicles identified in the match, and determined that 13 of the 33 (39%) had not properly reported their vehicles and similar personal property. Further review of these cases revealed that \$29,477 in Food Stamp benefits and \$24,794 in TANF benefits were paid to recipients whose assets exceeded the eligibility limitations. We questioned the federal portion of these amounts, \$29,477 for Food Stamps and \$15,124 for TANF.

**Recommendation:**

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. Also, the DFS should seriously consider policy and procedure changes to reduce client under reporting of assets.

**Status of Finding:**

*Of the 13 cases identified by the SAO as exception cases in the finding, claims were effected on four; review of all the cases revealed that claims were not in order for nine of the thirteen cases.*

**Status of Questioned Costs:**

*The HHS regional Administrator, by the way, did not sustain the SAO's questioned costs in this finding and ruled it resolved in a notice received by the DFS 3/12/01.*

*Insofar as "... policy and procedural changes to reduce client under reporting of assets.", in addition to policy effected August 2000 (excluded licensed vehicles as inaccessible assets when equity is less than 1/2 of the resource standard for the household), policy was again revised 3/01, and then again 7/01. The most recent revision excludes the value of all vehicles in the determination of available resources.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999**

**Finding 99-12.**            Surveillance Utilization and Review System (SURS)

**State Agency:**            Department of Social Services – Division of Medical Services (DMS)

**Federal Agency:**        Department of Health and Human Services

**Federal Program:**        93.778 - Medical Assistance Program

**Questioned Costs:**       \$3,577

The DMS operates a Surveillance Utilization Review Subsystem (SURS), which is the principal unit responsible for identifying recipient and provider abuse of the Medicaid program. The SURS unit does not perform a post-payment review of a representative sample of Medicaid claims. We selected a sample of 60 of the approximately 27 million fee for service claims paid during fiscal year 1999 and noted various problems with twelve of the claims. The total dollar value of the twelve unsupported or deficient claims noted was \$5,938 (federal share \$3,577).

### **Recommendation:**

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should establish procedures to comply with the federal regulations.

### **Status of Finding:**

*The SURS Unit did resolve the FY1999 issues from the sample review, as determined appropriate with the providers. The issues and actions were also reviewed and approved by Mary Stewart, CMS. SURS has completed the FY2000 sample and taken the necessary actions determined appropriate. SURS is currently in the process of performing the FY2001 sample, and will be initiating the FY2002 sample procedures by the 01/02.*

### **Status of Questioned Costs:**

**Contact Person:** Sherry Simon

**Phone number:** (573) 751-2001



## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1999**

### **Finding 99-13. Ineligible Payments**

**State Agency:** Department of Social Services – Division of Medical Services (DMS)  
**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.778 - Medical Assistance Program  
**Questioned Costs:** \$8,377

The DMS performs a monthly match of Medicaid recipients with death records provided by the Department of Health – Bureau of Vital Records (BVR). When claims have been paid after a recipient's death, the DMS will take action to recoup the payments. We performed a match of Managed Care Plus (MC+) recipient and mental health services claims paid during the year ended June 30, 1999, with computer records of deaths reported in Missouri since 1990 obtained from the BVR. We identified 15 of 330 MC+ and 35 of 106 mental health recipients by social security number with BVR records of a deceased individual. Of these, we identified 40 recipients who had claims paid for service periods after their date of death but no recoupment had been made. The total amount of claims paid for these recipients was \$13,906 (federal share \$8,377).

### **Recommendation:**

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should seek reimbursement from providers for the overpayments and improve procedures to ensure recoupments are made and eligibility codes are updated when a deceased recipient is identified.

### **Status of Finding:**

*Long term corrective action was placed into production on September 10, 2001. Prior to implementation, another mass recoupment was done on August 9, 2001 (M-2006). There were 3,329 claims paid in error and original payments totaling \$245,519.90 were recouped from providers. One more mass credit will be done to cover the period between last mass credit and implementation of system fix.*

### **Status of Questioned Costs:**

*The questioned cost has been resolved with CMS.*

**Contact Person:** Lynn Young

**Phone number:** (573) 751-3752

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-5. Period of Availability of Funds

**State Agency:** Department of Elementary and Secondary Education (DESE)  
**Federal Agency:** Department of Education  
**Federal Program:** 8.027 – special Education – Grants to States  
**Questioned Costs:** \$261,149

The DESE obligated grant funds totaling \$76,719 after the date when these funds could be obligated. In addition, \$129,037 in grant funding originally obligated in June 1997 to various school districts was unobligated in October 1997 and reobligated to other school districts after the date the funds could be obligated. Also, the DESE made payments totaling \$55,393 during January 1998 through April 1998, which was after the date when obligations could be liquidated.

### Recommendation:

The DESE resolve the questioned costs with the grantor agency. In addition, the DESE should ensure funds are obligated within the period of availability and that obligations are liquidated not later than 90 days after the end of the funding period.

### Status of Finding:

*Partially Resolved. In March 2000, the Department of Education contacted DESE concerning the status of this finding. DESE wrote a letter indicating that internal procedures had been established to ensure that funds are obligated within the period of availability and that obligations are liquidated not later than 90 days after the end of the funding period. In addition, the Department of Education contacted the DESE and the State Auditor's Office in fiscal year 2001 concerning the status of this finding. Information was submitted to the Department of Education, but no final resolution has been determined.*

### Status of Questioned Costs:

Unknown.

**Contact Person:** Rudene Beck

**Phone number:** 751-4681

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

### **Finding 98-19.A**      Corrective Action on Prior Audit Findings

**State Agency:** Department of Social Services - Division of Family Services (DFS)  
**Federal Agency:** Department of Agriculture and Department of Health and Human Services  
**Federal Program:** 10.551 - Food Stamps  
93.558 - Temporary Assistance for Needy Families

For audit finding 97-16A in the Summary Schedule of Prior Audit Findings, the DFS responded that corrective action was taken. Although corrective action was taken on the nine ineligible cases reported, a periodic match of computer records had not been established to identify workers' compensation benefits unreported by clients.

### **Recommendation:**

The DFS establish an interim match between DFS computer records and workers' compensation computer records until the match planned as part of the FAMIS system is implemented and operating effectively.

### **Status of Finding:**

*The response by the DFS is that another request has been sent to the Department of Labor's Division of Worker's Compensation for a match implementation costs work-up. Until the DFS can consider the cost effectiveness of such a match, it is felt it would not be prudent to proceed beyond this phase. A proposal seeking permission to obtain award settlement information will have to be submitted to the Director of the Division of Worker's Compensation if it appears that the match will be viable. If permission is obtained, and an agreement is formally entered into by both entities, then the DFS will have to look at the mechanics of how data will be transmitted for cross-checking via what file format.*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

### Finding 98-24            Ineligible Payments

**State Agency:**            Department of Social Services - Division of Medical Services (DMS)  
**Federal Agency:**        Department of Health and Human Services  
**Federal Program:**        93.778 - Medical Assistance Program  
**Questioned Costs:**      \$65,669

We matched Medicaid recipient inpatient and nursing home claims paid during the fiscal year ended June 30, 1998, and managed care claims paid in June 1998, with computer records of deaths reported in Missouri since 1980 obtained from the state's Department of Health - Bureau of Vital Statistics. We identified 52 recipients who had claims paid for service periods after their date of death but no recoupment had been made. The total amount of claims paid for these recipients was \$108,221 (\$65,669 federal share). In addition, for 18 of the 52 recipients, the Missouri Medicaid Information System (MMIS) did not indicate a date of death, and recipient records for five of these 18 recipients still showed the individual as being eligible for Medicaid benefits.

#### **Recommendation:**

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should seek reimbursement from providers for the overpayments and establish procedures to ensure the MMIS is updated upon a recipient's death.

#### **Status of Finding:**

*Long term corrective action was placed into production on September 10, 2001. Prior to implementation, another mass recoupment was done on August 9, 2001 (M-2006). There were 3,329 claims paid in error and original payments totaling \$245,519.90 were recouped from providers. One more mass credit will be done to cover the period between last mass credit and implementation of system fix.*

#### **Status of Questioned Costs:**

*The questioned cost has been resolved with CMS.*

**Contact Person:** Lynn Young

**Phone number:** (573) 751-3752

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

### **Finding 98-27.A**      Third Party Liability

**State Agency:**            Department of Social Services - Division of Medical Services (DMS)

**Federal Agency:**        Department of Health and Human Services

**Federal Program:**      93.778 - Medical Assistance Program

The DMS did not maintain an up-to-date Third Party Liability (TPL) action plan and had not submitted any updates to the Health Care Financing Administration (HCFA) since March 1991.

#### **Recommendation:**

The DMS ensure that the TPL action plan is maintained on a current basis and updates are submitted to HCFA in accordance with federal regulations.

#### **Status of Finding:**

*The TPL Unit is still working to appropriately draft and update the action plan. It is anticipated that this will be completed for DMS review by February 2002.*

**Contact Person:** Chris Reeter

**Phone number:** (573) 751-2005



**CITY OF SARCOXIE, MISSOURI  
YEAR ENDED APRIL 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-38  
May 16, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

The following problems were discovered as a result of an audit conducted by our office of the City of Sarcoxie, Missouri.

---

A former city clerk of Sarcoxie negotiated a refund check due to the city and used the monies for personal use. She also reimbursed herself from city funds for a personal business trip, and personal office supplies. She pled guilty to misdemeanor stealing and paid \$475 in restitution to the city. Additionally, this former city clerk received several payroll checks in advance of pay periods. While it does not appear that she was paid more than her weekly salary, there is no indication that these advances were approved by the Mayor or the Board of Aldermen.

During the year ended April 30, 2001, the city paid more than \$3,500 to provide cellular phone service to three city employees. Several of the phone bills to support these costs were not retained by the city, and several of the bills seemed excessive. Also, there was no indication the bills had been reviewed by the individual assigned the phone (to identify personal calls) or reviewed and approved by the Board of Aldermen. In addition to cellular phones, phone cards totaling \$382 were purchased by city employees.

Our review of city expenditures identified:

- Vendor invoices and other supporting documentation were not retained for numerous city expenditures.
- At least 23 checks totaling \$10,485 were issued with only one signature.
- Some city officials are not properly bonded.
- Expenditures from the city's petty cash fund were not adequately documented.

According to the city's independent auditor, \$22,504 in health fund money was being held in the general fund as of April 30, 2001. The property tax revenues related to the health levy represent restricted revenues and are intended to be used only for health related purposes. Additionally, the city has used water and sewer monies in previous years to pay for general operating expense and as a result the general fund owes the water and sewer fund \$30,667.

(over)

YELLOW MOTHS SHEET

In April 2001, the board voted to increase water rates \$1.00 per quarter until the rate increases from \$3.50 to \$7.50 for the first 1000 gallons of usage. After the final rate increase, revenues will increase approximately \$30,000 annually. However, the board did not prepare a statement of cost to maintain the water system as required when increasing rates. State law provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of the service.

Other issues related to the water and sewer system include:

- The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped.
- Duties related to the utility system are not adequately segregated.
- There is no supporting documentation or independent approval of credit adjustments posted to the utility system.
- The balance in the water meter deposit fund on August 31, 2001 was \$2,338 more than recorded utility deposits.
- During the year ended April 30, 2001, utility receipts were not always deposited intact, and the method of payment was not always recorded or correctly recorded in the computer system.

The audit also includes some matters related to expenditures, budgets and financial reporting, payroll procedures, city streets, ordinances and board meetings, city assets, and the municipal court, upon which the city should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



CITY OF SARCOXIE

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-23
<u>Number</u>	<u>Description</u>
1.	Misappropriated Funds and Payroll Advances .....5
2.	Restricted Revenues.....6
3.	Expenditures .....7
4.	Board Meetings, City Ordinances, and Tax Levies .....10
5.	Water and Sewer System Procedures.....13
6.	Budgets and Financial Reporting.....16
7.	Payroll Procedures .....18
8.	Street Maintenance Plan .....19
9.	City Assets .....20
10.	Municipal Court .....21
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	24-26

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of Sarcoxie, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Sarcoxie. The city had engaged Mitchell, Roy and Wilson, Certified Public Accountants (CPAs), to audit the city for the year ended April 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended April 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Sarcoxie.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

November 6, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Jay Ross
Audit Staff:	Troy Royer

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF SARCOXIE, MISSOURI  
MANAGEMENT ADVISORY REPORT

<b>1.</b>	<b>Misappropriated Funds and Payroll Advances</b>
-----------	---------------------------------------------------

- A. According to Jasper County Circuit Court records, former City Clerk Leaetta Jasumback pled guilty to misdemeanor stealing, and was sentenced to one year in jail, with suspended execution of sentence to one year unsupervised probation and payment of \$475 in restitution for stealing city funds.

The former city clerk negotiated a refund check due to the city and used the monies for personal use, and reimbursed herself from city funds for a personal business trip, and office supplies used personally.

The misappropriation was not detected by city officials due to numerous control weaknesses over the disbursement of city funds, including inadequately documented expenditures. (See MAR No. 3)

- B. City employees are paid on a weekly basis with checks issued the last day of the week. During our review of payroll we noted several instances where former City Clerk Jasumback received payroll checks early. While it does not appear that the former city clerk was paid more than her weekly salary, payroll checks were issued one to two weeks in advance of the pay period, as follows:

<u>Check Date</u>	<u>Payroll Date</u>	<u>Amount</u>
11/10/00	11/17/00	\$ 329
12/22/00	12/29/00	329
01/12/01	01/19/01	338
01/12/01	01/26/01	338
02/16/01	02/23/01	169
03/16/01	03/23/01	169
04/13/01	04/20/01	<u>338</u>
<b>Total</b>		\$ 2,010

The payroll advance amounts noted above represent the city clerk's full weekly salary or one-half of her weekly salary. The city's payroll ledger does not reflect the fact that payroll checks were issued in advance. Further, there is no documentation to indicate that these payroll advances were approved by the Mayor or the Board of Aldermen. Except for the check issued on December 22, 2000, the Mayor indicated that he was not aware of the advances. The check

issued in February 2001 was signed only by the former city clerk. The remaining checks were cosigned by the mayor or the mayor pro-tem.

These payments appear to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a city to compensate employees in advance. Doing so could result in the city paying an individual for services not performed.

These payroll advances were not detected by city officials because payroll duties are not adequately segregated and payroll expenditures are not properly reviewed and approved by the Board of Aldermen. (See MAR No. 7)

**WE RECOMMEND** the Board of Aldermen:

- A. Work to improve the overall control of city disbursements.
- B. Establish adequate controls over the city's payroll function to prevent unauthorized payroll advances.

**AUDITEE'S RESPONSE**

*We have made numerous improvements to controls since this incident, and payroll advances are not allowed.*

<b>2. Restricted Revenues</b>
-------------------------------

- A. The city has not established a separate fund or separate accounting for the revenues generated by the health property tax levy. These monies are deposited into the city's general fund, and the balance is not tracked by the city. According to the city's independent auditor, \$22,504 in health fund money was being held in the general fund as of April 30, 2001. The property tax revenues related to the health levy represent restricted revenues and are intended to be used only for health related purposes. These revenues and the related expenditures should be accounted for in a separate fund.

In addition, the city has used water and sewer monies in previous years to pay for general operating expenses and, according to the city's independent auditor, the general fund owes the water and sewer fund \$30,667. The water and sewer fees are user charges which are designed to cover the costs of providing these services. Funding for general city operations should not come from water and sewer fees.

- B. Documentation does not exist to support the allocation of payroll and fringe benefit expenditures to the city's funds. Each of the city's three maintenance employees are paid entirely from one of the city's restricted funds (water and

sewer fund, park fund, street fund) even though part of their duties are not always related to that fund. In addition, the City Clerk is paid entirely from the general fund, while the City Collector is paid from the water and sewer fund.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. In addition, generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish a separate accounting of the health funds, and reimburse the water and sewer fund \$30,667.
- B. Develop and implement a reasonable method for allocating common costs between the city's funds.

**AUDITEE'S RESPONSE**

- A. *Approximately \$21,000 has now been paid back to the Water and Sewer Fund. We will begin keeping the Health Fund monies separate.*
- B. *We will review the way costs are currently allocated and ensure documentation is maintained for how costs are allocated in the future.*

<b>3. Expenditures</b>
------------------------

- A. Vendor invoices or other supporting documentation were not retained for numerous expenditures. During our review of specific expenditures, city officials could not locate vendor invoices for 9 of the 45 (20 percent) expenditures we selected to review. In addition, five canceled checks totaling \$1,445 could not be located. Examples include vehicle repairs, travel expenses, and street maintenance.

All expenditures should be supported by paid receipts or vendor invoices and canceled checks to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds.

- B. Receipt of goods or services is not always indicated on invoices prior to an expenditure being approved for payment. In addition, invoices are not always canceled upon payment to prevent duplicate payment. During our review we



noted duplicate payments made to vendors by the city on three occasions totaling \$732. Credit was subsequently given to the city for the duplicate payments.

To ensure that goods and services have been properly received by the city, all invoices and other supporting documentation should be properly initialed or signed by a city employee upon receipt. Further, to ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the city.

- C. The City has an unwritten policy that checks issued by the city should have two signatures. The Mayor, Mayor Pro-tem, City Clerk, and City Collector can sign checks. During our review we noted 23 checks totaling \$10,485 issued with only one signature. The dual signatures help provide assurance that checks represent payments for legitimate city expenditures.
- D. The city maintains a petty cash fund of \$100 for miscellaneous purchases. During the year ended April 30, 2001, checks made payable to petty cash totaled approximately \$400 which were used to replenish the petty cash fund. During that same time, invoices or receipts were not available to support expenditures of the fund and a ledger was not maintained to document disbursements. The current city clerk is now retaining receipts to support petty cash expenditures; however, a ledger is not maintained. The petty cash fund is under the control of the City Clerk, and no independent review is made of the fund to ensure it is maintained properly.

Invoices should be retained for all petty cash expenditures and a ledger should be maintained for all petty cash transactions. Periodically, the petty cash funds on hand should be reconciled to the ledger balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused.

- E. The Mayor and Mayor Pro-tem are authorized to sign checks, with dual signatures required on each check; however, these officials are not bonded. Failure to properly bond individuals who have access to funds exposes the city to risk of loss. In addition, City Code, Section 21.135 requires these city officials to obtain bond coverage in the amount of the maximum monthly income from the previous fiscal year.
- F. During the year ended April 30, 2001 the city paid \$3,641 to a trucking company owned by the former City Clerk's husband for hauling services, and in May 2001 \$495 was paid to a greenhouse owned by the mother of an aldermen. These services were not bid. The mayor indicated the trucking company was the only company in the area, and the greenhouse provided the city supplies at wholesale cost. There was no indication in the minutes that the hauling service was a sole source purchase, and documentation was not obtained to verify that the city paid wholesale price to the greenhouse.

Transactions between the city and parties related to city officials represent potential conflicts of interest. Therefore, the city should ensure there is adequate documentation to support all related party transactions.

- G. During the year ended April 30, 2001 the city paid \$80 for Christmas bouquets for city employees and \$600 for parties for employees and volunteer workers.

These disbursements do not appear to be a necessary or prudent use of public funds. The city's residents have placed a fiduciary trust in their public officials to spend tax revenues and fees in a necessary and prudent manner.

- H. The city does not issue Forms 1099-Miscellaneous as required. In addition to the payments for hauling services noted in part F. above, the city also paid \$2,853 for electrical work and \$2,198 for grant administration during 2000 which was subject to Form 1099 reporting. Sections 6041 through 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-Miscellaneous.

- I. During the year ended April 30, 2001, the city paid more than \$3,500 to provide cellular phone service to three city employees. Several of the phone bills to support these costs were not retained by the city, and several of the bills seemed excessive. Also, we noted there was no indication the bills had been reviewed by the individual assigned the phone (to identify personal calls) or reviewed and approved by the Board of Aldermen. In addition to cellular phones, phone cards totaling \$382 were purchased by city employees. It is unclear why three cellular phones and phone cards were needed by city employees to conduct city business. The city recently reduced the number of cellular phones to one.

The city does not have a formal policy regarding the use of cellular phones or phone cards. While cellular phones can help increase employee productivity, they are also costly. A formal written policy is needed regarding cellular phones and the use of phone cards. Such a policy should address which employees need a cellular phone and/or phone card, proper use of the phone and/or card, and a review and authorization process. Also the Board of Aldermen should review the propriety of usage to determine whether the city is receiving sufficient benefit for its cost.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure adequate supporting documentation is retained for all city expenditures.
- B. Require all invoices be initialed or signed by a city employee to indicate acceptance of the goods or services, and all invoices be canceled when paid.
- C. Ensure that all checks have the required number of signatures.

- D. Maintain invoices for all petty cash expenditures. In addition, a ledger should be maintained documenting all petty cash transactions, and the petty cash fund should be periodically counted and reconciled to the ledger balance by an independent person.
- E. Obtain bond coverage for city officials.
- F. Ensure all related party transactions are adequately documented.
- G. Ensure all expenditures from city monies are a prudent use of public funds.
- H. Ensure payments totaling greater than \$600 to nonemployees and unincorporated businesses, are properly reported to the Internal Revenue Service.
- I. Determine whether cellular phones and phone cards are needed for the city. If the city determines there is a need, the board should develop a policy regarding the use of cellular phones and phone cards including an assessment of which employees need a cellular phone and/or phone card and procedures to monitor their use.

#### **AUDITEE'S RESPONSE**

*A,B,*

*D&G. We have implemented these recommendations.*

*C. We will ensure two signatures are on all checks. We have discussed this with the bank and they are to notify us if a check comes through with only one signature.*

*E. We have checked into getting bonds for these officials, and will ensure these officials are bonded after the April 2002 election.*

*F. There will not be any more related party transactions.*

*H. Forms 1099 were issued in January 2002 for 2001.*

*I. There is currently only one cell phone for the Police Chief and there are no more phone cards.*

<b>4.</b>	<b>Board Meetings, City Ordinances, and Tax Levies</b>
-----------	--------------------------------------------------------

- A. During the year ending April 30, 2001 the Board of Aldermen regularly had a vacant seat on the board and had difficulty getting board members to attend meetings. As a result, numerous meetings were held with only two aldermen and the mayor present. During these meetings ordinances were adopted, city officials were appointed, bids were accepted, and bills were approved for payment.

City Code, Section 24.030 indicates that a quorum shall consist of a, "majority of the full membership including vacancies and the Mayor of the City". Based upon city code it would appear that two aldermen and the mayor would constitute a quorum. However, Section 79.120 RSMo indicates that the mayor shall not vote except in the case of a tie. Therefore, it appears questionable that city business can be conducted with the approval of only two board members.

There is no indication that the city consulted its attorney regarding this issue. The city should consult legal counsel regarding the apparent conflict between City Code, Section 24.030 and state law.

- B. Written minutes were not maintained for closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Aldermen. Formal written minutes for closed meetings result in a better record of city transactions, proceedings, and decisions. In addition, minutes help the city demonstrate that closed discussions or business relate to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo.
- C. Board minutes prepared by the City Clerk are not always signed. The board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- D. The city has adopted city codes through ordinances. Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that the city's code be followed. During our review we noted the following instances where the city did not always follow the city code.
  - The city changed its customer water and sewer billing statement to indicate that shut off of the service would occur on the 23<sup>rd</sup> day of the following month if the bill was not paid. However, City Code, Section 27.160 for delinquent bills provides that, "If any bill for water service shall be and remain past due and unpaid for as long as thirty (30) days, service to such customer shall be discontinued..."
  - The board repaired a section of sidewalk on the city square but did not track the cost of the repairs or request reimbursement from the property owner as required by city code. City Code, Section 27.600 provides that, "It shall be the duty of the property owner, owning property along and in front of which sidewalks may have been or may hereafter be constructed, to keep such sidewalks in good repair at all time, and upon failure to keep said sidewalks repaired, such walks may be repaired by the city, and the cost of such repairs shall be assessed as a special tax against the property abutting thereon."

cost of such repairs shall be assessed as a special tax against the property abutting thereon.”

As the above examples illustrate, the city should review its current ordinances and amend or rescind outdated ordinances and ensure all ordinances are complied with.

- E. As noted in the “Review of 2001 Property Tax Rates” issued by the Missouri State Auditor on December 28, 2001, the 2001 property tax rate levied by the city exceeded the tax rate ceiling by 0.2189 cents per \$100 in assessed valuation.

Purpose	CERTIFIED RATE	Taxing Authority's Proposed Rate
General Revenue	0.5265	0.6800
Parks & Recreation	0.1007	0.1300
Health	0.1239	0.1600

According to the City Clerk, the levies were initially set too high because of problems with assessed valuation amounts received from the county. However, during the November 6, 2001 board meeting, the Board of Aldermen decided to lower the tax rate levy to the State Auditor's certified rate of 0.7511 and subsequently printed the city's real and personal tax statements. This adjusted tax levy was not filed with the County Clerk's office in time for the county to apply the new levy to Railroad and Utilities, and as a result, the city collected approximately \$1,200 in excess taxes.

Tax rate ceilings are determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (the Hancock Amendment). Cities should ensure property tax rates levied do not exceed the tax rate ceilings established by state law. Further, Article X, Section 3 of the Missouri Constitution requires taxes levied to be uniform upon the same class or subclass of subjects within the territorial limits of the authority levying the tax.

**WE RECOMMEND** the Board of Aldermen:

- A. Conduct city business only when an adequate number of aldermen are present, and consult legal counsel regarding the compliance of City Code 24.030 with state law.
- B. Ensure minutes are prepared for all closed meetings.
- C. Ensure the board minutes are signed by the preparer and Mayor or a designated member of the board to attest to their accuracy.

- D. Ensure all city codes/ordinances are complied with, or update the codification of city ordinances to help ensure ordinances are current and reflect the board's intentions.
- E. Not levy amounts in excess of the ceiling and reimburse the railroad and utility companies for the excess taxes collected.

#### **AUDITEE'S RESPONSE**

- A. *Because we have been unsuccessful in recruiting board members to fill the vacant seats and attend meetings, we will continue to conduct city business with only two aldermen.*
- B. *We have already discussed this with our City Attorney.*
- C. *We have implemented this recommendation.*
- D. *The City Attorney is working on changing the ordinance regarding the sidewalks and we will review the water and sewer ordinance to ensure it is in agreement with current city practices.*
- E. *When the railroad company starts maintaining their right of way, we will refund their money.*

<b>5. Water and Sewer System Procedures</b>
---------------------------------------------

- A. The city has not performed a formal review of the adequacy of the water and sewer rates. In April 2001, the board voted to increase water rates \$1.00 per quarter until the rate increases from \$3.50 to \$7.50 for the first 1000 gallons of usage. After the final rate increase revenues will increase approximately \$30,000 annually. However, the board did not prepare a statement of cost to maintain the water system as required when increasing rates. Section 67.042, RSMo 2000, provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of the service. The city's audited financial statements showed operating income of \$11,821 and an operating loss of \$9,781 in the Water and Sewer Fund during the years ending April 30, 2001 and 2000, respectively. Water and sewer fees are user charges which should cover the cost of providing the related services, but rates should not be set at a level which results in excessive fund balances. The city needs to perform a thorough review of the cost of providing these services and set rates appropriately.
- B. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. The City Collector prepares monthly reports of the total number of gallons billed to customers and the water department records meter readings of the city's water wells, so information is available to perform such reconciliation.

During the month of August 2001, the gallons of water pumped exceeded the total gallons billed by 4,444,407 gallons or 51 percent. The city believes that the large water loss is partially due to flushing out the system and that water usage at city facilities are not metered.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences. The Public Service Commission generally recommends investigation if water usage not billed exceeds 15 percent.

- C. The City Collector performs all functions related to preparing the utility bills, receipting and recording utility payments and credit adjustments, depositing utility receipts, monitoring accounts for delinquencies, and initiating service shutoff orders.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records.

- D. During the year ending April 30, 2001, utility receipts were not always deposited intact, and the method of payment (cash and checks) was not always recorded or correctly recorded in the computer system. In addition, no reconciliation was performed between the composition of monies received to the composition of monies deposited.

During our review of the thirteen deposits made during July 2000, we noted ten instances where the amount of cash recorded did not agree to the amount of cash deposited. The amount of cash recorded during July 2000, exceeded the amount of cash deposited by \$248. While city personnel indicated that it was customary for customers to receive cash refunds for overpayments during this time period, there was no documentation to indicate refunds had been made in cash. As a result, we have no assurance that cash received by the city during the year ending April 30, 2001 was accounted for properly. Controls of utility receipts improved after April 30, 2001.

Depositing monies intact helps ensure accurate accounting of utility receipts and reduces the possibility of loss or misuse of funds. To adequately safeguard funds and ensure receipts are accounted for properly, receipts should be deposited intact and the amount of cash and checks received should be reconciled to the bank deposit.

- E. There is no supporting documentation or independent approval of credit adjustments posted to the utility system. The City Collector has the ability and authority to post credit adjustments to the computer system without obtaining the approval of anyone else. Adjustments totaling more than \$13,000 were made during the year ending April 30, 2001. According to the City Collector, numerous adjustments for incorrect water usage amounts or leaks are necessary. While the reasons to adjust the billing may be valid, it appears most of the adjustments are made at the discretion of the City Collector and are not formally reviewed by the Mayor or the board.

To ensure that all credit adjustments are valid and properly approved, the Mayor, board, or someone independent of receipting and recording functions should review all credit adjustments and proper supporting documentation should be maintained of such adjustments.

- F. City residents are required to pay a refundable deposit for water and sewer service. The City Collector collects and maintains a listing of deposits received with the amounts being deposited in the Water Meter Deposit Fund. Currently, the city collects a \$50 deposit; however, varying amounts ranging from \$5 to \$50 have been collected in the past. As of August 2001, the city had 641 water customers but only identified 308 utility deposits totaling \$15,375. The balance in the water meter deposit fund on August 31, 2001 was \$17,713, resulting in a \$2,338 difference.

To ensure all city residents have paid a deposit and the city only refunds deposits to residents that have actually paid, adequate records of sewer and water deposits are necessary. The city needs to identify the amount of the deposit held for each customer and update the permanent record of this information. Preparation of a detailed listing of customer deposits would provide a means to perform periodic reconciliations between customer deposit records and monies in the account. Without these reconciliations, the possibility of undetected errors is increased. A similar comment was made by the city's auditor during the annual audit.

**WE RECOMMEND** the Board of Aldermen:

- A. Perform periodic reviews of the costs to maintain utility services, and establish rates to ensure revenues are adequate. In addition, a statement of the costs to maintain funding of the service should be prepared, as required by state law, before enacting any rate increase.
- B. Compare the gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.



- C. Segregate the duties of receiving and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If this is not possible, at a minimum, procedures for adequate independent reviews should be established.
- D. Deposit utility receipts intact and reconcile the composition of checks and cash received to the composition of amounts deposited.
- E. Ensure adjustments to the water and sewer billings are approved by the Mayor, board or someone independent of the system and that adequate documentation is retained of such adjustments.
- F. Identify all meter deposits held by the city and periodically reconcile these deposits to the water meter deposit bank account.

#### **AUDITEE'S RESPONSE**

- A. *We are currently in the process of putting together a statement of cost for the water system.*
- B. *We have been investigating the difference between water pumped to water sold, and believe most of the problem is due to old meters. We have been reviewing prices for replacing meters throughout the city.*
- C. *We believe we have segregated duties as much as possible, the City Clerk and Collector are sharing in these duties.*
- D. *We have implemented this recommendation.*
- E. *We will begin printing a list of adjustments for the Board of Aldermen to review monthly.*
- F. *We are in the process of trying to determine the difference in the water deposit account. We have sent out questionnaires to select customers who may have paid a deposit many years ago.*

<b>6.</b>	<b>Budgets and Financial Reporting</b>
-----------	----------------------------------------

- A. The city could not locate its budget for the year ending April 30, 2001. The city's budget for the year ending April 30, 2002 did not include a budget message, the beginning and ending resources available for any city funds, and the prior two years actual amounts. In addition, the Board of Aldermen does not periodically compare actual revenues and expenditures to the budgeted amounts.

Sections 67.010 to 67.080, RSMo, provide the city's budget shall present a complete financial plan for the ensuing budget year and include specific requirements regarding the preparation and approval of the annual operating budget. A budget should be prepared for all funds of the city and the budget should include a budget message, the beginning and projected ending fund balances of all city funds, and actual or estimated revenues and expenditures for the two previous fiscal years. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area and providing a means to effectively monitor costs.

- B. The City has not published semi-annual financial statements as required by law. The last financial statement of the city was published in June 1999; however, it did not include detailed information, but only presented total revenues, expenses, and beginning and ending balances. In addition, these published financial statements did not include the city's indebtedness.

Section 79.160, RSMo 2000, requires the city council to publish, semi-annually, a full and detailed account of the receipts, expenditures, and indebtedness of the city. The publication of such financial statements are intended to provide information to citizens regarding the financial activity and condition of the city.

- C. The City Collector has not provided monthly or annual reports of taxes collected to the Board of Aldermen since September 1999. Sections 79.310, 94.320, and 94.330, RSMo 2000 requires the city collector to prepare monthly and annual reports to the board of aldermen of the amount of taxes collected and to prepare annual lists of delinquent taxes including a detailed list of persons who have not paid. The board is to examine and approve the reports and charge the City Collector to collect the amount of delinquent taxes due.

Monthly and annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements, and additions, and protested amounts. Without such a report, examined by the Board of Aldermen, any errors or irregularities that might occur are likely to go undetected.

**WE RECOMMEND** the Board of Aldermen:

- A. Prepare budgets in accordance with state law. In addition, the board should periodically compare actual revenues and expenditures with budgeted amounts to monitor city finances and to ensure actual expenditures do not exceed budgeted amounts.

- B. Ensure financial statements are published semi-annually and that the published financial statements provide the citizens an adequately detailed account of the financial activity and indebtedness of the city.
- C. Require the City Collector to prepare and maintain detailed monthly and annual reports of taxes collected and delinquent taxes.

### **AUDITEE'S RESPONSE**

- A. *We will ensure that the 2003 budget complies with state law.*
- B. *Financial statements are now being published.*
- C. *This recommendation has been implemented. In February 2002 the City Collector provided the required reports to the Board of Aldermen.*

<b>7.</b>	<b>Payroll Procedures</b>
-----------	---------------------------

- A. City employees do not prepare time sheets, and records are not maintained of vacation, sick leave, and compensatory time earned, taken, or accumulated for each employee. Time sheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The city should require all employees to prepare detailed time sheets which are reviewed and approved by a supervisor. Documentation of vacation and sick leave earned, taken, and accumulated is necessary to ensure employees are properly compensated for accumulated leave and to ensure leave time used is not in excess of time accumulated.
- B. Duties are not adequately segregated to provide the necessary internal controls over the payroll function. The city clerk handles all payroll duties including preparation, record keeping, disbursing payroll checks, distributing employee W-2s, and maintaining the personnel files. While the Board of Alderman approves city expenditures, this approval does not include payroll.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employees time sheets by an independent individual would provide another supervisory review to minimize the risk of loss, theft or misuse of funds.

**WE RECOMMEND** the Board of Aldermen:

- A. Require all city employees to prepare time sheets reflecting the actual time worked, and signed by the employee and the applicable supervisor. In addition, records should be maintained of vacation, sick leave, and compensatory time earned, taken, and any accumulated balances.
- B. Properly segregate payroll duties, or if segregation of duties is not possible, an independent review of the related payroll records should be performed periodically.

**AUDITEE'S RESPONSE**

- A. *Vacation, sick leave, and comp-time are currently being tracked. We will consider requiring time sheets from city employees.*
- B. *We will begin reviewing payroll monthly with other city expenditures.*

<b>8. Street Maintenance Plan</b>
-----------------------------------

A formal maintenance plan for city streets has not been prepared annually. A maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

**AUDITEE'S RESPONSE**

*We currently have a street maintenance plan; however, it is not documented. This will be documented in the future.*

- A. Mileage and maintenance logs are not maintained for city vehicles and equipment. The city owns five vehicles including two police cars, one van, two trucks, as well as a tractor and a backhoe.

Without mileage and maintenance logs, the city cannot determine whether city vehicles are used solely for city business or ensure all vehicles are being utilized. Logs should be maintained indicating the employee using the vehicle or equipment, the purpose and destination of the trip, the beginning and ending odometer readings, and the fuel, operation, and maintenance costs. The logs should also be reviewed by the board to ensure all mileage is recorded and that the vehicles are being properly utilized. Mileage and maintenance logs are necessary to document appropriate use of the vehicles and to monitor operation and maintenance costs.

- B. Fuel logs are not maintained for the city owned police cars, van or equipment. Fuel logs are maintained only by the maintenance department; however, a comparison of the fuel used to the fuel purchased is not performed. The city maintains three fuel tanks, two unleaded and one diesel, located at the maintenance building for use in city vehicles and equipment. During the years ending April 30, 2001 and 2000, the city spent approximately \$10,633 and \$6,362, respectively, for fuel.

To ensure the reasonableness of fuel expenditures, the city should maintain records of fuel usage, and reconcile them to fuel purchased and on hand. Failure to account for fuel purchases could result in the loss, theft or misuse of city assets going undetected.

- C. The city has not prepared and maintained permanent, detailed property records for general fixed assets, including the cost of land, buildings, equipment, and furniture owned by the city. In addition, the city has not prepared and maintained permanent, detailed property records for the water and sewer system. The city's CPA has maintained a listing of fixed asset purchases since May 1, 1998. Also, annual physical inventories are not performed.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for general fixed assets and the fixed assets of the water and sewer system, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, and ensure the accuracy of the recorded fixed assets.

Periodically, the city should take physical counts of its assets and compare to the detailed records. A similar comment was made by the city's auditor during the annual audit.

**WE RECOMMEND** the Board of Aldermen:

- A. Maintain mileage and maintenance logs for all city vehicles and equipment, and perform periodic reviews for completeness and reasonableness.
- B. Maintain fuel logs for all city vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.
- C. Utilize the listing maintained by the CPA to establish property records for general fixed assets that record all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent transactions. In addition, the city should properly tag or otherwise identify all city property and conduct physical inventories for comparison to the property records.

**AUDITEE'S RESPONSE**

- A. *We are now keeping maintenance logs and are in the process of implementing mileage logs for city vehicles.*
- B. *We are now keeping fuel logs.*
- C. *We have prepared an inventory of city assets, but have not been able to locate the listing. The list will be located and updated when city assets are purchased and/or disposed.*

<b>10. Municipal Court</b>
----------------------------

- A. Receipts are not recorded and deposited on a timely basis and are not stored in a secure location. A cash count performed on September 12, 2001 identified cash and checks totaling approximately \$748 that were stored in an unlocked desk drawer. Of the monies counted, approximately \$560 had not been receipted or recorded. In addition, checks and money orders are not restrictively endorsed when received, but are endorsed when the deposit is prepared.

To reduce the potential for loss, theft, or misuse of funds, receipts should be promptly recorded and deposited intact daily or when accumulated receipts exceed \$100. Also checks and money orders should be restrictively endorsed immediately upon receipt, and stored in a secure location accessible only to authorized personnel.

- B. The duties of receiving, recording, and depositing bonds, fines and court costs collected by the municipal court are not adequately segregated. Currently, the Court Clerk performs all of these duties with little or no supervisory review of her work.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. Checks totaling approximately \$318 written on the regular fee account and \$182 written on the bond account have been outstanding for more than one year. Some checks date as far back as June 1999.

Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, the amounts should be disposed of in accordance with Sections 447.500 through 447.595, RSMo 2000.

- D. The Municipal Judge does not always sign the dockets after dispositions are recorded. To ensure the proper disposition of all cases has been entered in the court records, the Municipal Judge should review each court docket and sign the docket to indicate approval of the recorded disposition.

- E. Ticket books are not issued in numerical sequence and the numerical sequence of tickets issued is not accounted for. While a log of tickets issued is maintained, the tickets are not recorded in numerical order.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets as well as their ultimate disposition.

- F. Bond forms used by the police department are not pre-numbered. Bond forms are manually assigned a number as they are issued. To ensure adequate control and accounting for bond forms, bond forms should be pre-numbered and the numerical sequence of bond forms should be accounted for.

**WE RECOMMEND** the municipal division:

- A. Promptly record all receipts and deposit all monies intact daily or when accumulated receipts exceed \$100. Also ensure that all monies received are stored in a secure location accessible only by authorized personnel, and that all checks and money orders are restrictively endorsed immediately upon receipt.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, procedures to routinely review and reissue any old outstanding checks should be adopted.
- D. Require the Municipal Judge to review and sign all court dockets to indicate approval of all recorded dispositions.
- E. Work with the police department to ensure traffic ticket books are assigned to officers in numerical order and records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- F. Work with the police department to ensure prenumbered bond forms are issued for all bonds received.

**AUDITEE'S RESPONSE**

*The Municipal Judge and the Court Administrator provided the following responses:*

- A-C. We will try to do these in the future.*
- D. It has not been a practice of the court to sign dockets that are handled through the Traffic Violation Bureau, but is a practice of the court to sign all dockets that are not handled by the Traffic Violation Bureau.*
- E. It is not the responsibility of the court to issue ticket books, that is the responsibility of the Police Department.*
- F. Pre-numbered bond forms are expensive to have printed compared to the low amount of bonds that are written. The Police Department is to keep a log of the bond numbers assigned to each bond.*

This report is intended for the information of the management of the City of Sarcoxie, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF SARCOXIE, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Sarcoxie is located in Jasper County. The city was incorporated in 1868 as a fourth-class city. The population of the city in 2000 was 1,354.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at April 30, 2001, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended April 30, 2001	Amount of Bond
Carlton Meyer, Mayor	April, 2002	\$ 0	\$ 0
Richard Salyer, Alderman	April, 2003	0	0
Dale Rice, Alderman	April, 2002	0	0
Christian Carter, Alderman (1)	April, 2002	0	0
Vacant Seat, Alderman	April, 2002	0	0
 <u>Other Principal Officials</u>			
Penny Dean, City Clerk (2)		2,940	50,000
Teddra Prater, City Collector (3)		128	50,000
William Jones, Chief of Police (4)		26,292	50,000
Henry Clapper, City Attorney		5,046	0
Carr Woods, Municipal Judge		3,000	50,000
Julie Johnson, Court Clerk		3,128	50,000

- (1) Appointed to replace Anthony Chapman who resigned in February 2001.
- (2) Appointed City Clerk to replace Leaetta Jasumback who resigned in April 2001.
- (3) Gail Towers served as City Collector until March 2001. Penny Dean was appointed City Collector in March, 2001, then resigned in April 2001 to become City Clerk, and Teddra Prater was appointed. Brenda Koeshall was appointed City Collector in June 2001.
- (4) Appointed to replace Angela Sivils who resigned in May 2000.

On April 30 , 2001 the city employed approximately 10 full-time and 4 part-time employees.

Assessed valuations and tax rates for 2001 and 2000 were as follows:

ASSESSED VALUATION	2001	2000
Real estate	\$ 6,797,830	6,124,410
Personal property	186,140	161,593
Total	\$ <u>6,983,970</u>	<u>6,286,003</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Rate
General Fund	\$ 0.5265	0.68
Park Fund	0.1007	0.13
Health	0.1239	0.16

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$ .005	None
Transportation	.005	2004
Park	.005	2010

\* \* \* \* \*



**OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-37  
May 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

**The following problems were discovered as a result of an audit conducted by our office of the Office of Administration, Missouri Ethics Commission.**

---

The Missouri Ethics Commission (MEC) is required by state law to establish an electronic reporting system for lobbyist, campaign finance, and personal financial disclosure reporting. The MEC has not complied with the provisions of these laws in a timely manner.

State law required the commission to have an electronic lobbyist reporting system ready by January 1, 1998, and to make lobbyist information available to the public on an internet web site by January 1, 1999. However, the commission did not complete the lobbyist reporting system until October 1999, and the internet web site was not established until December 2000. State law required the commission to establish an electronic campaign finance disclosure reporting system in time for the 1998 elections. However, the commission did not have the electronic system operational until November 2001, and was available for use starting with the quarterly reports due April 15, 2002.

The commission contracted with a vendor to develop the electronic systems for lobbyist and campaign finance disclosure reporting, which cost the state \$472,000. The audit noted concerns related to how the commission administered the contracts for the development of the electronic reporting systems and said these systems should have been implemented in a more timely manner. The commission experienced several problems with the contractor's software and ultimately filed lawsuits against the vendor. After settlement of the lawsuits, the commission was still not satisfied that the systems were functioning properly. As a result, the commission decided to scrap the vendor's systems and develop the systems in-house.

The audit also questioned why the commission did not implement an electronic reporting system for personal financial disclosure. The commission does not believe the law requires an electronic system, but agreed to ask the Attorney General for his interpretation of the law.

The MEC's current reporting systems do not allow users functionality similar to other state's web sites. Missouri's lobbyist system only allows users to access a list of lobbyists and principals, view lobbyist monthly reports filed (since December 2000), and do searches for lobbyist expenditures made for or on behalf of certain state elected officials only. Other states allow searches based on user defined criteria and the ability to sort, summarize, and download information from the system.

(over)

YELLOW SHEET

The MEC's enforcement authority is often limited or non-existent because the state laws are vague, confusing, inconsistent, and contain numerous exceptions to the various reporting requirements. The report notes examples and recommends the MEC pursue statutory changes to ensure the laws include appropriate enforcement provisions.

The MEC did not assess penalties for late filings of monthly expenditure reports by lobbyists from January 1, 1998 through January 31, 2001. In addition, the MEC has not assessed penalties for late campaign finance disclosure reports since 1997. The purpose of the late filing penalty is to encourage compliance with the timeliness requirements of the applicable statutes. Failure to assess these penalties nullifies their deterrent effect and could lead to greater noncompliance. In addition, the law does not authorize the MEC to postpone the billing of these penalties; instead, it requires the MEC to provide timely notification to late and/or non-filers.

The law requires the MEC to review and audit lobbyist reports, campaign finance disclosure reports, and personal financial disclosure reports. However, the MEC does not audit these reports unless a complaint is filed under state law. It appears the MEC is adequately reviewing reports for timeliness and ensuring these reports are filled out properly and signed. In addition, the MEC performs some crosschecks. However, the MEC cannot determine if reports are accurate and complete unless the MEC performs audits of reports.

The Missouri Ethics commission was created by the Missouri Ethics Law of 1991. The law provides for the MEC to have responsibilities for the enforcement of conflict of interest and lobbying laws and campaign finance disclosure laws. The MEC also issues official opinions that the requestor may rely on as a defense.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT.....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR’S FINDINGS.....	4-15

<u>Number</u>	<u>Description</u>	
1.	Statutory Requirements .....	5
2.	Electronic Reporting Systems .....	6
3.	Assessment of Late Filing Fees .....	10
4.	Report Review and Auditing Procedures .....	11
5.	Information System Policies and Procedures .....	13
6.	Personnel Policies and Procedures .....	14
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		16-22

Appendix

A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000 .....	20
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000 .....	21
C	Comparative Statement of Receipts - General Revenue Fund - State, Years Ended June 30, 2001 and 2000 .....	22

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the Missouri Ethics Commission  
and  
Robert F. Connor, Executive Director  
Missouri Ethics Commission  
Jefferson City, MO 65102

We have audited the Missouri Ethics Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and expenditures made by the Missouri Ethics Commission.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. Section 105.955 (17), RSMo 2000, does not allow the State Auditor's Office to review any file or document pertaining to any particular investigation, audit or review by the Missouri Ethics Commission. As a result of this restriction on our access to such records, we could not determine if the commission had complied with laws pertaining to such investigations. However, we did review the commission's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed appropriate personnel.

As part of our audit, we assessed the commission's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an

understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the Missouri Ethics Commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Ethics Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

October 3, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Thomas Fox
	Turan Hirji

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Statutory Requirements</b>
-----------	-------------------------------

The Missouri Ethics Commission (MEC) has the responsibility for the enforcement of conflict of interest and lobbying laws (Section 105.450-498, RSMo) and campaign finance disclosure laws (Chapter 130, RSMo). The MEC's enforcement authority is often limited or non-existent because the state laws are vague, confusing, inconsistent, and contain numerous exceptions to the various reporting requirements. Examples of problems we noted are as follows:

**Lobbyist reporting**

Section 105.473.12, RSMo 2000, requires each lobbyist or lobbyist principal to file a report describing proposed legislation or actions supported or opposed. This report is due twice a year on March fifteenth and May thirtieth. However, the law allows either the lobbyist or lobbyist principal to file this report and some principals have numerous lobbyists. As a result, the law makes it difficult for the MEC to determine if all required reports were filed. In addition, it is difficult for the MEC to file these reports and locate them upon request. The MEC could not locate two out of eleven reports we selected for review. In addition, the law does not allow the MEC to assess a penalty for late filers or non-filers.

**Campaign finance disclosure reporting**

Section 130.056.2(9), RSMo 2000, allows the MEC to assess a late filing fee if a candidate for state or local office fails to file a report on time. The MEC has interpreted the use of the word "candidate" in this law to exclude other persons or groups required to file a campaign finance disclosure report but not considered a candidate. These other persons or groups include political parties, all committees other than candidate committees, candidates who lost the primary or general election, and elected officials. In addition, this law does not allow the MEC to assess a late filing fee for candidates who file a statement of limited activity instead of a campaign finance disclosure report.

**Personal financial disclosure reporting**

Section 105.485.4, RSMo 2000, allows a political subdivision to adopt an ordinance establishing its own method of disclosing potential conflicts of interest. Adopting this ordinance limits the number of employees of the political subdivision that have to file a report with the MEC and allows them to file a short form report (employees of political subdivisions not adopting such an ordinance must file a long form). However, the law does not allow the MEC to charge a penalty for non-filers or late filers of the short form.

Section 105.955.18, RSMo 2000, allows the MEC to request a political subdivision to submit a listing of persons designated as decision-making public servants, who are required by law to file a personal financial disclosure report. The law allows the political subdivision 30 days from the date of the request to submit the list to the MEC. We noted 18 political subdivisions in 2000 that did not comply with the MEC's request for a listing. The law does not allow the MEC to charge a penalty if a political subdivision fails to file the listing.

Failure to have clear, well-written laws limits the MEC's ability to effectively monitor and enforce compliance with Chapter 105 and Chapter 130.

**WE RECOMMEND** the MEC pursue statutory changes to Chapters 105 and 130 to ensure the laws include appropriate enforcement provisions.

### **AUDITEE'S RESPONSE**

*In its Management Advisory Report, the Auditor states that the Commission's enforcement authority "is often limited or non-existent because the state laws are vague, confusing, inconsistent, and contain numerous exceptions to the various reporting requirements." The Auditor's Report provides examples to support their position, and recommends that the Commission "pursue statutory changes to Chapters 105 and 130 to ensure the laws include appropriate enforcement provisions."*

*The Commission and staff, in cooperation with members of the General Assembly, have developed and submitted proposed statutory changes to Chapters 105 and 130, RSMo, during past legislative sessions, as well as the current legislative session. In each of those sessions, the Commission staff has worked directly with sponsors and other members of the legislature in an effort to make changes to these two chapters, and members of the legislature have supported proposed legislation that would address the issues raised by the Auditor's office. The Commission staff will continue to work with the General Assembly to address these issues as per the Auditor's recommendation.*

<b>2. Electronic Reporting Systems</b>
----------------------------------------

- A. The MEC is required by Sections 105.477 and 130.057, RSMo 2000, respectively, to establish an electronic reporting system for lobbyist, campaign finance, and personal financial disclosure reporting. The MEC has not complied with the provisions of these laws in a timely manner.

#### **Lobbyist reporting**

Section 105.477, RSMo 2000, required the MEC to have appropriate hardware and software in place by January 1, 1998, to allow lobbyists to submit reports electronically. In addition, the law required the MEC to make this information available to the public on an internet web site no

later than January 1, 1999. Lobbyist filing software was made available in October 1999 and the internet web site was established in December 2000.

### **Campaign finance disclosure reporting**

Section 130.057, RSMo 2000, required the MEC to establish an electronic reporting system for campaign finance in time for the 1998 election. After this deadline was missed, the law was changed which allowed the MEC additional time to implement the electronic reporting system. The revised law simply required the MEC to certify, to all candidates and committees required to file these reports, when the electronic reporting system is established and implemented. Electronic reporting was to become mandatory on January 1, 2000, or the primary election after certification. On November 27, 2001, the MEC certified that the electronic reporting system for campaign finance disclosure reports was working and would be available for use starting with quarterly reports due April 15, 2002.

### **Personal financial disclosure reporting**

The MEC does not have an electronic reporting system for personal financial disclosure reports and has no plans to develop such a system. MEC officials indicated they do not believe the law requires an electronic reporting system for personal financial disclosure forms, but would ask the Attorney General for his interpretation. Section 130.057 (2), RSMo 2000, requires the MEC to establish a campaign finance and **financial interest disclosure** electronic reporting system.

The MEC began the process of implementing the electronic reporting systems in 1997. The MEC contracted with a vendor to develop the campaign finance reporting system for a cost of \$285,000. The contract was awarded on May 22, 1997, and required the system to be implemented by October 6, 1997. On July 1, 1997, the MEC paid the vendor the entire contract amount of \$285,000, even though work under the contract was still in progress. MEC officials indicated they made the payment because they were concerned whether the appropriation would be available to them after the end of fiscal year 1997.

The MEC contracted with the same vendor to develop the lobbyist reporting system for a cost of \$187,000. The contract was awarded on October 21, 1997, and required the system to be implemented by December 1, 1997. The MEC experienced several problems with the software and ultimately filed lawsuits against the vendor for non performance pertaining to each contract. The Circuit Court ordered the state and the vendor to mediate their concerns. In April 1999, the parties agreed to hire an independent computer expert to evaluate the systems. In July 1999, the expert completed his independent review and concluded the software was functional and met the requirements of the contract. As a result, the lawsuits were settled under mediation in September 1999 and the MEC paid the vendor the \$187,000 for the lobbyist reporting system on September 15, 1999.

Although both contracts included deadlines for implementation, they did not specify any damages for late delivery. In addition, the contracts did not specify what system features and capabilities had to be implemented by the contract deadline versus what features and capabilities could be added during the maintenance period, subsequent to the implementation date.

After settlement of the lawsuits, the MEC was still not satisfied that the systems were functioning properly. As a result, the MEC decided to scrap the vendor's systems and develop the systems in-house. This process began in January 2000, when the MEC hired a Director of Information Services. The in-house staff used approximately 3,600 hours to develop and test the lobbyist reporting system and the web site was established in December 2000. The campaign finance reporting system also took about 3,600 hours and was certified by the MEC as being ready in November 2001.

The contracts for the electronic reporting systems for campaign finance and lobbyists were poorly administered and managed, and these systems should have been implemented in a more timely manner. In addition, the MEC should develop the system for personal finance disclosure as soon as possible.

- B. The MEC's current reporting systems do not allow users functionality similar to other state web sites. Missouri's lobbyist system only allows users to access a list of lobbyists and principals, view lobbyist monthly reports filed (since December 2000), and do searches for lobbyist expenditures made for or on behalf of certain state elected officials only. The law requires lobbyists to report expenditures made for or on behalf of the following:

- Any member of the general assembly.
- Any member-elect of the general assembly.
- Judge or judicial officer.
- Any other person holding an elective office of state government.
- State department and division directors.
- Members of state boards and commissions.
- State employees who have been designated as decision-making public servants.
- The public official's staff, spouse, or dependent children.

However, the MEC's web site only allows the user to make searches on statewide elected officials, members of the general assembly, and supreme court judges.

When compared to similar reporting systems in some other states, Missouri's lobbyist system does not currently allow for the following:

- Reports of total expenditures for an individual lobbyist or a particular principal. In Missouri's system, the user can only review the monthly

reports. The web site does not give the user the capability to summarize data for multiple months.

- Reports of expenditures made for or on behalf of other than state elected officials (as discussed above).
- Perform searches by lobbying activity or purpose.
- Perform searches by dollar amount, date, or type of expenditure.
- Sort information by lobbyist name, amount, official name, date, and/or expenditure type.
- Download information from the database.
- View lists of non-filers and late filers.

MEC officials indicated the initial lobbyist reporting system is a “bare bones” system and the MEC has plans to update the system and make it more functional.

Missouri's campaign finance system only allows users to view reports filed during 2001 and only some of the reports for prior years. No other functionality is available. MEC officials indicated that imaging reports is the first stage in implementing this system and the full system will be available for use starting with quarterly reports due April 15, 2002. The MEC should design these systems to provide more functionality for the public.

**WE RECOMMEND** the MEC:

- A. Implement the electronic reporting systems for campaign finance and personal financial disclosure as soon as possible.
- B. Update all reporting systems to provide more functionality for the public.

**AUDITEE'S RESPONSE**

- A. *The Auditor's Report recommends that the Commission implement an electronic reporting system for campaign finance and personal financial disclosure as soon as possible, and update all reporting systems to provide more functionality for the public. Regarding the recommendation for the implementation of an electronic reporting system for campaign finance, the Missouri Ethics Commission has designed, developed, and is implementing a web-based electronic reporting system for campaign finance. Specifically, campaign finance reports filed on paper for the year 2001 have been electronically imaged or scanned, and are available for public viewing both on the Internet and at the Commission offices. Based on the current status of the program, in the spring of 2002 candidates for statewide office who receive or spend over \$5,000 in any reporting period and continuing committees that receive or spend over \$15,000 in the applicable calendar year will file their reports electronically as per Sec. 130.057 RSMo. When the latter portion of the system is completed, both the imaged reports and the reports filed electronically will be available for viewing by the public on the Internet. The current electronic reporting system for lobbyist became operational in January, 2001 for the December, 2000, reports, which were to be filed by lobbyists by January 10, 2001.*



*The data collected and made available to the public by these two electronic reporting systems satisfies the electronic reporting requirements of Chapters 105 and 130 in terms of the information that must be reported by lobbyists and for campaign finance reporting purposes.*

- B. *The Auditor's Report recommends that the electronic reporting system should include Personal Financial Disclosure Statements (PFD). During past hearings, meetings, and other communications with state officials concerning development of electronic reporting systems, the issue of incorporating PFDs was not included as a required component of the electronic reporting systems. However, after review by legal council, Sec. 130.057 RSMo, could be interpreted to include one type of PFD in the requirement for electronic reporting. Specifically, the current wording of Sec. 130.057.2 RSMo, could be interpreted to require or authorize the electronic reporting of PFDs by candidates, but not by persons who are required to file PFDs for any of the other reasons for which a PFD must be filed. This information notwithstanding, an electronic reporting system for PFDs could be developed with appropriate funding, but if it is to include all PFDs, it would require appropriate changes to the statutes.*

*The Auditor's Report also addresses the issue of the functionality of the current web-based system. Specifically, the report states that the Commission's system does not have the same level of functionality as certain other states's electronic reporting systems, and recommends that the Commission's system be upgraded to provide more functionality. While it is somewhat problematic to make direct comparisons among the electronic reporting systems of various states for a number of reasons, including the differences in statutory reporting requirements, levels of funding, and length of experience with electronic reporting, the Commission will continue to improve the functionality of the electronic reporting systems through the installation of modifications and upgrades to the systems. Specifically, the Commission staff will implement modifications and upgrades that will increase the searchability of lobbyist and campaign finance reports posted on the Commission website, and will provide for the creation of user-defined reports. The timing and extent of these modifications will in part be determined by available funding.*

*The Auditor's Report also addresses a contract for an electronic reporting system entered into by the state and a private contractor prior to the implementation of the current web-based system. The state filed a lawsuit against that contractor, and the litigation was ultimately settled by court-ordered mediation. The Commission notes that state procedures concerning the requests for and award of bids were observed during all phases of that contract.*

<b>3. Assessment of Late Filing Fees</b>
------------------------------------------

The MEC did not assess penalties for late filings of monthly expenditure reports by lobbyists from January 1, 1998 through January 31, 2001. Section 105.492.5, RSMo 2000, requires the MEC to assess penalties for lobbyists that file late monthly expenditure reports. In addition, the MEC has not assessed penalties for late campaign finance

disclosure reports since 1997. Section 130.056.2(9), RSMo 2000, requires the MEC to assess penalties for late campaign finance disclosure reports. The law does not authorize the MEC to waive late filing penalties.

The MEC decided to suspend assessing penalties for late lobbyist reports because the law required lobbyists to file reports electronically but the electronic system was not working properly and was often unreliable. In addition, the electronic database could not generate an accurate and complete report of late filers.

For campaign finance disclosure, manual reporting was still optional for many candidates and/or committees. However, MEC officials indicated they were unsure if they could assess penalties on late filers because the electronic system was not working properly and, as a result decided to suspend assessing penalties.

The purpose of the late filing penalty is to encourage compliance with the timeliness requirements of the applicable statutes. Failure to assess these penalties nullifies their deterrent effect and could lead to greater noncompliance. In addition, the law does not authorize the MEC to postpone the billing of these penalties; instead, it requires the MEC to provide timely notification to late and/or non-filers.

**WE RECOMMEND** the MEC assess late filing fees in accordance with state laws and bill for those fees on a timely basis.

#### **AUDITEE'S RESPONSE**

*The Auditor's Report recommends that late fees be assessed on a timely basis. The Commission agrees, and late fees are currently being assessed on a timely basis.*

<b>4. Report Review and Auditing Procedures</b>
-------------------------------------------------

The MEC is required by law to maintain files of lobbyist reports, campaign finance disclosure reports, and personal financial disclosure reports for public inspection. The law requires the MEC to review and audit these reports for timeliness, accuracy, and completeness. However, the MEC does not audit these reports unless a complaint is filed under Section 105.472, RSMo 2000. The following describes the current review process:

#### **Lobbyist reports**

Lobbyists are required to manually register with the MEC. Once registered, the MEC provides the lobbyist a username and a password, which the lobbyist uses to file the monthly expenditure reports electronically using the internet. Edit checks within the electronic reporting system help ensure the form is mathematically accurate and all required fields are properly completed before the report is accepted into the reporting system. In addition, the system generates lists of non-filers as well as late filers and the MEC reviews these lists on a monthly basis.

### **Campaign finance disclosure reports**

Campaign finance disclosure reports are filed throughout the year by various candidates and committees. The MEC reviews each of these reports for timeliness and ensures the reports are filled out properly and signed. In addition, the MEC performs crosschecks of contributions received and disbursed for some candidates and committees. However, these crosschecks are only documented when errors are noted.

### **Personal financial disclosure reports**

Personal financial disclosure reports are filed throughout the year by candidates for election, elected officials, individuals appointed to office, and various other individuals. The MEC reviews each of these reports for timeliness, proper signature, and proper reporting period. In addition, the MEC maintains a database of all known required filers and applicable filing deadlines which allows the MEC to identify potential non-filers.

Section 105.955.14(2), RSMo 2000, requires the MEC to review and audit the reports noted above for timeliness, accuracy, and completeness. Section 105.959.1 requires the MEC to review reports and statements filed pursuant to Section 105.470 (**Lobbyist**), Section 105.483 (**Financial Interest**), and Chapter 130 (**Campaign Finance**) for completeness, accuracy, and timeliness, and upon review, if there are reasonable grounds to believe that a violation has occurred, shall conduct an audit of such reports and statements. In addition, Section 105.955.14(3), RSMo 2000, requires cross-checks of information included in such statements and reports and Section 130.032.7, RSMo 2000, requires a review for campaign contribution limits.

It appears the MEC is adequately reviewing reports for timeliness and ensuring these reports are filled out properly and signed. In addition, the MEC performs some crosschecks. However, the MEC cannot determine if reports are accurate and complete unless the MEC performs audits of reports.

While it would not be feasible to audit about 2,100 monthly lobbyist reports, about 9,000 annual personal financial disclosure reports, and about 11,700 campaign finance disclosure reports in a major election year (about 4,000 reports are received in other years), it would be feasible to audit a sample of each type of report. Such audits should include a review of supporting documentation to verify the accuracy and completeness of information reported (i.e., expenditures, contributions, income, etc.). Auditing a sample of reports would provide assurance as to the accuracy and completeness of the reporting process and possibly act as a deterrent and prevent inaccurate or fraudulent reporting. The MEC should establish formal written procedures to document their auditing and crosschecking strategies and proposed sampling methods.

**WE RECOMMEND** the MEC perform audits of the various reports to ensure the accuracy and completeness of the reporting process.

## **AUDITEE'S RESPONSE**

*The Auditor's Report recommends that the Commission perform audits of reports filed with the agency to ensure the accuracy and completeness of the reporting process. The Commission takes note of the recommendations and will increase the number of audits that are performed. Specifically, the Campaign Finance Section requested and the Information Services Section has developed a computer program that randomly selects 5% of the reports from the various types of committees that file reports with the Commission. As a result, after each filing period, 5% of the reports from the various committees are being randomly selected and audited, cross checks are being performed, and all data is retained for examination in future audits.*

<b>5. Information System Policies and Procedures</b>
------------------------------------------------------

The MEC has not established policies and procedures for all aspects of its electronic information system. Currently, the MEC only has draft procedures for the electronic lobbyist reporting system and the web page. Written policies and procedures have not been prepared for:

- a) Establishing, maintaining, and terminating user IDs and passwords - Procedures are essential to protect data from unauthorized access and to prevent intentional or unintentional modification, disclosure, or deletion of applicable information.
- b) Maintaining program documentation and operating instructions - Program documentation should be properly documented and maintained. In addition, operating instructions should be readily available to staff to allow for more efficient and effective use of these programs to generate reports or run queries.
- c) Producing reports - A report production list would help ensure that applicable staff are aware of their responsibilities and that all reports are generated accurately and timely.
- d) Changing software - Procedures for software and programming changes are essential to prevent unauthorized changes.
- e) Backing-up data - Procedures for backing-up data are essential to minimize the impact of the loss of original data.
- f) Disaster recovery - Procedures are needed for disaster recovery and contingency planning. Procedures need to include testing backed-up data to ensure critical operations can continue without interruption when unexpected events occur (fire, weather, or sabotage).

The MEC has changed various aspects of its operations from manual reporting to electronic filing. The changing information system environment at the MEC should be addressed in formal written policies and procedures which would establish lines of authority for software changes, production of reports, programming documentation, backing-up data, and disaster recovery planning.

**WE RECOMMEND** the MEC establish formal written policies and procedures for all aspects of its electronic information system.

### **AUDITEE'S RESPONSE**

*The Auditor's Report recommends that the Information Services Section establish policies and procedures for all aspects of its electronic information system. The Commission agrees with this recommendation, and the Information Services Section is reviewing and updating its policies and procedures accordingly.*

<b>6. Personnel Policies and Procedures</b>
---------------------------------------------

- A. The MEC follows the Office of Administration, Division of Personnel guidelines for performance appraisals, which requires supervisors to conduct an annual performance appraisal for each employee.

We reviewed the personnel files for all current employees and none of the files contained written appraisals. Some directors informed us they may meet with an employee to consider salary increases or promotions but the meeting may not be documented in a written appraisal. Other directors informed us they may prepare a written appraisal but these are maintained in the director's files and not included in the employee's personnel file.

Performance appraisals can be used to document and support decisions on salary increases, promotions, and other personnel actions. In addition, appraisals can lead to improvements in overall work quality.

- B. The MEC does not require prospective employees to complete applications for employment. We reviewed the personnel files for all current employees and none of them contained an application for employment. Although most of the personnel files contained a resume, the use of a standard employment application would ensure consistency in the information provided by prospective employees. In addition, the MEC does not routinely contact persons listed as references nor document any reference or background checks that are made.

The MEC should require individuals seeking employment to submit an application for employment to document their qualifications. In addition, the MEC should perform reference and background checks to verify an applicant's

qualifications and history. The applications and documentation of reference and background checks should be retained on file by the MEC.

**WE RECOMMEND** the MEC:

- A. Prepare written performance appraisals for all employees on a periodic basis.
- B. Require individuals seeking employment to complete an employment application and perform and retain documentation of reference and background checks.

**AUDITEE'S RESPONSE**

*The Auditor's Report recommends that the agency prepare written performance appraisals for all employees on a periodic basis and place the appraisals in the employee's personnel file rather than perform appraisals at the individual Section level. The Auditor's Report also recommends that the agency require individuals seeking employment with the Commission to complete an employment application and perform and retain documentation of reference and background checks.*

*The Commission concurs with these recommendations and has taken the appropriate steps to address them. Specifically, the Commission will utilize the annual performance appraisals currently used by the Office of Administration, and will place performance appraisals in each employee's personnel file. The members of the management team have previously completed performance appraisal training from the Office of Administration, and will renew that training as needed.*

*The Commission staff has also prepared a draft application form to be used by applicants for positions with the agency. The draft form has been reviewed by the Attorney General's staff, and will be finalized, presented to the Commission for their approval, and sent to Office of Administration Forms Management to be assigned a form number. Upon completion of this process, the application form will be provided to all future applicants for positions with the Commission, as per the Auditor's recommendation.*

This report is intended for the information of the management of the Missouri Ethics Commission and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Ethics Commission (MEC) was created by the Missouri Ethics Law of 1991 (Section 105.955, RSMo). The law provides for the MEC to have responsibilities for the enforcement of conflict of interest and lobbying laws (Section 105.450-498, RSMo) and campaign finance disclosure laws (Chapter 130, RSMo). The MEC also issues official opinions that the requestor may rely on as a defense. The MEC is assigned to the Office of Administration for budgeting purposes only. The Office of Administration has no supervision over MEC policies for enforcement functions.

The MEC receives and reviews complaints alleging violations of the conflict of interest and lobbying statutes and the campaign finance disclosure statutes. The MEC also receives complaints on violations on any code of conduct promulgated by any department, division, agency of state government, or by institutions of higher learning or by executive order and can also review complaints dealing with the provision of any part of the state constitution, state statute, city ordinance or resolution relating to the official conduct of officials. After investigation of these complaints, the MEC refers the complaints to the appropriate prosecuting authority or disciplinary authority along with recommendations for sanctions. The MEC may also initiate judicial proceedings on its own.

The MEC reviews and audits reports required by the campaign finance disclosure law, the financial interest disclosure laws, and the lobbying registration and reporting laws. The MEC acts as the public repository for such reports. The MEC provides information, assistance, and advisory opinions where applicable to lobbyists, elected and appointed officials, employees of the state and political subdivisions, and the general public.

The MEC is composed of six members, not more than three of whom may be of the same political party. Members are appointed to four-year terms, must be from different congressional districts, and no more than three can be from an odd- or even-numbered congressional district. The governor appoints members of the MEC from names submitted by congressional district committees. There are restrictions on succeeding party members representing the same congressional district. By law, MEC members receive compensation of \$100 per day for each full day of work and reimbursement of actual and necessary expenses incurred. Members of the Missouri Ethics Commission as of August 2001, were:

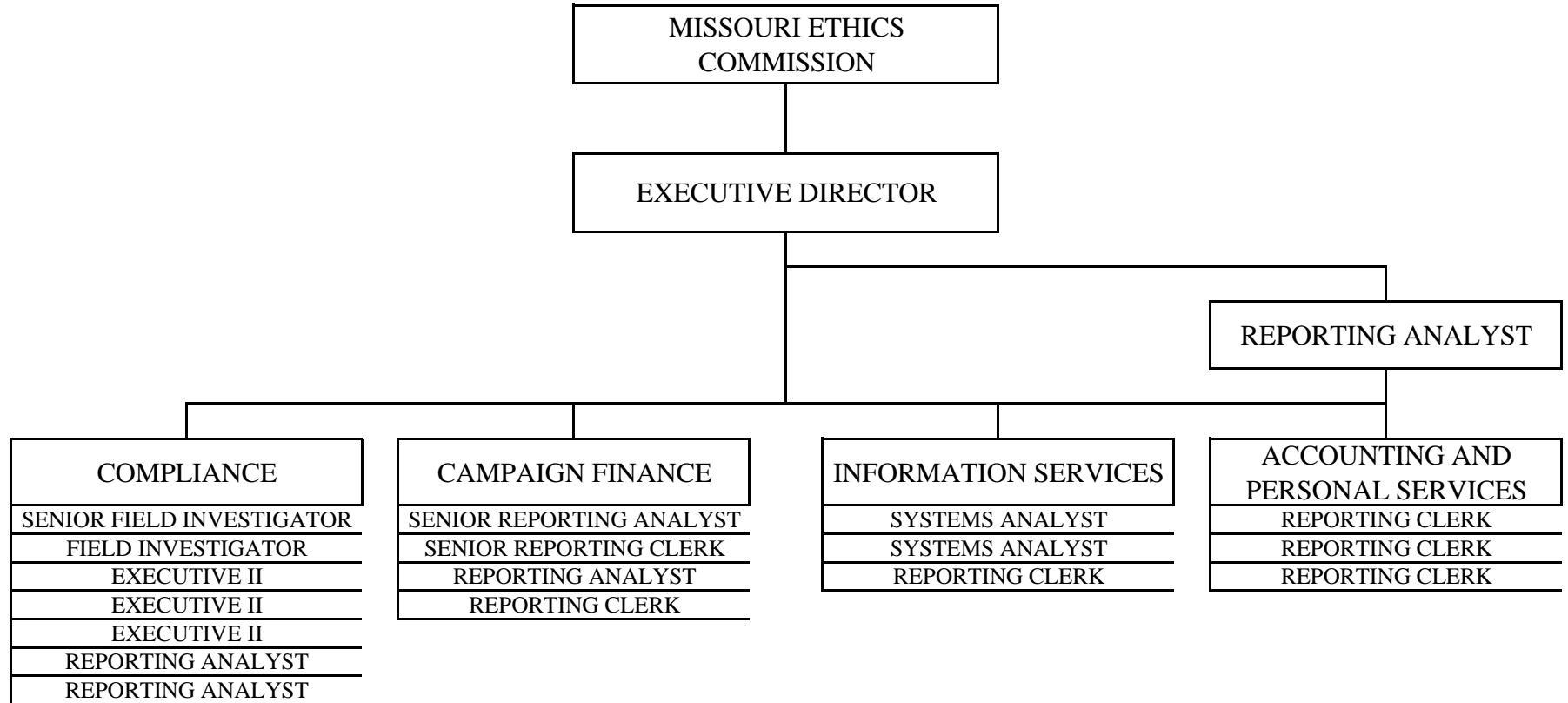


<u>Name</u>	<u>Term Expires</u>
Mike Greenwell, Chairman	March 15, 2002
Donald Gann, Vice Chairman	March 15, 2002
Elaine F. Spielbusch	March 15, 2002
James E. Spain	March 15, 2004
Sandra Donahue	March 15, 2004
Philip Conger	March 15, 2004

The MEC employs nineteen full-time personnel with three vacant positions.

The organization chart follows.

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
ORGANIZATION CHART  
JUNE 30, 2001



Appendix A

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2001			2000			
		Lapsed			Lapsed	
	Appropriations	Expenditures	Balances	Appropriations	Expenditures	Balances
GENERAL REVENUE - STATE						
Expense and equipment	\$ 753,727	556,330	197,397	522,382	461,209	61,173
Personal service	956,283	812,037	144,246	896,039	700,455	195,584
Public access software	90,000	0	90,000	277,400	187,400	90,000
Lobbyist law enforcement	5,000	0	5,000	5,000	0	5,000
Building lease	45,168	43,813	1,355	45,168	45,168	0
Total General Revenue Fund	\$ 1,850,178	1,412,180	437,998	1,745,989	1,394,232	351,757

Appendix B

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Personal service	\$ 812,037	700,455
Travel	56,664	52,965
Office expense	84,681	75,953
Supplies	1,597	3,931
Memberships	1,110	410
Conferences and training	14,220	2,745
Tuition	8,632	1,389
Communication expense	29,701	37,452
Printing, binding, and advertising	32,117	83,945
Professional services	32,637	220,659
Repair and maintenance	21,617	11,641
Computer equipment and software	195,443	145,286
Office and communication equipment	37,624	7,008
Building lease	43,813	45,168
Computer lease and fees	34,950	0
Other	5,337	5,225
Total Expenditures	\$ <u>1,412,180</u>	<u>1,394,232</u>

Appendix C

OFFICE OF ADMINISTRATION  
MISSOURI ETHICS COMMISSION  
COMPARATIVE STATEMENT OF RECEIPTS  
GENERAL REVENUE FUND - STATE

	Year Ended June 30,	
	2001	2000
Lobbyists registration fees	\$ 2,340	1,760
Penalties	22,009	36,411
Fees for copying public records	15,713	14,343
Other	57	25
Total Receipts	<u>\$ 40,119</u>	<u>52,539</u>

\* \* \* \* \*



**OFFICE OF STATE TREASURER  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-36  
May 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

**The following findings were noted as a result of an audit conducted by our office of the Office of the State Treasurer.**

-----  
The State Treasurer's Office (STO) expended over \$374,000 since March 1999 for two computer software systems. However, these systems were not implemented or utilized in a timely manner by the STO.

The STO contracted with a computer programming vendor in March 1999 to develop software to replace the database and reporting system for the Time Deposit and Linked Deposit system, an old system which was not Year 2000 compliant. The STO did not implement proper procedures to communicate program specifications or to monitor the development of the system to ensure the system would meet the needs of the STO. When the vendor failed to meet the completion deadline, the contract was terminated. Since September 2000, STO staff continued to periodically work on further development of the initial programming performed by the vendor to prepare the system for full implementation. The STO began using the new system in parallel with its old system in August 2001, and indicated it was fully operational as of December 1, 2001. Approximately 32 months elapsed between signing the contract and full operation of the system and the STO expended significantly more on the project than the original estimate.

Also, the STO purchased a bank reconciliation/deposit verification software package in April 2000, to automate portions of the reconciliation process for certain state bank accounts. While "collection" accounts have been reconciled for several months, as of January 2002, 21 months after purchase, the STO has still not fully implemented the use of this software for other accounts as originally planned.

The STO maintains the state's main operating bank accounts and tracks related outstanding paper checks. When paper checks have been outstanding for thirteen months, the checks are "outlawed" by the state, meaning the checks will no longer be honored by the bank. Any claims for those disbursements after that point are paid by reissuing a new check. The STO's procedures for outstanding checks do not include efforts to ensure long outstanding checks clear prior to their outlaw date.

The STO tracks a total of eight different series of checks, seven of which are used for payments of program benefits to recipients, income tax refunds to businesses and individuals, and state employee payroll disbursements. The eighth series (A-series checks) is used for payments to the state's vendors for normal costs of operating state government and program disbursements which are not covered by other check series.

(over)

YELLOW SHEET

Our review focused on the A-series checks since that series, other than the series used for personal income tax refunds, represented the largest group of checks being outlawed and the types of payments for which follow-up contacts would appear to be the most successful. During the year ended June 30, 2001, A-series checks totaling over \$2.1 million were outlawed.

During the audit period, there were no procedures in place to follow-up on long outstanding checks. The STO receives monthly reports from the bank listing outstanding checks, as well as checks to be outlawed during the next month. While these reports do not include payee information, that data can be obtained from the state's SAM II accounting system. However, none of this information is distributed to the state agencies that originally issued the checks. This information would allow the applicable agencies to identify payees that should be contacted regarding the status of the outstanding checks. The State Auditor's office analyzed the A-series outstanding checks, totaling approximately \$138,000, which were outlawed in August and September, 2001 (originally written in July and August, 2000). Of that amount, approximately \$86,000 (62 percent) was for 520 checks written to businesses and approximately \$19,000 (13 percent) was for 32 checks written to other governmental entities, including a few checks to other state agencies. Most of these payees have permanent addresses and should be easily located for follow-up.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



OFFICE OF STATE TREASURER

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control over Financial Reporting .....	5-6
Financial Statements: .....	7-12
<u>Exhibit</u>	<u>Description</u>
A	<u>Central Check Mailing Service Revolving Fund</u> Comparative Balance Sheet, June 30, 2001 and 2000 .....8
B	Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings, Years Ended June 30, 2001 and 2000 .....9
C	Comparative Statement of Cash Flows, Years Ended June 30, 2001 and 2000 .....10
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments, Abandoned Fund Account Fund and Treasurer's Information Fund, Years Ended June 30, 2001 and 2000 .....11
E	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000 .....12
Supplementary Data: .....	13-32
<u>Schedule</u>	
1	<u>Central Check Mailing Service Revolving Fund</u> Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings, Five Years Ended June 30, 2001 .....14
2	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000 .....15

OFFICE OF STATE TREASURER

TABLE OF CONTENTS

Page

FINANCIAL SECTION

---

Supplementary Data:

<u>Schedule</u>	<u>Description</u>	
3	Statement of Changes in General Fixed Assets, Year Ended June 30, 2001 .....	16
4	Comparative Statement of Funds in Custody of State Treasurer, June 30, 2001, 2000, 1999, 1998, and 1997.....	17
5	Comparative Statement of "List of Balances in the Several Funds", June 30, 2001, 2000, 1999, 1998, and 1997.....	18-25
6	Comparative Statement of Trust Accounts, June 30, 2001, 2000, 1999, 1998, and 1997 .....	26
7	Comparative Statement of Interest Received on Pooled Investments and Distribution by Fund, Five Years Ended June 30, 2001.....	27-31
8	Analysis of Investments - Appropriated Funds, Five Years Ended June 30, 2001.....	32
	Notes to the Financial Statements and Supplementary Data .....	33-41

MANAGEMENT ADVISORY REPORT SECTION

---

Management Advisory Report - State Auditor's Findings.....		43-48
Number		
1.	Software Development and Utilization.....	44
2.	Management of Outstanding Checks .....	47
Follow-up on Prior Audit Findings.....		49-50

OFFICE OF STATE TREASURER

TABLE OF CONTENTS

Page

STATISTICAL SECTION

---

History, Organization, and Statistical Information .....	52-55
----------------------------------------------------------	-------

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Nancy Farmer, State Treasurer  
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the financial position, results of operations, and cash flows of the Central Check Mailing Service Revolving Fund; the receipts, disbursements, and changes in cash and investments of the Abandoned Fund Account Fund and the Treasurer's Information Fund; and the appropriations and expenditures of the various funds of the Office of State Treasurer. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of the various funds of the office.

In our opinion, the special-purpose financial statements in Exhibits A through C present fairly, in all material respects, the financial position of the Central Check Mailing Service Revolving Fund as of June 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements in Exhibits D and E present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Abandoned Fund Account Fund and the Treasurer's Information Fund; and the appropriations and expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2001 and 2000, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 25, 2002, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information, except for that presented in Schedule 5 has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. We did not audit the information presented in Schedule 5 and, accordingly, we express no opinion on it.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

January 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Anissa Falconer
	Linda Cockrell
	Karla Carter



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Nancy Farmer, State Treasurer  
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Office of State Treasurer as of and for the years ended June 30, 2001 and 2000, and have issued our report thereon dated January 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Office of State Treasurer are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and



not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Office of State Treasurer and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 25, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A

OFFICE OF STATE TREASURER  
CENTRAL CHECK MAILING SERVICE REVOLVING FUND  
COMPARATIVE BALANCE SHEET

	June 30,	
	2001	2000
<b>ASSETS</b>		
Cash and investments	\$ 6,980	23,361
Accounts receivable	47,866	41,717
Prepaid postage	31,863	6,671
Equipment	17,300	17,300
Accumulated depreciation	(12,110)	(10,380)
Total Assets	<u>\$ 91,899</u>	<u>78,669</u>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 0	5,000
Total Liabilities	<u>0</u>	<u>5,000</u>
Equity:		
Contributed capital	50,000	50,000
Retained earnings - unreserved	41,899	23,669
Total Equity	<u>91,899</u>	<u>73,669</u>
Total Liabilities and Equity	<u>\$ 91,899</u>	<u>78,669</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF STATE TREASURER  
CENTRAL CHECK MAILING SERVICE REVOLVING FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS

	Year Ended June 30,	
	2001	2000
OPERATING REVENUES		
Charges for services	\$ 169,621	155,672
Total Operating Revenues	169,621	155,672
OPERATING EXPENSES		
Postage	135,036	125,645
Office supplies	14,625	17,011
Depreciation	1,730	1,730
Total Operating Expenses	151,391	144,386
NET INCOME (LOSS)	18,230	11,286
RETAINED EARNINGS, JULY 1	23,669	12,383
RETAINED EARNINGS, JUNE 30	\$ 41,899	23,669

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

OFFICE OF STATE TREASURER  
CENTRAL CHECK MAILING SERVICE REVOLVING FUND  
COMPARATIVE STATEMENT OF CASH FLOWS

	Year Ended June 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 163,472	142,426
Cash paid for operations	(179,853)	(136,066)
NET CASH INCREASED (DECREASED) BY OPERATING ACTIVITIES	(16,381)	6,360
CASH, July 1	23,361	17,001
CASH, June 30	\$ 6,980	23,361
RECONCILIATION OF OPERATING INCOME TO NET CASH INCREASED (DECREASED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 18,230	11,286
Adjustments to reconcile operating income to net cash increased (decreased) by operating activities:		
Depreciation	1,730	1,730
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	(6,149)	(13,246)
Decrease (Increase) in prepaid postage	(25,192)	1,590
Increase (Decrease) in accounts payable	(5,000)	5,000
Net Cash Increased (Decreased) by Operating Activities	\$ (16,381)	6,360

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH AND INVESTMENTS - ABANDONED FUND  
ACCOUNT FUND AND TREASURER'S INFORMATION FUND

	Year Ended June 30,			
	2001		2000	
	Abandoned Fund Account Fund	Treasurer's Information Fund	Abandoned Fund Account Fund	Treasurer's Information Fund
RECEIPTS				
Unclaimed deposits, dividends, interest, and other	\$ 44,734,558	0	25,631,735	0
Charges for services	0	3,450	0	2,533
Total Receipts	44,734,558	3,450	25,631,735	2,533
DISBURSEMENTS				
Refunds of unclaimed deposits	10,582,589	0	8,162,917	0
Expense and equipment	436,063	439	12,829	1,482
Total Disbursements	11,018,652	439	8,175,746	1,482
RECEIPTS OVER (UNDER) DISBURSEMENTS	33,715,906	3,011	17,455,989	1,051
TRANSFERS				
Transfers from General Revenue Fund-State	500,000	0	0	0
Transfers (to) General Revenue Fund-State	(32,088,269)	0	(17,041,837)	(14)
Total Transfers	(31,588,269)	0	(17,041,837)	(14)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	2,127,637	3,011	414,152	1,037
CASH AND INVESTMENTS, JULY 1	671,421	5,846	257,269	4,809
CASH AND INVESTMENTS, JUNE 30	\$ 2,799,058	8,857	671,421	5,846

The accompanying Notes to the Financial Statements are an integral part of this statement.

## EXHIBIT E

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2001			2000		
		Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE							
Expense and equipment	\$	0	0	0	66,583	66,583	0
Issuing duplicate checks		1,393,000	1,301,034	91,966	1,461,500	1,153,643	307,857
Services to monitor companies doing business in Northern Ireland		3,000	3,000	0	3,000	3,000	0
Outlawed checks		53,743	53,418	325	6,850	3,978	2,872
Lease and utility expense		2,940	2,278	662	2,940	1,572	1,368
Personal service		1,507,321	1,337,309	170,012	1,447,931	1,346,113	101,818
Expense and equipment		62,610	62,610	0	153,500	90,890	62,610 *
Expense and equipment		503,693	499,856	3,837	494,050	476,926	17,124
Refunds of excess interest from the linked deposit program		4,000	2,643	1,357	22,120	16,976	5,144
Total General Revenue Fund - State		3,530,307	3,262,148	268,159	3,658,474	3,159,681	498,793
TREASURER'S INFORMATION FUND							
Expense and equipment		8,000	439	7,561	8,000	1,482	6,518
CENTRAL CHECK MAILING SERVICE REVOLVING FUND							
Expense and equipment		225,000	174,853	50,147	200,000	141,066	58,934
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND							
Personal service		456,074	442,238	13,836	437,242	424,124	13,118
SECOND INJURY FUND							
Personal service		36,022	33,361	2,661	34,522	27,255	7,267
Expense and equipment		3,280	3,038	242	3,280	2,590	690
Total Second Injury Fund		39,302	36,399	2,903	37,802	29,845	7,957
ABANDONED FUND ACCOUNT FUND							
Expense and equipment		443,701	436,063	7,638	129,701	129,701	0
Payment of claims for abandoned property		12,000,000	10,251,837	1,748,163	8,200,000	8,198,804	1,196
Total Abandoned Fund Account Fund		12,443,701	10,687,900	1,755,801	8,329,701	8,328,505	1,196
Total All Funds	\$	16,702,384	14,603,977	2,098,407	12,671,219	12,084,703	586,516

The accompanying Notes to the Financial Statements are an integral part of this statement.

\* Biennial appropriations set up in the current fiscal year are re-appropriations to the next year. After the June month-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year.

Supplementary Data



Schedule 1

OFFICE OF STATE TREASURER  
CENTRAL CHECK MAILING SERVICE REVOLVING FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	Year Ended June 30,				
	2001	2000	1999	1998	1997
OPERATING REVENUES					
Charges for services	\$ 169,621	155,672	54,714	51,992	48,492
Total Operating Revenues	<u>169,621</u>	<u>155,672</u>	<u>54,714</u>	<u>51,992</u>	<u>48,492</u>
OPERATING EXPENSES					
Postage	135,036	125,645	47,576	49,093	40,583
Office supplies	14,625	17,011	10,335	8,191	6,642
Other	0	0	0	0	77
Depreciation	1,730	1,730	1,730	1,730	1,730
Total Operating Expenses	<u>151,391</u>	<u>144,386</u>	<u>59,641</u>	<u>59,014</u>	<u>49,032</u>
NET INCOME (LOSS)	18,230	11,286	(4,927)	(7,022)	(540)
RETAINED EARNINGS, JULY 1	23,669	12,383	17,310	24,332	24,872
RETAINED EARNINGS, JUNE 30	<u>\$ 41,899</u>	<u>23,669</u>	<u>12,383</u>	<u>17,310</u>	<u>24,332</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2001	2000
Personal service	\$ 1,812,908	1,797,492
Travel	34,477	48,348
Expense and equipment	295,552	273,203
Communications expense	104,843	100,318
Professional services	486,819	274,832
Equipment repairs and maintenance	86,861	38,368
Equipment and software purchases	173,585	178,741
Abandoned fund claim payments and linked deposit interest refunds	10,254,480	8,215,780
Replacement of outlawed checks	1,354,452	1,157,621
Total Expenditures	<u>\$ 14,603,977</u>	<u>12,084,703</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER  
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
YEAR ENDED JUNE 30, 2001

	Balance July 1, 2000	Additions	Dispositions	Balance June 30, 2001
Equipment	\$ 813,983	104,434	(143,662)	774,755
Motor vehicles	37,453	0	(20,871)	16,582
Total General Fixed Assets	\$ <u>851,436</u>	<u>104,434</u>	<u>(164,533)</u>	<u>791,337</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Schedule 4

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2001	2000	1999	1998	1997
<b>APPROPRIATED FUNDS</b>					
Demand Deposits:					
Firststar Bank	\$ 19,067,922	20,193,672	17,378,945	27,419,757	0
Central Bank	(171,270,259)	(145,640,671)	(181,557,095)	(168,421,915)	(117,767,344)
Premier Bank	23,742	N/A	N/A	N/A	N/A
Collection bank accounts	1,269,172	1,144,983	6,781,261	4,990,343	5,797,090
Total Demand Deposits	<u>(150,909,423)</u>	<u>(124,302,016)</u>	<u>(157,396,889)</u>	<u>(136,011,815)</u>	<u>(111,970,254)</u>
Pooled Investments:					
Time deposits	453,435,866	498,164,830	442,979,003	421,840,092	424,192,952
U.S. government securities	1,419,273,616	1,812,434,510	2,299,678,256	3,048,280,491	2,607,059,674
Commercial paper and banker acceptances	873,037,428	688,517,469	734,288,488	N/A	N/A
Repurchase agreements	341,656,000	214,844,900	152,784,800	394,450,700	652,396,500
Other investments	N/A	N/A	10,130	10,130	10,130
Total Pooled Investments	<u>3,087,402,910</u>	<u>3,213,961,709</u>	<u>3,629,740,677</u>	<u>3,864,581,413</u>	<u>3,683,659,256</u>
Total Demand Deposits and Pooled Investments (Schedule 5)	<u>2,936,493,487</u>	<u>3,089,659,693</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>	<u>3,571,689,002</u>
Special Fund Dedicated Investments:					
U.S. government securities	16,703,999	15,900,896	N/A	N/A	N/A
Donated corporate stock	5,130	5,130	N/A	N/A	N/A
Total Special Fund Dedicated Investments	<u>16,709,129</u>	<u>15,906,026</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Appropriated Funds	<u>2,953,202,616</u>	<u>3,105,565,719</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>	<u>3,571,689,002</u>
<b>NONAPPROPRIATED FUNDS</b>					
Demand Deposits	19,312	4,417	3,977	4,055	3,777
Repurchase agreements	110,607,600	8,074,300	7,793,800	8,420,300	8,796,800
U.S. government securities	65,312,467	0	0	0	0
Total Nonappropriated Funds (Schedule 6)	<u>175,939,379</u>	<u>8,078,717</u>	<u>7,797,777</u>	<u>8,424,355</u>	<u>8,800,577</u>
Total Cash and Investments	<u>\$ 3,129,141,995</u>	<u>3,113,644,436</u>	<u>3,480,141,565</u>	<u>3,736,993,953</u>	<u>3,580,489,579</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Schedule 5

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
General Revenue Fund	\$ 438,697,261	776,602,798	1,167,276,156	1,455,967,248	1,410,053,968
Budget Reserve Fund	451,979,496	N/A	N/A	N/A	N/A
Budget Stabilization Fund	0	142,777,241	135,293,029	128,169,446	121,444,844
Cash Operating Reserve - General Revenue Fund	0	293,425,819	278,468,808	261,985,315	245,143,210
Abandoned Fund Account Fund	2,799,058	671,421	257,269	675,468	851,738
Abandoned Mine Reclamation Fund	805,733	709,252	611,127	517,196	425,633
Academic Scholarship Fund	327,773	321,932	93,018	90,165	N/A
Adjutant General - Federal Fund	1,259,644	1,575,342	1,160,612	2,169,055	991,749
Adjutant General Revolving Fund	110,311	244,176	244,500	215,508	201,779
Administrative Trust Fund	12,353,604	10,990,480	10,784,887	11,817,319	10,983,478
Advantage Missouri Trust Fund	82,906	36,860	N/A	N/A	N/A
Agricultural Product Utilization Business					
Development Loan Guarantee Fund	1	8	14,591	N/A	N/A
Agricultural Product Utilization Grant Fund	73,417	417,500	377,042	N/A	N/A
Agriculture Bond Trustee Fund	0	0	0	0	0
Agriculture Development Fund	64,422	55,582	56,395	51,443	44,116
Aid to Dependent Children - Federal Fund	0	0	0	23	15,475,075
Alternative Care Trust Fund	2,011,676	1,917,619	1,500,105	1,723,174	1,917,931
Americans With Disabilities Act Compliance Fund	283,262	1,566,973	3,905,067	3,582,022	8,569,727
Animal Care Reserve Fund	143,176	206,352	233,623	175,110	187,238
Animal Health Laboratory Fee Fund	247,997	235,049	246,914	165,882	148,995
Apple Merchandising Fund	10,386	11,214	7,655	10,790	9,542
Aquaculture Marketing Development Fund	0	0	1,539	915	0
Assistive Technology Loan Revolving Fund	469,704	N/A	N/A	N/A	N/A
Athletic Fund	405,982	351,203	535,604	302,470	135,081
Attorney General - Federal and Other Fund	46,212	663	6,746	0	3,951
Attorney General Anti-Trust Revolving Fund	314,260	801,742	499,754	763,778	539,006
Attorney General Court Costs Fund	48,898	11,644	10,411	9,456	19,782
Aviation Trust Fund	8,593,264	6,197,404	2,899,035	419,947	351,216
Bingo Proceeds for Education Fund	5,910,434	7,078,673	8,870,862	8,700,240	6,402,442
Blind Pension Fund	7,949,388	5,735,291	3,919,108	3,047,200	2,481,180
Blindness Education, Screening and Treatment Program Fund	113,420	N/A	N/A	N/A	N/A
Board of Barber Examiners Fund	106,499	150,580	156,154	182,031	211,982
Board of Embalmers and Funeral Directors Fund	329,728	657,413	306,019	307,630	309,368
Board of Geologist Registration Fund	101,147	88,133	76,363	63,448	61,213
Board of Pharmacy Fund	2,042,991	1,451,661	1,084,804	950,972	777,259
Board of Registration for the Healing Arts Fund	5,174,356	5,179,330	5,141,105	5,084,207	4,699,622
Bridge Scholarship Fund	0	1,335,986	290,372	N/A	N/A
Business Service Extension Team Fund	4,962,020	4,248,291	3,570,702	3,081,493	2,159,428
Central Check Mailing Service Revolving Fund	6,980	23,361	17,001	23,241	32,961
Champ W. Smith & Mary C. Smith					
Memorial Endowment Trust Fund	424,095	405,892	384,668	384,158	385,333
Chemical Emergency Preparedness Fund	651,174	746,644	782,626	814,632	924,762
Child Labor Enforcement Fund	43,995	30,107	49,319	538	0
Child Support Enforcement Fund	7,762,255	11,139,043	6,093,302	4,564,833	3,969,118
Children's Trust Fund	4,250,891	4,302,138	3,873,938	3,334,529	3,927,446
Clinical Social Workers Fund	568,315	559,955	670,208	627,000	613,039
Coal Mine Land Reclamation Fund	908,615	846,917	853,287	785,075	2,104,021
Committee of Professional Counselors Fund	416,898	564,397	534,729	412,638	334,100
Commodity Council Merchandising Fund	24,488	21,641	21,274	483,754	490,697
Community Service Commission Fund	14,367	4,605	73,544	247,624	2,602
Compulsive Gamblers Fund	10,124	111,115	210,740	231,478	163,313
Concentrated Animal Feeding Operation Indemnity Fund	154,534	118,759	58,669	25,086	N/A
Confederate Memorial Park Fund	130,751	123,329	116,868	110,773	105,136
Conservation Commission Fund	17,034,452	27,911,407	31,373,471	13,330,523	20,905,807
Correctional Substance Abuse Earnings Fund	174,670	86,723	16,171	N/A	N/A
County Aid Road Trust Fund	116	116	116	116	115
Crime Victims' Compensation Fund	7,750,711	8,463,246	7,991,887	7,689,770	7,965,771
Criminal Justice Network and Technology Revolving Fund	550,912	163,278	124,830	465,281	N/A
Criminal Record System Fund	6,085,569	4,856,861	3,352,363	2,553,611	2,097,509

## Schedule 5

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Crippled Children's Service Fund	439,710	376,064	309,655	236,808	208,075
Deaf Relay Service Fund	7,357,731	7,379,884	6,096,587	5,535,873	4,949,677
Debt Offset Escrow Fund	17,509,906	10,076,605	5,179,718	1,910,225	1,660,351
Dental Board Fund	408,942	406,924	353,035	391,213	428,688
Department of Agriculture - Federal Fund	17,179	22,321	41,652	42,287	36,822
Department of Corrections - Federal Fund	2,464,906	2,587,151	3,040,595	1,976,299	2,766,765
Department of Economic Development - Community Development Block Grant Administration Fund	46,476	35,093	26,790	29,202	10,065
Department of Economic Development - Community Development Block Grant Pass-through Fund	35,736	5,722	25,597	794,099	1,113
Department of Economic Development - Federal and Other Fund	29,062	70,916	4,685	28,904	12,193
Department of Economic Development - Management Information Systems - Federal and Other Fund	129	129	129	129	129
Department of Economic Development - Missouri Council on the Arts - Federal and Other Fund	12,242	33,347	58,378	91,691	58,450
Department of Economic Development - Women's Council - Federal Fund	5,433	5,433	21,552	13,764	9,422
Department of Economic Development Administrative Fund	221,601	290,726	164,532	23,240	133,766
Department of Health - Donated Fund	747,772	801,302	463,590	35,978	39,287
Department of Health - Federal Fund	1,151,130	5,202,042	5,031,324	2,486,490	3,576,866
Department of Health Document Services Fund	49,852	108,408	62,824	81,388	117,093
Department of Health Interagency Payments Fund	223,159	242,963	88,294	N/A	N/A
Department of Higher Education - Federal Fund	26,187	31,712	17,304	501	2,971
Department of Insurance Dedicated Fund	9,190,004	8,621,390	8,057,043	7,608,108	6,879,262
Department of Labor and Industrial Relations - Administrative Fund	383,796	N/A	N/A	N/A	N/A
Department of Labor and Industrial Relations - Commission on Human Rights - Federal Fund	1,392,396	1,168,794	836,899	459,014	266,036
Department of Labor and Industrial Relations - Crime Victims -Federal Fund	96,269	95,199	75,966	5	2,363
Department of Mental Health - Federal Fund	55,593,079	61,697,526	892,647	993,752	1,024,515
Department of Natural Resources - Federal and Other Fund	6,522,883	2,981,637	7,770,346	6,248,204	6,754,660
Department of Natural Resources Cost Allocation Fund	858,747	1,743,982	774,526	376,605	505,621
Department of Natural Resources Revolving Services Fund	209,629	348,300	387,789	1,109,291	286,380
Department of Public Safety - Federal Fund	338,119	1,858,163	1,408,647	1,671,251	437,999
Department of Public Safety - Highway Safety Fund	128,543	213,398	359,448	225,263	103,017
Department of Public Safety - JAIBG Fund	5,195,957	7,626,596	4,568,764	N/A	N/A
Department of Revenue - Federal Fund	212,081	214,946	207,039	306,779	92,139
Department of Revenue Information Fund	512,115	664,532	1,199,646	1,383,199	2,071,945
Department of Social Services - Federal and Other Fund	1,127,274	14,600,515	1,203,836	563,673	432,880
Department of Social Services Administrative Trust Fund	736,244	241,972	126,242	123,985	409,227
Department of Social Services Educational Improvement Fund	2,855,751	3,850,534	3,395,873	2,529,585	1,837,069
Design and Construction Donated Fund	9	9	9	9	70
Dietitian Fund	93,820	N/A	N/A	N/A	N/A
Division of Aging - Federal and Other Fund	1,891,908	2,342,779	808,130	1,286,012	1,144,830
Division of Aging Donations Fund	1,599	1,599	1,599	1,599	1,599
Division of Aging Elderly Home Delivered Meals Trust Fund	101,748	88,453	63,752	91,089	33,760
Division of Credit Unions Fund	359,639	334,940	207,083	201,774	165,921
Division of Family Services - Administrative Fund	14,567,652	12,916,096	15,282,682	12,670,786	20,317,294
Division of Family Services Donations Fund	272,833	261,633	265,905	255,947	104,625
Division of Finance Fund	673,349	1,260,473	1,564,533	1,677,342	998,299
Division of Labor Standards - Federal Fund	13,616	28,424	25,088	19,115	8,175
Division of Savings and Loan Supervision Fund	40,692	28,569	37,119	66,582	40,617
Division of Tourism Supplemental Revenue Fund	4,184,763	3,524,625	2,674,053	2,597,750	2,343,320
Division of Youth Services - Federal and Other Fund	648,999	2,406,578	1,236,130	356,167	613,926
Doctor Edmund A. Babler Memorial - State Park Fund	836,892	939,903	938,873	878,430	795,267
Domestic Relations Resolution Fund	569,705	367,203	177,217	N/A	N/A

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Dry-Cleaning Environmental Response Trust Fund	208,690	N/A	N/A	N/A	N/A
Early Childhood Development, Education and Care Fund	43,821,123	45,465,648	25,340,676	N/A	N/A
Economy Rate Telephone Service Fund	50	N/A	N/A	N/A	N/A
Elementary and Secondary Education - Federal and Other Fund	1,229,874	2,606,482	4,471,180	2,255,211	4,139,133
Elevator Safety Fund	85,906	N/A	N/A	N/A	N/A
Endowed Care Cemetery Audit Fund	218,963	241,779	231,835	200,767	428,045
Energy Set-Aside Program Fund	22,336,181	14,135,697	16,790,980	19,055,453	17,325,892
Escheats Fund	6,872,791	6,287,398	6,141,744	5,344,864	5,682,486
Excellence in Education Fund	1,099,804	1,004,463	1,108,342	1,463,130	1,819,363
Facilities Maintenance Reserve Fund	30,966,318	22,768,361	13,175,243	4,899,661	N/A
Fair Share Fund	2,105,985	2,332,105	2,152,301	637,682	2,293,510
Family Support Loan Fund	114,995	97,058	99,185	136,932	147,593
Federal - Missouri Department of Insurance Fund	0	0	0	0	0
Federal and Other Fund	2,850	11,263	4,044	68,165	8,391
Federal Drug Seizure Fund	2,237,474	3,809,785	3,841,586	1,090,286	386,019
Federal Reimbursement Allowance Fund	23,147,141	27,780,449	37,650,850	34,584,196	40,308,215
Federal Student Loan Reserve Fund	26,959,150	34,595,580	N/A	N/A	N/A
Federal Surplus Property Fund	1,690,580	1,508,761	1,797,410	1,487,737	1,192,200
Fine Collections Center Interest Revolving Fund	10,129	N/A	N/A	N/A	N/A
Firing Range Fee Fund	1,434	1,434	1,434	1,434	1,468
Food Stamp EBT Settlement Fund	0	0	6,587,306	6,111,728	451,795
Fourth State Building - Series A 1995	0	0	0	0	123,747
Fourth State Building - Series A 1996	0	0	0	26,307,603	95,452,316
Fourth State Building - Series A 1998	15,350,156	19,036,607	22,004,237	50,159,038	N/A
Fourth State Building Bond and Interest Series A 1995	6,112,982	6,008,573	6,082,552	6,017,509	6,019,271
Fourth State Building Bond and Interest Series A 1996	10,142,670	10,049,005	10,204,031	10,204,154	10,113,814
Fourth State Building Bond and Interest Series A 1998	3,804,229	3,777,876	3,779,338	3,637,109	N/A
Gaming Commission Bingo Fund	2,537	17,394	89,804	56,337	139,176
Gaming Commission Fund	4,690,850	6,835,388	7,896,325	38,885,373	55,947,319
Gaming Proceeds for Education Fund	13,416,742	13,749,083	5,727,863	5,608,803	4,733,872
General Revenue - Cultural Sub-Account Fund	0	0	0	0	0
General Revenue Reimbursements Fund	6,500,746	10,797,459	63,862,901	66,031,946	48,436,550
Governor's Committee on Employment of the Handicapped - Federal Fund	704,496	166,405	241,203	219,173	126,874
Grade Crossing Fund	0	0	0	153,707	247,547
Grade Crossing Safety Account Fund	4,872,583	4,414,151	4,335,291	4,135,609	3,587,201
Grain Inspection Fees Fund	340,234	442,300	555,038	738,163	769,732
Groundwater Protection Fund	207,197	225,685	171,702	205,133	213,325
Guaranty Agency Operating Fund	6,970,923	8,612,013	N/A	N/A	N/A
Handicapped Children's Trust Fund	23	846	1,072	1,072	1,072
Hazardous Waste Fund	962,798	596,416	560,442	164,890	143,634
Hazardous Waste Remedial Fund	2,829,818	3,573,649	4,252,922	3,755,085	5,196,767
Health Access Incentive Fund	582,825	1,979,962	812,029	1,332,552	1,620,413
Health Initiatives Fund	8,298,720	9,320,373	13,303,065	19,664,820	22,535,056
Health Spa Regulatory Fund	76,161	69,515	69,876	66,089	61,100
Healthy Families Trust Fund	211,330,653	N/A	N/A	N/A	N/A
Hearing Instrument Specialist Fund	91,419	84,605	79,728	63,609	63,457
Highway Patrol Academy Fund	464,005	483,302	248,267	198,531	154,670
Highway Patrol Inspection Fund	2,519,683	3,305,943	2,171,007	2,890,935	1,954,321
Highway Patrol's Motor Vehicle and Aircraft Revolving Fund	4,517,360	4,185,382	3,105,290	3,551,287	3,433,301
Highway Revenue Generating Fund	0	0	0	3,622	3,622
Historic Preservation Revolving Fund	1,471,854	760,279	270,139	249,812	280,151
House of Representatives Revolving Fund	81	4,664	11,542	11,975	37,472
Independent Living Center Fund	404,258	403,768	362,340	348,815	330,153
Industrial/Commercial Energy Conservation Loan Fund	0	0	0	0	0
Industrial Development and Reserve Fund	0	0	977,179	1,139,768	1,236,069
Infrastructure Development	0	N/A	N/A	N/A	N/A
Inmate Incarceration Reimbursement Act Revolving Fund	184,618	147,400	131,387	128,957	74,445

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Inmate Revolving Fund	2,556,898	2,009,020	1,630,111	1,822,335	1,664,412
Insurance Examiners Fund	523,237	506,241	438,586	499,251	704,342
Intergovernmental Transfer Fund	2,000,000	N/A	N/A	N/A	N/A
Interior Design Council Fund	19,975	N/A	N/A	N/A	N/A
International Trade Show Revolving Fund	67,835	22,026	8,416	8,122	38,040
Job Development and Training Fund	2,619,964	3,336,531	950,703	315,394	173,792
Judiciary Education and Training Fund	194,489	203,298	275,783	N/A	N/A
Kid's Chance Scholarship Fund	105,710	51,193	N/A	N/A	N/A
Landscape Architectural Council Fund	15,663	24,059	31,814	40,536	42,812
Legal Defense and Defender Fund	163,647	472,424	480,531	264,292	79,569
Library Networking Fund	15,104	44,362	N/A	N/A	N/A
Licensed Perfusionists Fund	0	7,980	9,000	N/A	N/A
Light Rail Safety Fund	30	1,694	2,050	2,280	N/A
Livestock Brands Fund	9,104	415	22,273	8,713	7,657
Livestock Dealer Law Enforcement and Administration Fund	45	5,184	5,487	7,509	4,002
Livestock Sales and Markets Fees Fund	75	11,265	2,623	7,404	3,515
Local Government Energy Conservation Loan Fund	0	0	0	0	0
Local Records Preservation Fund	1,141,354	1,552,964	1,660,386	1,401,340	1,476,824
Lottery Proceeds Fund	30,556,966	65,839,958	71,234,118	63,830,483	45,376,115
Mammography Fund	274,339	232,751	217,558	179,496	143,851
Manufactured Housing Fund	263,293	493,135	712,818	694,029	790,420
Marguerite Ross Barnett Scholarship Fund	65,027	13,038	N/A	N/A	N/A
Marital and Family Therapists Fund	56,437	42,238	40,229	N/A	N/A
Marketing Development Fund	348,237	337,917	260,687	242,380	193,794
Massage Therapy Fund	300,677	N/A	N/A	N/A	N/A
MCSAP/Division of Transportation - Federal Fund	877	196,640	144,751	176,190	158,192
Medicaid Fraud Reimbursement Fund	5,000	5,000	5,000	N/A	N/A
Medical School Loan and Loan Repayment Program Fund	153,820	168,391	151,855	146,446	93,735
Mental Health Central Supply Fund	0	0	1,000	1,000	624,346
Mental Health Earnings Fund	552,617	500,396	824,960	663,821	922,331
Mental Health Housing Trust Fund	4,702	4,435	4,205	4,195	4,019
Mental Health Interagency Payments Fund	776,271	487,924	161,939	799,056	426,136
Mental Health Trust Fund	3,955,680	6,438,120	5,329,505	3,538,840	3,975,670
Meramec-Onondaga State Parks Fund	1,034,424	994,567	958,851	922,947	892,816
Merchandising Practices Revolving Fund	3,277,363	2,950,469	2,436,924	2,286,822	2,050,751
Metallic Minerals Waste Management Fund	216,708	215,477	218,093	206,286	214,991
Microfilming Service Revolving Trust Fund	35,768	35,768	35,848	35,837	32,488
Mined Land Reclamation Fund	3,839,689	3,995,941	3,751,491	3,561,740	1,975,801
Missouri Air Emission Reduction Fund	1,748,643	375,581	N/A	N/A	N/A
Missouri Air Pollution Control Fund	65,107	853,041	1,262,211	1,041,691	982,130
Missouri Arts Council Trust Fund	8,928,801	9,061,274	10,988,326	13,484,355	8,513,606
Missouri Board Of Occupational Therapy Fund	444,509	221,288	356,398	121,777	N/A
Missouri Breeders Fund	78,342	76,814	74,238	71,791	72,027
Missouri Capital Access Program Fund	0	242,500	242,500	242,500	242,500
Missouri Children's Service Commission Fund	16,632	16,763	15,952	15,125	14,425
Missouri College Guarantee Fund	4,802,651	6,546,112	3,008,033	N/A	N/A
Missouri Commission for the Deaf Board of Certification of Interpreters Fund	21,516	3,320	54	13,330	12,314
Missouri Community College Job Training Program Fund	7,428	0	0	0	651,542
Missouri Consolidated Health Care Plan Benefit Fund	6,381,838	0	0	0	0
Missouri Crime Prevention Information and Programming Fund	6,458	0	0	0	0
Missouri Disaster Fund	59,556	231,525	98,706	415,866	151,142
Missouri Health Care Providers Fund	0	0	0	70	191,692
Missouri Horse Racing Fund	69	9	0	0	88
Missouri Housing Trust Fund	3,972,815	4,255,307	4,929,604	4,031,191	3,750,405
Missouri Humanities Council Trust Fund	1,469,871	533,134	364,732	205,132	100,687
Missouri Job Development Fund	1,459,977	2,516,319	4,760,404	489,093	3,913,201
Missouri Main Street Program Fund	4,177	141,582	139,544	101,808	97,000
Missouri National Guard Training Site Fund	99,878	55,443	49,852	75,654	66,140



OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Missouri National Guard Trust Fund	3,583,921	3,589,693	2,409,528	N/A	N/A
Missouri Office of Prosecution Services Fund	64,200	69,460	64,125	50,762	31,995
Missouri Office of Prosecution Services Revolving Fund	23,100	5,680	3,608	2,976	N/A
Missouri Prospective Teachers Loan Fund	16,259	16,260	16,267	16,194	16,039
Missouri Public Health Services Fund	306,295	363,887	544,160	886,467	527,319
Missouri Public Television Broadcasting Corporation Special Fund	216,419	N/A	N/A	N/A	N/A
Missouri Qualified Fuel Ethanol Producer Incentive Fund	0	65,741	N/A	N/A	N/A
Missouri Real Estate Commission Fund	3,244,715	2,982,063	2,967,376	2,685,005	2,693,099
Missouri Rehabilitation Center Fund	N/A	N/A	N/A	0	103
Missouri State Employees' Deferred Compensation Incentive Plan Administration Fund	(636)	0	100	0	0
Missouri Student Grant Program Gift Fund	0	38,894	2,049	2,049	1,299
Missouri Supplemental Tax Increment Financing	0	N/A	N/A	N/A	N/A
Missouri Technology Investment Fund	22,765	1,279,939	1,018,573	567,557	1,232,185
Missouri Veterans Commission - Federal Fund	249,269	614,857	1,499,512	9,900	120,075
Missouri Veterans Homes Fund	941,428	1,276,601	357,249	1,252,111	2,595,299
Missouri Water Development Fund	0	0	0	571,272	24,414
Missouri Wine Marketing and Research Development Fund	32	0	7,308	N/A	N/A
Motor Fuel Tax Fund	2,104,108	7,497,927	25,176,162	25,911,286	18,909,417
Motor Vehicle Commission Fund	1,788,174	1,657,328	1,897,763	1,676,461	1,423,650
Motorcycle Safety Trust Fund	284	4,132	3,140	731	4,815
Multimodal Operations Federal Fund	587,638	397,921	606,371	385,715	236,924
Natural Resources Protection Fund	581,448	559,943	558,636	168,613	414,965
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	1,005,211	942,537	880,637	924,912	946,612
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	12,180,479	14,196,181	16,941,786	17,997,200	17,029,875
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	11,741,569	9,985,295	9,249,872	6,135,419	4,451,449
Nursing Facility Federal Reimbursement Allowance Fund	5,216,824	2,521,129	819,886	1,272,409	1,591,338
Nursing Facility Quality of Care Fund	1,793,330	2,404,634	2,443,204	2,914,493	2,377,970
Office of Administration - Federal and Other Fund	325,238	395,984	547,616	345,504	790,198
Office of the State Public Defender - Federal and Other Fund	19,909	19,909	20,078	18,487	21,299
Oil and Gas Remedial Fund	14,488	14,488	18,893	18,893	23,414
Optometry Fund	202,748	164,913	120,121	105,812	104,829
Organ Donor Program Fund	894,291	861,766	680,896	606,071	475,618
Outstanding Schools Trust Fund	155,180,181	242,235,465	324,123,685	389,313,169	363,106,043
Pansey Johnson-Travis Memorial State Gardens Trust Fund	15,707	12,821	795,977	751,620	710,291
Pansey Johnson-Travis Stocks and Securities Trust Fund	N/A-1	N/A-1	10,130	10,130	10,130
Peace Officers Standards and Training Commission Fund	1,196,827	1,292,253	1,189,769	912,291	410,680
Petition Audit Revolving Trust Fund	608,879	567,682	348,623	353,131	484,457
Petroleum Inspection Fund	2,066,376	1,450,724	1,366,010	1,651,931	1,655,792
Petroleum Storage Tank Insurance Fund	38,890,913	46,090,200	55,840,164	55,019,305	45,568,063
Petroleum Violation Escrow Fund	6,434,343	20,190,215	20,794,899	21,367,253	22,439,696
Petroleum Violation Escrow Interest Subaccount Fund	2,730	N/A	N/A	N/A	N/A
Pharmacy Rebate Fund	1,481,918	233,421	N/A	N/A	N/A
Post-Closure Fund	142,473	189,657	268,488	260,114	N/A
Premium Fund	23,170	22,438	N/A	N/A	N/A
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	987,824	676,511	943,628	614,943	975,714
Professional Registration Fees Fund	485,976	60,842	17,210	31,796	167,573
Property Reuse Fund	4,102,947	3,802,801	3,204,516	3,127,992	3,017,322
Proprietary School Bond Fund	0	0	0	9,393	N/A
Prosecuting Attorneys' and Circuit Attorneys' Retirement Fund	0	0	0	0	N/A
Public Service Commission Fund	465,196	2,555,798	1,426,865	354,408	1,174,361
Railroad Expense Fund	31,305	79,856	85,901	158,793	57,888
Real Estate Appraisers Fund	371,779	612,138	585,485	618,109	767,043
Residential Mortgage Licensing Fund	674,432	577,131	464,989	479,056	273,850
Respiratory Care Practitioners Fund	213,343	149,560	80,945	245	N/A
Safe Drinking Water Fund	3,829,548	3,798,228	3,579,157	3,402,391	3,156,122

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
School Building Revolving Fund	3,461,475	1,113,426	169,549	N/A	N/A
School District Bond Fund	8,728,542	7,132,397	7,101,022	7,132,497	7,423,244
School District Trust Fund	48,897,468	56,348,298	57,684,007	53,849,179	59,666,555
School for Blind Trust Fund	29,455	41,233	482,416	65,884	6,822
School for Deaf Trust Fund	34,694	5,854	29	79	79
Second Injury Fund	21,760,262	17,010,892	11,111,660	6,711,407	14,804,566
Secretary of State's Investor Education Fund	232,932	200,986	210,789	112,146	139,708
Secretary of State - Federal Fund	85,389	58,789	7,631	10	49
Secretary of State - Technology Trust Fund Account Fund	3,294,151	3,149,925	2,427,488	2,017,405	2,583,796
Secretary of State Institutional Gift Trust Fund	261,357	492,064	743,481	870,516	987,644
Senate Revolving Fund	56,494	18,194	35,329	20,332	114,634
Services to Victims Fund	3,321,516	3,703,285	3,412,801	2,747,219	1,731,619
Single-Purpose Animal Facilities Loan Program Fund	459,341	395,186	356,954	326,154	243,744
Social Security Contributions Fund	61,784	9,882,847	102,381	102,381	102,381
Soil and Water Sales Tax Fund	20,321,197	14,605,379	13,735,535	10,523,769	15,043,580
Solid Waste Management Fund	13,117,318	11,994,692	12,577,476	10,851,833	13,436,425
Solid Waste Management Fund - Scrap Tire Subaccount Fund	4,149,263	4,718,823	5,118,266	5,155,939	4,518,296
Special Employment Security Fund	6,229,442	5,575,415	3,654,527	3,731,339	3,786,005
State Agency for Surplus Property Fund	504,659	308,197	413,695	321,233	195,480
State Auditor - Federal Fund	593,843	900,132	818,041	865,477	921,203
State Board of Accountancy Fund	1,134,471	1,161,717	1,322,212	1,339,404	1,562,364
State Board of Architects, Engineers and Land Surveyors Fund	469,844	200,153	425,889	383,545	924,704
State Board of Chiropractic Examiners' Fund	478,744	165,890	157,214	181,318	214,353
State Board of Cosmetology Fund	1,024,405	1,679,622	1,023,690	2,218,640	1,405,102
State Board of Nursing Fund	3,983,338	340,151	1,572,253	1,296,919	2,337,798
State Board of Podiatry Fund	75,459	114,478	70,632	65,671	64,801
State Committee of Interpreters Fund	39,883	28,340	N/A	N/A	N/A
State Committee of Psychologists Fund	406,025	771,725	838,344	695,212	623,527
State Court Administration Revolving Fund	15,388	9,285	440	81	N/A
State Document Preservation Fund	50,684	43,010	40,823	10,838	20,053
State Elections Subsidy Fund	7,102	183,767	90,674	83,051	61,361
State Emergency Management - Federal and Other Fund	2,456,800	2,789,695	1,461,442	1,786,598	1,358,601
State Employee Voluntary Life Insurance Fund	0	76,033	82,548	89,781	N/A
State Environmental Improvement and Energy Resources Authority Fund	0	0	0	0	93
State Facility Maintenance and Operation Fund	1,291,599	2,480,354	2,616,610	2,149,404	2,250,265
State Fair Fees Fund	100,658	315,685	160,905	69,300	83,206
State Fair Trust Fund	1,463	1,631	496	333	830
State Forensic Laboratory Fund	31,821	110,024	95,610	162,686	136,759
State Guaranty Student Loan Fund	0	0	43,190,839	52,030,992	46,965,298
State Highways and Transportation Department Fund	31,064,724	2,516,468	12,666,059	6,054,885	7,357,079
State Institutions Gift Trust Fund	55,472	192,904	4,245	5,426	4,729
State Land Survey Program Fund	1,107,543	1,404,437	1,511,287	1,294,985	1,209,611
State Legal Expense Fund	1,794	21,862	14,868	101,299	85,429
State Lottery Fund	12,690,947	22,969,836	19,490,220	17,443,077	13,774,482
State Milk Inspection Fee Fund	203,055	337,632	273,116	201,488	209,865
State Park Sales Tax Fund	12,663,374	15,559,687	17,125,158	18,412,335	18,962,227
State Parks Earnings Fund	3,617,061	4,589,645	5,466,634	11,173,450	13,237,388
State Parks Revolving Fund	0	523	75,592	30,326	132,730
State Public School Fund	64,859	95,056	68,285	513,785	57,987
State Retirement Contributions Fund	8,124,473	0	156	0	0
State Road Fund	253,468,077	127,156,055	89,240,117	99,589,802	72,188,172
State Road Fund - Series A 2000	1,529,058	N/A	N/A	N/A	N/A
State School Moneys Fund	934,812	53,823,656	50,748,256	30,586,747	80,883,191
State Seminary Fund	1,651	1,102	787	787	213
State Seminary Money Fund	8	25,747	36,096	0	0
State Transportation Assistance Revolving Fund	102,818	505,129	1,566,262	75,218	N/A
State Transportation Fund	145,061	2,020,018	2,842,694	760,407	1,880,385

## Schedule 5

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Statewide Court Automation Fund	1,814,858	1,193,445	1,745,479	2,255,074	2,819,870
Statutory Revision Fund	386,966	86,807	205,428	259,623	472,753
Stormwater Control - Series A 1999 - 37H	19,399,961	20,530,037	N/A	N/A	N/A
Stormwater Control - Series A 2001 - 37H	10,009,130	N/A	N/A	N/A	N/A
Stormwater Control Bond and Interest Series A 1999	1,604,148	1,557,350	N/A	N/A	N/A
Stormwater Control Bond and Interest Series A 2001	741,514	N/A	N/A	N/A	N/A
Student Grant Fund	414,586	341,708	332,316	233,781	N/A
Supreme Court - Federal and Other Fund	5,505,976	757,108	2,256,307	1,957,441	2,365,122
Supreme Court Publications Revolving Fund	59,569	78,856	123,808	55,495	164,475
Temporary Assistance for Needy Families - Federal Fund	774,573	2,302,232	1,683,056	9,207,324	N/A
Third Party Liability Collections Fund	504,633	175,871	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Pre Tax Act 1986	0	0	0	0	8,346,665
Third State Building Bond Interest and Sinking - Series A 1992	29,291,962	28,641,096	29,421,485	28,938,855	26,202,771
Third State Building Bond Interest and Sinking - Series A 1993	15,413,967	16,913,942	17,349,164	17,180,207	9,247,568
Third State Building Bond Interest and Sinking - Series A&B 1991	9,200,427	9,090,914	8,969,707	9,068,155	8,952,861
Third State Building Fund - Pre Tax Act 1986	0	534,694	987,552	926,596	1,527,368
Third State Building Trust Fund - Pre Tax Act 1986	113	33,940	1,575	335,363	1,004,688
Title XIX - Federal Fund	17,400,409	5,685,064	2,566,423	7,136,851	17,044,258
Title XIX - Patient Placement Fund	0	0	5,016,569	3,319,385	3,864,811
Tort Victims Compensation Fund	7,463,188	7,351,434	7,428,138	4,873,135	56,830
Tourism Marketing Fund	0	1,013	1,966	966	503
Treasurer's Information Fund	8,857	5,846	4,809	2,681	746
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	2,052,239	1,511,025	1,031,332	N/A	N/A
U.S. Department of Higher Education / Coordinating Board for Higher Education Recall Account Fund	25,937,336	19,453,002	12,968,668	N/A	N/A
Uncompensated Care Fund	1,565,140	8,918,332	18,823,094	14,739,134	12,621,465
Underground Storage Tank Regulation Program Fund	621,766	594,576	595,891	455,758	37,428
Unemployment Compensation Administration Fund	897,666	814,832	1,140,482	1,126,469	1,026,091
Utilicare Stabilization Fund	22,478	20,920	31,998	N/A	N/A
Veterans' Homes Capital Improvement Fund	0	0	0	0	0
Veterans' Homes Capital Improvement Trust Fund	77,618,885	81,568,365	79,684,925	58,083,977	4,939,437
Veterans Trust Fund	465,478	439,447	412,256	380,257	348,061
Veterinary Medical Board Fund	583,998	730,634	665,422	583,004	564,802
Video Instructional Development and Education Opportunity Fund	528,876	98,546	769,992	1,984,912	2,225,407
Vocational Rehabilitation - Federal Fund	3,504,723	1,668,080	2,539,197	683,865	81,094
Water and Waste Water Loan Fund	1,927,022	418,801	898,398	1,178,862	541,002
Water and Waste Water Loan Revolving Fund	148,387,528	124,730,837	160,115,759	144,832,782	132,167,436
Water Pollution Control - Series A 1993 - 37C	0	0	0	0	0
Water Pollution Control - Series A 1995 - 37C	0	0	0	0	0
Water Pollution Control - Series A 1995 - 37E	0	0	0	0	0
Water Pollution Control - Series A 1996 - 37C	17,141	297,840	3,869,128	7,485,335	10,246,584
Water Pollution Control - Series A 1996 - 37E	0	10,596	66,554	9,555,983	18,843,900
Water Pollution Control - Series A 1998 - 37C	6,487,796	8,192,710	7,827,707	7,529,154	N/A
Water Pollution Control - Series A 1998 - 37E	12,566,183	22,796,830	28,802,973	27,582,241	N/A
Water Pollution Control - Series A 1999 - 37E	10,899,785	10,250,685	N/A	N/A	N/A
Water Pollution Control - Series A 1999 - 37G	10,385,103	10,279,352	N/A	N/A	N/A
Water Pollution Control - Series A 2001 - 37E	9,994,568	N/A	N/A	N/A	N/A
Water Pollution Control - Series A 2001 - 37G	10,023,676	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Pre Tax Act 1986	0	0	0	664,322	3,208,841
Water Pollution Control Bond and Interest - Series A 1989	0	0	1,133,070	1,122,958	1,135,853
Water Pollution Control Bond and Interest - Series A 1991	1,121,495	1,176,469	1,215,692	1,103,703	1,122,456
Water Pollution Control Bond and Interest - Series A 1992	2,769,267	2,722,698	2,738,955	2,719,053	2,747,870
Water Pollution Control Bond and Interest - Series A 1993	2,228,643	2,191,673	2,213,339	2,198,539	2,225,274

## Schedule 5

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF  
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2001	2000	1999	1998	1997
Water Pollution Control Bond and Interest - Series A 1995	2,442,358	2,407,652	2,433,225	2,406,415	2,408,933
Water Pollution Control Bond and Interest - Series A 1996	2,840,519	2,810,748	2,859,353	2,855,101	2,832,868
Water Pollution Control Bond and Interest - Series A 1998	2,663,337	2,644,958	2,647,523	2,545,962	N/A
Water Pollution Control Bond and Interest - Series A 2000	1,604,148	1,557,350	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2001	1,483,154	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	5,118,806	5,136,928	5,270,746	5,200,576	5,191,531
Water Pollution Control Bond and Interest - Series B 1993	9,584,721	9,940,292	8,946,427	8,871,613	6,571,647
Water Pollution Control Bond and Interest - Series B&C 1991	4,378,930	4,332,303	4,300,886	4,276,394	4,270,724
Wolfner Library Trust Fund	204,201	568,199	570,875	530,671	540,945
Workers' Compensation Fund	20,643,132	33,004,325	22,757,405	12,036,207	11,976,492
Workers Memorial Fund	250	N/A	N/A	N/A	N/A
Working Capital Revolving Fund	7,826,273	5,553,282	9,463,500	13,972,594	9,548,151
World War II Memorial Trust Fund	10,649	N/A	N/A	N/A	N/A
Youth Services and Conservation Corps Fund	0	0	0	0	121,054
Total All Funds (Schedule 4)	<u>\$ 2,936,493,487</u>	<u>3,089,659,693</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>	<u>3,571,689,002</u>

N/A These funds were closed or had not been created for the years indicated.

N/A-1 The assets of the Pansey Johnson-Travis Stocks and Securities Trust Fund were reclassified from cash to investments as a result of a change in the state's accounting system. This fund is no longer maintained by the State Treasurer on the cash activity reports.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Schedule 6

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF TRUST ACCOUNTS

	June 30,									
	2001		2000		1999		1998		1997	
	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested
220 South Jefferson Construction Fund	\$ 17,786	17,785	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Board of Public Buildings 2001A Cost of Issuance Fund	24,555	24,554	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Principal and Interest Fund	1,014,494	1,014,479	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capitol East Parking Facility Depreciation and Replacement Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	264,045	264,045
Operating Reserve Fund	0	0	7,154	7,154	6,762	6,762	195,832	195,830	211,389	211,389
Corrections and Mental Health Construction Fund	145,139	145,137	137,086	137,082	129,579	129,578	123,111	123,109	116,659	116,659
Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Department of Natural Resources Building Construction Fund	17,994,647	17,994,386	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jefferson City Correctional Center Construction Fund	127,257,402	127,255,554	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kansas City State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Kirkpatrick State Information Center Construction Fund	48,381	48,381	45,697	45,695	43,195	43,194	83,261	83,261	215,564	215,564
Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Midtown State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Old Age, Survivors, Disability, and Health Insurance Trust Fund	16,757	0	4,161	0	3,910	0	3,982	0	3,764	0
St. Joseph State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Special Obligation Refunding Bond - Principal and Interest Fund	408,707	408,701	350,352	350,341	364,288	364,285	383,663	383,659	364,649	364,648
Depreciation and Replacement Fund	7,412,060	7,411,952	7,293,286	7,293,055	7,016,978	7,016,918	7,406,769	7,406,705	7,393,260	7,393,249
Bond Reserve Fund	105,889	105,888	105,794	105,790	105,280	105,279	105,988	105,987	108,576	108,576
Springfield State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	344	344	7,902	7,901
State Building Special Obligation Bond 1988 Arbitrage Rebate Escrow Fund	134,602	134,600	127,133	127,129	120,172	120,171	114,173	114,172	107,931	107,931
Arbitrage Owed to IRS Escrow	8,527	8,527	8,054	8,054	7,613	7,613	7,232	7,233	6,838	6,838
Truman State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Wainwright State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Western Missouri Mental Health Center Construction Fund	21,350,433	21,350,123	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Trust Accounts (Schedule 4)	\$ <u>175,939,379</u>	<u>175,920,067</u>	<u>8,078,717</u>	<u>8,074,300</u>	<u>7,797,777</u>	<u>7,793,800</u>	<u>8,424,355</u>	<u>8,420,300</u>	<u>8,800,577</u>	<u>8,796,800</u>

N/A These accounts were closed for the indicated fiscal years.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Schedule 7

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS  
AND DISTRIBUTION BY FUND

		Year Ended June 30,				
		2001	2000	1999	1998	1997
INTEREST RECEIPTS						
General and special funds	\$	160,519,961	167,054,476	182,225,423	183,708,819	161,789,785
Debt retirement funds		6,938,831	5,518,366	6,368,513	5,434,788	5,428,457
Total Appropriated Funds		167,458,792	172,572,842	188,593,936	189,143,607	167,218,242
Trust funds		1,657,889	774,564	753,383	839,914	833,897
Total Interest Receipts	\$	169,116,681	173,347,406	189,347,319	189,983,521	168,052,139
INTEREST DISTRIBUTION						
General and special funds:						
Budget Reserve Fund	\$	8,498,480	N/A	N/A	N/A	N/A
General Revenue Fund		56,485,522	68,698,776	84,086,064	94,091,911	81,130,143
Budget Stabilization Fund		7,185,122	7,648,358	7,354,863	6,823,161	5,022,803
Cash Operating Reserve - General Revenue Fund		3,671,128	15,732,796	15,066,578	13,953,430	12,716,720
Abandoned Mine Reclamation Fund		43,212	37,033	32,134	26,361	20,743
Advantage Missouri Trust Fund		N/A	4	N/A	N/A	N/A
Agricultural Development Fund		2,481	1,950	1,369	N/A	N/A
Agricultural Product Utilization Business Development						
Loan Guarantee Fund		42	512	N/A	N/A	N/A
Agricultural Product Utilization Grant Fund		13,983	24,189	9,079	N/A	N/A
Alternative Care Trust Fund		120,348	98,451	102,488	112,992	114,643
Animal Health Laboratory Fee Fund		15,295	12,410	10,045	8,071	5,024
Assistive Technology Loan Revolving Fund		4,704	N/A	N/A	N/A	N/A
Aviation Trust Fund		413,236	193,313	39,855	23,194	31,582
Bingo Proceeds for Education Fund		398,335	455,212	484,669	376,030	301,401
Champ W. Smith & Mary C. Smith Memorial						
Endowment Trust Fund		24,679	21,750	21,268	21,062	20,330
Chemical Emergency Preparedness Fund		33,753	34,255	34,853	37,867	44,551
Children's Trust Fund		269,732	226,783	191,699	190,859	163,947
Coal Mine Land Reclamation Fund		52,498	46,677	46,167	85,440	125,046
Concentrated Animal Feeding Operation Indemnity Fund		7,719	4,007	1,431	208	N/A
Confederate Memorial Park Fund		7,508	6,609	6,347	5,940	5,455
Conservation Commission Fund		1,835,420	1,863,046	998,586	860,371	1,480,048
Correctional Substance Abuse Earnings Fund		6,499	1,774	60	N/A	N/A
Crime Victims' Compensation Fund		504,776	457,167	431,106	440,785	479,970
Deaf Relay Service Fund		445,269	383,614	341,344	302,946	236,182
Debt Offset Escrow Fund		694,473	347,290	84,693	48,992	47,867
Department of Insurance Dedicated Fund		573,653	505,799	482,642	445,085	399,110
Department of Labor and Industrial Relations - Administrative Fund		81,798	N/A	N/A	N/A	N/A
Department of Public Safety - JAIBG Fund		410,141	268,805	45,964	N/A	N/A
Division of Credit Unions Fund		32,580	27,169	22,649	19,621	15,532
Division of Finance Fund		149,242	174,099	165,199	155,071	127,405
Division of Savings and Loan Supervision Fund		2,736	2,959	3,023	3,263	3,129
Doctor Edmund A. Babler Memorial - State						
Park Fund		55,850	53,063	53,686	48,822	42,687
Dry-Cleaning Environmental Response Trust Fund		1,190	N/A	N/A	N/A	N/A
Early Childhood Development, Education and Care Fund		2,544,431	1,393,287	62,048	N/A	N/A
Endowed Care Cemetery Audit Fund		13,403	13,168	15,114	24,190	22,695
Energy Set-Aside Program Fund		793,938	918,409	1,097,527	1,004,715	613,123
Escheats Fund		370,242	328,536	318,966	306,688	296,100
Excellence in Education Fund		66,740	68,469	86,306	99,990	100,955
Facilities Maintenance Reserve Fund		2,082,512	819,689	240,483	95,631	N/A
Federal Drug Seizure Fund		234,053	210,737	91,955	39,778	21,240
Federal Reimbursement Allowance Fund		1,971,467	2,546,242	1,878,471	2,033,464	2,990,570
Federal Student Loan Reserve Fund		2,026,473	1,256,553	N/A	N/A	N/A
Federal Surplus Property Fund		102,018	101,589	88,924	77,499	71,862
Fourth State Building - Series A 1995		N/A	N/A	N/A	N/A	1,391,386
Fourth State Building - Series A 1996		N/A	N/A	809,357	4,050,880	4,803,635
Fourth State Building - Series A 1998		1,215,143	1,090,474	2,026,578	237	N/A
Gaming Commission Bingo Fund		1,221	7,366	5,657	9,319	6,440
Gaming Commission Fund		454,173	893,425	2,514,757	2,498,117	1,717,827

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS  
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2001	2000	1999	1998	1997
Gaming Proceeds for Education Fund	516,975	449,122	536,099	469,961	1,776,184
Grain Inspection Fees Fund	26,362	29,528	38,245	43,886	36,551
Guaranty Agency Operating Fund	496,423	410,701	N/A	N/A	N/A
Hazardous Waste Fund	53,787	35,812	17,686	9,069	9,027
Hazardous Waste Remedial Fund	191,943	230,387	222,696	270,730	268,879
Historic Preservation Revolving Fund	36,726	31,123	14,957	15,962	16,592
Industrial/Commercial Energy Conservation Loan Fund	N/A	N/A	N/A	N/A	136,145
Kid's Chance Scholarship Fund	4,517	1,193	N/A	N/A	N/A
Legal Defense and Defender Fund	23,044	24,304	22,018	7,790	13,694
Library Networking Fund	38,340	26,789	N/A	N/A	N/A
Livestock Dealer Law Enforcement and Administration Fund	287	294	338	343	246
Local Government Energy Conservation Loan Fund	N/A	N/A	N/A	N/A	143,099
Mental Health Earnings Fund	45,890	46,258	47,645	60,126	236,692
Mental Health Housing Trust Fund	270	237	195	176	19
Mental Health Trust Fund	302,079	272,979	235,691	207,383	217,976
Meramec-Onondaga State Parks Fund	60,295	53,940	52,744	50,259	46,948
Metallic Minerals Waste Management Fund	12,329	11,845	11,653	11,608	10,642
Mined Land Reclamation Fund	233,742	215,966	204,581	157,130	68,159
Missouri Air Emission Reduction Fund	47,568	408	N/A	N/A	N/A
Missouri Air Pollution Control Fund	40,029	70,065	61,734	53,451	44,671
Missouri Arts Council Trust Fund	721,500	680,943	868,759	646,287	360,162
Missouri Breeders Fund	4,583	4,175	4,119	3,976	3,732
Missouri Children's Service Commission Fund	1,016	899	861	858	746
Missouri College Guarantee Fund	521,411	272,549	8,033	N/A	N/A
Missouri Horse Racing Fund	0	9	0	0	0
Missouri Housing Trust Fund	144,045	160,474	149,636	158,958	131,669
Missouri Humanities Council Trust Fund	71,314	48,541	18,909	10,445	6,687
Missouri National Guard Trust Fund	256,369	148,916	11,183	N/A	N/A
Missouri Office of Prosecution Services Fund	3,935	2,511	N/A	N/A	N/A
Missouri Veterans Homes Fund	78,750	98,118	113,160	170,644	192,155
Motor Fuel Tax Fund	1,446,659	1,713,277	2,155,315	3,536,397	0
Natural Resources Protection Fund	34,067	28,387	11,326	21,753	30,124
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	66,463	68,139	49,590	53,928	46,205
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	723,396	811,157	934,057	896,414	800,008
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	603,981	534,938	407,488	278,843	198,261
Nursing Facility Federal Reimbursement Allowance Fund	425,618	399,036	N/A	N/A	N/A
Nursing Facility Quality of Care Fund	138,287	112,611	167,637	135,845	83,198
Outstanding Schools Trust Fund	11,922,416	15,741,639	19,830,070	18,753,652	14,204,300
Pansey Johnson-Travis Memorial State Gardens Trust Fund	1,574	30,576	43,161	40,209	36,818
Peace Officers Standards and Training Commission Fund	51,502	55,144	38,838	25,035	22,570
Petroleum Inspection Fund	138,571	77,526	95,179	97,190	83,740
Petroleum Storage Tank Insurance Fund	2,654,173	2,993,555	3,178,749	2,706,826	1,997,607
Petroleum Violation Escrow Fund	1,153,353	1,154,344	1,199,858	1,255,124	1,227,621
Pharmacy Rebate Fund	N/A	0	N/A	N/A	N/A
Post-Closure Fund	9,895	13,428	14,645	45,676	N/A
Property Reuse Fund	231,002	184,427	188,312	181,324	107,322
Residential Mortgage Licensing Fund	37,204	29,486	23,427	16,669	1,538
Safe Drinking Water Fund	245,459	219,729	215,352	191,367	174,745
School Building Revolving Fund	96,233	32,909	874	N/A	N/A
School District Trust Fund	2,969,719	2,679,222	2,584,864	2,484,889	2,236,969
Second Injury Fund	1,120,103	700,762	359,716	651,105	1,653,827

## Schedule 7

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS  
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2001	2000	1999	1998	1997
Secretary of State Institutional Gift Trust Fund	25,035	37,454	46,963	53,653	55,081
Secretary of State - Technology Trust Fund Account Fund	202,991	145,813	125,392	113,276	118,030
Single-Purpose Animal Facilities Loan Program Fund	24,508	21,292	18,364	14,154	5,271
Soil and Water Sales Tax Fund	1,108,203	840,181	694,499	717,272	1,184,943
State Document Preservation Fund	2,618	2,209	1,371	1,089	38
State Fair Fees Fund	10,546	N/A	N/A	N/A	N/A
State Guaranty Student Loan Fund	N/A	865,524	2,010,473	2,646,123	2,436,421
State Highways and Transportation Department Fund	2,134,368	1,457,149	1,349,440	862,693	543,604
State Lottery Fund	1,315,167	1,344,455	1,314,027	845,562	963,241
State Park Sales Tax Fund	938,113	971,069	1,006,782	1,046,845	1,076,417
State Road Fund	5,406,237	5,213,566	5,730,039	4,628,340	5,076,291
State Road Fund - Series A 2000	5,559,632				
State Transportation Assistance Revolving Fund	32,603	64,185	23,333	212	N/A
Stormwater Control - Series A 1999 - 37H	1,263,401	549,027	N/A	N/A	N/A
Stormwater Control - Series A 2001 - 37H	264	N/A	N/A	N/A	N/A
Third State Building Fund - Pre Tax Act 1986	18,160	50,402	70,179	120,177	199,935
U.S. Department of Higher Education/ Coordinating Board for Higher Education Interest Account Fund	1,315,570	856,960	950,650	N/A	N/A
Utilecare Stabilization Fund	14,681	15,189	5,731	N/A	N/A
Veterans' Homes Capital Improvement Fund	N/A	N/A	N/A	N/A	47,801
Veterans' Homes Capital Improvement Trust Fund	4,929,627	4,395,379	3,233,103	1,391,613	275,570
Veterans Trust Fund	25,965	22,401	21,303	19,191	17,038
Water and Waste Water Loan Fund	100,155	95,765	82,566	56,048	62,319
Water and Waste Water Loan Revolving Fund	9,285,088	8,264,904	8,954,944	7,187,534	6,161,659
Water Pollution Control - Series A 1993 - 37C	N/A	N/A	N/A	N/A	34,581
Water Pollution Control - Series A 1995 - 37C	N/A	N/A	N/A	N/A	112,250
Water Pollution Control - Series A 1995 - 37E	N/A	N/A	N/A	N/A	313,244
Water Pollution Control - Series A 1996 - 37C	17,337	123,837	385,688	484,911	502,103
Water Pollution Control - Series A 1996 - 37E	692	27,055	476,226	880,504	844,571
Water Pollution Control - Series A 1998 - 37C	503,606	394,257	331,862	36	N/A
Water Pollution Control - Series A 1998 - 37E	1,330,702	1,327,699	1,220,809	130	N/A
Water Pollution Control - Series A 1999 - 37E	647,581	274,217	N/A	N/A	N/A
Water Pollution Control - Series A 1999 - 37G	646,705	274,810	N/A	N/A	N/A
Water Pollution Control - Series A 2001 - 37E	475	N/A	N/A	N/A	N/A
Water Pollution Control - Series A 2001 - 37G	53	N/A	N/A	N/A	N/A
Wolfner Library Trust Fund	15,742	30,941	30,533	18,088	N/A
Workers' Compensation Fund	1,723,560	1,504,544	647,742	578,090	563,698
Workers Memorial Fund	0	N/A	N/A	N/A	N/A
World War II Memorial Trust Fund	154	N/A	N/A	N/A	N/A
Total General and Special Funds	160,519,961	167,054,476	182,225,423	183,708,819	161,789,785
Debt retirement funds:					
Fourth State Building Bond and Interest - Series A 1995	381,556	297,005	357,726	311,714	322,451
Fourth State Building Bond and Interest - Series A 1996	637,840	497,128	603,493	526,591	372,751
Fourth State Building Bond and Interest - Series A 1998	242,752	188,227	159,749	9	N/A
Stormwater Control Bond and Interest- Series A 1999	97,635	42,222	N/A	N/A	N/A
Stormwater Control Bond and Interest- Series A 2001	42	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Pre Tax Act 1986	N/A	N/A	N/A	8,298	646,518
Third State Building Bond Interest and Sinking - Series A 1992	1,839,931	1,424,450	1,738,890	1,456,912	1,254,351



## Schedule 7

OFFICE OF STATE TREASURER  
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS  
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2001	2000	1999	1998	1997
Third State Building Bond Interest and Sinking - Series A 1993	1,007,339	840,599	1,026,372	756,003	496,347
Third State Building Bond Interest and Sinking - Series A&B 1991	547,936	503,752	515,075	674,779	483,718
Water Pollution Control Bond and Interest - Pre Tax Act 1986	N/A	N/A	32,919	125,400	395,046
Water Pollution Control Bond and Interest - Series A 1989	N/A	0	67,823	59,432	62,204
Water Pollution Control Bond and Interest - Series A 1991	72,971	79,122	67,228	58,239	61,186
Water Pollution Control Bond and Interest - Series A 1992	173,496	134,233	161,759	141,689	148,120
Water Pollution Control Bond and Interest - Series A 1993	139,759	108,219	130,887	114,512	120,046
Water Pollution Control Bond and Interest - Series A 1995	152,831	118,834	143,096	124,739	128,950
Water Pollution Control Bond and Interest - Series A 1996	178,303	139,016	169,018	147,390	104,408
Water Pollution Control Bond and Interest - Series A 1998	169,973	131,843	111,824	6	N/A
Water Pollution Control Bond and Interest - Series A 2000	97,635	42,222	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2001	84	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	324,285	255,383	311,930	270,072	247,412
Water Pollution Control Bond and Interest - Series B 1993	611,952	475,490	528,406	420,455	352,439
Water Pollution Control Bond and Interest - Series B&C 1991	262,511	240,621	242,318	238,548	232,510
Total Debt Retirement Funds	6,938,831	5,518,366	6,368,513	5,434,788	5,428,457
Total Appropriated Funds	167,458,792	172,572,842	188,593,936	189,143,607	167,218,242
Trust funds:					
220 South Jefferson Construction Fund	17,786	N/A	N/A	N/A	N/A
Board of Public Buildings 2001A Cost of Issuance Fund	479	N/A	N/A	N/A	N/A
Principal and Interest Fund	7,931	N/A	N/A	N/A	N/A
Capitol East Parking Facility Depreciation and Replacement Fund	N/A	N/A	N/A	9,192	14,045
Capitol East Parking Facility Operating Reserve Fund	145	392	5,517	11,640	11,389
Corrections and Mental Health Construction Fund	8,099	7,507	6,469	6,739	6,703
Corrections and Mental Health Enterprise Fund	N/A	N/A	N/A	N/A	5,252
Department of Natural Resources Building Construction Fund	84,648	N/A	N/A	N/A	N/A
Jefferson City Correctional Center Construction Fund	597,402	N/A	N/A	N/A	N/A
Kansas City State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	2,578
Kirkpatrick State Information Center Construction Fund	2,700	2,502	2,622	9,286	12,296
Kirkpatrick State Information Center Enterprise Fund	N/A	N/A	N/A	N/A	1,658
Midtown State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	537
Special Obligation Refunding Bond - Bond Reserve Fund	5,923	5,794	5,280	5,988	8,576
Special Obligation Refunding Bond - Depreciation and Replacement Fund	414,396	400,615	362,829	406,769	393,260
Special Obligation Refunding Bond - Principal and Interest Fund	409,960	350,352	364,287	383,663	364,649
Springfield State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	497

## Schedule 7

OFFICE OF STATE TREASURER  
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS  
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2001	2000	1999	1998	1997
State Building Special Obligation Bond 1988					
Arbitrage Rebate Escrow Fund	7,511	6,961	5,999	6,242	5,781
Arbitrage Owed to IRS Escrow	476	441	380	395	362
St. Joseph State Office Building					
Enterprise Fund	N/A	N/A	N/A	N/A	1,292
Truman State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	4,462
Wainwright State Office Building Enterprise Fund	N/A	N/A	N/A	N/A	560
Western Missouri Mental Health Center					
Construction Fund	100,433	N/A	N/A	N/A	N/A
Total Trust Funds	<u>1,657,889</u>	<u>774,564</u>	<u>753,383</u>	<u>839,914</u>	<u>833,897</u>
Total Distribution	\$ <u>169,116,681</u>	<u>173,347,406</u>	<u>189,347,319</u>	<u>189,983,521</u>	<u>168,052,139</u>

N/A These funds did not receive interest for the years indicated due to the fund not being established at the time, or due to the lack of legislation that would require the interest to remain in the fund.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Schedule 8

OFFICE OF STATE TREASURER  
ANALYSIS OF INVESTMENTS  
APPROPRIATED FUNDS

		Year Ended June 30,									
		2001		2000		1999		1998		1997	
		Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings
<b>INVESTMENTS</b>											
Pooled Investments:											
Time deposits	\$	502,012,599	26,056,824	436,504,326	17,530,732	449,465,898	21,330,976	435,724,377	20,775,864	432,685,370	20,962,339
U.S. government securities, commercial paper, and repurchase agreements		2,318,385,855	141,401,968	2,793,120,677	155,042,110	2,932,164,153	167,262,960	3,105,448,004	168,367,743	2,865,324,055	146,255,903
Total Pooled Investments		2,820,398,454	167,458,792	3,229,625,003	172,572,842	3,381,630,051	188,593,936	3,541,172,381	189,143,607	3,298,009,425	167,218,242
Special Fund Direct Investments:											
U.S. government securities		16,500,809	826,368	15,682,796	956,269	5,000	688	5,000	688	5,000	688
Donated corporate stock		5,130	624	5,130	581	5,130	509	5,130	432	5,130	362
Total Special Fund Direct Investments		16,505,939	826,992	15,687,926	956,850	10,130	1,197	10,130	1,120	10,130	1,050
Total Invested Balance	\$	2,836,904,393	168,285,784	3,245,312,929	173,529,692	3,381,640,181	188,595,133	3,541,182,511	189,144,727	3,298,019,555	167,219,292
Total fund balance excluding collection, concentration, and restricted balance accounts	\$	2,680,383,903		3,113,762,871		3,234,401,797		3,416,907,704		3,197,423,958	
Collection and concentration accounts		558,047		1,614,720		7,360,797		6,268,682		6,202,391	
Restricted balance accounts		19,112,493		15,080,383		19,251,318		16,104,141		13,947,824	
Total Fund Balance Including Collection, Concentration, and Restricted Balance Accounts	\$	2,700,054,443		3,130,457,974		3,261,013,912		3,439,280,527		3,217,574,173	
<b>PERCENTAGE OF FUND BALANCE IN INVESTMENTS</b>											
Excluding collection, concentration, and restricted balance accounts		105.84%		104.22%		104.55%		103.64%		103.15%	
Including collection, concentration, and restricted balance accounts		105.07%		103.67%		103.70%		102.96%		102.50%	
<b>INVESTMENT YIELD</b>											
Time deposits			5.19%		4.02%		4.75%		4.77%		4.84%
U.S. government securities, commercial paper, and repurchase agreements			6.09%		5.55%		5.70%		5.42%		5.10%
Donated corporate stock investments			12.16%		11.33%		9.92%		8.42%		7.06%
Average investment yield			5.93%		5.35%		5.58%		5.34%		5.07%

The accompanying Notes to the Supplementary Data are an integral part of this statement.

## Notes to the Financial Statements and Supplementary Data

OFFICE OF STATE TREASURER  
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Office of State Treasurer.

The Central Check Mailing Service Revolving Fund, presented in Exhibits A through C, is a separate accounting entity, recording all assets, liabilities, equities, revenues, and expenses related to the fund's activities.

Expenses presented for the fund or any program may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the fund or applicable program.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit D for the Abandoned Fund Account Fund and the Treasurer's Information Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

Appropriations, presented in Exhibit E, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The financial statements for the Central Check Mailing Service Revolving Fund, Exhibits A through C, are prepared in conformity with generally accepted accounting principles. The statements are presented on the accrual basis of accounting which recognizes revenues when earned and expenses when the related liabilities are incurred.

Fixed assets (equipment) of the Central Check Mailing Service Revolving Fund are recorded at cost and depreciated on a straight-line basis with a useful life of ten years and no salvage value.

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit D, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit E, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2000, expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ended August 31. The authority to expend appropriations ended with the close of the lapse period. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

#### C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Central Check Mailing Service Revolving Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. The State Treasurer is administrator and custodian of the fund and receives funds paid or transferred to the office by state agencies for centralized check mailing services. The initial funding for this fund was provided by a transfer of \$50,000 from the General Revenue Fund-State on October 23, 1978. Appropriations from the fund are used for check mailing service expenses.

Abandoned Fund Account Fund: This fund receives monies from banking or financial institutions, business associations, insurance corporations, utilities, courts and other governmental entities, and proceeds from the sale of abandoned property representing abandoned or unclaimed funds.

This fund is established and governed under Section 447.543.2, RSMo Supp. 2001. Under Sections 447.500 through 447.595, RSMo Supp. 2001, various financial, business, and governmental entities, unless otherwise exempted, are to remit to the State Treasurer all funds which have been presumed abandoned or unclaimed for the required dormancy period, less any reasonable costs of complying with the law incurred during the required notification or report process. The State Treasurer is to deposit these funds in the Abandoned Fund Account Fund. Claims may be filed at any time and are paid upon proof of an approved claim. At any time when the balance of the fund exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer may, and at least once every fiscal year shall, transfer to the state's General Revenue Fund the balance of the Abandoned Fund Account Fund which exceeds one-twelfth the of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. If any claim or refund reduces the balance of the fund to less than one-twenty-fourth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer shall transfer from the state's General Revenue Fund an amount which is sufficient to restore the balance to one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. Appropriations from this fund authorize disbursements for the payment of claims of abandoned funds.

Treasurer's Information Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. This fund, established by Section 30.610, RSMo Supp. 2001, may receive monies from governmental entities or the general public for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. Appropriations from this fund shall be used to pay for personal service, equipment and other expenses of the office necessary for the preparation, reproduction, or dissemination of information or publications of the State Treasurer.

General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

State Highways and Transportation Department Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for that portion of the basic operation of the office which relates to the administration of highway department funds.

Second Injury Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for that portion of basic operations which relate to the administration of Second Injury Fund claims.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, deferred compensation, and cafeteria plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. Also, the deferred compensation plan involves employee payroll deferrals and a monthly state matching contribution for each participating employee.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation plan match.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit E.

2. Cash and Investments

The balances of the Central Check Mailing Service Revolving Fund, Abandoned Fund Account Fund, and Treasurer's Information Fund are pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit D reconcile to appropriated expenditures on Exhibit E as follows:



Year Ended June 30,				
2001		2000		
Abandoned Fund Account Fund	Treasurer's Information Fund	Abandoned Fund Account Fund	Treasurer's Information Fund	
DISBURSEMENTS PER EXHIBIT D	\$ 11,018,652	439	8,175,746	1,482
Lapse period expenditures:				
2001	(93)	0	0	0
2000	(117,649)	0	117,649	0
1999	0	0	(121,823)	0
Accounts Payable, June 30:				
2001	0	0	0	0
2000	(213,010)	0	213,010	0
1999	0	0	(56,077)	0
EXPENDITURES PER EXHIBIT E	\$ 10,687,900	439	8,328,505	1,482

#### Notes to the Supplementary Data:

#### 4. General Fixed Assets

General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group and are not depreciated.

#### 5. Basis of Presentation

The amounts presented in Schedules 4 through 8 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subjected to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

#### 6. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U. S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U. S. government or any agency or instrumentality thereof maturing or becoming payable not more than five years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating

agency and in commercial paper, issued by domestic corporations, which has received the highest rating issued by a nationally recognized rating agency. Investments in banker's acceptances and commercial paper shall mature and become payable not more than one hundred eighty days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

### Deposits

The State Treasurer maintains approximately 1,300 bank accounts throughout the state. These accounts include time deposits, collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2001, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo Supp. 2001, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

### Investments

The State Treasurer's investments at June 30, 2001, are listed by type below to give an indication of the level of risk assumed by the state at year-end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

	Reported Amount	Fair Value
Repurchase agreements	\$ 452,263,600	452,263,600
U.S. government securities	1,501,290,082	1,506,394,565
Commercial paper	873,037,428	873,037,428
Other investments	5,130	27,830
Total Investments	\$ 2,826,596,240	2,831,723,423

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

7. Demand Deposit and Collection Accounts

The demand deposits with Firststar (formerly Mercantile) Bank on Schedule 4 consist of twenty-three central demand accounts at June 30, 2001, and one at June 30, 2000, 1999, and 1998. The demand deposits with Central Bank consist of twelve central demand accounts at June 30, 2001, ten at June 30, 2000, and 1999 and seven at June 30, 1998, and 1997. The demand deposits with Premier Bank consist of two central demand accounts at June 30, 2001. Demand deposit bank balances were \$31,142,804, \$19,908,388, \$18,081,868, and \$28,187,539 at June 30, 2001, 2000, 1999, and 1998 for Firststar Bank and \$19,826,746, \$33,776,593, \$19,038,051, \$10,964,342, and \$46,307,047 at June 30, 2001, 2000, 1999, 1998, and 1997 for Central Bank and \$23,729 at June 30, 2001 at Premier Bank.

The collection bank accounts on Schedule 4 consist of three master concentration accounts and their related collection accounts. The General Concentration and Conservation Concentration Accounts were at Central Bank at June 30, 2001, 2000, 1999, 1998, and 1997. The Lottery Concentration Account was at Firststar Bank at June 30, 2001 and at Central Bank at June 30, 2000, 1999, 1998, and 1997. Collection account bank balances were approximately \$985,789, \$873,732, \$13,535,495, \$11,603,497, and \$12,484,709 at June 30, 2001, 2000, 1999, 1998, and 1997 for Central Bank and \$0 at June 30, 2001 for Firststar Bank.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. The negative balances at June 30 (Schedule 4) for the appropriated funds demand deposits represent the book balance net of amounts invested.

8. Special Fund Dedicated Investments

Due to a change in the state's accounting system, as of July 1, 1999, the State Treasurer was assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 4 represent specific investments made or held by the State Treasurer on behalf of the Pansey Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection and distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansey Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

Prior to July 1, 1999, the investments of the Pansey Johnson-Travis Memorial State Gardens were recorded as a cash asset in the state's accounting system. Prior to July 1, 1999, the investments of the Public School Fund were not recorded in the state's accounting system and the State Treasurer's duties related to these investments were limited to holding the investments on behalf of the fund.

9. Investments of Other Agencies

Schedules 7 and 8 do not include those funds which are invested directly by other agencies; e.g., the Agricultural Development Fund, the Department of Revenue non-state (local) funds, and the State Seminary Fund. The State Treasurer does not have investment authority for these funds and is not responsible for the efficiency of the investment of these funds or for the collection and distribution of the interest income.

10. Amount and Yield on Investment Earnings

The amount and yield on investment earnings on Schedule 8 are presented on a cash basis. However, approximate accrued amounts were \$29,198,570, \$38,271,000, \$36,028,000, \$44,990,000, and \$39,100,000 at June 30, 2001, 2000, 1999, 1998, and 1997, respectively, giving approximate yield rates of 5.61 percent, 5.41 percent, 5.31 percent, 5.51 percent, and 5.37 percent for the same corresponding periods on an accrual basis.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

OFFICE OF STATE TREASURER  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of the Office of State Treasurer as of and for the year ended June 30, 2001, and have issued our report thereon dated January 25, 2002.

During our audit, we identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

<b>1.</b>	<b>Software Development and Utilization</b>
-----------	---------------------------------------------

The State Treasurer's Office (STO) expended over \$374,000 since March 1999 for two computer software systems. However, these systems were not implemented or utilized in a timely manner by the STO. Our review noted the following concerns.

- A. The STO contracted with a computer programming vendor in March 1999 to develop software to replace the database and reporting system for the Time Deposit and Linked Deposit system, an old system which was not Year 2000 (Y2K) compliant. The STO did not implement proper procedures to communicate program specifications or to monitor the development of the system to ensure the system would meet the needs of the STO. The STO began using the new system in parallel with its old system in August 2001 and indicated it was fully operational as of December 1, 2001. Approximately 32 months elapsed between signing the contract and full operation of the system and the STO expended significantly more on the project than the original estimate.

The STO did not document the specific project assignments, tasks, and completion milestones to be used in monitoring the vendor's progress and did not provide the vendor with clear, written guidelines for the development and implementation of the system. In addition, the STO did not document their monitoring of the vendor's progress until the vendor had been terminated and was providing pro-bono services. The prior STO information system (IS) director indicated she communicated the system specifications and monitored the vendor informally, mainly through various discussions with the vendor, until it became apparent that the vendor was clearly not developing a system to meet the STO's needs.

To ensure the old system was replaced prior to Y2K, the contract required the vendor to develop, test, and implement the system prior to October 1, 1999. However, the vendor failed to meet the deadline and the contract was terminated in February 2000 due to lack of a complete, useable system. The vendor continued to work on the project, uncompensated, through September 2000; however, the STO still felt the

system was not complete. The IS director maintained written progress monitoring reports only between March 2000 and September 2000. Since September 2000, STO staff have continued to periodically work on further development of the initial programming performed by the vendor to prepare the system for full implementation.

The terms of the contract between the STO and the vendor did not contain any performance controls such as minimum or maximum performance criteria or projected payment amounts and also did not specify any details of the system requirements. The terms of the contract package merely called for the software conversion to be made, that the work would be done on an as needed basis, and that the STO had the right to ensure that the work was completed to their satisfaction. As a result, the outcome of this project appeared to be highly dependent on the STO's ability to communicate system needs to the vendor and to monitor the ongoing project for satisfactory results.

The former IS director indicated that the project, as originally planned, was estimated to cost approximately \$60,000. However, due to the failure to implement the new system timely, significant additional costs have been incurred. These costs, as summarized in the table below, include payments to the contracted programming vendor in excess of the original estimate and salaries of STO staff who have modified the program after the vendor submitted the software product. In addition, the STO has had to continue paying additional consultants who were previously contracted to maintain the original Time Deposit and Linked Deposit system software and hardware. To keep the prior system functional and operating past January 1, 2000, the prior system has been modified to recognize date entries falling in the year 2000 and later as being in the year 1900 and later. The STO has indicated that the old software and hardware systems are antiquated and difficult to maintain.

Description	Amount
<u>New system development</u>	
Contracted programmer:	\$ 103,420
STO staff salaries at \$18 per hour (estimated by the STO at 950 hours):	17,100
<u>Original system maintenance</u>	
Consulting programmer fees:	
January 1, 2000 to December 31, 2001	113,131
Hardware maintenance consultant fees:	
January 1, 2000 to December 31, 2001	<u>19,847</u>
Total	253,498
Less: Original cost estimate	<u>(60,000)</u>
Additional costs incurred	\$ <u><u>193,498</u></u>



It appears a significant portion of these additional costs could have been avoided if the project had been properly monitored and a complete, useable computer system had been provided by the deadline agreed to in the contract.

- B. The STO purchased a bank reconciliation/deposit verification software package in April 2000 to automate portions of the reconciliation process for certain state bank accounts. Some STO employees attended a short training session offered by the vendor in August 2000, and began loading data into the system for the main deposit account and the "collection" accounts. Entry of several month's worth of data continued, as time permitted, until July 2001, when a reconciliation was attempted. According to STO employees, certain portions of the data entry had not been performed correctly and the reconciliation attempted at that point failed. Due to various system restrictions, all previous data had to be deleted and new data entry begun.

In August 2001, STO employees began re-entering May and June 2001 data for the collection accounts only. By early-November 2001, those two months had been successfully reconciled and more recent months' activity have been reconciled subsequent to that time. While collection accounts have been reconciled for several months, as of January 2002, 21 months after purchase, the STO has still not fully implemented the use of this software for other accounts as originally planned. The STO has expended approximately \$121,000 for software license fees, maintenance fees, and training costs related to this software package.

To ensure the most effective use of resources, the STO should clearly document all pertinent contract assignments, tasks, and completion milestones for system development contracts. The STO should document formal monitoring of the related performance of such contractors to ensure the product received meets the needs of the STO and will be delivered in a timely manner. In addition, the STO should implement and utilize developed and/or purchased computer software in a timely manner.

**WE RECOMMEND** the Office of State Treasurer clearly document contract assignments, tasks, and completion milestones and document formal monitoring of the progress of contractors to ensure the effective use of state resources and the timely delivery of a satisfactory product. In addition, the STO should implement and utilize computer software in a timely manner.

#### **AUDITEE'S RESPONSE**

*The STO appreciates the State Auditor's Office (SAO) recommendation and has taken steps to implement new software in a more timely manner. In addition, the STO has moved the contract bid process of software and computer consultants in-house, as well as some of the programming functions that were once the responsibility of outside consultants. The STO has limited resources to*

*devote to immediate implementation of new software, as staff has regular daily duties that must be completed on a timely basis. Therefore, training, software implementation, and complete conversion to new software must be staggered to ensure accurate account reconciliations and other transactional procedures.*

<b>2. Management of Outstanding Checks</b>
--------------------------------------------

The STO maintains the state's main operating bank accounts and tracks related outstanding paper checks. When paper checks have been outstanding for thirteen months, the checks are "outlawed" by the state, meaning the checks will no longer be honored by the bank. Any claims for those disbursements after that point are paid by reissuing a new check. The STO's procedures for outstanding checks do not include efforts to ensure long outstanding checks clear prior to their outlaw date.

The STO tracks a total of eight different series of checks, seven of which are used for payments of program benefits to recipients, income tax refunds to businesses and individuals, and state employee payroll disbursements. The eighth series (A-series checks) is used for payments to the state's vendors for normal costs of operating state government and program disbursements which are not covered by other check series. Our review of the management of outstanding and outlawed checks focused on the A-series checks since that series, other than the series used for personal income tax refunds, represented the largest group of checks being outlawed and the types of payments for which follow-up contacts would appear to be the most successful. During the year ended June 30, 2001, A-series checks totaling over \$2.1 million were outlawed.

During the audit period, there were no procedures in place to follow-up on long outstanding checks. The STO receives monthly reports from the bank listing outstanding checks, as well as checks to be outlawed during the next month. While these reports do not include payee information, that data can be obtained from the state's SAMII accounting system. However, none of this information is distributed to the state agencies that originally issued the checks. This information would allow the applicable agencies to identify payees that should be contacted regarding the status of the outstanding checks. We analyzed the A-series outstanding checks, totaling approximately \$138,000 which were outlawed in August and September, 2001 (originally written in July and August, 2000). Of that amount, approximately \$86,000 (62 percent) was for 520 checks written to businesses and approximately \$19,000 (13 percent) was for 32 checks written to other governmental entities, including a few checks to other state agencies. Most of these payees have permanent addresses and should be easily located for follow-up.

To determine a reasonable point at which to begin follow-up activities on outstanding checks, we reviewed the clearing patterns of checks issued between July 2000 and December 2000. A large portion of checks issued cleared within the first month. In addition, approximately 99 percent of the remaining outstanding checks cleared within four months after issuance. The incremental increase in the percentage of cleared checks slowed

dramatically after the fourth month. Based on this analysis, it appears that after A-series checks have been outstanding for approximately four months, it would be reasonable to begin follow-up action.

To improve the management of outstanding checks, the STO should distribute available information to applicable agencies within a reasonable time after issuance but prior to being outlawed. The state agencies should be prompted to determine why the checks are still outstanding and whether the payees can be induced to negotiate the payment prior to the checks' outlaw dates.

**WE RECOMMEND** the Office of State Treasurer distribute information on outstanding checks to applicable state agencies and request that follow-up action be taken. The state agencies should, at a minimum, be requested to contact locatable payees, such as active vendors and governmental entities, and encourage timely negotiation of the checks.

### **AUDITEE'S RESPONSE**

*While clearly not part of the State Treasurer's constitutional or statutory duties, the STO agrees that this recommendation improves efficiency in government. The STO has taken steps to make check clearance information electronically available to all state agencies. This information, as well as various new reporting options, will be incorporated into a new check inquiry system that will be available in fiscal year 2003. As part of our goal to unite owners with their property, we will continue to take the lead on this matter. We look forward to working with the SAO and other state agencies in improving the timely negotiation of state checks. In the last five years, the number of electronic disbursements has increased substantially. We will continue to encourage agencies to utilize the electronic payment process to further reduce the volume of outstanding checks.*

This report is intended for the information of the management of the Office of State Treasurer and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

OFFICE OF STATE TREASURER  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of State Treasurer on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2000.

Bank Reconciliation Procedures

The State Treasurer's Office (STO) did not prepare bank reconciliations for the Department of Social Services – Division of Family Services (DSS-DFS) accounts in a timely manner and did not research and correct reconciling items on a timely basis for the Electronic Receipt/Payment account and the DSS-DFS accounts.

Recommendation:

The STO ensure reconciliations of all bank accounts continue to be prepared on a timely basis, that reconciling items are researched at the time they are identified, and that any necessary corrections be made for reconciling items in a reasonable time frame.

Status:

Partially implemented. The STO has ensured that bank reconciliations are performed in a timely manner and has concentrated efforts to ensure that reconciling items, especially items from current periods, are researched.

At June 30, 2001, most of the reconciling items that remained on the Electronic Receipt/Payment account reconciliation were less than twelve months old. In addition, the STO appears to have researched the items and made contacts with various state agencies and the bank to request additional research and/or correction of the item by the state agency or the bank.

Approximately \$935,000 of the previous reconciling items, dating from December 1996 to June 2000, were removed from the Electronic Receipt/Payment account reconciliation by transferring the items to a different account's reconciliation because the STO believes that those transactions actually relate to the other account. However, the STO has not performed further research that has resulted in the identification and clearing of any of these items since they have been transferred. Due to the age of those items and the difficulty in obtaining supporting data at this point, the STO indicated they believe further research on those remaining items would be unproductive.

The DSS-DFS accounts' reconciling items between one and six months old have been significantly reduced and the STO has researched and cleared almost all of the older reconciling items.

Although not repeated, our recommendation remains as stated above.

## STATISTICAL SECTION

## History, Organization and Statistical Information

## OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system for the purpose of allocating investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by fee agents and state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

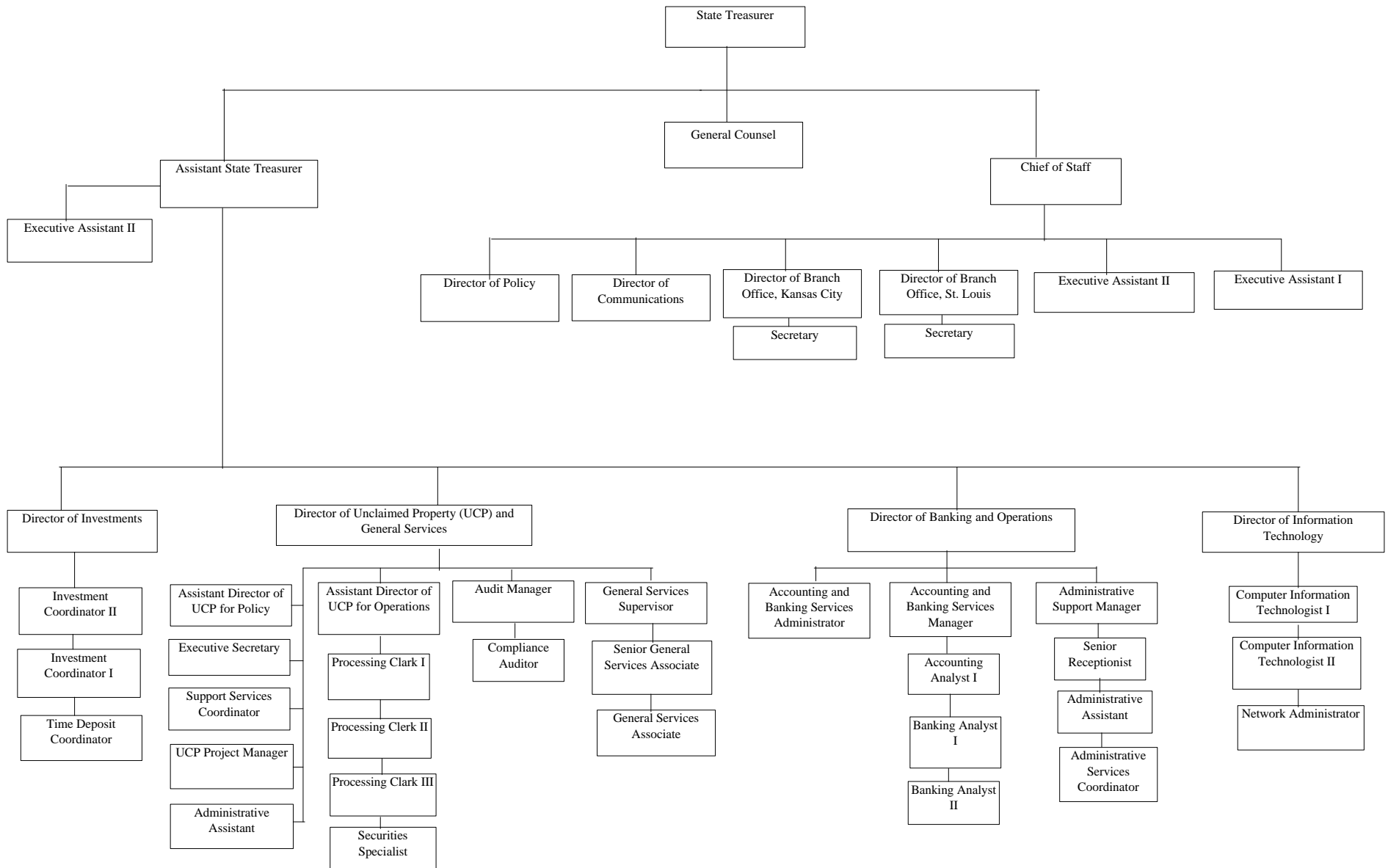
The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's 43<sup>rd</sup> State Treasurer when she took the oath of office January 8, 2001. She is the first woman to serve as State Treasurer in the state's 180-year history.



As of June 30, 2001, the office had fifty-three full-time positions to assist in the accomplishment of its mission. An organization chart follows.

OFFICE OF STATE TREASURER  
ORGANIZATION CHART  
JUNE 30, 2001





**VILLAGE OF BULL CREEK, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-35  
May 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

**The following problems were discovered as a result of an audit conducted by our office of the Village of Bull Creek, Missouri.**

---

The Village of Bull Creek is experiencing serious financial difficulty due to the poor management decisions and actions related to their Phase II sewer project. As of June 30, 2001, the village owes approximately \$1,390,000 in principal payments on its sewer system. Based on their current financial condition, the village may be unable to meet the debt service requirements of its sewer projects. The financial problems have resulted from the lack of adequate planning and approval related to the Phase II sewer project which increased the village debt by \$890,000. Since the village proceeded on Phase II without the approval of the Taney County Commission and the Taney County Regional Sewer District, it has been unable to use the Taney County's Sewer Sales tax monies distributed to the village to pay the related debt.

In December 1999, the Board of Trustees entered into an agreement with the same project manager that managed Phase I to provide additional sewer improvements. Phase II was treated as a "design and build" project in which the project manager handled all aspects of the project including the selection of engineers, inspectors, and construction contractors. The village paid the project manager approximately \$151,000 through December 31, 2001 for work performed on Phase II. Additionally, the village paid a firm (owned by the project manager) \$40,000 to arrange financing for Phase II. The firm also agreed to assist the village in refinancing the debt on Phase I. Neither the project manager nor the financial advisor submitted itemized invoices for the services provided.

Through December 31, 2001, the village has paid approximately \$743,000 on Phase II expenditures. The village did not assure itself that it received the lowest and best price on the completed project since it did not competitively bid out any aspect of the project or ensure that bids were required by the project manager. Further, the village's lack of oversight provided little assurance the fees paid the project manager (and the financial advisor) were reasonable and proper.

The village provides water, sewer, and trash services to approximately 250 customers. Computer records, consisting of utility account billings and delinquent utility billings, were not properly retained. From the utility records that were available, concern was noted regarding the collection of March 2001 utility bills. Due to the lack of controls and the inadequacy of the village records, the village has no assurance that all utility payments received were properly deposited.

(over)

YELLOW SHEETS

There is no independent oversight or adequate segregation of duties related to the village's utility system. The former Village Administrator and his wife (who served as Village Clerk until July 2001) performed all functions related to generating monthly utility bills, receipting and recording utility payments, making credit adjustments, depositing money received, and monitoring accounts for delinquencies.

The former Village Administrator was allowed to use village equipment for his personal use. In addition, the former Village Administrator and his wife spent numerous hours (approximately 15 hours per week) on the village telephone to access the village's Internet service provider. During a three month period, over 10,900 minutes were used to access the internet and the village was originally billed over \$1,600 for the related long distance charges.

The audit also includes some matters related to bidding and expenditures, budgets and financial reporting, personnel procedures, ordinances and board meetings, accounting records and procedures, fixed asset procedures, and the municipal court, upon which the village should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

VILLAGE OF BULL CREEK, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-25
<u>Number</u>	<u>Description</u>
1.	Financial Condition.....5
2.	Phase II Sewer Project .....6
3.	Expenditures .....8
4.	Administrator's Employment Contract and Payroll Procedures .....9
5.	Accounting Records and Procedures .....11
6.	Utility System Accounting Controls and Procedures.....13
7.	Budgets and Financial Reporting.....17
8.	Ordinances and Board Meetings .....19
9.	Asset Records and Procedures .....21
10.	Municipal Court .....22
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	26-29

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Chairman  
and  
Board of Trustees  
Village of Bull Creek, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Bull Creek, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.



The accompanying Management Advisory Report presents our findings arising from our audit of the village of Bull Creek, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

December 4, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

VILLAGE OF BULL CREEK, MISSOURI  
MANAGEMENT ADVISORY REPORT

<b>1. Financial Condition</b>
-------------------------------

The village has incurred a significant amount of debt related to its sewer improvement projects. As of June 30, 2001, the village owes approximately \$1,390,000 (includes \$510,000 on Phase I and \$880,000 on Phase II) in principal payments on its sewer system. The village has no formal plan to address the repayment of their debt and based on their current financial condition, the village may be unable to meet the debt service requirements of their sewer projects. The village's financial problems have resulted from the lack of adequate planning and approval related to the Phase II sewer project. The village proceeded on Phase II without the approval of the Taney County Commission and the Taney County Regional Sewer District, and in doing so, has been unable to use the Taney County's Sewer Sales tax monies distributed to the village to pay the related debt.

Near the completion of the village's Phase I sewer project (the village's lift station, sewer lines and connections for the residents, and the sewer capacity of the Rockaway Beach sewer treatment plant), the village began a second sewer project outside of the village's boundaries (Phase II). This project involved the construction of a second lift station, a sewer line and the acquisition of an existing sewer treatment plant to a near-by apartment complex. The addition of the apartment complex resulted in approximately 150 additional users to the village's sewer system and increased the village debt by \$890,000.

In January 2001, the Board of Trustees approved a lease-purchase agreement of \$890,000 with the Missouri Association of Municipal Utilities (MAMU), a not-for-profit corporation, for the Phase II sewer project. The agreement is for 20 years and is to be repaid in quarterly installments. The village intended on utilizing their portion of the county's sewer sales tax to fund the debt requirements of the project. Since the village's sewer sales tax had already been pledged to cover the debt requirements of Phase I, the village refinanced Phase I incurring a "refinance fee" totaling over \$28,000 to extend the repayment period from five years to twenty years.

As a result of the many concerns surrounding the Phase II project (see MAR finding number 2), the county stopped all sewer tax payments to the village. In November 2001, the county reinstated the sewer sales tax payments; however the payments are contingent on the village agreeing not to use the monies for the repayment of the Phase II project. As of January 2002, the village has approximately \$330,000 of county sewer sales tax monies earning less than two percent interest while they are paying four to six percent interest on their outstanding balance of Phase I. Additionally, the village will continue to receive approximately \$13,000 per month in county sewer sales tax payments thru October 2003 (which should be sufficient to cover the outstanding debt of Phase I).

Since the village is unable to use the county's sewer sales tax monies to cover the debt requirements of the Phase II sewer project, the village must develop a plan to address the

debt requirements of the village. The current user fees for the additional apartment complex fail to generate sufficient funds to pay the related debt (generating approximately \$33,000 annually in user fees while the debt payments range from \$60,000 to \$80,000 annually). A formal rate study should be performed to determine the appropriate rate structure for the users of the sewer system along with other financing options to alleviate the financial crisis.

Numerous internal control weaknesses, lax controls over expenditures, and inefficient management practices have been identified and discussed in more detail throughout our Management Advisory Report (MAR). These weaknesses and poor management decisions combined with the village's actions related to Phase II have put the village in financial difficulty.

**WE RECOMMEND** the Board of Trustees closely monitor the financial condition of the village's funds. The board should perform a formal rate study of the water and sewer system to determine the appropriate rate structure for the users of the system along with reviewing other financing options to alleviate the financial crisis. In addition, the board should develop a plan to allow the village to repay debt incurred on the sewer system and improve the financial condition of the village.

#### **AUDITEE'S RESPONSE**

*We have been monitoring the financial condition of the village and cutting operating expenses to an absolute minimum. We currently have no paid positions within the village yet realize we will have to hire a clerk to perform the administrative duties of operating the village hall. We will perform a rate study for our water/sewer system and adjust rates (including deposits) accordingly. We plan to restructure our user fees for both residential customers and users outside the village boundaries. We will continue to work with Taney County and our loan company to address the repayment of our outstanding debt.*

<b>2. Phase II Sewer Project</b>
----------------------------------

- A. In December 1999, the Board of Trustees entered into an agreement with the same project manager that managed Phase I to provide sewer improvements to meet the needs of the village. The project (Phase II) was handled as a "design and build" project in which the project manager acted as the administrator for the project, handling all aspects of the project including selection of engineers, inspectors, and construction contractors. A summary of Phase II expenditures paid from the trustee bank project account through December 31, 2001 is as follows:

<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
O.E.I. Facilities, Inc.	project management	\$ 151,305
Financing Solutions, Inc.	financial advisory services	35,000
Lost Tree Condominiums	apartment wastewater treatment facility	125,000
Beemer Construction Co, Inc.	construction	344,874
The Larkin Group, Inc.	engineering	11,689
Village of Bull Creek	inspections	12,000
Tri-Lakes Motors, Inc.	heavy-duty pickup truck	37,864
Various	other	25,471
<b>Total</b>		<u><u>\$ 743,203</u></u>

As noted above, the village paid the project manager approximately \$151,000 through December 31, 2001 for work performed on Phase II. The project manager did not submit itemized invoices for his services. Given the substantial amount of fees paid the project manager, the village has no assurance the amount paid was reasonable. In addition, the village did not consider any other project manager.

As a result of this situation, the village did not assure it received the lowest and best price on the completed project since the village did not competitively bid out any aspect of the project or ensure that bids were required by the project manager. Competitive bidding procedures for major construction projects provide a framework for the economical management of resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Further, the village's lack of oversight provided little assurance the fees were reasonable and proper.

- B. The lease purchase program, administered by MAMU, is designed to offer simple leasing terms to municipalities; however, the village paid a firm (owned by the project manager) \$40,000 to arrange financing for Phase II of the sewer project. The firm also agreed to assist the village in refinancing the debt on Phase I.

The village did not seek competitive proposals for the services of the financial advisor. While the village did have a written agreement with the financial advisor, the financial advisor did not submit itemized invoices for the services provided.

The project manager, who served as financial advisor, indicated that in addition to completing the lease application he advised the village to select a variable rate of interest. The lease application consists of a five-page application. Further, MAMU indicated that many municipalities work directly with their organization to complete the required application.

The village's lack of oversight provided little assurance the fees were reasonable and proper. The village should require itemized invoices and review these invoices to ensure the fees are reasonable and proper.

**WE RECOMMEND** the Board of Trustees seek competitive proposals for professional services (project management and financial services) and ensure all options are fully evaluated for cost effectiveness on future construction projects. In addition, the village should properly plan all construction projects to allow competitive bidding on all major aspects of the project. The village should also require itemized invoices to be submitted for professional services that fully document the work performed.

### **AUDITEE'S RESPONSE**

*We are currently working on a specific procurement policy. The current board inherited the problems that resulted from Phase II and we agree the project was poorly thought-out and managed. We also understand it is our responsibility to move forward in resolving the mistakes encountered during this project and will ensure any future project is properly planned and monitored by the board.*

<b>3. Expenditures</b>
------------------------

- A. The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained in some instances, including \$37,864 for a heavy-duty pickup truck (see MAR finding number 2) and \$7,756 for trash services.

Formal bidding procedures for major purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Not only can bids be handled by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. Vendor invoices or other supporting documentation were not properly retained for thirteen of twenty-six expenditures we reviewed. In other instances, payments were processed without a sufficiently detailed invoice. Invoices submitted for some payments did not include an itemized listing of the work performed or a date the work was performed. Six of the payments noted above (totaling \$852) represented reimbursements to the former Village Administrator, however; adequate documentation to support the reimbursements was not retained.

All expenditures should be supported by sufficiently detailed vendor invoices to ensure the obligations were actually incurred and the expenditures represent appropriate uses of public funds.

- C. Village procedures related to the processing and approval of expenditures are lacking. In addition, interfund transfers are not approved by the board. To ensure all disbursements represent valid transactions of the village, the board should review all vendor invoices, ensure goods or services were actually received by the village, and agree the invoices to checks issued. In addition, board approval should be documented for all expenditures and interfund transfers.
- D. The village did not file Forms 1099 with the Internal Revenue Service. The Internal Revenue Code requires payments of \$600 or more annually for services by nonemployees (other than corporations) be reported to the federal government on Form 1099. The village paid two individuals \$900 and \$710 respectively, in labor costs for maintenance on its sewer system. Also, the village paid the village's attorney, prosecutor, and judge \$100 each month for legal services.

**WE RECOMMEND** the Board of Trustees:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- B. Require adequate supporting documentation for all expenditures.
- C. Review and approve all expenditures of village funds prior to the disbursements being made. In addition, approval for all expenditures and interfund transfers should be documented in the board minutes.
- D. Ensure that IRS Forms 1099 are filed as required for prior years as well as in the future.

**AUDITEE'S RESPONSE**

- A. *This is currently being reviewed by the board.*
- B&C. *These recommendations have been implemented.*
- D. *The applicable forms have been filed for 2001 and we are currently reviewing prior years.*

<b>4. Administrator's Employment Contract and Payroll Procedures</b>
----------------------------------------------------------------------

- A. The village entered into a questionable employment contract with the former Village Administrator. The contract did not allow the village to terminate the

administrator or not renew the contract without incurring a financial hardship. While the village minutes indicate the village attorney reviewed the contract, the minutes do not indicate the need for a village administrator position (since the village has not filled the position since July 2001 and has no plans to fill the position).

The village did not renew the Village Administrator's contract in July 2001. Although board members indicate that the Village Administrator resigned, board minutes were not available to document this fact. From village records, it appears the Village Administrator remained a village employee until July 19, 2001.

In the future, the village should ensure all employment contracts are reasonable and thoroughly reviewed by the board. In addition, significant board decisions should be fully documented in the board minutes.

- B. Due to the financial condition of the village, the former Village Administrator did not always receive his salary payments when they were due and would occasionally issue his payroll checks for lesser amounts as funds became available. Our review indicated the former Village Administrator was paid an additional \$200 in October 2000. This overpayment occurred and was not detected because the village did not review the payroll amounts.

The Board of Trustees should review all payroll amounts and ensure payments are proper.

- C. Our review of the village's payroll practices and related procedures identified the following concerns:

- The village did not withhold federal or state income taxes from the compensation paid to the village employees. Wages earned by village employees were not reported on W-2 forms. In addition, social security and medicare taxes withheld from the former Village Administrator's wages were not remitted to the appropriate taxing authority.
- The village failed to file the required federal and state payroll tax returns.
- The village did not have employee withholding forms (W-4) on file for the individuals employed by the village.

The Internal Revenue Code requires employers to withhold and remit federal income taxes; report wages on W-2 forms; pay their share of social security on the compensation paid to employees; and ensure W-4 forms are completed by all employees. In addition, Section 143.191, RSMo 2000, requires employers to withhold state income taxes from wages and establishes requirements for reporting wages. The village should determine the total taxes due the applicable taxing authorities and make the required payments.



**WE RECOMMEND** the Board of Trustees:

- A. Ensure all employment contracts are reasonable and thoroughly reviewed by the board. In addition, significant board decisions should be fully documented in the board minutes.
- B. Review all payroll amounts and ensure payments are proper.
- C. Ensure payroll taxes are properly withheld and remitted for any wages or salaries paid. The board should ensure all individuals receiving salaries or wages from the village have a properly completed W-4 form on file and that payroll tax reports are filed with the proper authorities. In addition, the board should file employee W-2 forms for the applicable years and ensure the taxes due the applicable taxing authorities are paid.

**AUDITEE'S RESPONSE**

- A. *We agree.*
- B. *This will be done.*
- C. *All prior tax forms have been filed with the applicable payment. We are awaiting a determination from the taxing authorities for any penalty.*

<b>5. Accounting Records and Procedures</b>
---------------------------------------------

- A. Procedures have not been established to ensure expenditures are properly allocated among the various funds and to ensure restricted revenues are expended only for their intended purposes.

The village made monthly transfers from the Utility, Sewer Sales Tax and Court Funds to the General Fund to cover various administrative expenses incurred in the General Fund. Transfers to the General Fund from the three funds for the year ended June 30, 2001, totaled \$39,839. The village does not have any documentation, such as time studies, to support these allocations.

It is essential that the village properly allocate expenses to the various funds. Allocation of expenses is necessary for the village to ensure the water, sewer, and trash rates are sufficient to cover the cost of providing the service without generating profits to subsidize other village services.

- B. Our review of the controls over receipts (other than utility fund receipts) noted the following concerns:

1. Receipt slips are not issued for some monies received by the village. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received, and the numerical sequence of receipt slips accounted for properly.
  2. The method of payment received (i.e. cash, check, money order) is not recorded on the receipt slips. To ensure all receipts have been recorded properly and deposited intact, the method of payment received should be recorded on each receipt slip and the composition of receipt slips should be reconciled to the composition of bank deposits.
  3. Checks are not restrictively endorsed immediately upon receipt. Instead, they are endorsed when the deposit is made. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
  4. Some copies of voided receipt slips were not maintained. To ensure that all receipts slips are properly accounted for, all copies of voided receipt slips should be properly defaced and maintained.
- C. The village maintains a petty cash fund for small expenditures. The petty cash fund is not maintained on an imprest basis. The village periodically replenishes the fund with \$75 whenever the balance is low. Documentation of the expenditures made from the petty cash fund is not maintained.
- To ensure all expenditures are proper, the village should maintain the petty cash fund on an imprest basis and retain all documentation to support the expenditures of the fund.
- D. All Board of Trustee members are authorized to sign checks; however, they are not bonded. Failure to adequately bond all persons with access to assets exposes the village to risk of loss.
- E. The village does not have a written agreement with its current depository bank. A written depository contract helps both the bank and the village understand and comply with the requirements of any banking arrangement. During our review of the village's bank accounts, we noted three non-interest bearing checking accounts and a fourth checking account (Sewer Sales Tax Fund) that was interest bearing only if the account balance exceeded \$200,000. While the Sewer Sales Tax Fund bank account maintained an average monthly balance of approximately \$179,000, the account did not earn interest for most of the year ending June 30, 2001.

The village should review their bank accounts in an effort to maximize any interest earned on the accounts. In addition, the village should ensure any depository agreement includes provisions that detail any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure all expenditures are properly allocated to the various funds and the allocations are supported by adequate documentation.
- B.1. Require prenumbered receipt slips to be issued for all monies received, and ensure the numerical sequence of receipt slips is accounted for properly.
  - 2. Ensure the method of payment is recorded on each receipt slip and the composition of receipts is reconciled to the composition of bank deposits.
  - 3. Restrictively endorse all checks immediately upon receipt.
  - 4. Retain all voided receipt slips.
- C. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash expenditures.
- D. Obtain bond coverage for the village officials authorized to sign checks.
- E. Review the village's bank accounts in an effort to maximize any interest earned and enter into a written agreement with the village's depository bank.

**AUDITEE'S RESPONSE**

A,B.1-4,  
D&E. *These recommendations have been implemented.*

C. *This fund has been established at \$100 and expenditures are supported by documentation.*

<b>6. Utility System Accounting Controls and Procedures</b>
-------------------------------------------------------------

The village provides water, sewer and trash services to approximately 250 customers. All residential users (different for commercial users) are charged the same rate for each type of service provided by the village. Our review of the village's billing practices and related procedures identified the following concerns:

- A. The former Village Administrator indicated he maintained computerized records to account for the transactions of the utility checking account. Computer records, consisting of utility account billings and delinquent utility billings, were not properly retained. Information related to amounts billed to customers was only available for the last six months of the year ended June 30, 2001. The Former Administrator kept many of the computerized records on his personal computer and did not provide any of the records to the village when he left employment with the village. In addition, documentation was not retained that identified the receipts included in each deposit.

From the utility records that were available, we compared the amounts billed to customers to the subsequent months deposited amounts. Our comparison revealed a significant difference for the month of March 2001.

Month	Amounts Billed	Subsequent months collection	Amount Uncollected	Percent Uncollected
January	\$ 3,790.46	3,481.09	309.37	8.2%
February	4,202.33	4,046.06	156.27	3.7%
March	3,766.81	2,509.38	1,257.43	33.4%
April	4,613.54	4,291.10	322.44	7.0%
May*	7,815.02	6,450.92	1,364.10	17.5%
June	8,705.42	9,359.36	(653.94)	-7.5%

\* In May 2001, the village added the Lost Tree Apartments to its sewer system. Many Lost Tree customers were unaware of the change and this resulted in an unusually high delinquent balance in the subsequent months collection. The problems was resolved in the subsequent month.

We also reviewed the cash composition of deposits during the same time period. For all months excluding April (the month that March utility bills are collected), the amount of cash deposited was approximately 16-18 percent of the total deposited. The amount of cash deposited in April was only 7 percent of the total deposited, a substantially lower amount. Due to the lack of controls and the inadequacy of the village records, the village has no assurance that all utility payments received by the village were properly deposited.

The village's practices represent poor controls over cash receipts and should be discontinued. To ensure proper control and maintain accountability over cash, receipts should be deposited intact. The village should maintain the applicable

records necessary to account for all monies received and disbursed. In addition, the village should investigate the receipt concerns related to the month of March 2001 and take appropriate action.

- B. There is no independent oversight or adequate segregation of duties related to the village's utility system. The former Village Administrator and his wife (served as the Village Clerk until July 2001) performed all functions related to generating monthly utility bills, receipting and recording utility payments, making credit adjustments, depositing money received, and monitoring accounts for delinquencies. Currently, a board member is responsible for these duties.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If a proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between utility payments recorded and deposits, and an independent review and approval of credit adjustments and delinquent account follow-up.

- C. The village has not established formal procedures for making adjustments to individual utility bills. Several adjustments were made in September and October 2001 when some customers were over billed. No supporting documentation or independent approval existed for the adjustments made to customer accounts.

To ensure that all credit adjustments are valid and properly approved, someone independent of receipting and recording functions should review all credit adjustments and proper supporting documentation should be maintained of such adjustments.

- D. The village does not reconcile beginning accounts receivable plus monthly billings, less total utility payments and adjustments, to the ending accounts receivable. The individual customer account balances could then be totaled and agreed to the ending accounts receivable balance. This would help to ensure all amounts have been properly recorded to individual customer account records and that delinquent balances are accurate.

- E. After August 2000, all new customers to village services were required by ordinance to pay a refundable deposit before receiving water, sewer, and trash service. These amounts were deposited in the Utility Fund. Currently, the village collects the following deposit amounts: \$30 water; \$20 sewer; and \$15 trash; however, varying amounts had been collected in the past. Customer deposits made since July 2001 have been tracked by the village's utility billing system; however, records of customer deposits made prior to July 2001 have not been maintained. Of the 250 village customers (as of October 2001), the village has

record of only 43 utility deposits totaling approximately \$1,900. Given the village's financial condition, it does not appear there is sufficient funds to cover the utility deposits in the Utility Fund.

To ensure all customer deposits have been received and are properly accounted for, adequate records of customer deposits should be maintained. The village needs to identify the amount of the deposit held for each customer and update the permanent record of this information. Preparation of a detailed listing of customer deposits would provide a means to perform periodic reconciliations between customer deposit records and monies in the account. Without these reconciliations, the possibility of undetected errors is increased.

**WE RECOMMEND** the Board of Trustees:

- A. Improve the controls over cash receipts by retaining documentation that identifies the receipts included in each deposit and by maintaining the applicable records necessary to account for all monies received and disbursed. In addition, the village should investigate the receipt concerns related to the month of March 2001 and take appropriate action.
- B. Segregate the duties of receipting and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between utility payments deposited and recorded, and an independent review of and approval for credit adjustments and delinquent account follow-up.
- C. Develop formal approval procedures for all credit adjustments and ensure adequate documentation is retained of such adjustments.
- D. Maintain adequate accounts receivable records for all customer accounts.
- E. Maintain adequate records of all customer deposits held by the village and periodically reconcile these deposits to the cash available.

**AUDITEE'S RESPONSE**

- A. *This has been implemented. We reconcile amounts collected on a daily basis. We will review the March 2001 situation and take appropriate action.*
- B. *A board member is currently performing all of the administrative duties.*
- C&E. *These recommendations will be implemented.*
- D. *This has been implemented.*

A. Our review of the village's budgets and related procedures noted the following concerns:

1. The budget for the year ended June 30, 2001 did not present a complete financial plan for the ensuing years. The actual and estimated cash and resources available at the beginning and end of the year, respectively, were not included in the budget.
2. The budget did not include a budget message or general budget summary that describes features of the budget and the major changes from the preceding year.
3. The budgets did not include actual revenues and expenditures for the two preceding years.
4. The Sewer Sales Tax Fund and the DNR Sewer Fund were not included in the budget document.
5. A budget amendment for the 2001 budget was not adopted by order, motion, resolution, or ordinance, and was not retained with the official minutes. Also, the reasons for the budget amendment was not documented in the minutes.

Section 67.010, RSMo, requires each political subdivision of the state to prepare an annual budget with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimations by classification, and include the beginning available resources and reasonable estimates of the ending available resources of all funds. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

Further, Sections 67.030 and 67.040, RSMo, require budgets and budget amendments to be adopted by order, motion, resolution, or ordinance and reasons for amendments to be documented in a resolution. In addition, budgets and budget amendments should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval.

B. An annual maintenance plan for village streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates

such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

- C. Semiannual financial statements are not prepared and published or posted as required by law. Section 80.210, RSMo, provides that the board of trustees is to prepare a correct statement of all monies received and expended on behalf of the village for the preceding six months and publish the financial statement in a local newspaper or post the statement in six public places within the village.
- D. The village has not filed annual financial reports with the State Auditor's Office since 1999. Section 105.145, RSMo 2000, requires the village to file a financial report with the State Auditor's Office annually.

**WE RECOMMEND** the Board of Trustees:

- A. Formally adopt the annual budgets for all village funds and ensure the annual budgets include all relevant information required by state law. In addition, the board should sign or initial the budgets and budget amendments and retain them with the official board minutes.
- B. Prepare a formal maintenance plan for village streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.
- C. Ensure semiannual financial statements are published or posted in accordance with state law.
- D. File an annual financial statement with the State Auditor's Office as required by state law.

**AUDITEE'S RESPONSE**

- A. *We are working on a preliminary budget for 2002-2003.*
- B. *We have solicited bids for maintenance on our village roads.*



- C. *We have completed a financial statement for the six months ended December 31, 2001, and will publish the financial statement next week.*
- D. *This will be done.*

<b>8. Ordinances and Board Meetings</b>
-----------------------------------------

- A. Improvement is needed in the organization of the village's ordinances. The village's ordinances have not been codified, thus hindering the village's ability to locate specific ordinances. In addition, during our review of ordinances, we noted the following concerns:
1. A review of the village's existing ordinance book indicated ordinances are not always sequentially numbered and a complete index of all ordinances passed by the village is not maintained.
  2. The village has several ordinances that are not followed by the village.
    - Ordinance 98-49 requires the village to establish a reserve account for the sewer system and deposit \$1,943 annually into this account. The village has not established this reserve account. In addition, the village is required to perform an annual review of the sewer rates. The village has not performed a review of the sewer rates.
    - The village has an ordinance that establishes late fees for delinquent utility payments and states that delinquent customers will be disconnected from the system; however the ordinance does not establish a time frame for when customers will be disconnected for failure to pay.
    - Ordinance 98-38 establishes special rates for part-time utility customers; however, these customers are charged the same rate as full-time customers.
  3. The village has not adopted ordinances to set the trash fee, the water rates and the salaries of all village employees.

Since the ordinances represent the legislation passed by the Board of Trustees to govern the village and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. Such items as water rates, trash rates and compensation of village employees should be set forth in the ordinances to give taxpayers information on how the village is to be governed.

- B. The board minutes prepared by the Village Clerk were not always signed. The board minutes should be signed by the Village Clerk as preparer and a board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- C. The Board of Trustees held several closed meetings during the last two years; however, minutes were not always prepared to document the matters discussed in closed meetings and the regular board minutes did not always indicate the reasons for closing the meetings. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, closed session minutes are necessary to document and record official board decisions and actions affecting village government and the public, and to ensure compliance with the Sunshine Law.

Also, some topics discussed in closed meetings did not meet the criteria outlined in Section 610.021, RSMo. An example of a closed meeting that appeared questionable was for the approval of the purchase of a printer and computer software. The board should restrict the discussions in closed session to the specific topics allowed by state law.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure a complete and up-to-date set of the village's ordinances are maintained in numerical sequence and secured in an ordinance book. New ordinances should be passed as needed and the board should ensure it operates in accordance with established ordinances.
- B. Ensure board minutes are signed by the Village Clerk as preparer and a board member to attest to their completeness and accuracy.
- C. Hold a vote to go into closed session, state the reasons for going into closed session, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed session as required by state law. In addition, the board should also ensure minutes are prepared for all closed meetings.

**AUDITEE'S RESPONSE**

A. *We will review all ordinances and take appropriate action during the next year.*

B&C. *These recommendations have been implemented.*

- A. The former Village Administrator was allowed to use village equipment for his personal use. For example, the former Village Administrator was allowed (by his contract) to use the village's heavy-duty pickup truck for personal use. The village truck was driven approximately 5,000 miles during the first six months of 2001. Further, the former Village Administrator and his wife who served as the Village Clerk, spent numerous hours (approximately 15 hours per week) on the village telephone to access the village's Internet service provider. Between February 23, 2001 and May 16, 2001, over 10,900 minutes were used to access the Internet. The village was originally billed over \$1,600 for the related long distance charges associated with the Internet usage; however, the phone company waived the majority of the charges after the village became current with its phone bill. The excessive use of the phone line prevented the residents from having access to the village during those times.

Personal use of village assets is inappropriate and increases the risk of loss or misuse of those assets. A policy prohibiting the personal use of the vehicles and other village assets should be adopted.

- B. The village has not established formal policies and procedures for general fixed assets, including procedures for an annual physical inventory of the village's general fixed assets. In addition, the village does not maintain adequate property records to account for the general fixed assets owned by the village. While a list of some assets is maintained by the village clerk, the listing is not complete and does not include an adequate description of each property item.

Adequate general fixed assets records are necessary to provide better controls over village property and provide a basis for proper financial reporting. Formal policies and procedures for the annual physical inventory are necessary to ensure all personnel understand the duties assigned to them.

- C. The village owns three vehicles (a heavy-duty pickup truck, a car, and a blazer). Daily usage logs are not maintained for the car and the blazer. While a log is maintained for the pickup truck, it does not always include adequate information on the destination of the trip, purpose of the trip and the individual using the vehicle. In addition, this log is not reviewed by the Board of Trustees.

Logs should be maintained indicating the individual using the vehicle, the purpose and destination of the trip, the beginning and ending odometer readings, and the operation and maintenance costs. The log should be reviewed by the trustees to help ensure there is no inappropriate personal use of the village's vehicles, verify the propriety of fuel and/or repair billings, and identify the need to replace the vehicle due to excessive maintenance costs.

- D. The village purchases gasoline in bulk and stores the fuel in a village-owned tank. While a log is maintained to record the amount of gasoline pumped from the village's metered tank, the log is not reconciled on a periodic basis to the gallons purchased.

To ensure that fuel expenditures are reasonable and that fuel is properly accounted for, the usage recorded on the fuel logs should be reconciled to the fuel purchased on a periodic basis and significant differences should be investigated.

**WE RECOMMEND** the Board of Trustees:

- A. Adopt a policy prohibiting the personal use of village vehicles and assets.
- B. Develop formal policies and procedures regarding general fixed asset records including an annual physical inventory of general fixed assets.
- C. Require daily usage logs be maintained for all village vehicles and perform a periodic review of the logs.
- D. Reconcile fuel usage to fuel purchases and investigate any significant differences.

**AUDITEE'S RESPONSE**

- A. *This has been implemented.*
- B. *This will be done within 90 days.*
- C. *We have sold everything but the truck. We currently keep a log on this truck and review it on a periodic basis.*
- D. *We no longer have the fuel tank.*

<b>10. Municipal Court</b>
----------------------------

- A. Our review of the controls over receipts noted the following concerns:
1. During our review of recorded receipts, we noted three receipts totaling \$217 were not deposited into the court's bank account during the year ending June 30, 2001. Neither the city nor the court has investigated the shortage. The court should take necessary action to investigate the shortages and take appropriate action.

2. Receipt slips are not issued for all monies received by the division. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
  3. The method of payment received (i.e. cash, check, money order) is not recorded on the receipt slips. To ensure all receipts have been recorded properly and deposited intact, the method of payment received should be recorded on each receipt slip and the composition of receipt slips should be reconciled to the composition of bank deposits.
  4. Checks are not restrictively endorsed immediately upon receipt. Instead, they are endorsed when the deposit is made. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- B. The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities). A bond ledger indicating the applicable receipt and disbursement information is necessary to ensure proper accountability over bonds. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities.
- C. The municipal division allows defendants to pay fines and court costs over a period of time. Defendants are required to sign a partial payment agreement form to document amounts owed and establish the subsequent payment schedule. However, a control ledger accounting for the amount assessed, payments received, and the balance due from each defendant has not been established. A control ledger would assist the municipal division in determining the correct balance due from each defendant and could aid in subsequent collection efforts.
- D. Neither the police department nor the municipal court division adequately account for all traffic tickets and complaint forms issued and the ultimate disposition. Seven of twenty-six tickets reviewed (twenty-seven percent) did not trace to a municipal division case file containing individual court dockets. A copy of one of these tickets could not be located in the police department. The municipal division was unable to provide supporting documents indicating the final disposition of the issued tickets. In addition, one confirmation was returned indicating that the ticket had been processed and fine and costs were paid at village hall.

Section 479.070, RSMo 2000, requires the proceedings of every case commenced before the court be entered on the docket. The Municipal Judge should ensure all cases are included on the court docket and document on the court docket any fines, sentences, or court orders. This ensures the proper disposition of all cases has been entered in the court records. In addition, Supreme Court Administrative

Rule 8 requires municipal ordinance case files be maintained three years after date of filing and all financial records be maintained for five years or upon completion of an audit. Retention of applicable records is necessary to properly account for all monies received.

- E. The court did not disburse the state's portion of the Crime Victims' Compensation (CVC) fees on a monthly basis. Receipts for the months of February through June 2001 were held in the court bank account and disbursed to the state in June 2001. In addition, receipts for July through October 2001 were not disbursed to the state director of revenue and remain in the municipal court bank account.

Section 595.045, RSMo 2000, requires these fees to be turned over to the state at least monthly.

- F. The municipal division does not file with the village a monthly report of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including all fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the Village Clerk.

**WE RECOMMEND** the village of Bull Creek Municipal Division:

- A.1. Investigate the shortage of \$217 and take appropriate action.
- 2. Require prenumbered receipt slips to be issued for all monies received, and ensure the numerical sequence of receipt slips is accounted for properly.
- 3. Ensure the method of payment is recorded on each receipt slip and the composition of receipts is reconciled to the composition of bank deposits.
- 4. Restrictively endorse all checks immediately upon receipt.
- B. Maintain a bond ledger, prepare monthly listings of open items, and reconcile the listings to the monies held in trust.
- C. Establish a control ledger and periodically reconcile it to the payment agreement forms.
- D. Ensure that case files are prepared for all tickets issued and final dispositions of cases are recorded on the court dockets. In addition, maintain all case records, and copies of all financial records in accordance with Supreme Court Administrative Rule 8.
- E. Remit CVC fees to the state monthly in accordance with state law.

- F. Prepare monthly reports of court actions and file these with the village in accordance with state law.

**AUDITEE'S RESPONSE**

*We no longer have a police department (as of September 2001) and have not had a reason to hold court. If at some point we determine the need for a municipal court, we will implement the applicable recommendations. We will review the \$217 shortage and take appropriate action.*

This report is intended for the information of the management of the village of Bull Creek, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION



VILLAGE OF BULL CREEK, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The village of Bull Creek is located in Taney County. The village was incorporated in 1993. The population of the village in 2000 was 225.

The village government consists of a five-member board of trustees. The trustees are elected for two-year terms. The chairman is appointed, and votes only in the case of a tie. The village trustees, and other principal officials at June 30, 2001, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended June 30, 2001	Amount of Bond
Reva Alden, Chairperson (1)	April 2002	\$ 0	\$ 5,000
Doris Compton, Trustee (2)	April 2002	0	
Gayle Daniel, Trustee (3)	April 2003	0	
Mary Mink, Trustee	April 2003	0	
LuAnn Schupp, Trustee (4)	April 2002	0	
<hr/>			
Other Principal Officials			
Wayne Dabbs, Village Administrator (5)		30,945*	100,000
Carol Dabbs, Village Clerk (6)		0	
Dru Preator, Chief of Police (7)		7,146	
Charlie Fain, Village Attorney and Prosecutor		800	
Diana Long, Municipal Judge		1,200	

\* Although social security and Medicare taxes totaling \$2,991 were withheld from Wayne's gross salary, these taxes were not remitted to the appropriate taxing authority.

- (1) George Sallee was appointed to replace Reva Alden in July 2001.
- (2) Georgia Applegate was appointed to replace Doris Compton in August 2001.
- (3) Sharon Swanson was appointed to replace Gayle Daniel in October 2001.
- (4) Richard "Creagh" Tucker was appointed to replace LuAnn Schupp in August 2001. Creagh has been performing all administrative duties of the village since December 2001.
- (5) Wayne Dabbs resigned in July 2001 and has not been replaced by the village.

- (6) Carol Dabbs resigned in July 2001 and was replaced by Rick Smith. Rick served until August 2001 and was replaced by Deborah Wallace. Deborah resigned in December 2001.
- (7) Dru Preator resigned in September 2001 and has not been replaced by the village.

**Assessed valuations and tax rates for 2000 were as follows:**

**ASSESSED VALUATION**

Real estate	\$297,740
Personal Property	141,610
Railroad and utilities	<u>18,024</u>
Total	<u>\$ 457,374</u>

**TAX RATES PER \$100 ASSESSED VALUATION**

	<u>Rate</u>
General Fund	\$ .49

The village has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$ .010	N/A

A summary of the village's financial activity for the year ended June 30, 2001, is presented below:

	General Fund	Utility Fund	Sewer Sales Tax Fund	DNR Sewer Fund	Court Fund	Total
<b>RECEIPTS</b>						
Sales taxes	\$ 4,224		118,667			122,891
Motor fuel and motor vehicle fees	6,492					6,492
Property taxes	2,111					2,111
Franchise taxes	803					803
Permits	455					455
Licenses	495					495
Proceeds from inspection services	9,000	3,000				12,000
User fees		43,473				43,473
Mowing fees		1,790				1,790
Reimbursement from sewer project			97,941			97,941
Interest			2,759			2,759
Fines					2,084	2,084
Bonds					1,038	1,038
Other	2,730	1,021				3,751
Transfers in	39,839	2,700	40,827			83,366
Total Receipts	<u>66,149</u>	<u>51,984</u>	<u>260,194</u>	<u>-</u>	<u>3,122</u>	<u>381,449</u>
<b>DISBURSEMENTS</b>						
Salaries and fringe benefits	31,604					31,604
Utilities	4,423	3,206				7,629
Loan payment	5,030		38,705			43,735
Office supplies	2,326		2,927		126	5,379
Police expenses	7,176					7,176
Attorney fees	1,200		11,670			12,870
Insurance	2,414					2,414
Road and park expenses	3,199					3,199
Sewer expenses		2,206	3,385			5,591
Trash removal		7,756				7,756
Labor		1,561				1,561
Postage		719			6	725
Bank service charges	215	252			58	525
Easements			10,141			10,141
Vehicle expenses			40,526			40,526
Professional services			55,000			55,000
State of Missouri					192	192
Other	5,795	1,126	1,354		160	8,435
Transfers out	1,860	34,690	8,009	36,267	2,540	83,366
Total Disbursements	<u>65,242</u>	<u>51,516</u>	<u>171,717</u>	<u>36,267</u>	<u>3,082</u>	<u>327,824</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	907	468	88,477	(36,267)	40	53,625
CASH AND CASH EQUIVALENTS, JULY 1,	<u>81</u>	<u>51</u>	<u>117,342</u>	<u>36,267</u>	<u>-</u>	<u>153,741</u>
CASH AND CASH EQUIVALENTS, JUNE 30,	<u>\$ 988</u>	<u>519</u>	<u>205,819</u>	<u>-</u>	<u>40</u>	<u>207,366</u>



**VILLAGE OF JACKSONVILLE, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-34  
May 7, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2002

The following problems were discovered as a result of an audit conducted by our office of the Village of Jacksonville, Missouri.

---

The Village of Jacksonville was awarded federal assistance totaling approximately \$559,000 from the Department of Economic Development (DED) under the Community Development Block Grant (CDBG) program for the rehabilitation of houses and improvement of the village's street drainage system in August 1999. We noted that the village nor the grant administrating agency required invoices to be submitted to support payments to each contractor. Both the village and the grant administrating agency relied solely on the estimated cost sheets prepared by the contractor. In addition, the village paid additional costs totaling \$7,600 including approximately \$1,000 in additional inspection fees due to disputes concerning the quality of work performed on two of the house rehabilitation projects.

The Mayor of Jacksonville was paid \$500 on May 21, 2001 to serve as a drainage supervisor. The Board of Trustees indicated that the CDBG required a member of the board to perform the duties of a drainage supervisor; however, the grant administrating agency and the DED indicated that this was not required by the grant. This service was not bid and supporting documentation was not maintained to support this payment. This payment also represents a potential violation of state law. In addition, due to the above concerns the village should consider contacting the DED and obtaining a single audit.

The Board of Trustees issued temporary use permits for land owned by the village to both a citizen and a member of the board in September 2001. The Board of Trustees did not obtain a legal opinion to support their decision. These temporary use permits appear to violate the Missouri Constitution. In addition, the individuals are using the property in for-profit ventures and are paying no rent to the village nor did the village receive anything of value in exchange for the village's granting of the temporary use permit.

In December 2001, the village purchased seven and a half acres of railroad property for \$5,000 to be used by the village for park activities. The village also incurred \$1,200 for a survey and \$2,277 in attorney fees to acquire and to settle disputes concerning this property. A review of this transaction disclosed that the village did not request or obtain an independent appraisal prior to the purchase of property. In addition, the village did not perform a formal review or a cost study of future costs to prepare the property for use as a park or of other property that could have been considered for purchase by the village.

(over)

YELLOW MOTHS SHEET

The budgets for the years ended June 30, 2002 and 2001, showed only anticipated revenue and expenditure activity. In addition, budgets were not prepared for the Sewer Replacement Fund, the Sewer Reserve Fund, the Fire Department Fund, the Community Developmental Block Grant Fund, and the Fire Department Grant Fund.

The audit also includes some matters related to expenditures, financial statements, ordinances and board meetings, accounting records and procedures, restricted revenues, and property records, upon which the village should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

VILLAGE OF JACKSONVILLE, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-20
<u>Number</u>	<u>Description</u>
1.	Community Development Block Grant (CDBG).....5
2.	Real Estate Transactions .....6
3.	Expenditures .....8
4.	Board Meetings and Records .....10
5.	Budgeting, Planning, and Published Financial Statements .....13
6.	Ordinances .....14
7.	Accounting Controls and Procedures.....16
8.	Restricted Revenues.....19
9.	Property Records.....19
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	21-23

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Board of Trustees  
Village of Jacksonville, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Jacksonville, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the village of Jacksonville, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 15, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pam Crawford, CPA
Audit Staff:	Joyce Medlock

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

VILLAGE OF JACKSONVILLE, MISSOURI  
MANAGEMENT ADVISORY REPORT  
STATE AUDITOR'S FINDINGS

<b>1. Community Development Block Grant (CDBG)</b>
----------------------------------------------------

The village was awarded federal assistance totaling approximately \$559,000 from the Department of Economic Development (DED) under the CDBG program for the rehabilitation of houses and improvement of the village's street drainage system in August 1999. The village contracted with a grant administering agency for \$35,000 to administer this project. Bids were solicited by the grant administering agency for each of the thirty one houses totaling \$438,800 and the drainage improvement project totaling \$67,300. Contractors were required to submit an estimated cost sheet detailing their bid for each house. A private inspector, who was also solicited by bid through the grant administering agency, performed weekly inspections of the project. The private inspector was paid \$16,400. Each contractor submitted requests for funds to the grant administering agency. The inspector and the Mayor were required to approve each request for funds. The DED would then approve the requests for funds, transfer the funds to the village, and the village would issue a check to the contractor. If additional work was estimated on a house, an additional estimated cost sheet or change order would be submitted and approved by the grant administering agency and the DED. Eleven change orders totaling \$22,899 were submitted. During the time period February 2000 through January 2002, the village has received grant awards totaling \$329,712 and has disbursed funds totaling \$327,915. During our review of this grant, we noted the following:

1. The village nor the grant administering agency required invoices to be submitted to support payments to each contractor. Both the village and the grant administering agency relied solely on the estimated cost sheets prepared by the contractor. We contacted three contractors involved in the house rehabilitation project to obtain invoices for our review. One contractor indicated invoices were maintained; however, he was not able to provide them for our review; the second contractor indicated invoices were not prepared; and the final contractor is no longer in business. All expenditures should be supported by paid receipts or vendor-provided invoices to ensure all expenditures are valid and to help ensure each rehabilitation project is being completed in the most cost effective manner and the quality of work performed by the contractor is completed in a satisfactory manner.
2. The village paid additional costs totaling \$7,600 including approximately \$1,000 in additional inspection fees due to disputes concerning the quality of the work performed on two of the house rehabilitation projects. The DED approved the hiring of a second inspector to perform inspections on the houses in question and to determine if additional work was needed. In addition, an official from the DED

accompanied the second inspector during the monitoring visits. These additional expenses may have been avoided with proper planning and supervision by the grant administrating agency and the village.

3. The Mayor was paid \$500 on May 21, 2001 to serve as a drainage supervisor. The Board of Trustees indicated that the CDBG required a member of the board to perform the duties of a drainage supervisor; however, the grant administrating agency and the DED indicated that this was not required by the grant. In addition, the Mayor was paid from the General Fund rather than the CDBG Fund. This service was not bid and supporting documentation was not maintained to support this payment. This payment also represents a potential violation of state law. Section 105.454, RSMo 2000, prohibits financial transactions between a village and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of the village that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received.
4. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a single audit to be performed in any year the village expends federal awards exceeding \$300,000. Although the village only expended \$205,773 and \$129,370 in 2001 and 2000, respectively, due to the above concerns the village should consider contacting the DED and obtaining a single audit.

**WE RECOMMEND** the Board of Trustees should require invoices to be submitted with all request for funds, and should refrain from entering into business transactions with village officials unless such services are properly bid in accordance with state law. In addition, the board should consider contacting the DED and obtaining a single audit.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated that they relied on the grant agency to administer the grant and to ensure all supporting documentation was provided and quality contractors were obtained. The Mayor indicated he was pressured into these duties and would pay back the \$500. The board indicated they would contact DED and consider the cost effectiveness of obtaining a single audit.*

<b>2. Real Estate Transactions</b>
------------------------------------

- A. The Board of Trustees issued temporary use permits for land owned by the village to both a citizen and a member of the board in September 2001. The citizen planned to use the land in a new business, and the board member's garage was located on the permitted land. The Board of Trustees did not obtain a legal opinion to support their decision. Ordinance section 21-101 indicates a temporary

use permit was granted to each individual and their heirs for the use of the property for as long as the individual and their heirs owned the adjoining property. The member of the board abstained from voting on this ordinance.

These temporary use permits appear to violate the Missouri Constitution. Article VI, Section 23, of the Missouri Constitution indicates no political subdivision is allowed to grant public money or things of value to or in aid of any corporation, association or individual, except as provided in the constitution. Also, by granting the use of the property to the individuals and their heirs, it appears that the village gave a permanent grant of public property rather than one for temporary use.

In addition, the individuals are using the property in for-profit ventures and are paying no rent to the village nor did the village receive anything of value in exchange for the village's granting of the temporary use permit. By not obtaining adequate compensation for the properties, the village did not perform their duties to the taxpayers to not allow the use of village property for a private purpose without adequate compensation.

B. In December 2001, the village purchased seven and a half acres of railroad property for \$5,000 to be used by the village for park activities. The village also incurred \$1,200 for a survey and \$2,277 in attorney fees to acquire and to settle disputes concerning this property. A review of this transaction disclosed the following concerns:

1. The village did not request or obtain an independent appraisal prior to the purchase of property. Good business practice requires that major real estate purchases be formally and independently appraised to ensure a reasonable price is paid.
2. The village did not perform a formal review or a cost study of future costs to prepare the property for use as a park or of other property that could have been considered for purchase by the village. A formal review or cost study should be performed and documented at the time of purchase to support the village's decision making process.

**WE RECOMMEND** the Board of Trustees:

- A. Consult legal counsel regarding the issuance of the temporary use permits.
- B. Obtain an independent appraisal of any property purchased in the future. In addition, the village should ensure a formal review or cost study is prepared and documented for all significant purchases.

## **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *Legal counsel has been contacted for an opinion regarding this issue.*
- B. *An appraisal will be obtained for future real estate purchases, and a formal review or cost study of costs to prepare the railroad property for a park will be performed.*

<b>3. Expenditures</b>
------------------------

- A. The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. The Village Treasurer indicated the board normally requires purchases over \$500 to be bid. During the past year, bids were either not solicited or bid documentation was not retained in some instances. The village purchased sewer management services for \$4,260, gravel for \$3,124, and used pagers for \$675 without soliciting bids.

Formal bidding procedures for purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The board's review and approval of expenditures is not adequately documented. The board does not indicate approval on the invoices.

Expenditures made from village funds should be reviewed and approved by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the village. In addition, to adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the trustees to denote their approval, and retained with the official minutes.

- C. Receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment, and the invoices are not always canceled upon payment. In addition, the village paid \$4,260 for sewer management services and \$3,000 for asphalt without obtaining supporting documentation. The Board of Trustees did not obtain any documentation for sewer management services performed or the asphalt received. To ensure that

goods and services have been properly received by the village, all invoices and other supporting documentation should be properly initialed or signed by a village board member upon receipt, and to ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the village. In addition, all expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of village funds.

- D. Form 1099-Miscellaneous was not prepared by the village for mowing service payments made during 2001 totaling \$675. Section 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.

- E. The village does not have formal written agreements with several companies or individuals providing sewer management, engineering, and legal services.

Section 432.070, RSMo 2000, requires political subdivisions' contracts be in writing. Formal written agreements are necessary to document each party's duties and responsibilities.

- F. The village does not maintain mileage or maintenance logs for any of the vehicles and equipment owned by the village. Several officials and contracted individuals use these village assets. Mileage logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The mileage and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the Board of Trustees to ensure vehicles and equipment are used only for village business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

**WE RECOMMEND** to the Board of Trustees:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected.
- B. Review and approve all expenditures of village funds prior to disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.



- C. Require all invoices be initialed or signed by a board member to indicate acceptance of the goods or services, and all invoices be canceled when paid. In addition, ensure adequate documentation is received and maintained to support all expenditures.
- D. Ensure 1099 forms are issued in accordance with IRS regulations.
- E. Enter into written agreements for all services.
- F. Maintain mileage and maintenance logs for all village vehicles and equipment.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *A formal bid policy will be established, and documentation of all bids will be retained in the future.*
- B&C. *Invoices or a monthly listing of expenditures will be reviewed and signed off on, and all invoices will be marked paid.*
- D. *The Village Treasurer has subsequently issued an amended Form 1099-Misc to the IRS.*
- E. *This will be done.*
- F. *Mileage and maintenance logs will be prepared.*

<b>4.</b>	<b>Board Meetings and Records</b>
-----------	-----------------------------------

- A. The Board of Trustees frequently hold closed meetings. The open meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the board in closed meetings. In addition, the Board of Trustees did not document how discussing the passing of ordinances and community development block grant business during closed sessions complied with state law.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transaction, bid specification, and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The Board of Trustees held a meeting in March 2001 with only two board members present. Section 80.070, RSMo 2000, provides that a majority of the trustees shall constitute a quorum to do business. A quorum should be clearly documented in the meeting minutes with the Board of Trustees votes.
- C. The board minutes are prepared by the Village Clerk, but some minutes were not signed. The board minutes should be signed by the Village Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- D. Minutes were not prepared for a February 22, 2000 open meeting. Section 610.020, RSMO 2000, requires a journal or minutes of open meetings shall be taken and retained by the public governmental body. These minutes are to include the date, time, place, members present, members absent and a record of any votes taken.
- E. Village officials indicated that a tentative agenda is prepared and posted for each board meeting; however, the agenda is discarded after each meeting. State law requires all public governmental bodies to give advance notice of meetings either through the news media or posting notice of the meeting. The notice is to include the time, date, and place of the meeting, as well as the tentative agenda. To document compliance, the Village Clerk should document the date, time, and location the notice was posted and retain this with the minutes.
- F. A resolution prepared and signed by the Mayor on September 29, 2001 indicated that video cameras would be prohibited at the board of trustees meetings unless previously approved by the Mayor. In addition, at the November 12, 2001 board meeting, the Board of Trustees approved prohibiting the use of video cameras at their meetings. Attorney General's Opinion No. 151-95 states that a board of trustees does not have the authority to prohibit citizens from videotaping an open meeting in an unobtrusive manner.
- G. The village does not have a formal policy regarding public access to village records. A formal policy regarding access and obtaining copies of village records would establish guidelines for the village to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making village records available to the public. Section 610.026, RSMo 2000, allows the village to charge fees for copying public records, not to exceed the village's actual cost of document search and duplication.

**WE RECOMMEND** to the Board of Trustees:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure closed meetings are conducted according to state law.
- B. Ensure all meetings of the Board of Trustees represent a quorum to conduct business.
- C. Ensure minutes are signed by the Village Clerk and the Mayor.
- D. Ensure minutes are maintained for all meetings conducted.
- E. Retain adequate supporting documentation to demonstrate that the board provided proper notice for each of its meetings.
- F. Allow the unobtrusive use of video cameras at open meetings.
- G. Develop written policies regarding procedures to obtain public access to, or copies of, public village records.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *The reasons for going into closed session will be documented in the future and will ensure minutes clearly document when they reopen the meeting from a closed session to pass ordinances or conduct other business.*
- B. *Although minutes were kept, the board did not believe this was a board meeting.*
- C. *It tries to do this and will ensure minutes are signed in the future.*
- D. *Community/village meeting minutes will be maintained in the future.*
- E. *Agendas will be retained in the future.*
- F. *Video cameras will be allowed in the future; however, they would like consideration and respect from the citizens concerning this issue.*
- G. *The ordinances will be updated for this issue.*

**5.****Budgeting, Planning, and Published Financial Statements**

- A. The budgets for the years ended June 30, 2002 and 2001, did not include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the two preceding budget years, or the beginning and the estimated ending available resources. The budgets showed only anticipated revenue and expenditure activity. In addition, a budget was not prepared for the Sewer Replacement Fund, the Sewer Reserve Fund, the Fire Department Fund, the Community Developmental Block Grant Fund, and the Fire Department Grant Fund. The Park Fund budget also did not include the activity of the park certificate of deposit, and the General Fund did not include the activity of the tax savings account. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. Actual expenditures exceeded budgeted expenditures for the Sewer Fund for the year ended June 2001 by \$2,083. In addition, the board does not monitor actual costs by periodically comparing budgeted amounts to actual expenditures. Section 67.040, RSMO 2000, indicates a political subdivision shall not increase the total amount authorized for expenditure from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the expenditures.
- C. The budget for the year ended June 30, 2002 was not approved until August 20, 2001. Section 67.070, RSMo 2000, requires that if a new budget is not adopted by the beginning of the new year then the board should operate under the prior year's budget. To be of maximum benefit to the taxpayers and the village, the budget should be adopted prior to the beginning of the fiscal year.
- D. The village does not publish semiannual financial statements. Section 80.210, RSMo 2000, requires the chairman of the board of trustees to prepare semiannual statements of receipts and disbursements of the village and publish statements in a newspaper printed in the village or post the statements in six of the most public places in the village.

- E. An annual maintenance plan for village streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Trustees:

- A. Prepare budgets that contain all information as required by state law.
- B. Periodically compare year-to-date expenditures with budgeted amounts to monitor the village finances and to ensure actual expenditures do not exceed budgeted amounts.
- C. Ensure budgets are prepared timely and in compliance with state law.
- D. Publish semiannual financial statements as required by state law.
- E. Establish formal written policies and procedures regarding public access to village records.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated they will do all of these in the future.*

<b>6. Ordinances</b>
----------------------

- A. The village's ordinances are not complete and up-to-date. Our review noted the following:
1. The village maintains a table of contents of ordinances passed by the village; however, several of the ordinances were not included, and the date each ordinance was passed was not always included. In addition, several ordinances have not been signed and/or dated by the Mayor and Village Clerk. Section 79.130 RSMo 2000, states "no bill shall become an ordinance until it shall have been signed by the mayor or person exercising the duties of the mayor's office, or shall have been passed over the mayor's veto."

2. The village has not complied with Village Ordinance, Section 2-77. This ordinance indicates “that no officer or employee of this village shall perform any service for the village or any agency of the village for any consideration other than the compensation provided for the performance of his official duties”; however, during the year ended June 30, 2001, the Mayor was paid \$500 to serve as a drainage supervisor.
3. The village has not complied with Village Ordinance, Section 2-76. This ordinance indicates that all officers and employees shall give bond in an amount as required by board resolution; however, the Board of Trustees has not documented this requirement in a resolution.
4. The village has not adopted ordinances to address the requirements of the sewer bond agreement. The sewer bond agreement requires any remaining moneys derived from the operation of the sewer system to be deposited into the bond reserve account in an amount not less than \$410 annually until the balance is \$4,100. The agreement also requires any remaining moneys to be deposited into the replacement and extension fund until the balance is \$4,100. In addition, the sewer bond agreement requires the village to maintain a sinking fund until the loan is paid off; however, the village is not maintaining this fund.
5. Village Ordinance, 85-1, requires residential users located within the village to pay a monthly sewer fee of \$12; however, most residential users within the village are currently paying a monthly sewer fee of \$15. In addition, this ordinance does not address that the Public Water Supply District Number 1 of Macon County will collect these payments and remit them to the Village Treasurer monthly.
6. The village has not prepared ordinances to document the approved tax levy for each year. Section 94.210, RSMo 2000, states the board of trustees shall fix the annual rate of tax levy by ordinance for each tax year.

Since the ordinances represent legislation passed by the Board of Trustees to govern the village and its residents, it is important that the village ordinances be maintained in a complete, well-organized, and up-to-date manner.

- B. Board minutes do not always clearly indicate the bill number or title or whether the ordinance was read in full or by title two times prior to the vote. On May 7, 2001, the board voted to approve all past and present ordinances. It is apparent that not all ordinances were read in full twice prior to passage. In addition, this blanket approval of all past and present ordinances appears to be a questionable board action. The board also did not obtain advice from their attorney concerning the blanket approval. Section 80.110, RSMo 2000, provides no bill shall become an ordinance unless on its passage a majority of all the members of the Board of Trustees vote and every proposed ordinance shall be introduced in writing and read by title or in full two times prior to passage.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.
- B. Ensure ordinances are clearly identified by number or title and passed according to state law.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *Ordinances will be updated.*
- B. *The minutes will be clearer in identifying the number or title of ordinances read and approved.*

<b>7. Accounting Controls and Procedures</b>
----------------------------------------------

The village accepts cash, checks, and money orders for payment of mowing services, property taxes, telephone franchise fees, and other miscellaneous receipts.

- A. The village does not issue prenumbered receipts slips. To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence of receipt slips should be accounted for properly.
- B. Receipts were not deposited intact on a timely basis. Monies generally get deposited about three times a month; however, some monies were held and not deposited for up to two weeks. During a cash count conducted on February 14, 2002, the village Treasurer had \$1083 in checks on hand which had been received on February 8, 2002 and were subsequently deposited on February 20, 2002.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Checks and money orders received are not restrictively endorsed until the deposit is prepared by the Village Treasurer. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. Bank reconciliations are not performed monthly. During the year ending June 30, 2001, the village failed to record several transactions throughout the year such as interest earned in the sewer replacement and reserve accounts. As a result of

monthly bank reconciliations not being performed, these errors went undetected and resulted in the village's records being inaccurate. Monthly bank reconciliations are necessary to ensure the accounting records are in agreement with the bank records and to help detect errors on a timely basis.

In addition, a check totaling \$96 written on the general account has been outstanding for more than one year. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, the amount should be disbursed to the state's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. The village maintains ten bank accounts. Except for separate accounts for the Sewer Replacement Fund, the Sewer Reserve Fund, Sewerage System Revenue Fund, the Community Developmental Block Grant Fund, and the Fire Department Grant Fund, it appears that the remaining bank accounts could be consolidated to help simplify the village's records and reduce the number of accounts that must be monitored and controlled.

The village also maintains a separate fire department account into which general funds are transferred to cover the costs of operating the fire department. As a result of the small amount of funds being maintained in the account, insufficient funds service fees totaling \$44 were charged to the village. The village should ensure sufficient funds are maintained in the account or consolidate the account to ensure these fees are not incurred.

In addition, the village maintains substantial funds in non-interest bearing accounts. At June 30, 2001, over \$10,566 was maintained in non-interest bearing accounts. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

- F. The Board of Trustees indicated a monthly financial report is provided by the Village Treasurer at each meeting; however, copies of each report were not retained. The village Treasurer provided copies of approximately six months of financial reports for the year ended June 30, 2001; however, numerous financial errors were noted on the monthly financial reports.

Monthly financial reports are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. In addition, to ensure all revenues and expenditures are accounted for properly, the reports should be reviewed for accuracy by the Board of Trustees. Documentation of these reports should be retained to ensure all transactions are properly approved and to facilitate independent reviews.



- G. Accounting duties are not adequately segregated. The Village Treasurer receives, records, and deposits all receipts and prepares monthly financial reports. Neither the Village Mayor nor other members of the Board of Trustees provide independent reviews of the work performed by the Village Treasurer.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from preparing checks and performing bank reconciliations. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records maintained.

**WE RECOMMEND** to the Board of Trustees:

- A. Require prenumbered receipt slips be issued for all monies received, reconcile the composition of monies collected to receipt slips and bank deposits, and ensure the numerical sequence of receipt slips issued is accounted for properly.
- B. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- C. Ensure checks and money orders are restrictively endorsed immediately upon receipt.
- D. Ensure bank reconciliations are prepared monthly for all village accounts. In addition, reissue old outstanding checks to any payees who can be located or dispose of these monies through the applicable statutory provisions.
- E. Consider consolidating the village's ten bank accounts. In addition, ensure sufficient funds are maintained in the village accounts, and maintain all funds to the extent possible in interest-bearing accounts.
- F. Ensure monthly financial reports are reviewed for accuracy and are retained.
- G. Provide for an adequate segregation of duties or the performance of independent reviews of the accounting records.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *Pre-numbered receipt slips will be issued.*
- B. *Deposits will be made weekly.*

- C. *A stamp will be obtained and the Village Treasurer will start endorsing checks immediately upon receipt.*
- D. *The Village Treasurer will start preparing bank reconciliations monthly and will ensure all interest monies are recorded.*
- E. *They will consider consolidating back accounts and ensure insufficient fund service charges are not incurred.*
- F. *Monthly financial reports will be retained and reviewed for accuracy.*
- G. *The accounting records will be reviewed by the board.*

<b>8. Restricted Revenues</b>
-------------------------------

The village has established a separate accounting system in the General Fund for the state motor vehicle-related revenues and expenditures; however, the village has not established procedures to ensure expenditures are properly allocated among the various funds benefiting from the expenditures and to ensure restricted revenues are expended only for their intended purposes. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including policing, signing, lighting, and cleaning of road and streets. To ensure compliance with the Missouri Constitution, the village should ensure these receipts are used only for the purposes allowed by the constitution.

**WE RECOMMEND** the Board of Trustees ensure all expenditures are properly allocated to the applicable village funds to ensure compliance with the Missouri Constitution.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated separate accounting records for street funds will be maintained.*

<b>9. Property Records</b>
----------------------------

The village does not maintain complete records to account for all property owned by the village. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the village should conduct annual inventories.

Adequate general fixed asset records are necessary to secure better internal control and safeguard village assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on village property.

**WE RECOMMEND** the Board of Trustees ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, the village should properly tag, number, or otherwise identify all applicable village property and conduct an annual inventory.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated property records will be maintained.*

This report is intended for the information of the management of the village of Jacksonville, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

VILLAGE OF JACKSONVILLE, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The village of Jacksonville is located in Randolph County. The village was incorporated in 1865. The population of the village in 2000 was 163.

The village government consists of a five member board of trustees including the mayor. The trustees are elected in staggered elections for two-year terms and are appointed to serve as the village clerk, treasurer, park commissioner, and street commissioner. The mayor is elected for a two-year term and presides over the board of trustees. The village officials at June 30, 2001 were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Actual Compensation for the Year Ended June 30, 2001</u>
Howard Scott, Mayor (1)	April 2003	\$ 500
Jason Nelson, Village Clerk	April 2002	0
Mary Lee Cochran, Treasurer	April 2003	0
Delbert Merle Woody, Park Commissioner	April 2002	0
Jerry Mulnix, Street Commissioner(2)	April 2003	0

(1) Mark Galland resigned in August 2000. Howard Scott was appointed in August 2000 to fill the position of mayor.

(2) Jerry Mulnix was appointed to fill the vacated position of Howard Scott in October 2000.

The elected and appointed officials are covered by a \$15,000 blanket bond.

Assessed valuation and tax rate information for tax year 2000 are as follows:

ASSESSED VALUATION

Real estate	\$ 159,210
Personal property	165,550
State Assessed	<u>13,969</u>
Total	<u>\$ 338,729</u>

TAX RATE PER \$100 ASSESSED VALUATION

General Revenue	\$.50
Parks and Recreation	.40
General Revenue – Temporary	.30

A summary of the financial activity for the village of Jacksonville for the year ended June 30, 2001 is presented below:

	General Fund	Sewer Fund	Park Fund	Sewer Replacement Fund	Sewer Reserve Fund	Community Development Block Grant	Fire Department Fund	Total
<b>RECEIPTS:</b>								
Motor fuel and motor vehicle fees	\$ 4,786	0	0	0	0	0	0	4,786
Property taxes	2,539	0	1,270	0	0	0	0	3,809
Electric company taxes	7,545	0	0	0	0	0	0	7,545
Telephone	44	0	0	0	0	0	0	44
Sewer fees	0	12,922	0	0	0	0	0	12,922
Mowing fees	63	0	0	0	0	0	0	63
Interest	237	0	43	85	97	0	0	462
Transfers in		0	0	2,800	1,000	0	300	4,100
Community development block grant	0	0	0	0	0	213,181	0	213,181
Other	3,333	0	168	0	0	0	20	3,521
Total Receipts	18,547	12,922	1,481	2,885	1,097	213,181	320	250,433
<b>DISBURSEMENTS:</b>								
Contract labor	500	4,248	0	0	0	0	0	4,748
Supplies	6,827	1,479	1,294	0	0	0	0	9,600
Supplies-street	2,301	0	0	0	0	0	0	2,301
Supplies-fire	1,645	0	0	0	0	0	0	1,645
Bond payments	0	4,402	0	0	0	0	0	4,402
Grants	4,043	0	0	0	0	167,870	0	171,913
Repairs	2,801	0	0	0	0	0	0	2,801
Other	5,645	6	263	0	0	0	294	6,208
Transfers out	1,600	2,500	0	0	0	0	0	4,100
Total Disbursements	25,362	12,635	1,557	0	0	167,870	294	207,718
Receipts Over (under) Disbursements	(6,815)	287	(76)	2,885	1,097	45,311	26	42,715
Cash Balance, July 1	22,489	1,880	4,304	3,862	5,150	1,000	126	38,811
Cash Balance, June 30	\$ 15,674	2,167	4,228	6,747	6,247	46,311	152	81,526

\* \* \* \* \*



**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE  
DEPARTMENT OF ECONOMIC DEVELOPMENT**

**From The Office Of State Auditor  
Claire McCaskill**

*Redemption of community and economic  
development tax credits continue to rise  
while benefits remain difficult to quantify.  
In addition, the total outstanding liability  
amount of these tax credits is unknown.*

**Report No. 2002-33  
April 29, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

April 2002

**State does not track tax credits outstanding causing inaccurate revenue projections; economic impact studies on credits still difficult to perform due to poor data**

State officials do not track the total dollar amount of tax credits issued but not yet redeemed. Not knowing this amount can lead to inaccurate state revenue projections. In addition, the data collected on many of the 35 tax credits administered by the Department of Economic Development is not complete enough to analyze a tax credit program's economic impact.

State law mandates the State Auditor's office analyze the economic impact of each tax credit program. This report is the second such analysis and focuses on six programs. Auditors again found an impact study difficult, if not impossible in some cases, due to inadequate data. In addition, auditors question continuing the Qualified Research Expense tax credit and call for closer monitoring of residential projects using the Historic Preservation tax credit.

**State budget more accurate if departments cooperated**

Economic development officials track the number of tax credits issued, while the departments of Insurance and Revenue track the total tax credits redeemed. But no one matches the issued credits to the redeemed credits to calculate what is outstanding and could still be redeemed. This figure is vital to accurately project state revenues and quantify the state's potential future liability. The revenue shortfall caused by the unexpected \$60 million cost increase of the 2001 Pharmaceutical Tax Credit clearly showed the importance of tracking this figure. (See page 3)

**Overestimating credit redemption skews state budget**

Economic development officials have overestimated the amount of credits redeemed by \$14 million in 2001 and \$50 million in 2000. Inaccurate redemption estimates results in faulty revenue projections. Tight budgetary times magnify the need for the most accurate estimates. Tracking tax credits outstanding could improve these estimates. (See page 5)

**Cost-benefit studies question continuing one program**

Measuring true economic and fiscal impact of these programs will continue to be difficult until project-level data is captured. Auditors used the Regional Economic Models, Inc., Policy Insight Model to analyze total economic impact for four of the six selected programs. The following briefly summarizes our impact study results (years referred to

YELLOW SHEET



below are fiscal):

**Historic Preservation** (\$48.2 million redeemed through 2001): Analysis showed the residential-only projects do not produce as much state economic benefit as the commercial projects. It could not be determined if the economic benefits of residential projects justified the costs. As a result, residential-only projects should be more closely monitored, particularly the 39 percent of the residential projects located in middle- to upper-income areas.

Results of the commercial project analysis showed significant economic impact on jobs and demands. But the incomplete jobs and housing unit data made it impossible to tell the types of jobs created or the businesses that benefited. (See page 7)

**Qualified Research Expense** (\$30.4 million redeemed through 2001): Analysis showed there may be insufficient economic benefit to warrant continuing the program. If businesses primarily used this credit to reduce production costs, the state would see no positive impact for several years, if at all. Projections show only a negligible improvement to state revenues. In addition, the jobs and demand created do not justify the credit. (See page 15)

**Brownfield Remediation** (\$6.1 million redeemed through 2001): Results show the program had a positive economic impact. (See page 20)

**Brownfield Jobs/Investment** (\$17,000 redeemed through 2001): The total economic benefit could not be measured due to insufficient data. In addition, economic development staff estimated \$85,000 in credits could be redeemed in 2002. This estimate triples the total redeemed so far and users only redeemed \$5,000 in credits in 2001. (See page 25)

**Seed Capital** (\$3.6 million redeemed through 2001): These credits are no longer available since the program reached its \$9 million statutory cap. Nevertheless, the analysis showed the credit having an immediate positive impact, with the exception of wage rates. (See page 29)

**Youth Opportunities and Violence Prevention** (\$8.3 million redeemed through 2001): An economic impact analysis could not be completed because program data did not include quantifiable items such as jobs or economic investment. Our review focused on the administration of the program. Auditors found more than half the credits authorized went unused and credits issued for some projects exceeded those authorized. (See page 35)

### **Department needs more authority to gather adequate project data**

Economic development officials have created a new system to improve data collection at the project level. But department staff also said state law does not require companies receiving credits to provide most information needed for a cost-benefit analysis. Although department officials ask for voluntary reporting on projects, they cannot force compliance. (See page 40)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE  
DEPARTMENT OF ECONOMIC DEVELOPMENT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>3</b>
1. Tax Credits Outstanding are Not Tracked and the Economic Benefits of One Tax Credit are Questionable.....	3
Recommendation .....	5
Historic Preservation Tax Credit .....	7
Recommendations.....	14
Qualified Research Expense Tax Credit .....	15
Recommendation .....	18
Brownfield Remediation Tax Credit.....	20
Recommendation .....	24
Brownfield Jobs/Investment Tax Credit .....	25
Recommendations.....	27
Seed Capital Tax Credit.....	29
Recommendations.....	34
Youth Opportunities and Violence Prevention Tax Credit.....	35
Recommendations.....	39

**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE  
DEPARTMENT OF ECONOMIC DEVELOPMENT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
2. Follow-Up of Issues from Prior Audit .....	40
Recommendations .....	41

**APPENDIXES**

I. OBJECTIVE, SCOPE AND METHODOLOGY .....	43
II. BACKGROUND .....	47
III. REQUIREMENTS FOR APPROVING TAX CREDITS .....	48
IV. GEOGRAPHIC DISTRIBUTION OF TAX CREDITS .....	49
V. PROCESS TO LIST A MISSOURI PROPERTY ON THE NATIONAL REGISTRY .....	53
VI. TAX CREDIT REVIEW STATUS .....	54
VII. GLOSSARY OF ECONOMIC TERMS .....	55
VIII. ISSUED AND REDEEMED TAX CREDITS .....	56



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Joseph L. Driskill, Director  
Department of Economic Development  
Jefferson City, MO 65101

State law (Section 620.1300, RSMo 2000) mandates the State Auditor's Office perform cost-benefit analyses on the 35 tax credit programs administered by the Department of Economic Development. This report is the second such analysis with a general review of all these tax credits and a detailed economic impact study of six of them. The review included obtaining necessary data to sufficiently evaluate each program's state economic impact. When some of the needed data was not available, auditors had to obtain some data through independent research. While we may comment on internal control issues incidental to obtaining the data necessary for a cost-benefit analysis, this report is not an internal control audit and contains no opinions on such controls for any state agency mentioned.

We concluded department officials need to track the dollar amount of tax credits outstanding to improve the state budget process and allow for an effective cost-benefit analysis for each tax credit program. The level of tax credits approved, issued and redeemed has risen sharply in the past 3 years. With an increasing number of tax credits outstanding, actual future redemption could come in above estimates and negatively impact state revenue projections. Additionally, auditors found the Qualified Research Expense Tax Credit program needs to be considered for restructuring or

elimination because an economic impact analysis suggests this credit may not provide sufficient benefit to the state.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 22, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits: William D. Miller, CIA  
Audit Manager: John Blattell, CPA, CFE  
In-Charge Auditor: Daniel Reeb  
Staff Auditors: Monique Williams, CPA  
Shantaye Atkins  
Kate Petschonek

## **RESULTS AND RECOMMENDATIONS**

### **1. Tax Credits Outstanding are Not Tracked and the Economic Benefits of One Tax Credit are Questionable**

Department of Economic Development staff currently do not track the dollar amount of tax credits outstanding each fiscal year. Without taking outstanding tax credits into consideration, it is more difficult to estimate the future cost of economic development tax credit programs, which could lead to faulty state revenue projections. Through the Department of Revenue and the Department of Insurance tax credit tracking systems, it is possible to derive the dollar amount of tax credits redeemed each fiscal year. Department of Economic Development officials also provide the Department of Revenue with the issued amount of tax credits. Department of Economic Development staff stated they do not match redeemed credits with issued credits to calculate outstanding credits because there is not a system in place to make such matches. As a result, staff are not able to determine the amount of tax credits outstanding. Additionally, the economic benefits of the Qualified Research Expense Tax Credit are questionable.

#### **Focus of audit**

Audit staff performed a general review of all 35 tax credit programs administered by the Department of Economic Development. (*See Appendix I, page 44, for a list of programs.*) Data was obtained from the Department of Economic Development and through independent research by our office on 6 of the 35 tax credit programs. The purpose of this data collection was to obtain sufficient information necessary to perform a cost-benefit analysis of the effectiveness of these six tax credit programs.

#### **Estimated costs of tax credits**

In early 2001, the state experienced firsthand the negative impact of a tax credit program on the budgetary process if the program is not properly managed and monitored. The Pharmaceutical Tax Credit Program was estimated to cost \$20 million; however, actual costs came in at over \$80 million. The higher cost was a major contributing factor to the revenue shortfall in the fiscal year 2001 state budget. In state fiscal year 2001, approximately \$150 million of community and economic development tax credits administered by the Department of Economic Development were redeemed, which was below the \$164 million estimated by the Department of Economic Development. However, the Historic Preservation Tax Credit was estimated at \$27 million in redemptions and actual redemptions were \$34 million and the Brownfield Remediation Tax Credit was estimated at \$3.6 million in redemptions and actual redemptions were \$4.5 million.

Overestimating the amount of redeemed tax credits in the past coupled with annual and cumulative caps on many of Missouri's community and economic development tax credit programs have to-date prevented the occurrence of a situation similar to the Pharmaceutical Tax Credit issue. However, future budget problems may occur because outstanding economic development tax credits are not tracked, and as a result the potential future liability from tax credits is unknown. The Historic Preservation Tax Credit and the Brownfield Remediation Tax Credit are growing rapidly and have no caps on the amount of tax credits that can be issued.

Future liability  
unknown

These two credits had poor redemption estimates in the prior fiscal year and are examples of tax credit programs that could present future problems.

### Impact on state revenues

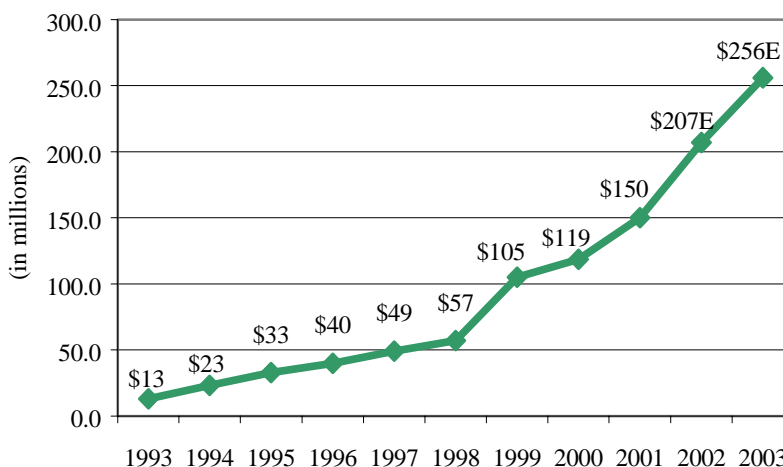
The usage of state tax credits administered by the Department of Economic Development continues to rise. The aggregate dollar amount of administered programs for the state fiscal year 2001 and estimates for state fiscal year 2002 are as follows:

- Issued credits                      \$213 million (FY 2002 estimate \$302 million)
- Redeemed credits                \$150 million (FY 2002 estimate \$207 million)

The increases in the dollar amount of issued and redeemed tax credits occurred despite the repeal of one tax credit program in 1998<sup>1</sup> and two other tax credit programs reaching their caps.<sup>2</sup>

The dollar amount of redeemed tax credits has steadily increased since 1993, as shown in Figure 1.1.

**Figure 1.1: Amount of State Tax Credits Redeemed by State Fiscal Year**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

<sup>1</sup> Guarantee Fee Tax Credit, Section 135.766, RSMo Supp. 1999, was repealed in 2000.

<sup>2</sup> Both the Certified Capital Companies (CapCo) Tax Credit, Section 135.500, RSMo 2000, and the Seed Capital Tax Credit, Section 348.300, RSMo 2000, expired in 2000 when caps on the amount of tax credits authorized were reached.

## Department of Economic Development has estimates of tax credit redemptions

Estimating when a taxpayer will redeem a tax credit is difficult due to various provisions in the authorizing statutes allowing taxpayers to carry the tax credit forward or backward to other tax years. Additionally, the tax credit may not be redeemed at all if the taxpayer does not have any state tax liability to offset and the tax credit cannot be sold or transferred to another taxpayer. During tight budgetary times the importance of the accuracy of estimates is magnified compared to times when there is a budget surplus.

In early 2001, Department of Economic Development officials estimated \$163.8 million in tax credits would be redeemed for state fiscal year 2001. This estimate came in \$14 million above the \$150 million actually redeemed, as tracked by the Department of Revenue. In state fiscal year 2000, officials estimated redemption at \$169 million, \$50 million above the \$119 million actually redeemed.

Redemptions  
were  
overestimated

A Department of Economic Development official said tax credit estimates are based on the historical trends of the tax credit program and the pipeline of future projects. While estimates that result in an understatement of revenue do not create the same budget problems as estimates that result in an overstatement of revenue, such as a budget shortfall, Department of Economic Development officials should strive to ensure the best possible estimates are submitted to state budget officials.

More accurate estimates of future tax credit redemptions should occur if the Department of Economic Development tracked tax credits outstanding.

## Recommendation

We recommend the Director, Department of Economic Development:

- 1.1 Implement a system that tracks tax credits outstanding so that state officials and citizens have an accurate and full accounting of the current liability and the potential future liability the state has from these economic development tax credit programs. This outstanding tax credits balance should be used to increase the accuracy in estimates of anticipated tax credit redemptions.

## Department of Economic Development Responses

- 1.1 *The Department has developed and deployed a Customer Management System (CMS) that includes the tracking of tax credits issued by the department. The Department of Revenue is now entering current information on redeemed credits into CMS and historical data from FY01. This will provide the state with an electronic system that allows us to determine the amount of tax credits outstanding. Precisely when this system can be relied on for a complete accounting of outstanding tax credit liability depends on what historical data the Department of Revenue is able to enter and bring the Department of Insurance on board as well. Since there are tax credits in many other*



*departments in addition to this department, the true total outstanding amounts could not be ascertained until those departments take similar responsibility for tax credit accounting.*

*The system was not intended as a tool for improving the accuracy of estimated tax credit redemption. We still will not know, with certainty, when a taxpayer will redeem its tax credits. And many of the department's tax credits have carry-forward provisions -- typically for five years but some are as long as twenty years or simply have no "expiration" at all. The system can help us better estimate whether redemption in a particular program typically comes within the same year as issuance, or within three years or the like, and this may help us better determine trends, but it is not a failsafe method of pinpointing when a credit will be redeemed. The law creating the program with a carryforward option provides freedom to a taxpayer to choose when to redeem a credit, which runs counter to our ability to accurately predict the same.*

### **Economic Benefits are Questionable for One of Six Tax Credit Programs Reviewed**

Auditors asked Department of Economic Development officials to provide all the information and data available for 6 of the 35 tax credit programs administered by the department. Auditors used the information and data provided in conjunction with independent research to perform an extensive review of the following six tax credit programs:

- A. Historic Preservation Tax Credit
- B. Qualified Research Expense Tax Credit
- C. Brownfield Remediation Tax Credit
- D. Brownfield Jobs/Investment Tax Credit
- E. Seed Capital Tax Credit
- F. Youth Opportunities and Violence Prevention Tax Credit

As stated in a prior audit,<sup>3</sup> the state lacks an adequate performance measurement system that would allow for a comprehensive review of the state's economic development tax credit programs. Unless project level data is captured, such as types of new businesses and jobs created, it is difficult to measure the economic and fiscal impact the tax credit project may have on state and local economies. Despite the limitations, audit staff used available data to perform the following analyses.

---

<sup>3</sup> Review of State Tax Credits Administered by the Department of Economic Development, SAO Report No. 2001-13

## **A. Historic Preservation Tax Credit**

Results from an economic impact analysis of the Historic Preservation Tax Credit indicate the residential component of the program does not produce as much economic benefit to the state as do projects with a commercial component. While there is insufficient data to determine if the economic benefits of residential-only projects justify the costs, the residential component of the program should be monitored closely, particularly when projects are not located in low- to moderate- income areas. Historic Preservation Tax Credit redemptions were estimated at \$27 million in fiscal year 2001 and actual redemptions were \$34 million.

The Historic Preservation Tax Credit is authorized by Sections 253.545 to 253.559, RSMo 2000, and became effective January 1, 1998. The statute authorizes a tax credit in an amount equal to 25 percent of the total costs and expenses to rehabilitate eligible projects provided such costs exceed 50 percent of the total basis in the property. The amount of tax credits allowed per project is unlimited. No annual or cumulative caps exist for the tax credit program. The credit is sellable and transferable and can be carried back 3 years and forward for 10 years.

### **Eligibility for the tax credit is automatic if a structure is certified as historical**

Eligible property must be a certified historic structure located in Missouri and listed individually on the National Register of Historic Places or be part of a certified historic district. In addition, the rehabilitation must meet standards consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation as determined by the state historic preservation officer of the Missouri Department of Natural Resources. *(See Appendix V, page 53, for the procedures required to list a Missouri property on the National Registry.)*

### **State program is often used to leverage federal program (except for residential)**

The Historic Preservation Tax Credit is used as a supplement to the federal rehabilitation tax credit,<sup>4</sup> to provide additional financing for the rehabilitation of a historic structure. However, unlike the federal program, which is restricted to income-producing commercial projects only, owner-occupied residential rehabilitation projects may be eligible to receive the Missouri tax credit. Therefore, the Missouri credit may be used on projects that would be ineligible for the federal credit. Another significant difference is the federal program has provisions for recapture of the tax credit in certain circumstances, whereas the Missouri program does not have any recapture provisions. Table 1.1 compares key aspects of the state and federal programs.

---

<sup>4</sup> The federal rehabilitation tax credit is authorized in Internal Revenue Code (IRC) Section 47 (2001).

**Table 1.1: State and Federal Historic Preservation Tax Credit Provisions**

<b>Provision</b>	<b>State Historic Preservation Tax Credit</b>	<b>Federal Rehabilitation Tax Credit</b>
Credit for certified historic structures	25% of qualified expenditures	20% of qualified expenditures
Credit for non-certified structures <sup>1</sup>	None	10% of qualified expenditures
Commercial or income producing	Yes	Yes
Residential	Yes	No
Minimum qualified expense	>50% of total basis	Adjusted basis or \$5,000
Restoration time period	None	Either a 24 or 60 month period
Holding requirement	None	5 years
Recapture	None	Yes
Carry forward provision	10 years	20 years
Carry back provision	3 years	1 year
Transfer/Sell	Yes	No

<sup>1</sup>Structures built prior to 1936

Source: Section 253.545-253.559, RSMo 2000; IRC Section 47 (2001)

## **Purpose**

The authorizing statute does not explicitly state the purpose for the Historic Preservation Tax Credit. Department of Economic Development officials have interpreted the purpose of the program to be an incentive for the redevelopment of commercial and residential historic structures in the state.

## **State taxes impacted**

Pursuant to Section 253.550, RSMo 2000, the Historic Preservation Tax Credit may be used to offset taxes imposed by Chapters 148 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 148 imposes the financial institution tax. Chapter 143 imposes the state individual and corporate income tax.

## **Data issues**

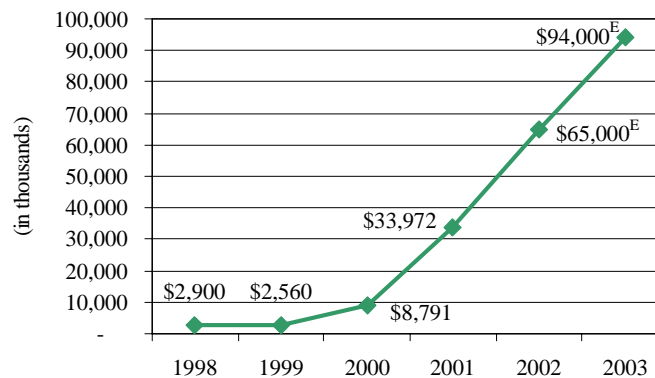
Department officials provided a database which included the name, location city, total tax credits issued, total costs, rehabilitation costs, and the estimated and actual jobs and housing units created for each project. The jobs and housing unit data was incomplete. The inadequate data made it impossible to tell the types of jobs created and the businesses benefiting from the project. Some information was provided on the tax base of the property before and after the rehabilitation for some projects, but not others. The database also did not include the dollar amount of redeemed credits. It is difficult to measure the full economic impact of a tax credit program when project level data is not maintained in a reportable format. Department of Economic Development officials are implementing a new management information system they propose will allow for more detailed data capture and reporting in the future. (*See Issue 2, page 40, for more information on the management information system.*)

Better data  
would facilitate  
analysis

## Direct economic impact

If measured strictly by the amount of redeemed credits, the cost of the Historic Preservation Tax Credit program has been approximately \$48.2 million through fiscal year 2001. Figure 1.2 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.2: Historic Preservation Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

## More than 100 projects have been completed

As of April 2001, there have been 109 projects completed since the inception of the Historic Preservation Tax Credit program. Approximately, \$58 million in tax credits have been issued for these projects. The Department of Economic Development database cited increases in construction spending (investment), jobs, housing units, and the redeveloped tax base properties as the benefits of these projects.<sup>5</sup> Table 1.2 provides a summary of these direct benefits as recorded on the Department of Economic Development database.

<sup>5</sup>Data is based on information provided by the developers of these projects, either as estimates when the project was approved or upon certification the project was completed.

**Table 1.2: Benefits of Historic Preservation Tax Credit**

<b>Issue</b>	<b>Economic Impact</b>
Investment in Eligible Projects	\$278 Million
Investment in Rehabilitation Projects	\$233 Million
Increase in Property Tax Base	\$ 10 Million <sup>6</sup>
Jobs Created	1,984
Housing Units Created	866 <sup>7</sup>

Source: Department of Economic Development database and summary log

### **Commercial versus residential projects**

Unlike the Federal Rehabilitation Tax Credit, where only income-producing properties are eligible, the Historic Preservation Tax Credit may be used for either commercial or residential properties. Of the 109 projects completed, 44 were residential. Of the remaining 65 projects, 32 were commercial and 33 were commercial/residential. Commercial/residential projects were primarily residential rental properties, i.e., apartment complexes.

The tax credits redeemed for commercial/residential properties accounted for 57 percent of the total amount issued for the Historic Preservation Tax Credit program. Commercial projects accounted for 38 percent of the tax credits issued and residential projects accounted for only 5 percent of the tax credits issued. Commercial/residential and commercial projects were much larger in scope than the residential projects and therefore had higher rehabilitation costs to qualify for the tax credit.

The commercial/residential and commercial projects have produced tangible direct benefits in the form of jobs and housing units. Residential projects do not produce jobs and usually only create a single housing unit for the owner. Based on this analysis the economic benefits from the commercial/residential and commercial projects would be greater to the state than those derived from the residential projects. However, benefits such as the rehabilitation of a historic home which may be a key factor in the revitalizing a neighborhood, can be a positive result from residential projects.

---

<sup>6</sup> The Department of Economic Development's database reported an "Estimated Increase in Property Tax Base" of over \$83 million. Either the projects did not raise the tax base as anticipated or more likely, from our review of the database, Department of Economic Development staff did not follow-up with the developer to get the actual increase.

<sup>7</sup> Estimated housing units totaled 2,055; however, the databases only reported 866 actual housing units. Either the projects did not create as many housing units as anticipated or more likely, from our review of the database, Department of Economic Development staff did not follow-up with the developer to get the actual increase.

## **Verification of jobs**

In an attempt to verify jobs created, auditors asked the developer/owner to provide a tenants list for each property. Only 32 of the 65 developers/owners listed in the Department of Economic Development database could be contacted because of inaccurate data or no response to our inquiries. Of these 32 properties, audit staff attempted to verify the number of employees at the businesses leasing space in the historic structures. Only some of the jobs reported on the database could be verified because some of the businesses had multiple locations and the data available was for all jobs not just the jobs created by the tax credit.

## **Tax credits allow historic structures to become competitive**

Developers told us the Historic Preservation Tax Credit allowed the renovated building to become cash-flow positive, while offering tenants competitive rates compared to surrounding high quality properties. Several developers said they were able to keep the price per square foot low enough to be attractive to small businesses.

For those completed projects where the tenants could be verified, the majority of them were small businesses with less than 100 employees with many having less than 10 employees. The business types included restaurants; other retail; and law, engineering, graphic design and wireless communications firms. The few large tenants in several of the structures included a large hotel chain, a data-processing firm and a state agency.

## **Total economic impact**

Auditors used the Regional Economic Models, Inc., Policy Insight Model for the state to analyze the total economic impact of the Historic Preservation Tax Credit program on the economy. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit. The outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Growth in personal income
- Growth in real disposable income
- Growth in industry output
- Growth in wage rate
- Fiscal impact

Two variables in the model were changed to create the alternative forecast: 1) capital cost, all industries (share), and 2) government spending.

Our methodology was to run the model based on how the tax credit impacts the state economy. Although the tax credit stimulates construction activity, it is not certain this rehabilitation spending would have taken place outside the normal economic activity already forecast by the model. For example, the tax credit may only have shifted construction activity from one location in the state to another. One way to avoid having to make an assumption on construction activity

is to assume the tax credit is used to lower the capital costs of all industries in the state. The lowering of capital costs will demonstrate how the tax credit creates demand and jobs in the state economy.

To derive how much the tax credit lowered capital costs, the \$58 million in tax credits issued was divided by the sum of non-residential fixed investment and producers' durable equipment fixed investment expressed in constant dollars. To keep the state budget in balance, government spending was reduced by the \$58 million in state tax credits. The tax credit was introduced to the model at a constant rate over a 10-year period (2000-2009). The results from the model were reviewed over a 16-year period (2000-2015).

Using these inputs and assumptions, the model produced the following economic impact results:

- Total employment in the state will have increased by approximately 550 jobs in 2000 due to the tax credits reducing the capital costs of industry in the state. Employment will continue to grow during the next 9 years peaking at about 1,700 jobs in 2009. Once the tax credit ends in 2010, job growth decreases substantially and turns negative in the final 3 years of the 16-year analysis period.
- Gross state product steadily increases in the course of the 10 years the tax credit program is in effect, peaking at an increase of approximately \$134 million in 2009. In 2010, the first year the credit is removed from the analysis, the increase in gross state product is smaller at \$47 million and then trends back towards the baseline forecast.
- Growth in personal income follows the same trend as gross state product, peaking in 2009 at an increase of nearly \$78 million. Similar to gross state product, personal income growth declines substantially in 2010 and begins to return to the baseline forecast in the later years.
- The same trends found in gross state product and personal income are found in the measurement of real disposable income. Growth in real disposable income peaks in 2009 at \$114 million and then beginning in 2010, once the tax credit stimulus is removed, real disposable income growth trends back towards the baseline forecast.
- Growth in industry output peaks at just under \$272 million in 2009. Once the tax credit is removed in 2010, growth in industry output begins to decline and move back towards the baseline forecast.
- In the first year the tax credit is introduced to the model, there is a positive effect on wage rates. However, in the following years, the impact on wage rates is negative. Once the tax credit is removed the negative effect on wage rates grows substantially.
- The model predicts the fiscal impact on the state will be positive during the 10-year time period the tax credit is in effect. However, once the tax credit ends in 2010, there is a sharp decline in state revenues.

## **Summary of results**

Based on the way the Historic Preservation Tax Credit was introduced to the model, the results show the tax credit having a significant positive economic impact on jobs and demand. The model also shows that by lowering capital costs the tax credit will stimulate economic activity, which is then taxed, resulting in enough additional state revenue to offset the cost of the tax credit. However, in the years following the removal of the tax credit as a stimulus, tax revenues would fall below the baseline forecast, possibly reflecting an over-stimulus effect of the tax credit program.

The analysis did not consider the impact of the federal rehabilitation tax credit. If the federal rehabilitation tax credit had been included in our analysis, the positive economic impact may have been even more substantial because the 20 percent federal tax credit would be treated as free money from a state budget standpoint. Including the federal tax credit in our analysis would have been difficult and subject to error on the aggressive side because none of the residential projects could use the federal tax credit. Despite receiving a list of federal tax credit projects in Missouri from the National Park Service, auditors were unable to accurately match the list with the Department of Economic Development database. Many of the commercial and commercial/residential projects used the state tax credit to leverage the federal tax credit.

Our methodology also ignores the potential economic impact of any additional housing units or tourism, this tax credit program created. Historic buildings can add to an areas' culture and promote tourism. One developer stated citizens from Kansas come to his small Missouri town to dine and shop because of the town's revitalized main street, a result of the rehabilitated historic buildings on the street.

## **Noneconomic influences**

One aspect of the Historic Preservation Tax Credit not addressed in the economic impact analysis is the extent historic preservation may increase the quality of life. Additionally, the rehabilitation of a historic home or a home in a historic neighborhood may be a key factor in revitalizing the neighborhood.

An argument could also be made that state tax credit programs should benefit as many citizens as possible and state-sponsored economic development incentives should be geared towards improving areas in need of revitalizing. While these two issues have economic aspects to them, the economic impact to the state may not necessarily depend on the location of the tax credit project. Therefore, the geographic distribution and the census tract income level distribution of the tax credit projects were treated as noneconomic influences in the award of the tax credit. Department of Economic Development officials do not have any discretion on project location. The only criteria for eligibility is for the project to be a certified historic structure. (*See Appendix III, page 48, for a list of how tax credits are approved.*)

Although a substantial majority of the projects have been in the St. Louis and Kansas City metropolitan areas, there have been some projects in other parts of the state. As mentioned earlier, smaller towns have found the tax credit beneficial in revitalizing main streets.



For residential projects completed, 57 percent (25 of 44) were located in low- or moderate-income census tracts, 39 percent (17 of 44) were located in middle- or upper- income census tracts and 4 percent (2 of 44) had unknown census tracts. For commercial/residential projects completed, 40 percent (26 of 65) were located in low- or moderate-income census tracts, 57 percent (37 of 65) were located in middle- or upper- income census tracts and 3 percent (2 of 65) had unknown census tracts. Although residential projects may not provide tangible economic benefits such as jobs, the projects may be revitalizing low- and moderate-income neighborhoods. (See Appendix IV, page 49, for a distribution of projects by geography and census tract income level.)

## **Recommendations**

We recommend the Director, Department of Economic Development:

- 1.2 Improve data collection and reporting on Historic Preservation Tax Credit projects. Specifically, the data should include the actual number of jobs and housing units created once the project is completed. Additional information, such as types of jobs created and the types of tenants occupying the completed building, should also be obtained.
- 1.3 Improve data collection for the residential component of the tax credit program to allow this component to be closely monitored. This is particularly important when projects are not located in low- and moderate-income neighborhoods.

## **Department of Economic Development Responses**

- 1.2 *The Historic Preservation Tax Credit Program is an entitlement program. Accordingly, there is limited information that we can require from an applicant – only that information that goes to the entitlement. This does not include the data specified in the recommendation (jobs, number of housing units, types of tenants). We do ask for more information than the law requires, and have a fair rate of voluntary compliance with our request. The recommendation seems to focus on post-completion collection of data. In addition to having no authority to force recipients or their tenants to provide us with information before or after completion, we do not have adequate staff to conduct such detailed audits of projects.*
- 1.3 *This is an entitlement program and current law does not require recipients or tenants to provide such information. In addition, there is no indication that the law was intended to primarily aid projects in low to moderate-income areas. To the contrary, when the legislature intends for a program to benefit such areas, or otherwise focus on geographic areas based on factors such as poverty and unemployment, it has specifically required as such or indicated a preference for such. (Note the many programs that are for distressed communities or have enhanced benefits for distressed communities.) The lack of any such requirement or enhanced benefit in this program is indicative that where the projects are located was not intended to be a measure of the success of the program.*

## B. Qualified Research Expense Tax Credit

An economic impact analysis of the Qualified Research Expense Tax Credit indicates this program may not provide sufficient economic benefit to warrant its continuation. Section 620.1039, RSMo 2000, authorizes a tax credit equal to 6 1/2 percent of the taxpayer's qualified research expenses in the current year that are in excess of the average qualified research expense for the preceding 3 years. The net increase is not to exceed 200 percent of the average qualified research expense. The Qualified Research Expense Tax Credit is on a first come basis and is approved through a formula. (*See Appendix III, page 48, for a list of how tax credits are approved.*) The program has an annual cap of \$9.7 million and may be carried forward for up to 5 years. Under certain circumstances, up to 40 percent of the credit may be transferred or sold. The program has been in effect since 1994.

### Purpose

Pursuant to Section 620.1039, RSMo 2000, qualified research expense has the same meaning as that prescribed in IRC Section 41(d). Qualified research as defined by IRC Section 41(d) is discovering technological information which develops a new or improved taxpayer business component.<sup>8</sup> The research may qualify for the tax credit if it relates to a new or improved function, performance, reliability or quality, not including if the research relates to style, taste, cosmetic, or seasonal design factors. Qualified research does not include:

- Research after commercial production
- Duplication of existing business component
- Foreign research
- Computer software (unless used internally)
- Surveys, studies, etc.
- Adaptation of existing business components
- Social sciences, etc.
- Funded research

The state tax credit can also be used to leverage an existing federal tax credit. Table 1.3 compares the federal and state tax credit programs.

**Table 1.3: Federal and State Research Tax Credit Provisions**

Provision	State Qualified Research Expense Tax Credit	Federal Tax Credit for Increasing Research Activities
Credit description	6.5% of the excess qualified research expense above the average Missouri expenses over the last 3 years; the expense is not to exceed 200% of that average excess.	20% of the excess of the qualified research expense over the base amount and 20% of the basic research payments.
Carry forward provision	5 years	15 years
Carry back provision	None	3 years
Annual cap	\$9.7 Million	N/A

Source: Section 620.1039, RSMo 2000; IRC Section 41(c)(3)

<sup>8</sup> A business component is any product, process, computer software, technique, formula, or invention, which is to be held for sale, lease, license or used by taxpayers in their trade or business. IRC Section 41(d).

## State taxes impacted

Pursuant to Section 620.1039, RSMo 2000, the Qualified Research Expense Tax Credit may be used to offset taxes imposed by Chapters 148 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 148 imposes the financial institution tax. Chapter 143 imposes the state individual and corporate income tax.

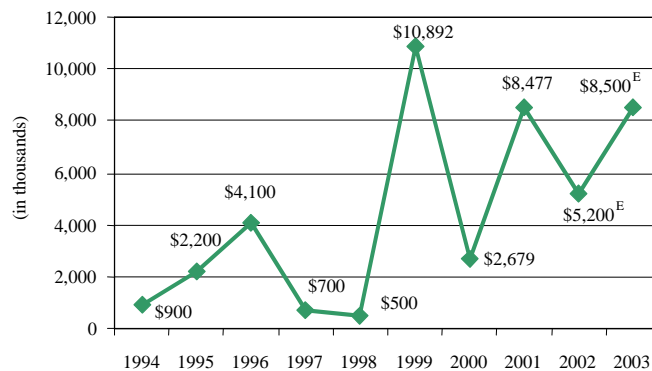
## Information and data issues

Department of Economic Development staff provided our office with a log of the projects that have used the Qualified Research Expense Tax Credit. This information did not include the types of business using the tax credit. Through independent research, auditors obtained the business addresses and Standard Industrial Classification codes for most of the businesses. Many of the businesses were headquartered out of the state which made it difficult in determining what business activities took place in the state.

## Direct economic impact

If measured strictly on the amount of redeemed credits, the cost of the Qualified Research Expense Tax Credit has been approximately \$30.4 million through fiscal year 2001. Figure 1.3 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.3: Qualified Research Expense Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

While audit staff researched these businesses to ensure they had some type of operation in the state, it was not possible to obtain detailed descriptions of their Missouri operations. Therefore, it could not be determined if the actual research and development being performed would directly benefit the state.

## **Total economic impact**

Auditors used the Regional Economic Models, Inc., Policy Insight Model for the state to analyze the total economic impact of the Qualified Research Expense Tax Credit program on the economy. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit. The outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Growth in personal income
- Growth in real disposable income
- Growth in industry output
- Growth in wage rate
- Fiscal impact

Two variables in the model were changed to create the alternative forecast: 1) production cost and 2) government spending.

Because the data captured and reported by Department of Economic Development staff for this tax credit program did not include elements that were conducive to an economic impact analysis, audit staff had to perform extensive independent research to verify the type of businesses qualifying for the tax credit. Because of time and resource limitations, only tax credits approved in fiscal year 2000 were included in our analysis, despite the fact the tax credit program dates back to 1994. However, the chosen sample is indicative of the impact of the overall program.

To measure the total economic impact of the Qualified Research Expense Tax Credit program, the approved dollar amount of tax credits received by each project (business) was taken and projected out at the specific industry growth rate over a 10-year time period (2000-2009). The results from the model were reviewed over a 16-year period. (2000-2015). The assumptions are the usage of the tax credit will increase at the growth rate of the specific industries over a 10-year time period, and the tax credit program will end after this 10-year period. Because of the statutory cap the growth of the tax credit was not allowed to exceed \$9.7 million.

Using these inputs and assumptions, the model produced the following economic impact results:

- The Qualified Research Expense Tax Credit results in a loss of jobs during the first 5 years of the analysis period. The largest loss of jobs comes in the first year with a loss of 161 jobs. The job losses diminish during the 5 subsequent years until job growth begins in 2005. There is a peak positive effect from the tax credit in 2010, the first year without the tax credit, when there is an increase of 160 jobs.
- Gross state product declines in the first 3 years of the analysis period and then begins to increase in 2003. Growth in gross state product peaks at \$11 million in 2010, the last year of the tax credit, and then begins to return to the baseline forecast once the tax credit is removed as a stimulus.

- The negative effect of the tax credit on personal income lasts 2 years longer than on gross state product. Personal income declines during the first 6 years of the policy analysis before turning positive in 2006. Like gross state product, growth in personal income peaks in 2010, at a total of \$7.3 million, before gradually returning towards the baseline forecast.
- The impact of the tax credit on real disposable income is positive during the entire 16-year analysis period. The increase in real disposable income peaks in 2009, at \$4.3 million, before gradually moving back towards the baseline forecast.
- Industry output also experiences positive growth during the 16-year analysis period. In 2009, industry output growth peaks at almost \$22 million, before trending back towards the baseline forecast.
- The tax credit has a negative impact on wage rates during all the years the tax credit is in effect. Wage rates spike higher in 2010 and 2011, the first and second years after the tax credit is removed from the economy. In the subsequent years, the wage rate trends back towards the baseline forecast.

The tax credit has a negative effect on state revenues during all 10 years the tax credit is in effect. The largest projected decline would be a \$770,000 decrease in state revenue in 2000. The effect on state revenues turns positive in 2010, with a projected increase of \$20,000 in state revenue; however, the impact on state revenues turns negative again in 2011 and stays negative for the remaining 4 years of the analysis period.

## **Summary of results**

If businesses primarily used the Qualified Research Expense Tax Credit to reduce production costs there would be no positive impact to the state economy until at least several years out, if at all. The credit is projected to have only a negligible impact on state revenues. In addition, per the model analysis the jobs and demand created are not substantial enough to justify the credit, possibly because many businesses using the credit are in more mature industries with slow or negative growth rates.

## **Recommendation**

We recommend the Director, Department of Economic Development:

- 1.4 Review the Qualified Research Expense Tax Credit to determine if there are ways to improve its impact on the state economy. If the positive impact on the economy cannot be improved, this tax credit should be considered for elimination.

## Department of Economic Development Responses

1.4 *For the period of this audit, the Qualified Research Expense Tax Credit was essentially an entitlement program. In 1998 Senate Bill 827 was enacted, which made the tax credit authorization discretionary and placed a \$10 million cap each taxable year on the program. In 2000, Senate Bill 894 made additional changes to the program, the most significant allowing the credits to be sold. Additionally, applicants who had unredeemed tax credits from January 1, 1996 to December 31, 1999, could transfer or sell up to 40% of the unredeemed, with the requirement that the proceeds from the sale of the credit had to then be expended within three years on research activities conducted by a state university.*

*Since these statutory changes were made, the department has been working to revise the program to target certain industries and to better promote the use of the credit by emerging companies. We will be asking for more information than ever before, which will aid in measuring the success of the program. The department will consider including any relevant “key data elements” suggested in the audit report.*

## **C. Brownfield Remediation Tax Credit**

The Brownfield Remediation Tax Credit is a discretionary program with no annual or cumulative caps. *(See Appendix III, page 48, for a list of how tax credits are approved).* The limit per project is at the discretion of Department of Economic Development officials and depends on the amount of remediation costs, and the state economic impact. Eligible projects must be accepted into the Missouri Department of Natural Resources “Voluntary Cleanup Program” and cannot be an Environmental Protection Agency “Superfund” site. The credit is sellable and transferable and may be carried forward for up to 20 years. Brownfield Remediation Tax Credit redemptions were estimated at \$3.6 million in fiscal year 2001 and actual redemptions were \$4.5 million.

### **Purpose**

State statutes do not explicitly state the purpose of the Brownfield Remediation Tax Credit. An eligible project may receive up to 100 percent of the remediation costs if the business that is to operate on the premises is projected to create at least 10 new jobs, or retain at least 25 jobs, or a combination thereof. A project is eligible if it will create new jobs or preserve existing jobs, attract new business to the state, prevent existing businesses from leaving the state, or improve the economic welfare of the state.

The property must be abandoned or underutilized for at least 3 years because of real or suspected environmental contamination. The ownership of the property must have reverted to the state or local government; or if the property is privately owned, the city or county must endorse the project for inclusion in the program, and the property must be transferred to a person other than the party potentially responsible for the contamination. Additionally, the local government must have provided at least a 50 percent real property tax abatement for 10 years or tax increment financing.

### **State taxes impacted**

Pursuant to Section 447.708, RSMo Supp. 2001, the Brownfield Remediation Tax Credit may be used to offset taxes imposed by Chapters 148, 147 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 148 imposes the financial institution tax. Chapter 147 imposes the corporate franchise tax. Chapter 143 imposes the state individual and corporate income tax.

### **Information and data issues**

As stated in a prior audit,<sup>9</sup> department officials need to improve data capture and reporting at the project level. Unless project level data is captured, such as types of new businesses and jobs created, it is impossible to measure the economic and fiscal impact a tax credit project may have on state and local economies. Department officials did not provide this data when requested which limited the analysis of the program.

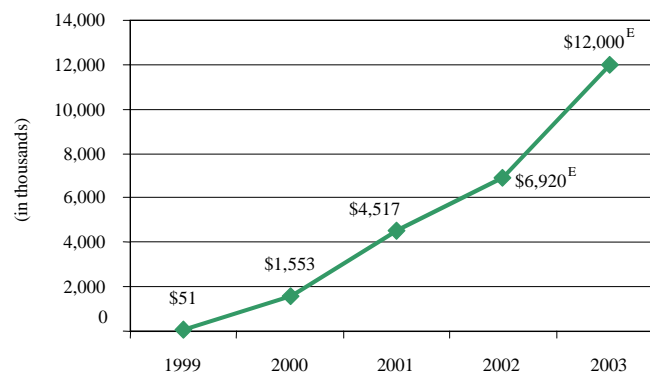
---

<sup>9</sup> *Review of State Tax Credits Administered by the Department of Economic Development*, SAO Report No. 2001-13.

## Direct economic impact

If measured strictly by the amount of redeemed tax credits, the cost of the Brownfield Remediation Tax Credit has been approximately \$6.1 million through fiscal year 2001. Figure 1.4 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.4: Brownfield Remediation Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

The lack of key information and data made it impossible to determine some direct economic benefits of the Brownfield Remediation Tax Credit program. Eligibility for the tax credit requires the project to produce or retain jobs, or attract or retain businesses. Based on the information provided by Department of Economic Development officials, it could not be determined if any of these requirements were achieved.

## Total economic impact

Auditors used the Regional Economic Models, Inc., Policy Insight Model for the state to analyze the total economic impact of the Brownfield Remediation Tax Credit program on the economy. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit. The outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Growth in personal income
- Growth in real disposable income
- Growth in industry output
- Growth in wage rate
- Fiscal impact



Two variables in the model were changed to create the alternative forecast: 1) capital cost, all industries (share), and 2) government spending.

Our methodology was to run the model based on how the tax credit impacts the state economy. Although the tax credit induces remediation activity of some type, it is not certain this remediation spending would not have taken place outside the normal economic activity already forecast by the model. For example, the tax credit may only have induced the shifting of remediation activity from one location in the state to another. One way to avoid making an assumption on remediation activity is to assume the tax credit is used to lower the capital costs of all industries in the state. The lowering of capital costs will demonstrate how the tax credit creates demand and jobs in the economy.

To derive how much the tax credit lowered capital costs, the \$18.6 million in tax credits issued was divided by the sum of non-residential fixed investment and producers' durable equipment fixed investment expressed in constant dollars. To keep the state budget in balance, government spending was reduced by the \$18.6 million in tax credits issued. The tax credit was introduced to the model at a constant rate over a 10-year period (2000-2009). The results from the model were reviewed over a 16-year period (2000-2015).

Using these inputs and assumptions, the model produced the following economic impact results:

- Total employment in the state will have increased by 177 jobs in 2000 due to the reduction in capital costs resulting from the tax credit. Employment would continue to grow during the next 9 years peaking at about 544 in 2009. Once the tax credit ends in 2010, job growth decreases substantially.
- Gross state product steadily increases in the course of the 10-year analysis period, peaking at an increase of approximately \$43 million in 2009. In 2010, the first year the credit is removed from the analysis, the increase in gross state product declines to \$15 million and then trends back towards the baseline forecast.
- Growth in personal income follows the same trend as gross state product, peaking in 2009 at an increase of nearly \$25 million. Also similar to gross state product, personal income growth declines substantially in 2010 and begins to return to the baseline forecast in the later years.
- The same trends found in gross state product and personal income are found in the measurement of real disposable income. Growth in real disposable income peaks in 2009 at \$36 million and then beginning in 2010, once the tax credit stimulus is removed, real disposable income growth trends back towards the baseline forecast.
- Growth in industry output peaks at just under \$87 million in 2009. Once the tax credit is removed in 2010, growth in industry output begins to decline and move back towards the baseline forecast.

- In the first year the tax credit is introduced to the model there is a slight positive effect on wage rates. However, in the following years the impact on wage rates is negative. In 2010 when the credit is removed there is a sharp decrease, then there is a rebound in 2011, although the impact on the wage rate is still negative. The wage rate amount then continues to decline.

The model predicts the fiscal impact on the state will be positive during the 10-year time period the tax credit is in effect. However, once the tax credit ends in 2010 there is a sharp decline in state revenues.

## **Summary of results**

Based on the way the Brownfield Remediation Tax Credit was introduced to the model, the results show the tax credit having a positive economic impact on the state. Our methodology does not include any benefits from new businesses or housing units from the cleaned-up site because Department of Economic Development officials did not provide such data for consideration. Our methodology also ignores any quality of life benefits such as less pollution or revitalization of a neighborhood because sufficient data was not available.

## **Noneconomic influences**

The clean-up of toxic waste sites may not have any measurable economic impact; however, the clean-up of an abandoned polluted site may revitalize an area and allow for some economic activity to emerge in an area where none existed before. Additionally, the quality of life for the surrounding area may improve after the clean-up.

An argument could also be made that state tax credit programs should benefit as many citizens as possible and state-sponsored economic development incentives should be geared towards improving areas in need of revitalization. While these two issues have economic aspects to them, the economic impact to the state may not necessarily depend on the location of the tax credit project. Therefore, the geographic distribution and the census tract income level distribution of the tax credit projects are treated as noneconomic influences in the award of the tax credit. Department of Economic Development officials have discretion on project locations.

All but 2 of the 16 projects utilizing the tax credit are in the St. Louis metropolitan area. The other two are located in Cole and Wayne counties. Two of the projects were in low-income census tracts and five of the projects were in moderate-income census tracts. The Cole County project was in a low-income census tract and the Wayne County project was in a moderate-income census tract. (*See Appendix IV, page 49, for a distribution of projects by geography and census tract income level.*)

## **Recommendation**

We recommend the Director, Department of Economic Development:

- 1.5 Ensure all key information from tax credit applications and other information provided by a developer/owner who is cleaning up a site is documented in an electronic format that allows for an independent review.

## **Department of Economic Development Responses**

- 1.5 *Most of the information requested by the Auditor's office is tracked either by CMS or in a Microsoft Access/Excel database or spreadsheet. This information includes project name, address, Senator and Representative districts, approved amounts of tax credits, issued amounts of tax credits (as well as recipients and addresses), total estimated project costs, estimated (projected) job numbers and whether the project is in a distressed or targeted area.*

*Information that was requested that is not tracked is the average wages of projected employees and the actual amount of employees that locate at the project site at the completion of the project. We do not have adequate staff to conduct post-completion audits of projects and ascertain this information. Moreover, while we can attach reporting requirements to the recipients of the tax credits, it would be untenable to attempt to require reporting from the eventual owners of the properties, or the lessees.*

## **D. Brownfield Jobs/Investment Tax Credit**

The Brownfield Jobs/Investment Tax Credit is at the discretion of Department of Economic Development officials and is approved through a formula. (*See Appendix III, page 48, for a list of how tax credits are approved.*) There is no cumulative cap; however, the annual cap is at the discretion of department officials, as well as the limit per project, which also depends on the amount of remediation costs and the state economic impact. The credit is not sellable or transferable and may not be carried forward. A refund of unused credits is allowed by Section 135.245, RSMo 2000. Eligible projects must be accepted into the Missouri Department of Natural Resources "Voluntary Cleanup Program" and cannot be an Environmental Protection Agency "Superfund" site.

### **Purpose**

Pursuant to Section 447.708, RSMo Supp. 2001, eligible businesses may receive a \$400 tax credit for each employee per year for up to 10 consecutive years. Eligible businesses may receive additional \$400 credits for each employee exceeding the 10 new jobs created or 25 jobs retained and for each employee meeting the definition of "a person difficult to employ," as defined by Section 135.240, RSMo 2000. Eligible businesses may also receive investment credits based on the formula provided by Section 135.225(4), RSMo 2000. The credits may not exceed the greater of that portion of the taxpayer's income attributed to the project or 100 percent of the total business' income tax if the project is a new facility and the taxpayer does not operate other facilities in the state. The project may be eligible for tax credits if the taxpayer expands an existing facility or operates other facilities in the state; however, the credits would be capped at either 50 percent or 25 percent of the total business' income tax depending on the situation.

The property must be abandoned or underutilized for at least 3 years because of real or suspected environmental contamination. The ownership of the property must have reverted to the state or local government; or if the property is privately owned, the city or county must endorse the project for inclusion in the program, and the property must be transferred to a person other than the party potentially responsible for the contamination. Additionally, the local government must have provided at least a 50 percent real property tax abatement for 10 years or tax increment financing.

Department of Economic Development officials base the credit upon eligibility requirements and interpretation of the program. Public policy to be implemented by the tax credit would be to provide an incentive to businesses or developers to redevelop contaminated property and to create new jobs or to retain jobs.

### **State taxes impacted**

Pursuant to Section 447.708, RSMo Supp. 2001, the Brownfield Jobs/Investment Tax Credit may be used to offset taxes imposed by Chapters 148, 147 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 148 imposes the financial institution tax. Chapter 147 imposes the corporate franchise tax. Chapter 143 imposes the state individual and corporate income taxes.

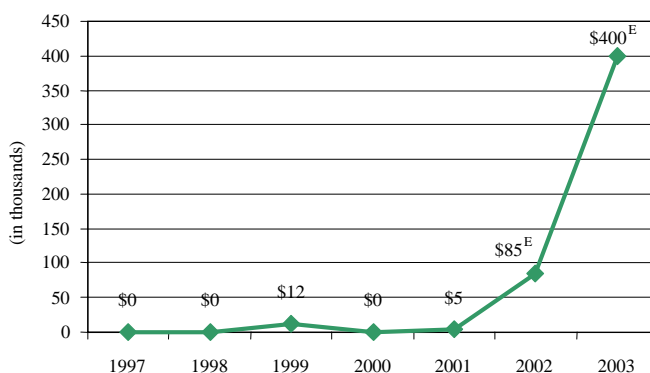
## Information and data issues

Although there were only four projects listed under this tax credit program, audit staff received little information on the projects besides the name of the business that used the credit. Key data missing included a full street address of the property, the Standard Industrial Classification code of the employer, the number of jobs created or retained, whether or not the employee met the definition of difficult to employ and the amount of credits approved, issued and redeemed under the program.

## Direct economic impact

The Brownfield Jobs/Investment Tax Credit program has not been used much by businesses. According to Department of Revenue records, credits redeemed totaled approximately \$5,000 in fiscal year 2001, and Department of Economic Development staff estimate the credits redeemed will total \$85,000 in fiscal year 2002. Figure 1.5 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.5: Brownfield Jobs/Investment Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

## Job verification

There were four businesses listed on the Department of Economic Development project log for this tax credit program. Three of the businesses were located in the same project. Department of Labor - Division of Employment Security records were used to verify the number of full-time employees for each business receiving the tax credits. Division officials are responsible for collecting unemployment taxes from businesses and maintain records that indicate the number of employees a business has when taxes are paid. According to division officials, 2 of the 4 businesses had less than 10 employees. One of the businesses reported only four employees when the tax credit was issued and this business reported only one employee in the fourth quarter of 2000, the last time the business filed a report with the division. However, this business met

One business did not meet criteria for tax credit

the Department of Economic Development's guideline that an eligible business within a project must have created at least 2 new jobs or retained 25 jobs as long as the project in total created at least 10 new jobs and retained 25 jobs. The other business reported no employees in the first quarter of 1999, but was issued tax credits in March 1999. The business is no longer active in the state.

### **Total economic benefit**

There was not sufficient data to measure the total economic benefit of this tax credit program on the state. A more in-depth review of this program would have been possible, if the type of business and jobs data, as well as amount of approved, issued and redeemed credits had been provided.

### **Noneconomic influences**

This tax credit program provides an incentive for businesses to hire employees who meet the definition of difficult to employ. No data was provided that would indicate if this incentive is working.

All four projects using the tax credit were in the St. Louis metropolitan area. One of the projects was located in a moderate-income census tract. The other three were located in a middle-income census tract. (*See Appendix IV, page 49, for a distribution of projects by geography and census tract income level.*)

### **Recommendations**

We recommend the Director, Department of Economic Development:

- 1.6 Review these projects to ensure employment requirements are met.
- 1.7 Recapture the tax credits from the business receiving tax credits during the same quarter it reported having no employees.

### **Department of Economic Development Responses**

- 1.6 *When a business submits the necessary forms to claim the Brownfield tax benefits at approved sites, the number of employees and the amount of investment is provided by the applicant. Tax credits are issued for a one-year period (or portion thereof) and monthly averages of both jobs and investment are requested. These monthly averages are then used to verify that the businesses met the employment and investment criteria (the same method is used in the Enterprise Zone program). There is also a separate form to submit if any employees are considered "difficult to employ".*
- 1.7 *No business received tax credits for a quarter in which it reported having no employees. Credits were issued to the business stated in the audit in March 1999. These credits were issued for new jobs and investment in calendar year 1998. The forms requesting these*

*credits were submitted in 1999. The business was only in existence in 1998 and accordingly only received tax credits for that year.*

**Auditor's Comment**

Since the Brownfield Jobs/Investment tax credit program is a discretionary program, the Department of Economic Development should have verified that the firm still had employees in 1999 before issuing the tax credits. The purpose of this tax credit program is to encourage the creation of additional jobs and investment in the business which is impossible if the firm no longer has any employees.

## **E. Seed Capital Tax Credit**

Section 348.302, RSMo 2000, authorizes the Seed Capital Tax Credit. Originally enacted in 1986, this tax credit program was a 30 percent tax credit designed to encourage the creation of seed capital,<sup>10</sup> start-up capital<sup>11</sup> and follow-up capital<sup>12</sup> for commercial activities located in the state.

Legislation in 1993 provided a \$5 million cumulative cap on the amount of tax credits authorized. In 1999, the legislature authorized \$4 million more in seed capital tax credits (and increased the credit from 30 percent to 50 percent), but limited the qualifying commercial activity to that located in a distressed community, as defined in Section 135.530, RSMo 2000. This tax credit was intended to be approved at the discretion of the four Missouri innovation centers located in Columbia, Kansas City, Rolla and St. Louis. (*See Appendix III, page 48, for a list of how tax credits are approved.*) The centers were to receive distributions of equity and dividends or other earnings of the fund. The credit is sellable and transferable, with a carry forward period of 10 years.

Currently, the statutory cap has been reached and there are no available tax credits remaining under this program.

### **Purpose**

Section 348.302, RSMo 2000 authorizes the Seed Capital Tax Credit program. Pursuant to the authorizing statute, any taxpayer who makes a contribution to a qualified fund would be eligible to receive the tax credit. A qualified fund is any corporation, partnership, joint venture, unincorporated association, trust or other organization established with the sole purpose of making investments, of which 90 percent must be qualified investments. A qualified investment is any investment of seed capital, start-up capital and follow-up capital in a commercial activity located in the state. The qualified fund must enter into a contractual relationship with one of the approved Missouri innovation centers. The contract must contain a provision allowing the innovation center to receive not less than 10 percent of any distributions of equity and dividends or other earnings of the fund.

### **State taxes impacted**

Pursuant to Section 348.300, RSMo 2000, the Seed Capital Tax Credit may be used to offset taxes imposed by Chapters 148, 147 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 148 imposes the financial institution tax. Chapter 147 imposes the corporate franchise tax. Chapter 143 imposes the state individual and corporate income tax.

---

<sup>10</sup> Capital provided for research, development and precommercialization activities to prove a concept for a new product or process or service, and for activities related thereto.

<sup>11</sup> Capital provided for use in preproduction product development or service development or initial marketing thereof, and for activities related thereto.

<sup>12</sup> Capital provided which a qualified fund has previously invested seed capital or start-up capital and which does not exceed ten times the amount of such seed and start-up capital.



## **Information and data issues**

Department of Economic Development officials did not actively track the businesses that received Seed Capital Tax Credit funding; however, audit staff was provided with the names of the businesses that received funding under the 1993 phase of the program and the distressed community (1999) phase of the program.

In light of the shortage of information, audit staff contacted representatives of the state innovation centers to see if they maintained a database of the businesses benefiting from the Seed Capital Tax Credit. Innovation center staff said such a database does not exist. According to an innovation center official, the Seed Capital Tax Credit program was a difficult program to administer, and no one was interested in showing how well the program worked. The official also stated that because the tax credit program had expired there was no interest in following-up on the businesses receiving the benefits of the credit. This lack of interest in tracking the success or failure of businesses receiving funds generated by this tax credit illustrates the need for the Department of Economic Development officials to capture data required to assess the effectiveness of all tax credit programs administered.

The lack of a streamlined structure made it difficult to administer the Seed Capital Tax Credit program. According to the innovation center official, for each seed capital transaction, a trust had to be set-up at a local bank to handle the funds and the associated paperwork. This process was cumbersome and inefficient because of the time and cost involved. Originally, this tax credit program was envisioned to have only one or two fund managers involved; however, this outcome did not occur because a fund manager who would handle a large number of small transactions could not be found.

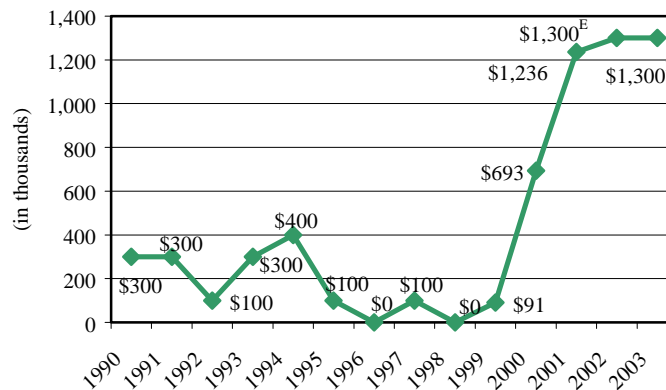
The innovation center official said the problems with the Seed Capital Tax Credit program were taken into consideration during the drafting of the New Enterprise Creation Act Tax Credit program. This program, which came into effect in July 1999, has had no activity as of February 2002. The program has been designed to avoid the inefficiencies of the Seed Capital Tax Credit program by allowing for only one fund manager and a placement agent to handle the transactions.

Department of Economic Development officials provided projects logs for both the distressed community phase and the 1993 phase of the Seed Capital Tax Credit program. Under the distressed community phase, 14 businesses received funding and under the 1993 phase, 10 businesses received funding; however, 2 of the 10 businesses also received follow-up funding under the distressed community phase. Under the 1993 phase of the program, several investment funds set-up by venture capital firms also received funding; however, no information was provided on the actual businesses the venture capital firms may have funded.

## Direct economic impact

If based strictly on the redeemed amount of tax credits, the cost of the Seed Capital Tax Credit program has been approximately \$3.6 million through fiscal year 2001. Figure 1.6 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.6: Seed Capital Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

Under the distressed communities phase, the tax credit represented 50 percent of the total contribution. The \$4 million in tax credits issued leveraged \$8 million in total investment for the 14 projects. Under the 1993 phase, the tax credit was 30 percent of the total contribution. The approximately \$5 million in tax credits issued leveraged about \$16 million in total investment for 10 businesses and several venture capital investment funds.

## Total economic impact

Auditors used the Regional Economic Models, Inc., Policy Insight Model for the state to analyze the total economic impact of the Seed Capital Tax Credit program (1999 legislation only) on the economy. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit. The outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Growth in personal income
- Growth in real disposable income
- Growth in industry output
- Growth in wage rate
- Fiscal impact

Two variables in the model were changed to create the alternative forecast: 1) production cost and 2) government spending.

Because the data capture and reporting by Department of Economic Development officials for this tax credit program did not include elements that were conducive to an economic impact analysis, audit staff had to perform extensive independent research to verify the type of businesses qualifying for the tax credit. Because of the lack of timely key data for projects prior to 1999, only tax credits issued subsequent to January 1, 1999 were included in our analysis, despite the fact the tax credit program dates back to 1990.

To measure the total economic impact of the Seed Capital Tax Credit, the \$4 million in issued tax credits was projected at the specific industry growth rate over a 10-year time period (2000-2009). The results from the model were reviewed over a 16-year period (2000-2015). The assumptions made are the usage of the tax credit will increase at the growth rate of the specific industries over a 10-year time period and the tax credit program will end after this 10-year period. This analysis is hypothetical since the tax credit program has expired and no more tax credits will be issued. We evaluated this tax credit because it should have a similar effect on the economy as the New Enterprise Creation Act Tax Credit which basically replaces the Seed Capital Tax Credit.

Using these inputs and assumptions, the model produced the following economic impact results:

- The Seed Capital Tax Credit would have been a positive impact on job growth for the entire hypothetical 16-year analysis period. Growth peaked in 2009 with an increase of 164 jobs.
- Growth in gross state product also would have been positive for the entire 16-year period. Growth in gross state product would have peaked at \$8.4 million in 2009, the last year the tax credit was effective. In 2010, the first year the credit is removed from the analysis, the increase in gross state product begins to gradually trend back towards the baseline forecast.
- Growth in personal income follows the same trend as gross state product; however, it peaks in 2010 at \$8.3 million. Also, similar to gross state product, personal income growth declines gradually towards the baseline forecast after the peak year.
- The same trends found in gross state product are found in the measurement of real disposable income. Growth in real disposable income peaks in 2009 at \$8.3 million and then beginning in 2010, once the tax credit stimulus is removed, real disposable income growth trends back towards the baseline forecast.
- Growth in industry output peaks at just over \$18.4 million in 2009. Once the tax credit is removed in 2010, growth in industry output begins to decline and move back towards the baseline forecast.

- The tax credit has a negative impact on wage rates for the entire 10-year period the tax credit is in effect. Wage rate growth occurs in the three years following the end of the tax credit, but wage rates then turn negative again for the remaining years.
- The model predicts the fiscal impact on the state will be negative the first year of the tax credit but then predicts growth in state revenues until 2011. State revenues are predicted to decline again from 2012 to 2015.

## **Summary of results**

The Seed Capital Tax Credit has an immediate positive impact on the economy, with the exception of wage rates. Unlike the Qualified Research Expense Tax Credit, the Seed Capital Tax Credit was used by businesses in high growth industries. This may account for the differing impacts of these two tax credit programs on the state economy.

## **Noneconomic influences**

While a business clearly has an economic impact on the community it chooses to locate in, there may also be noneconomic benefits and costs. For example, a new successful business locating in a community may spur further revitalization of the community and improve the quality of life for the residents. In 1999, the legislature limited the Seed Capital Tax Credit program to commercial activity located in a distressed community. A successful business in a distressed community may lead to further revitalization of the distressed area. However, there may also be noneconomic costs to the community. For example, if the business produces pollution or causes higher traffic congestion, such noneconomic costs may reduce the quality of life in the community.

An argument could also be made that state tax credit programs should benefit as many citizens as possible and state-sponsored economic development incentives should be geared towards improving areas in need of revitalization. While these two issues have economic aspects to them, the economic impact to the state may not necessarily depend on the location of the tax credit project. Therefore, the geographic distribution and the census tract income level distribution of the tax credit projects are treated as noneconomic influences in the award of the tax credit.

Because the distressed community phase of the Seed Capital Tax Credit program was only promoted by the innovation centers in Columbia and St. Louis, the businesses benefiting from this tax credit are only located in the Columbia (four businesses) and St. Louis (ten businesses) metropolitan areas. Under the 1999 legislation requiring all of the businesses to be located in a distressed community, 36 percent (5 of 14) of the projects were in low-income census tracts, 7 percent (1 of 14) were in moderate-income census tracts, 36 percent (5 of 14) were in middle-income census tracts, 7 percent (1 of 14) were in upper-income census tracts and 14 percent (2 of 14) had unknown census tracts. (*See Appendix IV, page 49, for a distribution of projects by geography and census tract income level.*)

## **Recommendations**

We recommend the Director, Department of Economic Development:

- 1.8 Track and maintain a database of all businesses that receive state economic development incentives. Since the Seed Capital Tax Credit program has expired, the department should ensure new programs, like the New Enterprise Creation Act Tax Credit program, follow this recommendation.
- 1.9 Consider promoting economic development incentive programs that aid start-up businesses in high-growth industries.

## **Department of Economic Development Responses**

- 1.8 *The Business Development Group has a tracking system in place to track the status of companies receiving investments through the New Enterprise Creation Act and other incentive programs.*
- 1.9 *The Department currently promotes programs that aid businesses in high-growth industries, such as the New Enterprise Creation Act and the Certified Capital Companies program. We work in cooperation with groups such as the Missouri Technology Corporation, Seed Capital Investment Board and Venture Capital Roundtable to review and develop programs to assist companies in the high-growth industries of life science, advanced manufacturing and information technology.*

## **F. Youth Opportunities and Violence Prevention Tax Credit**

The Youth Opportunities and Violence Prevention Act, Sections 135.460, 620.1100 and 620.1102, RSMo 2000, authorizes this tax credit. The tax credit program is designed to encourage contributions to non-profit organizations that perform youth-related social services and violence prevention projects. Department of Economic Development officials approve the tax credit through competitive selection.

Representatives from eligible organizations must complete a detailed application describing the activity or program they want approved. Eligible applicants are:

- Non-Profit Organizations
- Schools
- Religious Organizations
- Missouri Businesses
- Public or Private Entities

Department of Economic Development officials use a rating system to assign points to each area of the application based upon the degree of serving At-Risk Kids. These children have been identified as those living in high crime areas, poverty, or single-parent homes, as well as lacking adequate education skills and/or being susceptible to teen pregnancy. Once approved, the organization will be allocated tax credits based on the dollar amount of contributions estimated for an agreed upon fund-raising period.

There is a \$6 million annual cap on the tax credits. There is a \$250,000 cap per applicant and a \$200,000 cap per contributor on the amount of tax credits allowed. The tax credit is 30 percent of property contributions and 50 percent of monetary contributions made to the non-profit organization. The taxpayer (contributor) can carry the tax credit forward up to 5 years.

Section 135.460.5(5), RSMo 2000, allows for a tax credit to be issued for any employment/internship/apprenticeship program in business or trades for persons less than 20 years old. Pursuant to this section, the credit claimed is limited to 50 percent of the amount paid to the intern or apprentice in that tax year, but the credit cannot exceed \$10,000.

### **Purpose**

The authorizing statute states the purpose of the Youth Opportunities and Violence Prevention Tax Credit program is to broaden and strengthen opportunities for positive development and participation in community life for youth, and to discourage such persons from engaging in criminal and violent behavior. Towards this goal the legislature identifies the following eligible activities or programs:

- Degree Completion
- Internship/Apprenticeship
- Youth Clubs/Association
- Adopt-A-School
- Mentor Role Model
- Substance Abuse Prevention
- Youth Activity Centers
- Conflict Resolution
- Employment/Internship
- Counseling
- Violence Prevention

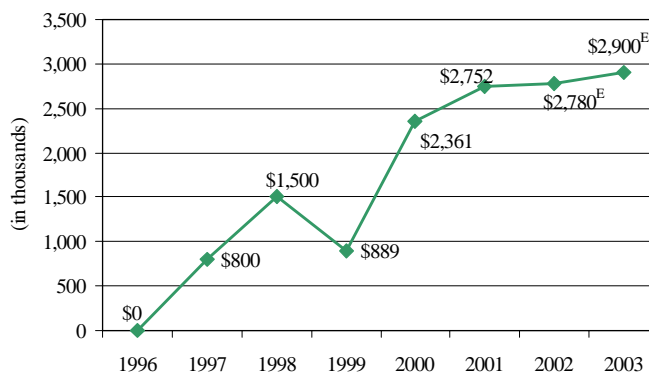
## State taxes impacted

Pursuant to Section 135.460, RSMo, 2000, the Youth Opportunities and Violence Prevention Tax Credit may be used to offset taxes imposed by Chapters 153, 148, 147 and 143, RSMo 2000, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo 2000. Chapter 153 imposes the express companies tax. Chapter 148 imposes the financial institution tax. Chapter 147 imposes the corporate franchise tax. Chapter 143 imposes the state individual and corporate income tax.

## Direct economic impact

If measured strictly on the amount of redeemed tax credits the cost of the Youth Opportunities and Violence Prevention Tax Credit program has been approximately \$8.3 million through fiscal year 2001. Figure 1.7 illustrates the redeemed credits by year since program inception with estimated redemptions for fiscal years 2002 and 2003.

**Figure 1.7: Youth Opportunity and Violence Prevention Tax Credit Program**



E – Estimate made by Department of Economic Development staff in 2001

Sources: Tax Expenditure Reports prepared by the State & Fiscal Studies Unit, University of Missouri-Columbia; Department of Revenue tax credit tracking system; and Department of Economic Development's Statements of Benefits and Costs (Form 14s)

The Youth Opportunities and Violence Prevention Tax Credit program does not lend itself to an economic impact analysis because information on this tax credit program does not contain quantifiable economic data such as jobs or economic investment. Therefore, our review focused on the administration of the tax credit program and compliance with the intended purpose of the tax credit.

## Application process to become an eligible youth opportunity program

A Department of Economic Development official stated that the first step in the approval process requires an application to be filed with the department along with an interview with the project manager and the community development representative. A rating system is used to assign points to each area of the application based upon the degree of serving targeted children.

After the initial review, applicants are then referred to the Director of Community Development for further review and approval. A final review and approval is made by the Executive Director.

Once the project has been approved, the organization is required to sign a program agreement, which spells out the rules and guidelines. Project officials are required to submit quarterly reports to the Department of Economic Development measuring the projects' target outcomes, performance targets and milestones. The community development representative from the Department of Economic Development conducts a site inspection annually. At the end of the project, a final report is submitted which compares projected results to actual results.

Department of Economic Development officials prepare an annual report for the General Assembly summarizing outcomes from completed and current projects. Successful results are verified at the project level and reported on the project's final report, which is used to prepare the report for the General Assembly. This report provides only successful outcomes and does not provide any benchmark data that would allow for an analysis of the overall success rate of the program.

### **Approval process**

Tax credits are approved and issued by the project manager. When qualifying contributions are received, a letter is given to the contributor stating a tax credit is available. The contributor is required to send the letter and copy of the check to the Department of Economic Development in order to receive the tax credit certificate. The project officials are required to sign a signature authorization form at the beginning of the project which is used by the project manager to verify authorizations. Tax credit certificates are good for 6 years, including the year in which the contribution was made.

Department staff maintain a contributor list in the new management information system for tax credits issued. During the site visit, the list is used to make a spot check against the project's list of contributors. The project manager said she has not experienced any problems with this system.

### **Additional tax credits**

Additional tax credits are available to employment projects if persons under 20 years old are employed. The credit allows a 50 percent credit to the employer on wages paid. Additional credits issued are not tracked separately and will appear with all other program credits.

### **Review of projects closed in 2000**

The 17 projects that closed in 2000 were reviewed. The following issues were noted:

- Officials for 5 of 17 projects did not submit a final report within 6 months as required in the agreement.



- Over 50 percent of the tax credits authorized were not used. If tax credits considered towards the annual cap are not fully-utilized, there is a risk other qualified organizations may not receive tax credits resulting in some youths not being served.
- The tax credits issued exceeded authorized tax credits for three projects. Department of Economic Development staff stated these three projects included tax credits issued under Section 135.460.5(5), RSMo 2000, which allows for a tax credit to be issued for employing a person under 20 years of age.
- In one case the inspection addressed the fundraising status and other strengths and weaknesses of the program. However, more information could have been provided such as (1) explanations for the types of changes in project activities, (2) reasons for over-estimating budgeted funds, (3) reasons for not marketing the programs, and (4) plans for corrective measures. For this program, authorized tax credits were not monitored as agreed in the program agreement. Tax credits totaling \$111,000 were originally authorized; however, only \$30,000 was used. Department of Economic Development officials allowed the remaining \$81,000 in tax credits to remain outstanding until the project closed.

### **Noneconomic influences**

Economic benefits from the Youth Opportunities and Violence Prevention Tax Credit program are difficult to quantify. While programs that help reduce the negative economic impact of crime and violence would positively impact the economy, quantifying this benefit is difficult.

An argument could also be made that state tax credit programs should benefit as many citizens as possible and state-sponsored community development incentives should be geared towards improving areas in need. Therefore, the geographic distribution and the census tract income level distribution of the tax credit projects are treated as noneconomic influences in the award of the tax credit.

Projects receiving benefits from this tax credit are located throughout the state. The St. Louis and Kansas City metropolitan areas account for approximately 60% of the projects. The projects are not concentrated in any particular census tract income level. Approximately 36% of the projects were in low- or moderate- income census tracts and 45% were in middle- or upper-income census tracts. The census tract income level could not be determined for 19% of the projects. *(See Appendix IV, page 49, for a distribution of projects by geography and census tract income level.)*

## Recommendations

We recommend the Director, Department of Economic Development:

- 1.10 Monitor the authorized and outstanding tax credits to ensure authorized tax credits are not under-utilized.
- 1.11 Enforce quarterly and final reporting deadlines.

## Department of Economic Development Responses

1.10 *In the past we have only recaptured enough credits to cover requests for additional credits. However, since the budget crisis began, we believe that it is contrary to being a responsible steward of these programs to recapture all unused authorized credits for redistribution. In fact, a portion of the tax credit cuts that were implemented in response to Governor Holden's directive to reduce the cost of tax credit programs by \$7,500,000 were from this program via not redistributing unused credit authority. While we value this program as we do many others, we must also be responsive to the budget needs of the state.*

1.11 *Beginning with FY02, we have a process in place to ensure that project reports are submitted in a timely manner. Quarterly reports are due within two weeks of the end of the quarter. We allow some flexibility with that date, realizing that some projects have multiple sites with data that must be compiled. If a project has not submitted a quarterly report in two quarters we send a letter requesting documentation to be submitted by a certain date. If no response is received, we send a letter suspending the agreement until the documentation has been received in our office.*

*Final report reminders are sent shortly after the project's fund-raising period ends. If the final report is not received, we send one additional reminder letter, then refer it to department legal counsel for a demand letter. If satisfactory response is not received, we refer the matter to the Attorney General's Office for repayment of tax credit amounts.*

## **2. Follow-Up of Issues from Prior Audit**

An overriding issue from the prior audit of state tax credits was the lack of data necessary to evaluate the programs. In response to this issue, department staff are revising the department's management information system to allow for better data capture and reporting.

The new system is called the Customer Management System (CMS). According to the department's information systems manager, this system is going to provide a Data Mart concept where a client (department management, project managers, development officers, etc.) can look at customers (projects, taxpayers, etc.) and see all the department products the customer has used.

For example, this Data Mart concept would allow authorized staff within the department to retrieve a Historic Preservation Tax Credit project and view all the tax credits, loans and grants this project received from the department. Additionally, department officials plan to give limited access to Department of Revenue staff to directly enter redeemed credits into the system. This would eliminate the shuffling of paper back and forth by the agencies and would reduce the risk of entry errors, since a Department of Revenue operator would key in the amount that would be used by both agencies.

### **Issues remaining open**

Department of Economic Development officials have not:

- Determined how to provide CMS data to the State Auditor's Office for future cost-benefit analysis.
- Been able to provide key data elements by project for the tax credit programs administered.

### **Department of Economic Development proposal**

Department of Economic Development officials state that most of the information required to determine the effectiveness of the various tax credit programs is not mandatory by law. These officials maintain that while they ask for voluntary reporting from many of the projects utilizing the tax credit programs, they cannot compel a business or other entity to provide information, unless the law so provides.

These officials further state that if the department was given clear authority to compel businesses and other entities to provide information and data necessary to determine the effectiveness of the various tax credit programs, a compliance and auditing unit to perform the new duties would be needed. Department officials propose that additional personnel would be necessary to staff such a unit with at least seven staff being needed depending on the reporting requirements. These officials stated the new unit would require a budget of approximately, \$500,000, or .33 percent of the \$150 million in tax credits redeemed last year.

## Recommendations

We recommend the Director, Department of Economic Development:

- 2.1 Ensure that at a minimum the CMS captures and has reporting capabilities for the following key data elements for each tax credit project:
  - Description of project
  - Street address of project
  - Standard Industry Classification code for project
  - Approved amount
  - Issued amount
  - Claimed amount
  - Outstanding amount
  - Number of jobs created, both direct and indirect
  - Payroll amount
  - Average wage
  - Dollar amount of investment
  - Percentage discount on sale of tax credit
  - Name of party that redeems credit
  - Street address of party that redeems credit
  - Housing units created
- 2.2 Create a compliance and auditing unit for capturing and reporting data necessary to measure the effectiveness of all state tax credit programs administered by department officials. If the unit cannot be established by shifting existing resources, funding should be requested in future budgets.

## Department of Economic Development Responses

- 2.1 *CMS currently has the capability to capture the majority of the key data elements listed above. The Department will consider including additional elements. Some of the information would have to be entered by the Department of Revenue and it may have to consider the implications of section 32.057, RSMo, in determining what information can lawfully be entered and/or accessed.*
- 2.2 *The Department agrees that a compliance and auditing unit for capturing and reporting data necessary for the State Auditor to measure the effectiveness of all tax credit programs would need to be established. Given the budget reductions that have occurred since FY 2001, the department cannot shift existing resources, as we would not be able to also administer programs, many of which are entitlement programs.*

*In addition, even if we had adequate staff to form such a unit, for many programs we would still be working with voluntarily supplied information for the same reasons we have previously discussed herein.*

*Depending on the fiscal outlook for the state and the funding priorities of the department, consideration will be given to requesting a compliance and auditing unit during a future budget cycle.*

**OBJECTIVE, SCOPE AND METHODOLOGY**

**Objective**

To gather and review information and data needed to perform a cost-benefit analysis that would provide policymakers with sufficient information to evaluate the effectiveness of all state tax credit programs administered by the Department of Economic Development.

**Scope and Methodology**

Information and data was reviewed for all 35 tax credit programs administered by the Department of Economic Development. A more in-depth analysis was performed on six tax credit programs:

1. Historic Preservation Tax Credit
2. Qualified Research Expense Tax Credit
3. Brownfield Remediation Tax Credit
4. Brownfield Jobs/Investment Tax Credit
5. Seed Capital Tax Credit
6. Youth Opportunities and Violence Prevention Tax Credit

Table I.1 lists the 35 tax credit programs administered by the Department of Economic Development and the authorizing state statute.

Table I.1 Tax Credit Programs

Program	Authorizing Statute
Affordable Housing Assistance	§ 32.111
Brownfield Jobs/Investment	§ 447.700
Brownfield Remediation	§ 447.700
Brownfield Demolition	§ 447.700
BUILD Missouri Bonds	§ 100.700
Business Facility	§ 135.100
(Capital) Small Business Investment	§ 135.400
Certified Capital Companies (CapCo) (cap expired)	§ 135.500
Community Development Bank	§ 135.400
Community College New Jobs Training Bonds	§ 178.894
Development	§ 32.105
Dry Fire Hydrant	§ 320.093
Enterprise Zone	§ 135.200
Family Development Account	§ 208.755
Film Production	§ 135.750
Guarantee Fee (repealed)	§ 135.766
Historic Preservation	§ 253.545
Skills Development Account (Individual Training Account)	§ 620.1400
Mature Worker Child Care	§ 620.1560
MDFB <sup>13</sup> Development and Reserve	§ 100.286
MDFB Export Finance	§ 100.286
MDFB Bond Guarantee Credit	§ 100.297
MDFB Infrastructure	§ 100.286
Missouri Low Income Housing	§ 135.350
Neighborhood Assistance	§ 32.100
Neighborhood Preservation	§ 135.535
New Enterprise Creation	§ 620.635
New Generation Cooperative Incentive	§ 32.100
Rebuilding Communities	§ 135.535
Qualified Research Expense	§ 620.1039
Seed Capital (cap expired)	§ 348.300
Small Business Incubator	§ 620.495
Transportation Development	§ 135.545
Winery and Grape Growers	§ 135.700
Youth Opportunities and Violence Prevention	§ 135.460

Source: Auditor prepared using Department of Economic Development Form 14s and the Tax Expenditure Reports

<sup>13</sup> MDFB - Missouri Development Finance Board

## APPENDIX I

Our review involved two interrelated parts. First, audit staff examined the economic literature to determine how a cost-benefit analysis might be performed on state tax credit programs. The auditors also reviewed information and data that was available on each state tax credit program administered by the Department of Economic Development. As the review progressed audit staff realized the analysis was dependent on the information and data available, thus attempts were made to obtain information that would allow us to perform the cost-benefit analysis determined appropriate. Our results indicated key data needed for an effective cost-benefit analysis was not available or when it was available it could not always be verified, which decreased its usefulness.

While there is some literature on economic development tax incentives in general, and on big tax incentive packages for large companies in particular, there is very little written on the effectiveness of state tax credit programs. There is also some literature on the cost-benefit of state tax incentives from a national perspective. The scope of our work was limited to the economic impact of the tax credits on the state and did not consider the effects from a national perspective.

In the economic literature three ways to perform a cost-benefit analysis on tax credits were described:

- A cost benefit analysis may require a determination of the efficiency of the tax credit. A tax credit is efficient if it encourages activity that would not have occurred but for the tax credit. A tax credit is inefficient if the activity would have occurred without the tax credit.
- A cost benefit analysis may require determining if the state's economic benefit resulting from the private sector's contribution or investment is greater than the tax revenue decrease that results from the private sector's utilization of the tax credit.
- Finally, a cost benefit analysis may be performed to determine if a tax credit is more efficient than an equivalent direct spending program because such a subsidy uses the pre-existing tax system to communicate state policy at a relatively low marginal cost. In some cases direct government outlays will be preferable to comparable tax expenditures; in other cases, a tax subsidy through the state revenue code will be the preferred means of implementing state policy.

The cost benefit analysis mandated by Section 620.1300, RSMo 2000, is based on the first two types of cost benefit analysis, therefore no attempt was made to review whether or not the tax credit was more or less efficient than a direct subsidy.

To measure the economic impact of the tax credit on the state economy the State Auditor's Office purchased a secondary user license to allow us to use a dynamic econometric modeling program called Policy Insight, developed by Regional Economic Models, Inc. (REMI) of Amherst, Massachusetts. Founded in 1980, REMI constructs models that reveal the economic and



## **APPENDIX I**

demographic effects policy initiatives or external events may cause on a regional economy. One of the major features of the REMI model is it functions as a dynamic model which forecasts how changes in the economy and adjustments to those changes will occur on a year-by-year basis. The Missouri Development Finance Board holds the primary user license of the model.

Additionally, pursuant to Section 620.1300, RSMo 2000, the noneconomic influences of the tax credit programs were reviewed if possible.

**BACKGROUND**

The review of state tax credit programs was performed under the mandate of Section 620.1300, RSMo 2000.

This statute states:

“a cost-benefit analysis shall be prepared to evaluate the effectiveness of all programs operated by the department of economic development for which the department approves tax credits, loans, loan guarantees, or grants. Each analysis shall be conducted by the state auditor, and shall include, but not be limited to, the costs for each program, the direct state and indirect state benefits and the direct local and indirect local benefits associated with each program, the safeguards to protect noneconomic influences in the award of programs administered by the department, and the likelihood of the economic activity taking place without the program. The results of each analysis shall be published and distributed, by January 1, 2001, and every two years thereafter, to the governor, the speaker of the house of representatives, the president pro tem of the senate, the chairman of the house budget committee, the chairman of the senate appropriations committee and the joint committee on economic development policy and planning.”

**REQUIREMENTS FOR APPROVING TAX CREDITS**

Table III.1 lists how Department of Economic Development (DED) officials interpret state law requirements for approval of each tax credit.

**Table III.1: Tax Credit Project Approval Methods**

<b>Tax Credit Program</b>	<b>Method</b>
Youth Opportunities and Violence Prevention	Competitive
Neighborhood Assistance	Competitive selection by DED
Affordable Housing Assistance	Competitive selection by MHDC <sup>14</sup>
BUILD Missouri Bonds	Discretion based on other state competition
Brownfield Remediation	DED discretion
Brownfield Demolition	DED discretion
Community Development Bank	DED discretion
Community College New Jobs Training Bonds	DED discretion
Development	DED discretion
Film Production	DED discretion
New Generation Cooperative Incentive	DED discretion
Small Business Incubator	DED discretion
MDFB <sup>15</sup> Bond Guarantee Credit	MDFB discretion
MDFB Development and Reserve	MDFB discretion
MDFB Export Finance	MDFB discretion
MDFB Infrastructure	MDFB discretion
Certified Capital Companies (CapCo)	CapCo's discretion
New Enterprise Creation	Fund Manager discretion
Seed Capital	Innovation Centers discretion
Brownfield Jobs/Investment	Formula; DED discretion
Missouri Low Income Housing	Formula; MHDC discretion
Business Facility	Formula
Enterprise Zone	Formula
Guarantee Fee	Formula
Historic Preservation	Formula
Winery and Grape Growers	Formula
(Capital) Small Business Investment	Formula; first come
Dry Fire Hydrant	Formula; first come
Individual Training Account	Formula; first come
Mature Worker Child Care	Formula; first come
Rebuilding Communities	Formula; first come
Qualified Research Expense	Formula; first come
Transportation Development	Formula; first come
Family Development Account	First come
Neighborhood Preservation	First come

Source: Department of Economic Development tax credit summaries

<sup>14</sup> MHDC - Missouri Housing Development Commission

<sup>15</sup> MDFB - Missouri Development Finance Board

[illegible]

- 49-

**Historic Preservation Tax Credit**

Although this tax credit program has benefited projects statewide, there is a large concentration of projects located in the St. Louis metropolitan area. Of the 109 total projects completed since 1998, 60.6 percent (66/109) of the projects were located in the St. Louis metropolitan area. The Kansas City metropolitan area accounted for 13.8 percent (15/109) of the total projects. The remainder of the projects were located throughout the state with 15.6 percent (17/109) of the projects in the central part of the state, 4.5 percent (5/109) in the northern part and 5.5 percent (6/109) in the southern part of the state.

**Brownfield Remediation Tax Credit**

Most of the projects are concentrated in the St. Louis metropolitan area. Only 2 of the 16 projects are located in other parts of the state; one in Cole County and one in Wayne County.

**Brownfield Jobs/Investment Tax Credit**

Four projects have utilized this tax credit. All four businesses that used this tax credit were located in the St. Louis metropolitan area.

**Qualified Research Expense Tax Credit**

The map only includes the 72 businesses that were awarded the credit in 2000. These businesses were located across the state. Since 1994, approximately 450 businesses have been awarded the qualified research tax credit.

**Seed Capital Tax Credit**

Under the distressed community phase of the seed capital program (i.e., projects subsequent to the 1999 legislative change), there were a total of 14 businesses that received funds from the program. Businesses benefiting from the Seed Capital tax credit were located in the St. Louis metropolitan area (10 projects) and the Columbia area (4 projects). Under the 1993 legislation there were 10 businesses that received funds. These projects were located in Columbia (5 projects), St. Louis (3 projects), Cuba (1 project) and Washington (1 project).

**Youth Opportunities and Violence Prevention Tax Credit**

This tax credit has benefited projects statewide. The largest concentration of projects is located in the St. Louis metropolitan area with 75 projects (38.9 percent). There are 38 projects (20.8 percent) located in the Kansas City metropolitan area including one that is headquartered in Kansas, but has operations in the Kansas City, Missouri area. There are 17 projects (9.3 percent) in the central part of the state, while 16 (8.7 percent) are in the northern part and 40 (21.9 percent) are in the southern part of the state.

## APPENDIX IV

### **Distribution of tax credit projects by census tract income level**

Several of the state tax credit programs in the state are designed to promote economic development in distressed communities throughout the state. A distressed community is defined in Section 135.530, RSMo 2000, as follows:

"distressed community" means either a Missouri municipality within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or a United States census block group or contiguous group of block groups within a metropolitan statistical area which has a population of at least two thousand five hundred, and each block group having a median household income of under seventy percent of the median household income for the metropolitan area in Missouri, according to the last decennial census. In addition the definition shall include municipalities not in a metropolitan statistical area, with a median household income of under seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a census block group or contiguous group of block groups which has a population of at least two thousand five hundred each block group having a median household income of under seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census."

Under this definition, the entire city of St. Louis qualifies as a distressed community; however, neighborhoods in the city of St. Louis vary in income levels. Therefore, to more narrowly analyze the community impact from the geographic location of each tax credit project, the census tract income levels for each of the projects were reviewed. Table IV.1 lists census tract income levels.

**Table IV.1: Census Tract Income Levels**

<b>Census Tract Category</b>	<b>Median Family Income Percentage Level</b>
Low	< 50%
Moderate	> = 50% and < 80%
Middle	> = 80% and < 120%
Upper	>= 120%

Source: Federal Financial Institutions Examination Council

## APPENDIX IV

Table IV.2 lists the number of projects for the census tract income levels noted in the previous table for each of the five tax credits reviewed for which such an analysis is relevant. The Qualified Research Expense Tax Credit program did not lend itself to census tract income distribution analysis. Large corporations with multiple offices usually claim this tax credit and it would not be meaningful to show the income level of the census tract of each office.

**Table IV.2: Number of Tax Credit Program Projects by Census Tract Type**

Census Tract Income Level	Historic Preservation	Brownfield Remediation	Brownfield Jobs/ Investment	Seed Capital	Youth Opportunities and Violence Prevention
Upper	10	0	0	1	30
Middle	44	4	3	9	53
Moderate	26	5	1	2	37
Lower	25	2	0	8	29
Undetermined	<u>4</u>	<u>5</u>	<u>0</u>	<u>4</u>	<u>34</u>
Total	<u>109</u>	<u>16</u>	<u>4</u>	<u>24</u>	<u>183</u>

Source: Auditor prepared

Table IV.3 illustrates the census tract income level for Historic Preservation Tax Credit residential projects versus commercial and commercial/residential projects.

**Table IV.3: Historic Preservations Tax Credit Projects by Property Type and Census Tract**

Property Type	# of Projects By Census Tract Income					Total
	Low	Moderate	Middle	Upper	N/A	
Residential	12	13	13	4	2	44
Commercial, Commercial/Residential	<u>13</u>	<u>13</u>	<u>31</u>	<u>6</u>	<u>2</u>	<u>65</u>
Total	<u>25</u>	<u>26</u>	<u>44</u>	<u>10</u>	<u>4</u>	<u>109</u>

Source: Auditor prepared

**PROCESS TO LIST A MISSOURI PROPERTY ON THE NATIONAL REGISTRY**

Eligible property for the Historic Preservation Tax Credit must be a certified historic structure, located in Missouri and listed individually on the National Register of Historic Places (National Registry), or be part of a certified historic district. In addition, the rehabilitation must meet standards consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation as determined by the state historic preservation officer (preservation officer) of the Missouri Department of Natural Resources.

An applicant must contact the preservation officer and obtain a packet which contains a survey form and other information. The applicant must return the survey along with photographs of the property. A panel of five or six people in the office of the preservation officer will review the survey to determine if the property meets historic significance, historic context and integrity. There are four criteria that the National Park Service uses for significance:

- Association with historic events or activities,
- Association with important persons,
- Distinctive design or physical characteristics, or
- Potential to provide important information about prehistory or history.

The property must meet at least one of the criteria. Historic integrity must also be evident through historic qualities including location, design, setting, materials, workmanship, feeling, and association. Historic context is information about the historic trends of the property. The panel sends applicants a letter to notify them that the property is eligible according to the criteria set forth by the National Park Service. The office also sends information on how to write a National Register nomination, which is basically a fill in the blank form.

The applicants must submit the nomination form along with a descriptive narrative of the property, statement of significance narrative (basically the historic significance of the property), a United States Geological Survey Map, a sketch of the floor plans, and black and white photographs of the property. The staff will again review the information to determine if it meets the standards, and request any revisions if needed.

After revisions are made, the information is sent to the Missouri Advisory Council for Historic Preservation (Council) which meets four times a year usually in February, May, August, and November. The property owner and local government officials must be notified of the nomination and are given the opportunity to decline the listing of the property on the National Registry. If the Council approves the nomination, it is forwarded to the National Park Service Keeper of the National Register, who has 45 days to make a final decision.

Representatives from the National Park Service state this process takes about 3 months to complete; however, the Missouri National Register Officer indicated it usually takes 6 months to a year to complete.



**TAX CREDIT REVIEW STATUS****Table VI.1: Program Review Status**

<b>Tax Credit Program</b>	<b>Review Status</b>
Brownfield Jobs/Investment \$ 447.700	Reviewed in 2001
Brownfield Remediation \$ 447.700	Reviewed in 2001
Historic Preservation \$ 253.545	Reviewed in 2001
Qualified Research Expense \$ 620.1039	Reviewed in 2001
Seed Capital (cap expired) \$ 348.300	Reviewed in 2001
Youth Opportunities and Violence Prevention \$ 620.1100	Reviewed in 2001
Film Production \$ 135.750	Reviewed in 2000
Rebuilding Communities \$ 135.535	Reviewed in 2000
Small Business Incubator \$ 620.495	Reviewed in 2000
Winery and Grape Growers \$ 135.700	Reviewed in 2000
Affordable Housing Assistance \$ 32.111	To be reviewed
Brownfield Demolition \$ 447.700	To be reviewed
BUILD Missouri Bonds \$ 100.700	To be reviewed
Business Facility \$ 135.100	To be reviewed
(Capital) Small Business Investment \$ 135.400	To be reviewed
Certified Capital Companies (CapCo) (expired) \$ 135.500	To be reviewed
Community Development Bank \$ 135.400	To be reviewed
Community College New Jobs Training Bonds \$ 178.894	To be reviewed
Development \$ 32.105	To be reviewed
Dry Fire Hydrant \$ 320.093	To be reviewed
Enterprise Zone \$ 135.200	To be reviewed
Family Development Account \$ 208.755	To be reviewed
Guarantee Fee (repealed) \$ 135.766	To be reviewed
Individual Training Account \$ 620.1400	To be reviewed
Mature Worker Child Care \$ 620.156	To be reviewed
MDFB <sup>16</sup> Development and Reserve \$ 100.250	To be reviewed
MDFB Export Finance \$ 100.250	To be reviewed
MDFB Bond Guarantee Credit \$ 100.286	To be reviewed
MDFB Infrastructure \$ 100.250	To be reviewed
Missouri Low Income Housing \$ 135.350	To be reviewed
Neighborhood Assistance \$ 32.100	To be reviewed
Neighborhood Preservation \$ 135.535	To be reviewed
New Enterprise Creation \$ 620.635	To be reviewed
New Generation Cooperative Incentive \$ 32.100	To be reviewed
Transportation Development \$ 135.545	To be reviewed

Source: Auditor prepared

<sup>16</sup> MDFB – Missouri Development Finance Board

**GLOSSARY OF ECONOMIC TERMS****Table VII.1: Glossary of Economic Terms**

<b>Term</b>	<b>Definition</b>
Capital Cost (share) policy variable	This variable changes the capital costs within the specified industry by the proportion or percentage of the dollar value of the capital share of output entered. This policy variable should be used when a policy scenario is expected to change the implicit rental cost of capital, thus resulting in substitution between capital and labor usage.
Production Cost (amount) policy variable	This variable changes the relative production costs of the specified industry by the dollar amount entered. This variable should be used when a specific policy will affect the cost of doing business in a region without directly changing the relative costs of factor inputs (labor, capital, and/or fuel).
Government Spending (amount) policy variable	This variable converts the change in state and local government spending entered into industry demands using the technical coefficients matrix. This variable should be used to increase or decrease general public expenditures associated with a particular simulation.
Employment	Components of employment are private non-farm employment, government employment, and farm employment.
Gross State Product	Gross state product as a value added concept is analogous to the national concept of gross domestic product. It is equal to output excluding the intermediate inputs. It represents compensation and profits.
Personal Income	A Bureau of Economic Advisors concept based on place of residence; the sum of wage and salary disbursements, other labor income, proprietors' income, rental income, personal dividend income, personal interest income, and transfer payments, less personal contributions for social insurance.
Real Disposable Income	Disposable income divided by the personal consumption expenditure price index, based in 1992 dollars; amount of real dollars available for consumption and savings. The determinants of real disposable personal income are personal income, income taxes, and the consumer price deflator.
Wage Rate	Average annual wage rate, calculated by dividing wage and salary disbursements by employment.

Source: REMI Policy Insight Glossary

## APPENDIX VIII

### **ISSUED AND REDEEMED TAX CREDITS**

Table VIII.1 lists the aggregate amounts of tax credits issued and redeemed for the six tax credit programs reviewed in-depth in this report.<sup>17</sup>

**Table VIII.1: Issued and Redeemed Tax Credits (in thousands)**

<b>Tax Credit</b>	<b>Issued Amount</b>	<b>Redeemed Amount</b>
Historic Preservation	\$ 58,506	48,222
Qualified Research	\$ 65,151	30,448
Brownfield Remediation	\$ 18,581	6,121
Brownfield Jobs/Investment	\$ 160	17
Seed Capital	\$ 8,828	3,620
Youth Opportunities	\$ 9,162	8,301

Source: Auditor prepared using Department of Economic Development project logs, Department of Revenue tax credit tracking system, and State Tax Expenditure Reports

---

<sup>17</sup> Tax credit amounts outstanding cannot be ascertained until a system is developed that tracks redeemed and expired credits at the project level. See recommendation 1.1 on page 5 of this report.



Missouri State Auditor

Home

Reports

News

Contact

About Us

## Report Request

This report is available online [here](#).

To request a paper copy of the report, please contact the Office of Administration at the following number: 573-751-4761.

### Audit Information

Audit Process  
Petition Audit Information  
Audits in Progress  
Rapid Response & Audit Follow-up

### About Us

Thomas A. Schweich  
Auditor's Office  
Contact Us  
Peer Review  
Strategic Plan  
Historical Listing - State Auditors

### Employment

Join MO State Auditor's Office  
Open Positions  
Benefits

### Local Government Forms and Reports

Property Tax Forms  
County Budget Forms and Templates  
Local Tax Increment Financing Reports  
Political Subdivision Financial Report  
County Collectors Annual Settlement



**LONEDELL R-14 SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-31  
April 22, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2002

**The following problems were discovered as a result of an audit conducted by our office of the Lonedell R-14 School District.**

---

In January 1999, the Lonedell R-14 School District purchased 25.8 acres of land for \$98,900 (\$3,833 per acre). Although there were no formal plans on how the district was going to finance the construction and operation of a new school building, school district officials indicated the land was for a future middle school to relieve the overcrowding at the current school. An appraisal of the land was not obtained prior to the purchase. According to the Franklin County Assessor's Office, the land purchased is appraised at approximately \$28,380 (\$1,100 per acre). At the time of this purchase, the district's financial situation was poor and the district was placed on the financially stressed list by the Missouri Department of Elementary and Secondary Education the following year.

The district paid \$2,083 to the father of a board member to clear the new property without adequate support for the cost. The board approved paying up to \$3,050 to this person to clear the land; however, there was no documentation indicating how this amount was determined or that the district had obtained price quotes from others for this service.

In July 2001, the school district refinanced \$475,000 in general obligation bonds. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board did not select the bond underwriter competitively, but used an underwriter they were familiar with. The School Board relied upon the advice of the bond underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers.

The district currently does not have a formal bidding policy and bid documentation was not retained by district personnel. In addition, the district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. The district also does not require the attorney's office to submit detailed bills indicating the number of hours and the hourly rate charged to the district. During the year ended June 30, 2001, the district paid over \$6,000 for legal services. Without documentation, the school district cannot ensure the validity and propriety of the amount billed.

The audit also includes some matters related to the Superintendent's benefits, fixed assets records and procedures, and petty cash procedures, upon which the school district should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEETS

LONEDELL R-14 SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-12
<u>Number</u>	<u>Description</u>
1.	Purchase of Land.....5
2.	Bond Refinancing .....6
3.	Expenditures .....7
4.	Superintendent's Compensation .....9
5.	General Fixed Assets Records and Procedures.....10
6.	Petty Cash Procedures .....11
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	13-15

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Board of Education  
Lonedell R-14 School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Lonedell R-14 School District. The school board had engaged Unnerstall & Unnerstall, Certified Public Accountants (CPAs), to audit the school district for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Lonedell R-14 School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

January 4, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Douglas P. Robinson

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

LONEDELL R-14 SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Purchase of Land</b>
-----------	-------------------------

- A. In January 1999, the school district purchased 25.8 acres of land at the seller's asking price of \$98,900 (\$3,833 per acre). Although there were no formal plans on how the district was going to finance the construction and operation of a new school building, school district officials indicated the land was for a future middle school to relieve the overcrowding at the current school. An appraisal of the land was not obtained prior to the purchase. As a result, the district has less assurance the price paid for the property was reasonable or represented the fair value of the property. According to the Franklin County Assessor's Office, the land purchased is appraised at approximately \$28,380 (\$1,100 per acre). The district entered into the contract to purchase the land on October 26, 1998, and closed on the property on January 22, 1999. This length of time appears to be sufficient to have a formal appraisal done on the land.

In addition, at the time of this purchase, the district's financial situation was poor and the district was placed on the financially stressed list by the Missouri Department of Elementary and Secondary Education the year after the land was purchased. Purchasing land for a future school which you have no ability to fund and while district finances are poor appears to be a questionable decision.

The district indicated they believed this was a good location, as it was at the intersection where all buses come through and there would be no additional transportation costs. They also considered purchasing land near the current school; however, none was available and there would be additional costs at this location for items such as access.

- B. The district paid \$2,083 to the father of a board member to clear the new property without adequate support for the cost. At the March 2000 meeting, the board approved paying up to \$3,050 to this person to clear the land; however, there was no documentation indicating how this amount was determined or that the district had obtained price quotes from others for this service. The individual submitted an invoice indicating the cost of the equipment rental, however, the district did not request a copy of the rental bill or any support showing the number of hours worked. Without such documentation, the district cannot determine if the price paid for the service was reasonable. While the district may have received a good deal, their documentation of the circumstances was lacking and such transactions with related parties need to be better handled.

By allowing a third party to rent equipment, the school district also incurred \$105 in sales tax. Political subdivisions are exempt from paying sales tax. In addition, an IRS 1099-MISC form was not filed for this person. Section 6041 of the Internal Revenue Code requires non-employee compensation paid of at least \$600 in a calendar year to an individual or unincorporated business to be reported to the IRS.

**WE RECOMMEND** the School Board:

- A. In the future, obtain an independent appraisal for any property being considered for purchase. In addition, the district should develop a long-range plan on how they intend to finance building and operating an additional facility.
- B. Require documentation to support that prices paid for services are reasonable. In addition, the School Board should ensure IRS 1099-MISC forms are prepared and submitted as required.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *In the future, patrons can expect the district to obtain appraisals prior to purchasing land. During upcoming discussions on the audit report, the Board will consider how additional policies, directives, or guidelines will best serve the district in this area.*

*Since voters defeated the district's last bond issue the district has not developed a specific plan to build. The Board has and will continue to consider the best method of establishing financing guidelines that will best serve the district. At this time, we have developed short/long range educational plans. If it is determined we need to build in order to meet our educational plans, we will develop guidelines prior to building.*

- B. *As a general rule, the district does rent its' own equipment. In future endeavors, proper documentation and paperwork needed to support the Board's decisions will be obtained and retained. We are working with our auditor on filing an IRS 1099-MISC form and will follow his recommendation. In the event we pay sales tax in the future, we will file the request for state sales tax reimbursement with the state.*

<b>2. Bond Refinancing</b>
----------------------------

In July 2001, the school district refinanced \$475,000 in general obligation bonds. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board did not select the bond underwriter competitively, but used an underwriter they were familiar with. The School Board relied upon the advice of the bond underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased interest costs. The additional interest cost could have been used to fund additional school purposes. As a result of the negotiated sale, taxpayers may have more debt to pay for less services.

While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the school district.

**WE RECOMMEND** the School Board pursue fair and open competition in any future bond sales.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*The Board plans to discuss this issue in greater detail at its upcoming sessions regarding the audit report. A number of issues must be considered when hiring a bond agent/broker and the sale of bonds. Issues such as time, reliability and honesty of the broker, and the services requested. At the same time, the Board must be cognizant of the need to ensure that it is receiving the best interest rates possible - taking into account all relevant factors. The Board looks forward to a robust discussion regarding this issue at its upcoming meetings.*

### **3.**

### **Expenditures**

- A. The district currently does not have a formal bidding policy. The district follows Section 177.086, RSMo 2000, which requires all construction projects over \$12,500 be bid. The district uses the same dollar amount for items such as supplies, materials, equipment, and contractual services. However, the district does not require bids on its purchases for amounts less than \$12,500.

In addition to complying with state law, competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would identify specific bidding procedures that are required for purchases under \$12,500. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate, depending on the dollar amount of the purchase.

- B. Bid documentation was not retained by district personnel. At a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors should be retained by the administration.
- 1) While records indicated the district solicited bids to repave the parking lot in 1999, the documentation was incomplete. The cost of the project totaled approximately \$28,000. The administration was unable to produce documents showing all vendors receiving a request for proposal, evidence the solicitation ran in the newspaper, and responses for all vendors.
  - 2) In 1997 the district entered into a 5-year contract with B. K. Bus Service to provide student transportation. The contract was worth in excess of \$1,230,000 with actual costs equaling \$994,775 as of June 30, 2001. Though mention was made in the minute book that the district solicited other vendors, no documentation was presented to support that bids were advertised or solicited from more than one vendor.

Documentation of bids should be retained as evidence that the district's established purchasing procedures as well as statutory requirements are being followed. In addition, adequate documentation allows the school board access to more accurate information to base their decision.

- C. The district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. During the year ended June 30, 2001, the district paid over \$6,000 for legal services. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

The district also does not require the attorney's office to submit detailed bills indicating the number of hours and the hourly rate charged to the district. Without this documentation, the school district cannot ensure the validity and propriety of the amount billed.

**WE RECOMMEND** the School Board:

- A. Establish a bid policy for purchases less than \$12,500.
- B. Require all bid documentation be retained.

- C. Enter into a written contract with the attorney detailing the duties to be performed and the costs associated with the service. In addition, the School Board should require adequate documentation to support the attorney billings including number of hours and cost per hour.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

A. *As stated in item A, the district is complying with state law, articulated in Section 177.086 of the Missouri Revised Statutes. As a common practice, the district presently seeks competitive bidding and/or performs comparison-shopping when purchasing fixed-asset items. The Board does intend to discuss this issue and develop a policy for the district on the procurement of goods and services.*

B. *As indicated in the audit report, district bid documentation was lacking. This notation is well-taken. There are a number of factors that contributed to this issue. These factors included a lack of personnel, an automobile crashing through the office wall displacing the entire office, remodeling the office, a lack of storage space, and change of administrative personnel.*

*Since the beginning of the current administration, one of the district's major objectives was to centralize the process, which included bidding, file maintenance, filling out purchase orders, maintaining documentations, etc. The Board has made a concerted effort to implement this objective. We have separated the offices and hired additional staff. The latest position authorized was approved by the Board of Education at the February 19, 2002 meeting. The Board intends to continue to take a proactive approach to ensure that this objective is fully implemented.*

C. *The district has requested a new letter of engagement, setting forth the terms of legal representation, from the district's law firm. The district's attorney has indicated that he is happy to provide such a letter to us. He stated that he is presently preparing an updated letter and will provide the letter to us, via facsimile, no later than Thursday, March 14, 2002. You have stated that such a letter of engagement will fulfill the District's responsibility in this area; thus, the district believes that this matter is now resolved.*

<b>4. Superintendent's Compensation</b>
-----------------------------------------

The superintendent's contract is not clear regarding annual leave and sick leave. The superintendent's contract states he is entitled to 15 vacation days per year and unlimited sick leave as provided by board policy. The contract does not include personal days off (PDOs).

- 1) In August 2001, the superintendent received \$2,338 as payment for nine vacation days and was allowed to carry over 30 vacation days from the previous fiscal



year. According to the contract, vacation days are not cumulative and are to be used in the year earned. The contract does not state whether vacation days not used are to be paid or are lost at the end of the fiscal year.

- 2) Instead of earning sick leave, the superintendent earns 12 PDOs each year. At June 30, 2001, the superintendent was allowed to carry over 15 PDOs for use in the new fiscal year. Employees who work year round, such as the superintendent, receive a total of ten PDOs per year in place of sick leave per the district policy. The policy states that employees may accumulate up to 30 days and any amount over that will be paid.

Written contracts are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings. When wording in a contract is vague or unclear conflicts may occur due to the interpretation. Contract terms should be clearly defined to ensure the School Board's intent.

**WE RECOMMEND** the School Board clarify the superintendent's contract to ensure leave benefits are properly administered.

### **AUDITEE'S COMMENTS**

*The School Board indicated:*

*During the audit process, it was brought to our attention that the Superintendent's contract still contained the sick leave benefit terminology instead of personal days off. The Superintendent's contract has been amended to conform to district policies. The district believes that this matter is now resolved.*

<b>5. General Fixed Assets Records and Procedures</b>
-------------------------------------------------------

The School District does not maintain a fixed asset list that includes all assets purchased. The teachers conduct a physical inventory of items in their classroom; however, items held by administrative and support staff are not inventoried. In addition, the district does not reconcile the physical inventories to a fixed asset list and the district does not tag or otherwise identify the fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate fixed asset records are necessary to ensure better internal control over district property and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of school district assets.

**WE RECOMMEND** the School Board establish property records for all fixed assets and require annual physical inventories of the fixed assets. The School Board should require additions to the fixed asset list be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of Lonedell R-14 School District" are attached to district property and equipment.

**AUDITEE'S COMMENTS**

*The School Board indicated:*

*The Board is aware we need to make changes outlined in your recommendations and had already started working toward meeting them. The Department of Elementary and Secondary Education (DESE) notified all schools in Missouri; prior to the audit, that we must change our fixed asset inventories to comply with GASB 34. At this time, the district has approved hiring an additional person, purchased the necessary inventory software and is in the process of setting up staff training. This should enable us to meet your recommendation and be in compliance before DESE's deadline.*

<b>6. Petty Cash Procedures</b>
---------------------------------

Petty cash procedures could be improved. Some payments from the petty cash fund were not supported by invoices or supporting documentation. When we conducted a count of the petty cash fund, disbursements totaling \$17 were not supported by invoices. In addition, although the administration stated they conduct a reconciliation of the petty cash fund, no supporting documentation of the reconciliation is retained. A number of people have access to the petty cash fund jeopardizing the integrity of the fund and the petty cash fund is used to cash personal checks for faculty members.

To ensure petty cash funds are used and accounted for properly and to detect any errors, the district should limit the number of people with access to the fund, disallow the practice of cashing checks, require proper supporting documentation for all disbursements, and require periodic documented reconciliations of the fund.

**WE RECOMMEND** the School Board limit access to the petty cash fund, disallow the practice of cashing checks from the fund, require proper supporting documentation, and require periodic documented reconciliations of the fund.

**AUDITEE'S COMMENTS**

*The School Board indicated:*

*The district has amended its existing petty cash policy, Policy 3120. The policy changes specifically outline how the fund is to be used and puts one person in charge of the fund thus limiting who has access to it. It also establishes a method of accountability. By redefining the fund's uses, we have addressed how the fund will be used. We believe we have conformed with*

*the State Auditor's recommendations. We believe policies serve us better and are easier to enforce when they state what we are or what we can do. Policies that are written in negative "you cannot" do more than stop someone from doing something like cashing a check, they tend to stop people from doing other things that are required of them in the performance of their duty. The district believes that this issue is resolved.*

This report is intended for the information of the management of the Lonedell R-14 School District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

LONEDELL R-14 SCHOOL DISTRICT  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Lonedell R-14 School District is located in Franklin County and operates one facility that is separated into a middle school (grades 6-8) and an elementary school (grades K-5).

Enrollment was approximately 482 for the 2000-2001 school year. The district employed approximately 81 full- and part-time employees, including 3 administrators, 40 certified teachers, 27 support staff, and 11 summer staff.

The Lonedell R-14 School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2001, and their current terms of office are:

<u>Name and Position</u>	<u>Term Expires</u>
John Pursley, President (1)	April 2002
Warren "Spike" Huff, Vice President (1)	April 2002
Robin Huff, Treasurer (1)	April 2002
Warren Dierker Jr., Member	April 2004
Robert Bardot Jr., Member (2)	April 2004
Edward Rose, Member	April 2003
Randy Schau, Member	April 2003

(1) Officer positions are elected in April after the new officers are elected and serve a one year term.

(2) Elected to the board in April 2001, replacing Vernon Wagoner.

<u>Other Principal Officials</u>	<u>Annual Compensation</u>
Charles Rosenkoetter, Superintendent	\$ 67,538
Steve Wunderlich, School Principal	63,271
Joy Schnorbus, Special Programs Coordinator	44,387
Janet Garber, Business Manager	27,586

Assessed valuations and tax rates for the district were as follows:

	<u>2001</u>	<u>2000</u>
Assessed Valuation	\$ <u>22,592,416</u>	<u>19,972,285</u>
Tax Rate(s):		
Incidental	\$ 1.8500	1.8500
Teacher fund	1.5000	1.5000
Debt Service	.3100	.3100
Total	\$ <u>3.6600</u>	<u>3.6600</u>

\* \* \* \* \*



**DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-30  
April 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2002

**The following problems were discovered as a result of an audit conducted by our office of the Department of Economic Development, Office of the Public Counsel.**

---

Executive Order 01-19, issued in November 2001, required executive branch agencies to manage for results, including performance improvement and efficiency efforts, strategic planning for policy innovation, and the use of performance measures in state decision-making. Office of the Public Counsel (OPC) staff indicated that in anticipation of this order, the Department of Economic Development (DED) required its various agencies to begin strategic planning efforts and to determine a baseline measurement of public awareness of their organizations.

To fulfill the DED requirement of baseline measurements, and due to limited personnel, in May 1999 the OPC joined with the Missouri Public Service Commission to engage the University of Missouri-Columbia to conduct a statewide telephone survey to determine consumer awareness of the two agencies. In May 2000, the OPC paid \$9,960 as its share of the cost of the survey. While a stated objective of the survey was to measure the degree of consumer awareness, there was no documentation of how the OPC planned to utilize the results of the survey.

The OPC maintains one vehicle, a 1998 Dodge van. According to vehicle usage logs, total usage for the van was approximately 8,800 miles and 10,900 miles for fiscal years 2001 and 2000, respectively. The OPC also paid \$1,331 and \$1,794 for in-state mileage to employees for fiscal years 2001 and 2000, respectively. The OPC has a policy, which appears to be complied with, that requires employees to use the van if it is available.

To ensure the OPC is using state resources efficiently, a usage study should be performed to compare the vehicle investment and depreciation, fuel, and ongoing maintenance costs with the alternative of simply paying employees for the personal use of vehicles.

The Office of the Public Counsel was established in July 1974 as a result of the provisions of the Omnibus State Reorganization Act of 1974. This act transferred the powers and responsibilities of the general counsel to the Missouri Public Service Commission, to the new Office of the Public Counsel. The Office of the Public Counsel is charged with the responsibility of representing the public before the Missouri Public Service Commission. In addition to handling rate increase cases, the public counsel has been involved in complaints dealing with rate reductions and cases dealing with rate design, utility mergers and acquisitions, generation capacity planning, rule-making, and consumer complaints. The public counsel can appeal the decision of the Missouri Public Service Commission to the courts of Missouri.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET



DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT – STATE AUDITOR'S FINDINGS .....	4-11
<u>Number</u>	<u>Description</u>
1.	Consumer Awareness Survey .....5
2.	Underutilization of Vehicle.....7
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	10-14
<u>Appendix</u>	
A	Comparative Statement of Appropriations and Expenditures Years Ended June 30, 2001 and 2000 .....13
B	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2001 and 2000 .....14

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Joseph L. Driskill, Director  
Department of Economic Development  
and  
John B. Coffman, Acting Director  
Office of the Public Counsel  
Jefferson City, MO 65102

We have audited the Department of Economic Development, Office of the Public Counsel. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain financial activity and related procedures, and examine compliance with certain constitutional provisions, statutes, administrative rules, and attorney general's opinions.
2. Review certain other internal control procedures and management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws, interviewed personnel, and inspected relevant records and reports of the Office of the Public Counsel.

As part of our audit, we assessed the office's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Office of the Public Counsel's management and was not subjected to the procedures applied in the audit of the Office of the Public Counsel.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of the Public Counsel.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 7, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Rosemarie Edwards

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Consumer Awareness Survey</b>
-----------	----------------------------------

Executive Order 01-19, issued in November 2001, required executive branch agencies to manage for results, including performance improvement and efficiency efforts, strategic planning for policy innovation, and the use of performance measures in state decision-making. Office of the Public Council (OPC) staff indicated that in anticipation of this order, the Department of Economic Development (DED) required its various agencies to begin strategic planning efforts and to determine a baseline measurement of public awareness of their organizations. A primary projected outcome in the OPC's initial strategic plan was to increase awareness of consumer rights and responsibilities, and of issues related to utility services. To achieve this outcome, the OPC identified and undertook several tasks including development of a web page and a newsletter, increased public presentations, and preparation of newspaper columns.

To fulfill the DED requirement of baseline measurements, and due to limited personnel, in May 1999 the OPC joined with the Missouri Public Service Commission (PSC) to engage the University of Missouri – Columbia to conduct a statewide telephone survey to determine consumer awareness of the two agencies. In May 2000, the OPC paid \$9,960 as its share of the cost of the survey. While a stated objective of the survey was to measure the degree of consumer awareness, there was no documentation of how the OPC planned to utilize the results of the survey. Also, other than the development of several informational brochures, it doesn't appear the OPC has significantly changed its strategic plan or office procedures based on the results of the survey. A second cooperative survey has recently been completed during fiscal year 2002 and it appears the OPC is planning to periodically perform these surveys in the future. Similarly, there doesn't appear to be a specific plan for the use of the results of the most recent, or future, surveys.

The OPC is responsible for representing the public in utility issues before the PSC. Most of its involvement in such activities is generated from notifications of actions filed before the PSC. While consumer complaints to the OPC do initiate some actions, a significant portion of these complaints are referred to the PSC or utility companies for followup. Given the limited impact of consumer awareness on the operations of the OPC, the lack of specific plans for utilizing the results of the consumer surveys, and the limited changes generated by the survey findings, it appears these surveys may not be cost-beneficial or necessary.

**WE RECOMMEND** the OPC discontinue contracting for the consumer awareness surveys unless a compelling need for such information is documented and specific plans for the utilization of survey results are developed.

## **AUDITEE'S RESPONSE**

### **Purpose of Survey**

*The consumer awareness survey was a DED requirement for purposes of the strategic planning process. One of the desired outcomes in the OPC's strategic plan since 1998 has been to increase public awareness of the OPC as a consumer advocate for utility consumers and to generally increase public awareness of consumer rights with regard to utility services. As it is phrased in the OPC's strategic plan for fiscal year 2000, one of the OPC's desired outcomes is:*

*Residential and small business utility customers will be fully informed about their consumer rights and responsibilities, and will be equipped to make informed choices about their utility services.*

*The primary purpose for conducting a consumer awareness survey is to establish a baseline. The 2000 survey determined the baseline level of public awareness of the OPC and determined the percentage of Missourians who know that they can contact the OPC or the PSC if they have a complaint or have a question about regulated utility services. The OPC believes that the survey was the most cost-effective and efficacious way to measure the awareness of our office by utility consumers generally.*

*The OPC believes that the survey is valuable, not only because of its ability to help determine the OPC's success in achieving a desired outcome, but also because it has the potential to help the OPC focus its limited resources. If the OPC can enhance its communications with residential and small business consumers throughout the state, it would expect awareness to increase, and as a result, it would expect to receive more feedback from consumers. The increased feedback should allow the OPC to more readily identify consumer fraud, unfair practices, and other problematic trends in utility service.*

*The OPC represents consumers as a group, not individually. However, individual complaints do bring problems to the OPC's attention that lead to general complaints against certain utility practices relating to billing and service. Individuals who tell the OPC about their problems often help identify important consumer protection issues, which are then raised by the OPC in a variety of PSC cases and court filings. One example is the recent complaint filed by the OPC against AmerenUE regarding its practice of charging late payment fees on "Cold Weather Rule" payment agreements. This complaint resulted in putting an end to an unfair billing practice, saving low-income consumers millions of dollars and would not have been discovered without feedback from individual consumers.*

*Furthermore, as a legal representative, the OPC also has an obligation to communicate with its clients (residential and small business consumers). Only by ensuring that the public is aware of how to contact the OPC can we be confident that we are apprised of general opinions on utility practices, and thus do our job of legally representing the interests of consumers.*

### Survey is Cost-Effective

*The OPC believes that it pursued the survey in a very cost-effective way. The OPC has no expertise to perform a scientific survey itself. The telephone survey developed and conducted by the University of Missouri Center for Advanced Social Research (MUCASR) was scientific and contained techniques and lead-up questions designed to ensure the accuracy of the responses. It is expected that the value of the survey results would increase with each subsequent survey, allowing awareness to be tracked and identifying consumer attitudes over time.*

*By partnering with the PSC, the OPC benefited from the product at only 25% of the total cost and derived a better product through this inter-agency cooperation. The OPC negotiated this 25%/75% cost sharing percentage by examining the survey questions and determining which pertained to PSC, which pertained to the OPC, and which pertained to both.*

*The database created by the MUCASR has the potential to break down the results geographically (zip code) to help pinpoint problems in particular utility service territories. The university students who worked on this project, free of charge, offered some tips on public outreach to both the PSC and the OPC. If we are ever successful in securing additional funding in the future for public education, the survey would help the OPC determine the best use of those additional resources.*

### Documenting Plan for Utilizing Survey

*The report recommends “discontinuing contracting for the consumer awareness surveys unless a compelling need for such information is documented and specific plans for the utilization of survey results are developed.” The OPC believes that the discussion above explains the compelling need for such surveys. As soon as the 2002 follow-up survey is completed and analyzed, the OPC will draft more detailed plans for using survey results. These results may suggest a redirection of current OPC resources towards problem utilities or troublesome utility practices.*

## **2.**

### **Underutilization of Vehicle**

The OPC maintains one vehicle, a 1998 Dodge van. According to vehicle usage logs, total usage for the van was approximately 8,800 miles and 10,900 miles for fiscal years 2001 and 2000, respectively. The OPC also paid \$1,331 and \$1,794 for in-state mileage to employees for fiscal years 2001 and 2000, respectively.

Low mileage can be an indicator that the entity is not utilizing the vehicle efficiently or that the vehicle is not needed. The OPC has a policy, which appears to be complied with, that requires employees to use the van if it is available.

To ensure the OPC is using state resources efficiently, a usage study should be performed to compare the vehicle investment and depreciation, fuel, and ongoing maintenance costs with the alternative of simply paying employees for the personal use of vehicles.



**WE RECOMMEND** the OPC perform a usage study to determine the most efficient and economical method to provide for in-state employee transportation. If the office determines its state-owned vehicle is not necessary, the OPC should appropriately dispose of the vehicle.

### **AUDITEE'S RESPONSE**

*The audit report recommends that the OPC “perform a usage study to determine the most efficient and economical method to provide in-state employee transportation.” The OPC will gladly perform such a study and comparatively analyze the costs. However, we expect that our current use of an office car combined with the OPC office travel policy produces the most economical result.*

*The OPC’s state vehicle usage policy requires any employee traveling on state business to use the state vehicle or receive no mileage reimbursement for use of a personal vehicle. If the vehicle is already signed out to another employee for the needed date, then that employee is allowed to claim mileage for taking their own personal car. Employees are cautioned that use of the state vehicle is for state business only.*

*Based upon the OPC’s review of expense accounts and auto request log sheets for fiscal years 2000 and 2001, it is believed that significant costs have been avoided as a result of the travel policy and the availability of an office car. If the OPC did not have a vehicle and the same amount of travel occurred during fiscal year 2000, the OPC personnel would have been reimbursed for approximately 25,047 miles traveled during that period. At 29.5 cents per mile, that reimbursement would amount to \$7,389. Under the OPC’s current policy, only \$1,794 was spent for mileage reimbursements, plus \$542 in gas and \$107 in maintenance on the state vehicle. The OPC policy resulted in \$4,946 of avoided cost.*

*It should be noted that in June 2001, this vehicle was vandalized. As a result, the car was unavailable until September 2001 (fiscal year 2002). Five trips were reimbursed during June that likely would have involved state vehicle usage had the vehicle been available. Total miles traveled in fiscal year 2001 were approximately 18,901. If the OPC did not have a vehicle, reimbursement would have been made for these miles, totaling \$5,575. The OPC paid only \$1,331 in mileage reimbursement, plus \$475 in gas and \$16 in maintenance on the state vehicle until the vehicle was vandalized. The OPC policy resulted in \$3,753 of avoided cost.*

*The OPC plans to continue enforcing its state travel policy and will continue monitoring mileage used from trip to trip. The OPC does currently have data showing how many miles could have been compensated for trips if it did not enforce the current policy. However, the OPC will log whether the state vehicle is requested and used and begin to keep a log of miles used by personal vehicles, whether or not reimbursement was sought. This can be indicated on each expense report where any vehicular travel is incurred. The OPC would be willing to use any type of spreadsheet, form, or log the State Auditor would recommend be utilized to reflect this usage.*

*The OPC is confident that without a vehicle and our current travel reimbursement policy, it would be spending several thousand dollars more each fiscal year and that it would not be cost efficient for our agency to relinquish its vehicle.*

#### **AUDITOR'S COMMENT**

While the "avoided costs" noted above may reflect an accurate savings of annual cash outlays, the analysis does not consider the initial purchase price of the state vehicle spread over its useful life or probable higher ongoing maintenance and repair costs as the vehicle ages. Future usage studies should include such components.

This report is intended for the information of the Department of Economic Development, Office of the Public Counsel's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of the Public Counsel was established in July 1974 as a result of the provisions of the Omnibus State Reorganization Act of 1974. This act transferred the powers and responsibilities of the general counsel to the Missouri Public Service Commission, to the new Office of the Public Counsel. Chapter 386, RSMo was amended in 1977 to explicitly define the duties and responsibilities of the public counsel. The Office of the Public Counsel was organizationally under the jurisdiction of the Department of Consumer Affairs, Regulation and Licensing (CARL) until September 7, 1984, when a constitutional amendment created the Department of Economic Development to replace the Department of CARL.

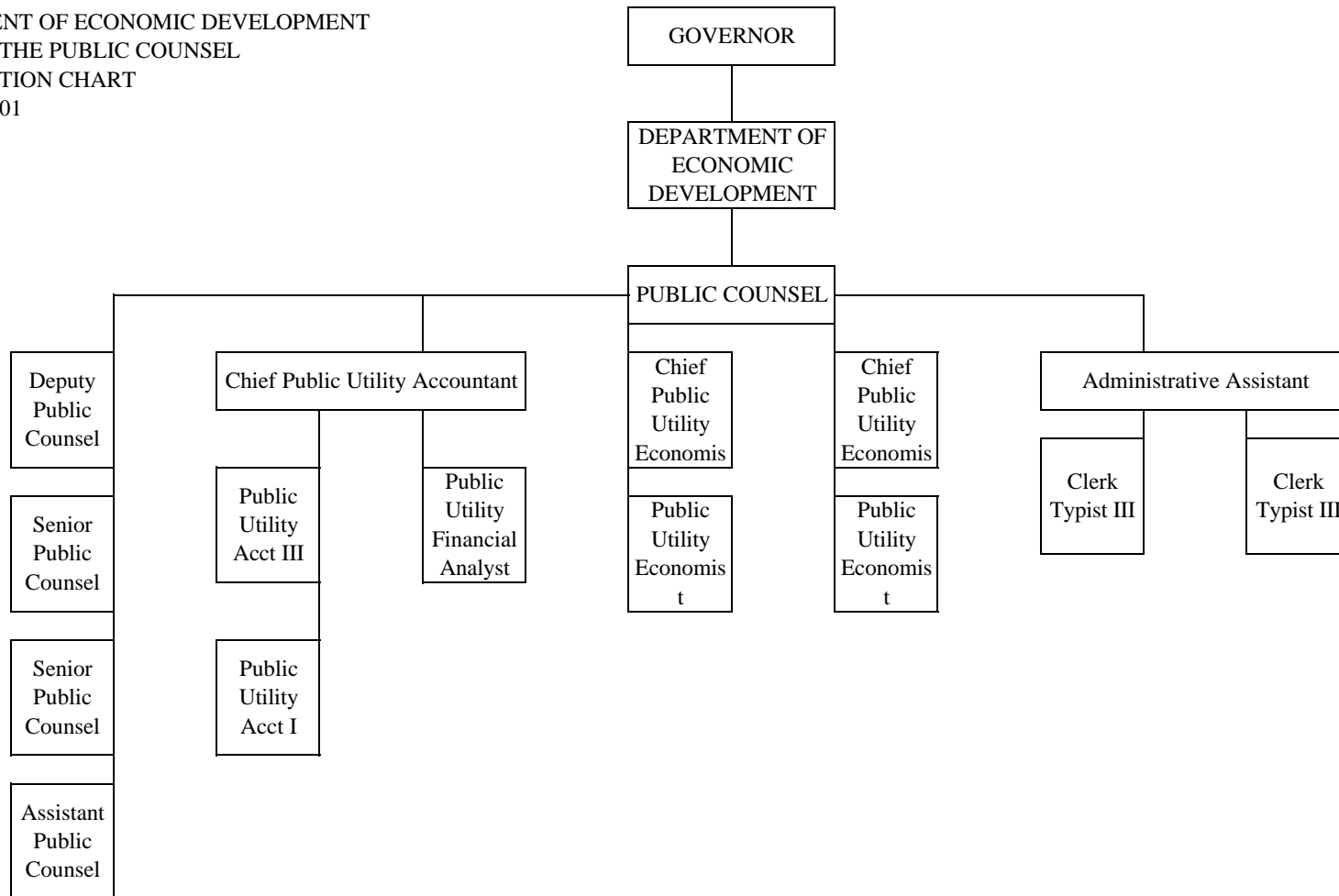
The Office of the Public Counsel is charged with the responsibility of representing the public before the Missouri Public Service Commission. In addition to handling rate increase cases, the public counsel has been involved in complaints dealing with rate reductions and cases dealing with rate design, utility mergers and acquisitions, generation capacity planning, rule-making, and consumer complaints. The public counsel can appeal the decisions of the Missouri Public Service Commission to the courts of Missouri.

Funding for the Office of the Public Counsel is provided by the legislature from the state's General Revenue Fund.

Martha S. Hogerty served as Public Counsel from her appointment, effective January 1, 1989 until her resignation, effective December 31, 2001. John B. Coffman is currently serving as Acting Public Counsel.

The Office of the Public Counsel at June 30, 2001 consisted of sixteen staff members. Besides the public counsel, there were four other lawyers, four accountants, one financial analyst, four economists, and three administrative staff. An organization chart follows.

DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL  
ORGANIZATION CHART  
JUNE 30, 2001



Appendix A

DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2001			2000		
				Lapsed			Lapsed
		Appropriations	Expenditures	Balances	Appropriations	Expenditures	Balances
GENERAL REVENUE FUND - STATE							
Personal Service	\$	715,038	696,198	18,840	0	0	0
Expense and Equipment		212,637	184,645	27,992	0	0	0
Personal Service and Expense and Equipment					890,620	863,667	26,953
Hotel Governor		106,892	87,615	19,277	120,221	13,329	106,892 *
Total General Revenue Fund - State	\$	1,034,567	968,458	66,109	1,010,841	876,996	133,845

Note: Appropriations for Personal Service and Expense & Equipment were not broken out separately for fiscal year 2000.

\* Biennial appropriations set up in the current fiscal year are re-appropriations to the next year. After the June month-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year.

Appendix B

DEPARTMENT OF ECONOMIC DEVELOPMENT  
OFFICE OF THE PUBLIC COUNSEL  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,	
		2001	2000
Salaries and wages	\$	696,198	662,647
Travel		20,598	25,059
Supplies:			
Administrative and merchandising		28,869	17,785
Repair and maintenance		760	682
Specific use		6,114	5,423
Professional development		8,150	10,258
Services:			
Communications		4,305	700
Business		5,229	4,589
Professional		53,461	73,993
Equipment maintenance and repair		5,658	3,574
Equipment:			
Computer		21,100	22,093
Electronic		3,910	11,615
Office		50,929	396
Real property rentals and leases		16,520	0
Miscellaneous		434	73
Rebillable expenses		46,223	38,109
Total Expenditures	\$	968,458	876,996

\* \* \* \* \*



**OVERSIGHT CONTROLS IN THE STATE'S MEDICAID  
PRESCRIPTION DRUG PROGRAM**

**From The Office Of State Auditor  
Claire McCaskill**

*The Department of Social Services needs to implement more effective controls to prevent abuse and unnecessary expenditures in the Medicaid prescription drug program.*

**Report No. 2002-29  
April 18, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**





Office of  
Missouri State Auditor  
Claire McCaskill

April 2002

### **State Medicaid program cannot quickly identify or prevent potential abuse by prescription drug recipients**

Missouri paid \$272 million (40 percent of the \$681 million total drug cost) to fill prescriptions for 420,000 Medicaid recipients in fiscal year 2001. While many recipients received these prescriptions for legitimate medical needs, the state program cannot assure the necessity of all these expenditures. Auditors found signs of controlled substance abuse in the state program and ineffective controls to timely identify or prevent such activity.

#### **Recipients visit multiple doctors, pharmacies for prescriptions**

More than 3,900 Medicaid recipients over two fiscal years (2000 and 2001) visited 5 or more prescribers and obtained \$8.7 million in tranquilizers, painkillers and opioids. In some cases, several doctors in the same medical group treat recipients, which can justify some multiple prescribers. But auditors also found at least 10 recipients who, in one year, visited 19 to 53 doctors, and up to 25 different pharmacies, for prescriptions. Prescription drug industry experts have said recipients addicted to such drugs see several doctors (known as “doctor shopping”) and use numerous pharmacies to support and disguise their habit. (See page 4)

#### **More than a year passes before program stops potential abusers**

Program officials, since January 2000, have identified 400 recipients potentially abusing prescription drugs. But officials often took up to a year before restricting recipients to one prescriber and one pharmacist to curb diversion. In one case, a potential abuser identified in April 2000 was still unrestricted 21 months later. This recipient visited four prescribers and obtained 40 controlled substance prescriptions since identified. (See page 7)

#### **Pharmacies are not forced to deny an overlapping narcotics script**

The program automatically notifies pharmacies when a recipient requests another controlled substance in the same therapeutic class or within overlapping time periods. But the program does not deny claim payment and the pharmacy can override the alert. Many patients have a valid need for drugs in the same therapeutic class, such as a terminally ill patient who takes both pain relief and anti-anxiety drugs. But auditors also found patients with potentially invalid usage patterns. One recipient went to 10 prescribers and obtained 26 prescriptions in 90 days of oxycodone- based drugs, considered of high potential abuse by the Drug Enforcement Administration (DEA). Although pharmacists received 17

YELLOW SHEET

automatic alerts on this recipient indicating overlapping prescriptions or therapeutic duplication, the prescription were filled, and the claims paid. (See page 5)

### **State program responds with restrictions to some increasingly abused prescriptions**

Program officials realize recipients' potential misuse of Oxycontin®, a drug increasingly abused and at the center of current Attorney General Medicaid fraud investigations. Several other states have limited the amount of Oxycontin® obtained by Medicaid recipients.

Oxycontin® is legitimately prescribed to patients suffering intractable pain, but the DEA has also seen illicit sales of the drug rise, with prices up to \$80 a tablet. Auditors noted the number of Oxycontin® prescriptions in Missouri increased 64 percent between fiscal years 2000 and 2001. In addition, state Medicaid fraud investigators are looking into five recipients obtaining Oxycontin® for potential sale. (See page 15)

Oxycontin®'s manufacturer has worked with states to institute a "hard edit" on the drug, which blocks payment when Oxycontin® prescriptions exceed certain guidelines. State officials said systems should be in place by mid-April to allow similar maximum daily quantity edits. (See page 18)

**Reports are available on our web site: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**OVERSIGHT CONTROLS IN THE STATE'S MEDICAID  
PRESCRIPTION DRUG PROGRAM**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>3</b>
1. Better Controls Could Prevent Abuse and Unnecessary Medicaid Program Expenditures .....	3
Conclusion .....	9
Recommendations .....	9
2. Restricting the Amount of Selected Narcotics Recipients Can Obtain Should Help Prevent Drug Diversion in the Medicaid Program .....	15
Conclusion .....	18
Recommendations .....	18
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	20
II. BACKGROUND .....	22



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Kathy Martin, Director  
Department of Social Services  
and  
Gregory A. Vadner, Director  
Division of Medical Services

The State Auditor's Office audited the Division of Medical Services' (the division) Medicaid prescription drug program. The objectives of the audit were to determine (1) the extent Medicaid recipients visited multiple prescribers to obtain prescriptions for controlled substances, and (2) policies and procedures for detecting and preventing abuse in the program.

Audit tests show thousands of recipients have visited multiple doctors to obtain various quantities of narcotics and other controlled substances. While many of the recipients may have obtained these prescriptions for legitimate medical needs, the state does not have sufficient controls in place to ensure unnecessary or abusive drug usage is timely identified. The quantities of drugs obtained by many individuals indicate potential waste and abuse in the drug program. This abuse could have been prevented if the division had implemented readily available automated controls used by other states.

Audit tests also disclosed, during fiscal year 2001, recipients obtained 64 percent more OxyContin® than during fiscal year 2000. The federal Drug Enforcement Administration has reported this drug can be sold on the streets for up to \$80 a tablet. The state Attorney General's Office is investigating several Medicaid recipients who obtained OxyContin® for potentially illicit street sales.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 22, 2002 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John B. Mollet
In-Charge Auditor:	Lori Bryant
Audit Staff:	Julie Vollmer
	Tania Williams

## **RESULTS AND RECOMMENDATIONS**

### **1. Better Controls Could Prevent Abuse and Unnecessary Medicaid Program Expenditures**

Over 3,900 Medicaid recipients visited 5 or more physicians and other authorized prescribers and obtained numerous overlapping prescriptions for various quantities of narcotics and other controlled substances during the 2 years ended June 30, 2001. While many of the 3,900 recipients may have obtained these prescriptions for legitimate medical needs, the state does not have sufficient controls in place to ensure unnecessary or abusive drug usage is timely identified. Taxpayers spent more than \$8.7 million for the drugs received by these recipients. In addition, it cost the Medicaid program up to \$31 for an office visit each time a recipient visited a different prescriber to obtain a prescription. State regulations (13 CSR 70-4.070) define misutilization of Medicaid medical services as the act of seeking or obtaining medical services, or both, from a number of like providers and in quantities that exceed current medically necessary levels. Division of Medical Services' (division) procedures restrict treatment of recipients to a single prescriber and pharmacy when misutilization is identified which occurred for 400 recipients during the period January 2000 to August 2001.<sup>1</sup> Controls being used do not proactively identify and deter abusive practices.

#### **Federal requirements for controls in the Medicaid program**

Federal regulations require state Medicaid programs to provide certain basic medical services such as inpatient hospital and physician care; and optional services such as dental, prescription drugs and personal care. Over 420,000 residents obtained medications at minimal or no cost through the Medicaid program during state fiscal year 2001. These drugs cost \$681.4 million of which approximately 60 percent was paid for from federal funding.

To promote patient safety, control costs and prevent fraud and abuse in the Medicaid prescription drug program, federal law requires states to perform drug utilization reviews. The reviews include prospective screening for potential inappropriate drug therapies such as over-utilization, drug-drug interaction, or therapeutic duplication. The division defines therapeutic duplication as the prescribing and dispensing of the same drug or two or more drugs from the same therapeutic class when overlapping time periods of drug administration are involved and when the prescribing or dispensing is not medically indicated. A hypothetical example of therapeutic duplication would be (1) on Monday a Medicaid recipient visits one physician and obtains a prescription for a 10-day supply of a pain reliever, and (2) on Tuesday the Medicaid recipient visits a different physician and obtains a 10-day prescription for the same drug. Experts report that drugs from the two major therapeutic classes of controlled substances (antianxiety drugs and analgesics/narcotics) have addictive qualities that increase their potential to be inappropriately used by recipients.

---

<sup>1</sup> Division of Medical Services officials could only provide recipient restriction data for part of the audit period.

## **Abuse of prescription drugs has become a national concern**

The vice president of the National Community Pharmacists Association estimates misuse and abuse of medications has more than a \$100 billion impact on the nations' health care costs. This comment came at a National Institute on Drug Abuse meeting and news conference in April 2001. At the news conference, the institute and seven other organizations representing the elderly, pharmacies, drug manufacturers, and patients announced they are starting a campaign to combat, "a dangerous new drug trend," the non-medical use of prescriptions. Experts from the prescription drug industry commented that many patients taking sedatives, stimulants, tranquilizers, painkillers, or opioids (narcotics), begin to use the pills inappropriately and can slip into an addiction cycle that dominates their lives and damages their health. Eventually they need more and more of the drug to achieve the same effect. The experts further commented that patients habituated to the drugs may "doctor shop" to find physicians who will prescribe the pills, and some addicts will establish accounts at different pharmacies to disguise the number of pills they are actually using.

Non-medical use  
of prescriptions  
costs \$100 billion

## **Potential abusive behavior is occurring in the Medicaid prescription drug program**

Over 3,900 Medicaid recipients visited multiple prescribers to obtain various quantities of tranquilizers, painkillers, and opioids during the 2 years ended June 30, 2001, at a cost of \$8.7 million. Division guidelines define potential misutilization of pharmacy services to include:

- Recipient uses multiple prescribers and one or more pharmacies to obtain controlled substances.
- Recipient alternates use of prescribers and pharmacies to obtain controlled substances.

Table 1.1 ranks controlled substance recipients by the number of prescribers visited and includes prescriber and prescription data. The number of prescribers came from division databases and was controlled for duplicates. However, our controls could not account for doctors within the same medical group who share recipients' records. Division staff did not track the prescriber group data during our audit period. The lowest number of prescribers seen by the recipients in the table is 19.

**Table 1.1: Top Ten Recipients Based on the Number of Prescribers Visited**

Recipient	Fiscal Year 2000				Fiscal Year 2001			
	Prescribers Visited	Pharmacies Used	Drug Costs	Prescriptions Filled	Prescribers Visited	Pharmacies Used	Drug Costs	Prescriptions Filled
1	53	25	\$ 661	92	33	12	\$ 1,068	80
2	42	12	804	76	26	12	1,206	84
3	38	5	2,510	92	24	9	4,836	65
4	29	12	1,665	56	23	18	1,313	45
5	27	3	5,233	92	22	14	1,166	64
6	27	9	667	62	22	8	2,262	62
7	27	18	1,365	79	22	3	1,158	43
8	26	9	317	52	20	5	482	38
9	24	1	1,542	59	19	3	10,383	83
10	24	9	1,990	133	19	11	1,100	90

Source: Medicaid paid claims data

The large number of prescribers and pharmacies visited and prescriptions obtained indicate potential abusive behavior by Medicaid recipients. Audit tests showed the average number of prescriptions for the 3,900 recipients was 33. During fiscal year 2000, one recipient visited 53 different prescribers and obtained 92 prescriptions for controlled substances. In addition to paying for this recipient's prescription drugs, the Medicaid program also pays the costs for physician office visits, which range from \$7 to \$31, depending upon the services provided. Accordingly, when this recipient visited 53 different prescribers to obtain controlled substances, the office visits cost the program between \$397 and \$1,669.

### Majority of recipients obtained drugs with high potential for abuse

Over 3,000 of the 3,900 recipients obtained drugs in the analgesics/narcotics class, which are typically prescribed to alleviate moderate to severe pain. The Drug Enforcement Administration (DEA) has placed many of the drugs in this therapeutic class in Schedule II of the Controlled Substance Act, because (1) the drugs have a high potential for abuse, and (2) abuse of these drugs may lead to severe psychological or physical dependence.<sup>2</sup> Analysis showed over 2,670 (68 percent) recipients obtained Schedule II narcotics (hydrocodone and/or oxycodone) for which the DEA has reported substantial increases in abuse and illicit street sales. According to the DEA, hydrocodone and oxycodone pills/tablets are illicitly sold for \$2 to \$80 apiece.

The division's Medicaid claims processing system automatically notifies pharmacies when a recipient is obtaining overlapping prescriptions for drugs in the same therapeutic class, but it does not automatically deny the claim. The pharmacy can elect to either fill or not fill the prescription. Over 2,700 of the 3,900 recipients who obtained controlled substances, each received at

Overlapping  
prescriptions  
obtained

<sup>2</sup> See Appendix II for information related to the Controlled Substance Act.



least 5 therapeutic duplication alert messages on prescriptions submitted for processing. Many of these prescriptions may have been denied if there was a system to require the pharmacies to contact the division's help desk before filling the prescription. Table 1.2 shows an example of one recipient who received 26 prescriptions in a 90-day period.

**Table 1.2: Recipient Who Visited Multiple Prescribers and Obtained Overlapping Prescriptions for Schedule II Drugs in the Same Therapeutic Class**

Date of Service	Drug Name	Number of Pills/Tablets	Prescriber Number	Alert <sup>1</sup> Code 1	Alert <sup>1</sup> Code 2	Amount Paid
07/02/00	OXYCONTIN®	84	1			\$312.26
07/06/00	ROXICET®	30	2	692		6.57
07/12/00	OXYCONTIN®	50	2			187.52
07/20/00	OXYCONTIN®	50	2			187.52
07/20/00	ROXICET®	30	2	692		6.57
07/25/00	ROXICET®	30	3	692		6.57
07/26/00	OXYCONTIN®	50	3	692		187.52
08/03/00	OXYCONTIN®	14	4	692		100.68
08/03/00	ROXICET®	50	4			8.22
08/09/00	OXYCONTIN®	50	2			187.52
08/09/00	ROXICET®	30	2	692		6.57
08/16/00	OXYCONTIN®	12	5			28.90
08/23/00	OXYCONTIN®	28	6	692		106.81
08/23/00	OXYCONTIN®	14	6	692	691	33.04
08/23/00	ROXICET®	60	6			9.04
09/04/00	OXYCONTIN®	14	7	692		100.68
09/04/00	OXYCONTIN®	14	7	692	691	55.45
09/04/00	ROXICET®	30	7			6.57
09/11/00	OXYCONTIN®	8	8			59.28
09/12/00	OXYCONTIN®	50	2	691		187.52
09/12/00	ROXICET®	30	2	692		6.57
09/19/00	OXYCONTIN®	60	9			224.21
09/19/00	ROXICET®	30	9	692		6.57
09/29/00	OXYCODONE HCL	140	2	691		37.29
09/29/00	OXYCONTIN®	100	2			693.99
09/30/00	ROXICET®	40	10	692		7.39
Totals		<u>1,098</u>				\$ <u>2,760.83</u>

<sup>1</sup> Alert code 691 indicates "Duplicate Therapy Same Drug." Alert code 692 indicates "Therapeutic Duplication."

Source: Medicaid paid claims data

As the above table shows, the recipient alternated visits to 10 different prescribers during a 90-day period and obtained numerous overlapping prescriptions of narcotics, which were all oxycodone based Schedule II drugs. For example, on September 29, 2000, the recipient obtained 26 prescriptions which resulted in 13 therapeutic duplication alerts and 4 duplicate therapy same drug alerts, which indicated the recipient was obtaining overlapping prescriptions for drugs in the same therapeutic drug class.

## Process to prevent prescription drug abuse is not effective

Division data shows that it can take more than a year from the time a recipient begins visiting multiple prescribers and obtaining controlled substances until the time he/she is restricted to a single prescriber and pharmacy. For example, one recipient was assigned in April 2000 to be restricted to a single prescriber and pharmacy, but as of December 2001 (21 months later) the division had been unable to get a physician to take the recipient. During the 21-month period the recipient visited 4 prescribers and obtained 40 prescriptions for antianxiety drugs and narcotics. Medicaid recipients can visit numerous providers and obtain large quantities of drugs before the division identifies them. Division staff identify and restrict potential drug abusers by (1) reviewing claims paid during a previous 3-month period, and (2) finding a single prescriber and pharmacy, that agrees to take the recipient (which may take some time if a physician and/or pharmacy will not take the recipient).

Recipients can easily abuse the program

Since January 2000, division staff have identified over 400 Medicaid recipients who visited multiple prescribers to obtain excessive amounts of controlled substances. Although these recipients were restricted to seeing only one prescriber and/or pharmacy it was not until up to a year after they had visited several prescribers and obtained large quantities of controlled substances at substantial costs to the Medicaid program. Due to lack of resources, division officials did not review thousands of other recipients who visited multiple providers and potentially obtained excessive amounts of controlled substances.

Our analysis shows the division restricted 140 of the 3,900 recipients we identified to a single prescriber and pharmacy, but not until after they had visited 5 or more prescribers and obtained the questioned quantity of drugs. Audit staff submitted 22 of the 3,900 recipients, who had not been restricted to one prescriber and/or pharmacy, to division officials for review of drug acquisition propriety. Division officials acknowledged problems with utilization for 9 of the recipients by assigning 4 for restriction to a single prescriber and sending 5 for further investigation; and indicated all 22 recipients needed to be reviewed regardless of the outcome. Several states use automated systems to prevent Medicaid recipients from obtaining excessive drugs at the time of sale thereby saving program expenditures and eliminating the need for extensive after-the-fact reviews.

During our audit, division officials confirmed our concerns about possible abusive behavior by developing two frequency distributions of Medicaid recipients for the period October 11, 2001, to January 11, 2002. The first distribution profiled the number of recipients and the number of prescribers visited. The second distribution profiled the number of recipients and the number of pharmacies visited. These two distributions were not linked, thus each result was independent of the other.

Regarding the recipient to prescriber distribution, 40,053 of 474,975 recipients visited 5 or more prescribers. Over 4,200 of these recipients visited 9 or more prescribers. Regarding the recipient to pharmacy distribution, 1,602 of 476,270 recipients visited 5 or more pharmacies. These distributions represent the circumstances that should cause a review of a recipient's claims activity

Abuse can be prevented before it occurs

based on division guidance for potential misutilization discussed on page 4. Although the guidance does not include recipient to pharmacy activity, the division pharmacy director indicated visits to more than four pharmacies would be cause for concern.

### **More effective controls are available to prevent drug abuse in the Medicaid program**

A more efficient and cost-effective control, which the division has not implemented, would automatically deny at the time of submission overlapping prescriptions for drugs in the same therapeutic drug class. The division pharmacy director stated implementing this control is difficult because many Medicaid recipients have a valid need to obtain different drugs from the same therapeutic class. Nevertheless, several states, including Kentucky and Illinois, have implemented edits to automatically deny payment for prescriptions that involve therapeutic duplication, but still allow recipients who need drugs from the same therapeutic class to obtain them. For example, when a prescription is automatically denied due to therapeutic duplication, (1) the pharmacy must contact the prescriber to determine if it is medically necessary for the recipient to obtain the prescription, and if it is, (2) the pharmacy or prescriber can contact the Medicaid help desk to obtain an override to fill the prescription. Conversely, if the prescriber states it is not medically necessary to obtain the prescription, the prescription is not filled. The division's practice of paying bills and then pursuing abuses after the fact ("pay and chase") to prevent abuse in the prescription drug program simply does not work.

### **The division plans to add automatic denial edits to the Medicaid claims processing system**

The division is soliciting proposals from contractors to implement an enhanced pharmacy management program. This program would add selected edits to the division's Medicaid claims processing system. These edits would generate messages to pharmacies to deny prescription claims prompting the pharmacy to contact the help desk for an override. Division staff stated a decision has not been made to automatically deny prescription claims that meet the criteria for therapeutic duplication.

The division is also initiating a disease management intervention system which would weight multiple factors to better understand a recipient's claims activity and identify potential abusers. The following factors would be included in the profile:

- Number of prescribers visited.
- Number of pharmacies visited.
- Drug(s) identifications.
- Drug(s) doses.
- Medical diagnosis.

## **Conclusion**

Abuse of controlled substances exists in the Medicaid prescription drug program and oversight controls do not timely identify and stop these activities. The division has restricted several hundred Medicaid recipients to visiting only one prescriber, but not until after they successfully visited several prescribers and obtained inappropriate amounts of drugs. Until the division implements automated controls to prevent prescription drug abuse, these practices will continue. While the division is developing systems to better profile recipients, without a control to alert division officials to review potential misutilization cases in a real-time mode, potentially abusive practices of some individuals will not be detected early enough. Automated edit routines to identify these recipients before drugs are dispensed would give some assurance that potential abusers can be stopped.

## **Recommendations**

We recommend the Director, Department of Social Services:

- 1.1 Implement edits that will automatically deny, at the time of sale, prescriptions that result in therapeutic duplication alerts; especially for drugs from the two major therapeutic classes of controlled substances (antianxiety drugs and analgesics/narcotics).
- 1.2 Establish criteria for authorizing edit overrides for recipients with medical needs to obtain multiple drugs from the same therapeutic class.

## **Department of Social Services Responses**

*DMS is in the process of implementing medical databases to prospectively review all claims for appropriateness of therapy. Claims outside the accepted medical practice models will be rejected and juried through the drug prior authorization process. Absolute, automatic denial, without being medically reasonable, is inconsistent with good medical practice and fails to allow for concurrent therapy with synergistic therapeutic classes.*

*DMS will continue to allow recipients' medical practitioners to be in charge of their therapy and make valid medical decisions regarding patient care. DMS will continue to provide various edits to alert practitioners to potential therapy problems.*

*DMS will establish therapeutic criteria and algorithms that appropriately allow for the use of necessary pain medication in the same or compatible therapeutic classes. Additionally, the new Program Integrity Unit, enhanced Prospective DUR Programs, Disease State Management Programs, and enhanced retrospective DUR are vehicles that will assist in managing these challenges.*

The following comments were made to sections of this issue.

#### Better Controls Could Prevent Abuse and Unnecessary Medicaid Program Expenditures

*Missouri Medicaid has a history of reviewing suspicious or questionable claims and making appropriate referrals for further investigation. DMS works closely with the Attorney General's office in these cases. Our recent system changes, our new Program Integrity Unit, and our forthcoming Disease State Management Program will significantly strengthen these activities.*

*The SAO findings are grossly overstated when compared to the finding of DMS pharmacists. When recipients were reviewed as unduplicated patients and weighted according to a risk analysis model a different analysis conclusion was reached.*

*The simple fact that a patient saw multiple physicians, obtained multiple prescriptions, or had multiple office visits is not in itself indicative of abuse. Multiple physicians identified in our research were duplications or visits to multiple physicians in the same practice or clinic. No corrections were made by auditor staff to fully account for this fact.*

*DMS is essentially an insurance agency for the indigent. DMS continuously manages the potential risk of abuse, while not arbitrarily denying patient care, or limiting patients' access to medical practitioners for treatment. One of the safe guards to the use of Schedule II controlled substances is the federal requirement that a new prescription be obtained prior to each filling. To follow the logic of the SAO, one would need to conclude that thousands of recipients were in collusion with tens of thousands of physicians for the sole purpose of obtaining controlled substances.*

*DMS review of claims from July 1 through December 31, 2001 yielded only 107 Medicaid recipients that warranted additional examinations due to their high Oxycontin® use. The review was based on observed utilization (dosage, medication strengths, quantity, frequency of fills), diagnoses, number of prescribers, and number of pharmacies.*

*Of those reviewed, six went to Surveillance Utilization Review Services (SURS) of the Program DMS Integrity Unit for additional review, four were locked in, 19 were identified for additional medical review and 66 were identified as potentially benefiting from disease state or case management programs. The remainder required no immediate action and will again be reviewed in future Drug Utilization Review (DUR) activities.*

*The audit fails to point out that many of the sickest DMS recipients are dually eligible for Medicare. By federal law, DMS is unable to "lock in" any dually eligible patient. The "lock in" process is governed by federal guidelines and Missouri regulation 13 CSR 70-4.070. This rule basically defines the process for allowing patients to receive services from only one of each provider, i.e. one prescriber and one pharmacy. The rule also provides the patient a fair hearing opportunity.*

*SURS unit is part of the DMS Program Integrity Unit and is composed of three nurses, one physician, one Certified Public Accountant, one medical records technician and support staff.*

*The Drug Utilization Review Board is an advisory board to DMS, established by statute and appointed by the Governor. The DUR Board is composed of six actively practicing physicians, six actively practicing pharmacists, and one certified quality assurance registered nurse. They are required to meet quarterly and charged with monitoring the drug usage and prescribing practices in the Medicaid program. Additionally, the board is supplemented by six regional advisory committees comprised of physician and pharmacists appointed by the board to assist in the review process.*

#### Federal requirements for controls in the Medicaid program

*It is common practice for physicians to use a sustained release oxycodone for chronic pain relief and to supplement the controlled release product with a rapid release product when pain “breakthrough” occurs. It is also common therapeutic practice to add anti-anxiety drugs to a pain control regimen. Patients in pain, especially with terminal illness, have accompanying anxiety with their illness. The combination use of anti-anxiety drugs is beneficial in pain relief because of the synergistic effect they have with the analgesic medications. Therefore, a duplicate from the same therapeutic class is not necessarily an issue, nor is the addition of anxiolytic agent. Both draw edits to highlight the potential problem to the practitioner.*

*The Disease State Management Program, which is in process of implementation, will add another level of review and monitoring for patients identified through edits, population based interventions, and our drug utilization review (DUR) process. The DUR process has recently been augmented with a risk assessment review model, which will more effectively identify patients at greatest risk for iatrogenic disease.*

*The enhanced prior authorization process administered through medical databases will be available within the next few months. This system will add an additional tool to prospectively review a patient's medications prior to adjudicating the incoming claim. Claims outside the medical database will be rejected. A new help desk was implemented in March of 2002. This will provide health care providers access to information and assistance in obtaining coverage for needed medications that have been rejected for closer scrutiny.*

#### Abuse of prescription drugs has become a national concern

*Certainly, these facts are not new information nor are they unique to the Missouri Medicaid program; they affect all payors. The \$100 billion impact was not directed to problems with controlled substance alone. The quote was part of the findings by Dr. Lyle Bootman in an article in the Annals of Internal Medicine; referring to the lack of consistent care used in the prescribing and monitoring of ALL prescription medications. The findings were not clinically based but were fiscally based on a cost of illness model.*

*A cost of illness model reflects all direct and indirect costs associated with a specific disease process. In this case, not only were the costs of drugs included but additionally the direct costs of other resources used to treat the drug misadventures. Often indirect cost related to lost wages, travel, and inability to provide family related functions are also included.*

### Potential abusive behavior is occurring in the Medicaid prescription drug program

*The points enumerate only two of several potential concerns. In reviewing such patients there may be many valid reasons for the ordered therapy. This illustrates exactly the reason DMS has devoted the additional resources to review and monitor such activity. This is the reason DMS worked with the General Assembly to fund new initiatives that are designed to provide increased scrutiny. The following vehicles will manage these challenges:*

#### *The new Program Integrity Unit*

- additional staff dedicated to provider surveillance*
- new electronic systems to detect aberrant activity*

#### *Prospective Drug Use Review Programs*

- clinical edits using evidence based medical models to screen ALL incoming prescriptions*
- minimum and maximum edits on medication utilization*
- fiscal integrity edits on all incoming claims*

#### *Disease State Management Programs*

- patients identified by a risk assessment model*
- physician pharmacist teams to review identified patients*

#### *Enhanced retrospective DUR*

- evidence based medical models to review patient medication therapy*
- integration of all medical provider claims to the review process*

### Majority of recipients obtained drugs with high potential for abuse

*The facts pointed out by the SAO in and of themselves are not indicative of the conclusions drawn; they are rather indications for review by trained practitioners. This is precisely the focus of the current DMS initiatives. The programs utilize licensed and specially trained pharmacists and physicians to provide the new services. These practitioners are authorized to provide additional oversight and management for the patients identified as “most at risk”. The Disease State Management Programs will utilize these professionals to carefully review, monitor, and manage the care of the identified patients.*

### Process to prevent prescription drug abuse is not effective

*The SAO is identifying a potential program limitation already noted by DMS. The solution is in progress. In the past few months DMS has enhanced its Program Integrity Unit. The first of April additional bids were let to enhance and expand the technology used to detect program fraud and abuse. The Pharmacy Enhancement Program has been underway since October 2001. Many changes are in progress. The enhancement to the Prospective DUR Program, the new Disease State Management Program, and the enhanced retrospective DUR have already been described. The initiatives clearly add timely and effective new tools to deal with the identified shortfalls in a logical, effective, step wise fashion. The process will provide the needed surveillance while allowing access to needed care by Missouri’s most vulnerable citizens.*

*DMS, through our prospective and retrospective drug use review, has always routinely examined all Medicaid prescriptions for appropriate medical use, and potential abuse and diversion. Our review determined the vast majority of the cases identified by the SAO to be medically reasonable, when factoring in the patient's medical diagnosis and history, and the normal progression of severely ill patients from a general practice doctor to a specialist or series of specialists. The result was a small number of potential abuses that were dealt with through additional surveillance activity or referral to the Attorney General.*

*In response to the SAO's two-year review, DMS conducted an in-depth review of the last six months of 2001, which yielded only 107 Medicaid recipients that warranted additional examinations due to their high Oxycontin® use. The review was based on observed utilization (dosage, medication strengths, quantity, frequency of fills), diagnoses, number of prescribers, and number of pharmacies.*

*Of those reviewed, six went to Program DMS Integrity Unit for additional review, four were locked in, 19 were identified for additional medical review and 66 were identified as potentially benefiting from disease state or case management programs under development. The remainder required no immediate action and will again be reviewed in future DUR activities as are all DMS pharmacy claims.*

*The new and enhanced DMS programs will use these alerts, edits and the new risk assessment model to target the identified patients and place them into programs providing more oversight, review and management. The Disease State Management Program will provide the oversight for the patients' medical providers who are collaborating to bring increased focus on areas of potential concern. The activity will not stop there. The outcomes for these vulnerable patients will be reported, as will all of the activities of the new initiatives. The surveillance will not stop at this point either. Even after it appears these patients' problems are under control, they will continue to be part of the overall program surveillance. When patients are extremely vulnerable they are very likely to periodically need the closer scrutiny of the multifaceted programs DMS is employing to guard their health and prevent unnecessary expenditures for the State.*

*In fact, most states do not restrict the drugs referenced in this audit. Several of the states that attempted arbitrary controls have removed them after realizing they posed a barrier to adequate pain control. As noted, we do review, and refer for further scrutiny, cases with questionable utilization patterns. With our recent system changes and our Disease State Management Program, DMS will be much more able to manage these cases in a logical, consistent and medically sensitive way.*

The division plans to add automatic denial edits to the Medicaid claims processing system

*The proposal allows the medical database to review all claims prospectively. The only rejections would be for those failing the medical database. This involves far fewer claims than the SAO implies; the process is far more efficient and does not arbitrarily disrupt a patient's care. DMS staff would not automatically deny therapeutic duplicates because that, in and of itself, is not a reason for denial, but only an indicator to trigger closer scrutiny by the providers and/or DMS. We will be enabling this scrutiny with our Disease State Management Programs.*



*These are risk factors and not targeted solely to identify abusers. They are used to target patients for closer monitoring due to their greater risk for drug induced adverse effects and other iatrogenic disease issues. DMS is responsible for approximately 500,000 patients in their fee-for-service program. The program generates 15 million prescriptions per year. Over 60 percent of these services are consumed by less than 30 percent of the recipients. These patients are the most vulnerable and most at risk in the State. Management of these patients is the goal of DMS, in the hope that it will result in healthy patients being treated more efficiently and more economically.*

*DMS is in the process of implementing medical databases to prospectively review all claims for appropriateness of therapy. Claims outside the accepted medical practice models will be rejected and denied through the drug prior authorization process. Absolute, automatic denial, without being medically reasonable, is inconsistent with good medical practice and fails to allow for concurrent therapy with synergistic therapeutic classes.*

*DMS will continue to allow recipients' medical practitioners to be in charge of their therapy and make valid medical decisions regarding patient care. DMS will continue to provide various edits to alert practitioners to potential therapy problems.*

*DMS will establish therapeutic criteria and algorithms that appropriately allow for the use of necessary pain medication in the same or compatible therapeutic classes. Additionally, the new Program Integrity Unit, enhanced Prospective DUR Programs, Disease State Management Programs, and enhanced retrospective DUR are vehicles that will assist in managing these challenges.*

### **State Auditor's Comments**

The department director disagrees with the audit recommendations. The actions proposed by department officials do not satisfactorily identify abusers early enough in the process to have an affect on the abuse.

One of the responses needs clarification. The response stated SAO findings did not account for duplicated patients in the department databases. Upon follow up with department officials we determined they were referring to some adjusting transactions for patients which are first recorded on paper. Department staff routinely enter these adjustments in the electronic database. Therefore, the auditors had complete data to analyze. Our analysis accounted for these adjustments.

## **2. Restricting the Amount of Selected Narcotics Recipients Can Obtain Should Help Prevent Drug Diversion in the Medicaid Program**

Division records indicate Medicaid recipients have substantially increased their use of OxyContin®, a drug which the DEA has reported to be increasingly abused because of its high potency and opiate-like effects. The state Attorney General's Medicaid Fraud Control Unit is investigating some of these recipients for potential OxyContin® diversion. Although division officials stated they are aware of potential OxyContin® abuse in the Medicaid program, they have not taken sufficient actions to restrict the amount of this drug that recipients can obtain on a monthly basis. Division officials stated it would be difficult to develop appropriate parameters and criteria to restrict the use of this drug. Nevertheless, several states have taken steps to limit the amount of OxyContin® recipients can obtain.

### **OxyContin® is legitimately used for pain management, but also is attractive to abusers**

OxyContin® is a time-released tablet of the narcotic oxycodone a Schedule II controlled substance. OxyContin® is frequently prescribed to provide relief to patients who suffer intractable pain and is considered the drug of choice for pain management. The DEA reports the abuse of OxyContin® has increased substantially over the last year and has become a national problem. Analysis shows the amount the Medicaid program paid for OxyContin® almost doubled from fiscal year 2000 to 2001, with a 64 percent increase in the number of OxyContin® paid prescription claims. While the increase in the prescriptions for this drug may partly explain the overall cost increase, not all of the increase can be attributed to legitimate use. According to the DEA, OxyContin® can be readily sold on the street for up to \$80 per tablet.

### **DEA reports increased abuse of OxyContin® has occurred in several states**

The DEA reports, oxycodone abuse has been a continuing problem in the United States since the early 1960's, and the abuse of a new sustained-release formulation of oxycodone, known as OxyContin®, has escalated over the last year. Drug abuse treatment centers, law enforcement personnel, and health care professionals have reported a dramatic increase in the abuse of these sustained release products in Maine, Virginia, West Virginia, Ohio, Kentucky and Maryland. Recently, abuse has spread to other states such as Pennsylvania and Florida. The estimated number of nationwide emergency room visits involving oxycodone was stable from 1990 through 1996. However, the number of visits has more than tripled with 3,190 episodes in 1996 to 10,825 in 2000. Prior to the introduction of OxyContin®, most oxycodone-containing products had a maximum of 5 milligrams per tablet or capsule. OxyContin®, however, is marketed in 10, 20, 40, and 80 milligram 12-hour time released tablets, and is altered by drug abusers for immediate release of the drug's full potency.<sup>3</sup>

---

<sup>3</sup> OxyContin® was available in a 160 milligram time-released tablet, but the manufacturer suspended distribution of the 160 milligram tablets in May 2001.

## OxyContin® use has substantially increased in the state's Medicaid program

The DEA reported that Missouri was one of 17 states with above average national consumption of OxyContin® during the period January 2000 through September 2000. Division records show the cost of OxyContin® products obtained by Medicaid recipients increased from \$4,928,976 in fiscal year 2000 to \$9,344,838 in fiscal year 2001 (90 percent). Analysis shows a substantial increase in the number of OxyContin® prescriptions and number of Medicaid recipients who obtained OxyContin®. Table 2.1 shows the number of Medicaid OxyContin® prescriptions, number of Medicaid recipients who obtained OxyContin®, and percent increase from fiscal year 2000 to 2001.

**Table 2.1: Trend in OxyContin® Use**

<b>Fiscal Year</b>	<b>OxyContin® Prescriptions</b>	<b>Recipients Obtaining OxyContin®</b>
2000	27,842	5,405
2001	45,636	7,860
Increase	64%	45%

Source: SAO analysis of paid Medicaid claims

Audit results showed that over 1,600 of the 3,900 Medicaid recipients who visited 5 or more prescribers to obtain large quantities of controlled substances obtained one or more OxyContin® prescriptions. From fiscal year 2000 to fiscal year 2001, the percentage of these recipients receiving OxyContin® increased by 33 percent.

**Table 2.2: Medicaid Recipients' OxyContin® Activity**

<b>Number of Recipients Who</b>	<b>Fiscal Year</b>	
	<b>2000</b>	<b>2001</b>
Visited multiple prescribers and obtained controlled substances	1,826	2,074
Obtained one or more OxyContin® prescription	661	986
Percentage obtaining OxyContin®	36%	48%

Source: SAO analysis of paid Medicaid claims

## Medicaid recipients are involved in potential cases of drug diversion

According to the DEA, a 40 milligram OxyContin® tablet may sell on the street for \$25-\$40, and an 80 milligram OxyContin® tablet may sell for \$65-\$80, which has resulted in individuals forging prescriptions and visiting multiple doctors to obtain the drug. The Attorney General's Medicaid Fraud Control Unit is currently investigating five Medicaid recipients that

Five recipients  
under  
investigation

potentially obtained OxyContin® for illicit street sales, which cost taxpayers over \$400,000. The following table shows each of the five Medicaid recipients obtained large amounts of OxyContin® with street values ranging from \$600,000 to over \$1.5 million (estimated at \$1 per milligram the maximum street value).

**Table 2.3: Medicaid Recipients Under Investigation**

<b>Recipient</b>	<b>FY 2000 Milligrams</b>	<b>FY 2001 Milligrams</b>	<b>Total Milligrams</b>	<b>Amount Paid By Medicaid</b>
1	307,620	1,281,840	1,589,460	\$ 135,098
2	492,560	614,140	1,106,700	109,812
3	275,920	380,160	656,080	57,470
4	252,960	394,400	647,360	55,664
5	104,920	497,680	602,600	<u>54,364</u>
				<u>\$ 412,408</u>

Source: SAO analysis of paid Medicaid claims

As Table 2.3 shows, the five recipients obtained large amounts of OxyContin® in both fiscal years 2000 and 2001. Analysis also shows several other Medicaid recipients obtained unusually large quantities of 80 milligram OxyContin® tablets through single prescriptions. Ten recipients in fiscal year 2000 and 23 recipients in 2001, each obtained 300 or more 80 milligram OxyContin® tablets with only one prescription, with one recipient obtaining 850 tablets. The claims data shows these recipients obtained a 30-day supply, which indicates they were prescribed from 10 to 28 tablets per day, which is in excess of the normal dosage limit of six 80 milligram tablets per day determined by the drug's manufacturer. Seven of the recipients obtained 300 or more tablets with one 30-day prescription in both fiscal years.

### **The division has not taken sufficient steps to prevent abuse of OxyContin® products**

Although the division's pharmacy director stated the division was aware of increased use of OxyContin® by Medicaid recipients, division staff had not performed any analyses until December 2001 to determine the extent of OxyContin® abuse by Medicaid recipients. Division officials also said they were aware of possible OxyContin® diversion by Medicaid recipients, but it would be difficult to develop appropriate parameters and criteria to restrict the use of this drug. Division officials were concerned that placing restrictions on OxyContin® would be unfair to those recipients who suffered intractable pain. A representative of the manufacturer of OxyContin® told us any daily dosage over 480 milligrams would be considered an outlier and it is at this level hard edits<sup>4</sup> should be invoked before a prescription is filled. The audit results show that many recipients received far more than a daily dosage of 480 milligrams of OxyContin®.

<sup>4</sup> Computer system settings that block authorization for a submitted pharmacy transaction which exceeds the defined setting limits until a Medicaid official evaluates and approves the transaction.

## **Several states have taken steps to prevent OxyContin® abuse in their Medicaid programs**

Kentucky, Vermont and the District of Columbia require physicians to obtain prior authorization before they can prescribe OxyContin® for Medicaid recipients. In addition, seven other states have placed limits on the amounts of OxyContin® Medicaid recipients can obtain on a monthly basis, without obtaining prior authorization. For example, North Carolina limits Medicaid recipients to 6 tablets a day any strength and Maryland limits recipients to no more than 120 tablets per prescription any strength, without prior authorization being obtained.

## **Conclusion**

The DEA has reported that OxyContin® abuse is becoming a national problem and Missouri was one of 17 states with above average national consumption in 2000. Analysis shows OxyContin® use by Medicaid recipients increased dramatically from fiscal year 2000 to 2001. Investigations by the Attorney General's Office indicate some of this increase could be for illicit street sales. The division has not taken sufficient steps to prevent OxyContin® abuse in the Medicaid program.

## **Recommendations**

We recommend the Director, Department of Social Services:

- 2.1 Establish hard edits in the Medicaid claims processing system to block payment authorization for OxyContin® prescriptions which exceed division determined utilization guidelines.
- 2.2 Until the edit is in place, identify Medicaid recipients who are obtaining OxyContin® at or above this utilization guideline and determine if there is an appropriate medical need for the drug strength and tablet quantities prescribed.

## **Department of Social Services Responses**

*System changes will be in place by mid-April to allow maximum daily quantity edits for Oxycontin®. DMS will institute these edits and a drug authorization process to allow for the justification of medically appropriate utilization for larger dosages. DMS will continue to perform retrospective drug use review for all Medicaid recipients and for all medications.*

*Development of enhanced medication monitoring and medical database screening of all prescriptions will occur. Provider based disease state management for Medicaid recipients, which warrant such oversight because of their risk management index is also forthcoming. These enhancements are part of RFP B3Z02142 with bids due April 25, 2002, with implementation expected the summer of 2002. As previously discussed, these new tools are:*

### *Enhanced Prospective Drug Use Review Programs*

*-clinical edits using evidence bases medical models to screen ALL incoming prescriptions*

- minimum and maximum edits on medication utilization
- fiscal integrity edits on all incoming claims
- Disease State Management Programs*
  - patients identified by a risk assessment model
  - physician / pharmacist teams to review identified patients
- Enhanced retrospective DUR*
  - evidence based medical models to review patient medication therapy
  - integration of all medical provider claims to the review process

The following comments were made to sections of this issue.

The division has not taken sufficient steps to prevent abuse of OxyContin® products

*The DMS drug use review contractor had began analysis in August 2001 at the request of the original DMS staff. DMS Pharmacy Director joined the team in October 2001. The remainder of the clinical staff, including a Clinical Pharmacist and Medicaid Specialists were in place by January 2002 intensifying the review efforts. Continued evaluations showed two pharmacies that warranted review. In addition, DMS was already reviewing three of the five patients referenced, in the above table, by the SAO. With all of the review by the SAO, the Attorney General's Office, and DMS, to date no cases have come forth with enough evidence of diversion to result in successful prosecution efforts.*

*The manufacturers own literature indicates a titration course and indications for 560mg twice a day or daily dosages of 14 or more tablets per day. The Drug Information Center at UMKC and local pain management physicians have indicated dosages above that level have routinely been used. There is no maximum dose of pure opioid agonists because patients do develop tolerance to such medications. This "no ceiling" effect makes individualized dosing regimens extremely important.*

*Tolerance and physical dependence in intractable pain patients are not signs of abuse. Tolerance is the need for increasing doses of the medication to maintain the defined effect of analgesia. DMS has and continues to search for and evaluate the Oxycontin® surveillance issues within our population.*

Conclusion

*OxyContin® usage in Missouri, one of 17 states identified, may be a factor of being one of the largest elderly states in the nation and the more aggressive pain management posture by the healthcare community required to administer care to the elderly. Please note the statistics cited are for ALL patients and not only Medicaid patients.*

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The objectives of the audit were to determine (1) the extent Medicaid recipients visited multiple prescribers to obtain prescriptions for controlled substances, and (2) policies and procedures for detecting and preventing abuse in the program.

### **Scope and Methodology**

We obtained and reviewed federal and state statutes and regulations related to Title XIX of the Social Security Act (the Medicaid program) and the Controlled Substances Act. We obtained and reviewed reports from the DEA related to drug abuse and controlled substances such as oxycodone, hydrocodone, and OxyContin®. We contacted Medicaid officials from selected states, including Missouri's eight contiguous states, to determine (1) if the states used computer edits to automatically deny prescriptions that potentially involved fraud, waste, and abuse, and (2) if the states had placed restrictions on recipients' ability to obtain the drug OxyContin®.

We obtained and analyzed the division's Medicaid paid prescription drug claims for the 2 fiscal years ended June 30, 2001.

Because the division did not require pharmacies to use standard procedures to identify prescribers until fiscal year 2002, pharmacies could enter either a prescriber's name or his/her Medicaid identification number. Accordingly, some pharmacies may have entered a provider's name, while others may have entered the provider's Medicaid identification number. As a result, a computer count of the different entries in the prescriber field could overstate the actual number of prescribers recipients visited. To determine the total number of different prescribers a recipient visited, we identified the number of different prescriber names and identification numbers shown on each recipient's claims data, and recorded whichever was higher. Because division databases did not track doctors who practiced in groups, neither division personnel nor audit staff could determine the amount of duplication in the prescriber field caused by this factor. The premise is that doctors who practice in groups share medical records and therefore it is possible for a recipient to have multiple prescribers. Thus it is possible a recipient could obtain prescriptions from several prescribers without "doctor shopping." An example of a recipient's claims data from which we concluded that the recipient went to at least eight different prescribers (actual names were changed and names shown are fictitious) follows.

## APPENDIX I

Prescriber	Description
241008929	number 1
SMITH	name 1
JONES	name 2
JOHNSON	name 3
JONES,CH	name 2
CARTER	name 4
COOK	name 5
HARRISON	name 6
GREEN	name 7
WARD	name 8

As the above example shows, when two last names were the same but one had initials following it, such as, JONES and JONES,CH, we assumed the prescribers were the same person. We also assumed when numbers were also shown in a recipient's claims data, it was associated with one of the names and did not count it. Accordingly, the results of our analyses may be understated.

We obtained, reviewed, and discussed with appropriate division officials policies and procedures for detecting and preventing abuse in the Medicaid prescription drug program. We obtained listings of Medicaid recipients the division identified as abusing this program and restricted to visiting only one doctor and/or pharmacy.



## **BACKGROUND**

### **Medicaid Program**

Authorized in 1965 under Title XIX of the Social Security Act, Medicaid is a federally-aided, state-run medical assistance program. Services provided by Missouri's Medicaid program include those required by federal regulations such as hospital, physician, and skilled nursing home care services. The state's Medicaid program also provides optional services such as dental, prescription drugs, and personal care as authorized by the General Assembly. The state's Medicaid program is jointly funded by state and federal funds. In fiscal year 2002, program appropriations were \$4.3 billion which will be approximately 60 percent paid for from federal funding. The Department of Social Services, Division of Medical Services (the division) is responsible for administering the Medicaid program.

The state's Medicaid program has provided eligible Missouri residents prescription drug services at nominal or no cost since 1967 and this service is estimated to cost \$744 million during fiscal year 2002. Because of growing concern over the increased use and cost of prescription drugs, the Social Security Act was amended in 1990 requiring states to implement Drug Utilization Review programs by January 1, 1993. The Act mandated that these reviews include prospective screening for potential drug problems due to therapeutic duplication, drug-disease contradiction, drug-drug interaction, incorrect drug dosage, incorrect duration of treatment, drug-allergy interactions, and clinical abuse or misuse.

The division uses an automated system, which includes a database of patients' drug and medical histories, to prospectively review and process Medicaid prescription claims. When a Medicaid patient submits a prescription to be filled, the pharmacist transmits recipient information to a statewide database via the automated system. In an on-line, real-time environment, after verifying the recipient's eligibility, the system screens the prescription against the recipient's known Medicaid medical and prescription history. The system then sends the pharmacy a message indicating whether the claim is "payable" (valid), or whether any potential drug therapy problem, such as therapeutic duplication exists. If a potential drug therapy problem exists, the pharmacist consults with the recipient and/or the recipient's physician, depending upon the seriousness of the problem. After such consultation and according to the pharmacist's judgment, the pharmacist may fill the prescription, resubmit the claim for a different drug prescribed by the physician, or submit a reversal to cancel the claim.

### **Controlled Substances Act**

The Controlled Substances Act places all substances regulated under existing federal law including prescriptions into one of five schedules. This placement is based upon the substance's medical use, potential for abuse, and safety or dependence liability. The Act also provides a mechanism for substances to be controlled, or added to a schedule; decontrolled, or removed from control; and rescheduled or transferred from one schedule to another.

## APPENDIX II

Proceedings to add, delete, or change the schedule of a drug or other substance may be initiated by the Drug Enforcement Administration (DEA), the Department of Health and Human Services (the department), or by petition from any interested party.<sup>5</sup> When a petition is received by the DEA, the agency begins its own investigation of the drug. Once the DEA has collected the necessary data, the DEA requests from the department a scientific and medical evaluation and recommendation as to whether the drug or other substance should be controlled or removed from control.

The vital issue is whether the drug or other substance has potential for abuse. Only drugs with a high potential for abuse will be controlled. There are five controlled substance schedules:

### Schedule I

- The drug or other substance has a high potential for abuse.
- The drug or other substance has no currently accepted medical use in treatment in the United States.
- There is a lack of accepted safety for use of the drug or other substance under medical supervision.
- Some Schedule I substances are heroin, LSD, marijuana, and methaqualone.

### Schedule II

- The drug or other substance has a high potential for abuse.
- The drug or other substance has a currently accepted medical use in treatment in the United States or a currently accepted medical use with severe restrictions.
- Abuse of the drug or other substance may lead to severe psychological or physical dependence.
- Some Schedule II substances are morphine, hydrocodone, oxycodone and cocaine.

### Schedule III

- The drug or other substance has a potential for abuse less than the drugs or other substances in Schedules I and II.
- The drug or other substance has a currently accepted medical use in treatment in the United States.
- Abuse of the drug or other substance may lead to moderate or low physical dependence or high psychological dependence.
- Some Schedule III substances are anabolic steroids, codeine and hydrocodone with aspirin or Tylenol, and some barbiturates.

---

<sup>5</sup> Interested parties may include the manufacturer of a drug, a medical society or association, a pharmacy association, a public interest group concerned with drug abuse, a state or local government agency, or an individual citizen.

## APPENDIX II

### Schedule IV

- The drug or other substance has a low potential for abuse relative to the drugs or other substances in Schedule III.
- The drug or other substance has a currently accepted medical use in treatment in the United States.
- Abuse of the drug or other substance may lead to limited physical dependence or psychological dependence relative to the drugs or other substances in Schedule III.
- Some Schedule IV substances are Darvon, Talwin, Equanil, Valium and Xanax.

### Schedule V

- The drug or other substance has a low potential for abuse relative to the drugs or other substances in Schedule IV.
- The drug or other substance has a currently accepted medical use in treatment in the United States.
- Abuse of the drug or other substance may lead to limited physical dependence or psychological dependence relative to the drugs or other substances in Schedule IV.
- Some Schedule V substances are over-the-counter cough medicines with codeine.

### **OxyContin®**

OxyContin® is a Schedule II substance that has continued to be abused in spite of its Schedule II status. OxyContin®, an oxycodone sustained-release formulation, is designed for use by patients with prolonged duration of moderate to severe pain. OxyContin® and morphine provide similar pain management results for most users. The controlled release method of delivery used in OxyContin® allows for a longer duration of drug action, and consequently, the manufacture of tablets containing larger doses of the active ingredient. Its availability in sustained-release formulations has increased the dosage forms from 10 milligrams up to 80 milligrams per tablet, making the sustained release formulation more attractive to narcotic abusers than traditional oxycodone formulations of 5 milligrams per tablet.



**REVIEW OF ARTICLE X  
SECTIONS 16 THROUGH 24  
CONSTITUTION OF MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-28  
April 15, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2002

**The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.**

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2001.

In regard to past notable court actions, on January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of total state revenue unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri, et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and total state revenue. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

The OA-BP has excluded \$338.23 million in fiscal year 2001, which was received under the Tobacco Master Settlement Agreement. The OA-BP believes these receipts should be excluded from total state revenue because the amounts represent a recovery cost. We analyzed three extensive research projects conducted by experts which concluded the state incurred more costs attributable to smoking in the Medicaid program than the amount received from the tobacco settlement. As a result, the entire amount received from the tobacco settlement is properly coded as a recovery cost and excluded from total state revenue.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
EXECUTIVE SUMMARY .....	4-8
EXHIBITS: .....	9-21
<u>Exhibit</u>	<u>Description</u>
A	Summary of Total State Revenue and Refund Calculations, Five Years Ended June 30, 2001 .....10
B	Schedule of Total State Revenues, Two Years Ended June 30, 2001 ..... 11-19
C	Schedule of Expenditure Refunds, Two Years Ended June 30, 2001 ..... 20-21
NOTES TO THE EXHIBITS .....	22-23
BACKGROUND, METHODOLOGY, AND CONCLUSIONS.....	24-35
APPENDIX:.....	36-40
Appendix	Article X, Sections 16 through 24, Constitution of Missouri (Adopted November 4, 1980, Amended April 2, 1996)..... 37-40

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
Jefferson City, MO 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2001, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2000. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our review was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we held discussions with personnel of the Office of Administration, Division of Budget and Planning, inspected relevant records and reports compiled by that office, and reviewed reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.



Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

February 5, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
Audit Staff:	Frank Verslues

## EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2001, 2000, 1999, 1998, and 1997. The calculations for years prior to 1998 have been changed to comply with a Supreme Court decision as further explained below.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

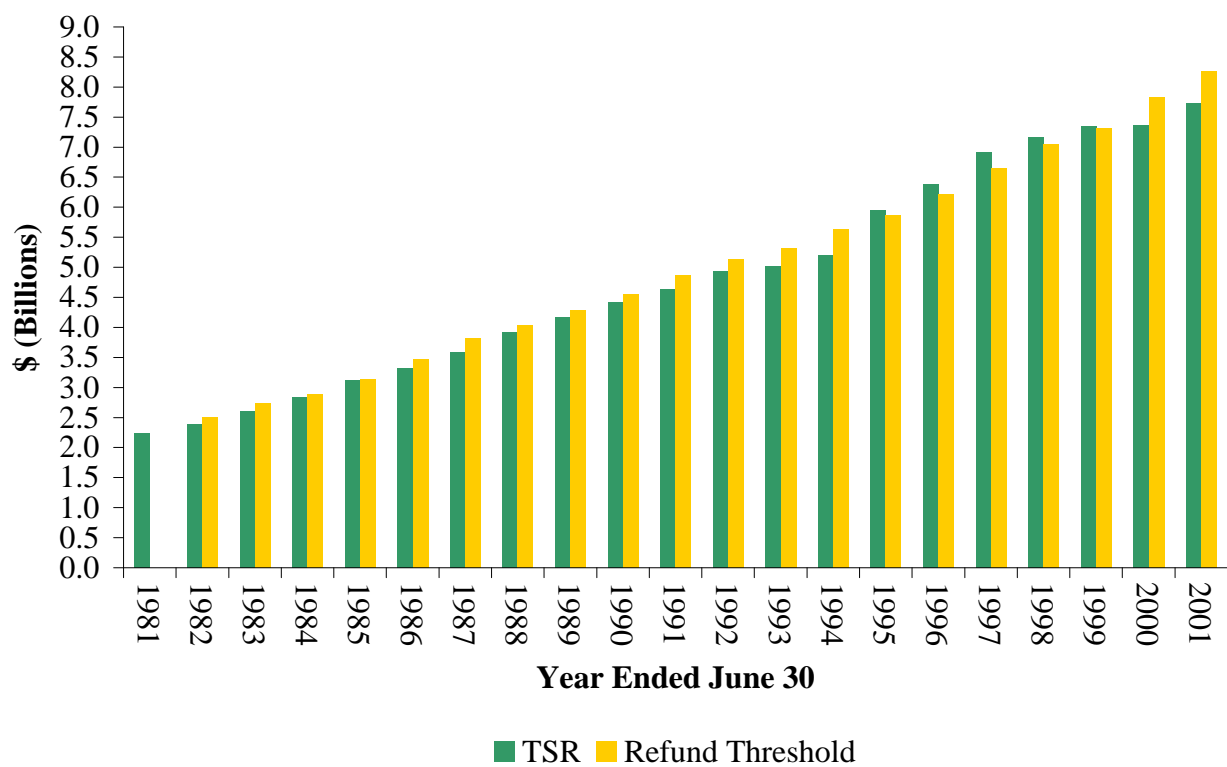
This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state has decided not to recalculate TSR for those years. However, for fiscal year 1998, the state has excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation, while excluding them from yearly total state revenues. The court further found that

tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

The OA-BP has excluded \$338.23 million in fiscal year 2001, which was received under the Tobacco Master Settlement Agreement. The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery cost. We analyzed three extensive research projects conducted by experts which concluded the state incurred more costs attributable to smoking in the Medicaid program than the amount received from the tobacco settlement. As a result, the entire amount received from the tobacco settlement is properly coded as a recovery cost. This issue is discussed in more depth later in this report.



## EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI  
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS  
FIVE YEARS ENDED JUNE 30, 2001  
(IN MILLIONS)

	Year Ended June 30,				
	1997	1998	1999	2000	2001
<b>TOTAL STATE REVENUE (TSR)</b>					
Total state receipts	\$ 13,225.70	14,162.44	15,076.69	15,871.29	17,360.76
Less excluded revenue	(5,765.43)	(6,360.21)	(6,846.96)	(7,442.20)	(8,632.31)
Less expenditure refunds	(551.53)	(647.09)	(886.05)	(1,057.35)	(1,066.85)
Add refundable tax credits	0.00	0.00	0.00	0.00	78.04
TSR	\$ 6,908.74	7,155.14	7,343.68	7,371.74	7,739.64

**REVENUE LIMIT AND REFUND THRESHOLD**

Missouri personal income	\$ 116,154.00	123,280.00	127,795.00	136,754.00	144,389.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	6,550.50	6,952.38	7,207.00	7,712.24	8,142.82
Judicial article amendment	33.98	36.02	37.82	39.70	43.52
Revenue limit	6,584.48	6,988.40	7,244.82	7,751.94	8,186.34
1 percent adjustment	65.84	69.88	72.45	77.52	81.86
Refund threshold	\$ 6,650.32	7,058.28	7,317.27	7,829.46	8,268.20

**REFUND CALCULATION**

TSR	\$ 6,908.74	7,155.14	7,343.68	7,371.74	7,739.64
Less refund threshold	6,650.32	7,058.28	7,317.27	7,829.46	8,268.20
Over (Under) Threshold	258.42	96.86	26.41	(457.72)	(528.56)
1 percent adjustment	65.84	69.88	72.45	0.00	0.00
Refund	\$ 324.26	166.74	98.86	0.00	0.00

See the accompanying Notes to the Exhibits.



## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue		Year Ended June 30,	
			2000	2001
1001	Sales and use tax	\$	1,711,735,812	1,732,305,234
1003 (l)	Parks sales and use tax		34,747,135	35,230,980
1005 (k)	Soil and water sales and use tax		34,746,972	35,230,984
1007	General revenue reimbursements - local sales and use tax		2,579,696	3,010,856
1009	Motor vehicle sales tax		212,131,664	201,434,995
1011 (u)	Conservation sales and use tax		86,885,502	88,085,276
1013 (f)	Proposition C sales and use tax		682,981,580	689,313,928
1015	Sales and use taxes paid under protest		1,650,756	153,582
1022	Individual income tax		4,276,499,738	4,594,876,638
1024	Individual income taxes paid under protest		1,315	(293,191)
1026	Corporate income tax		443,212,366	365,348,758
1028	Corporate income taxes paid under protest		(284,067)	562,689
1033	County foreign insurance tax		146,759,514	139,319,912
1035	County stock insurance tax		0	0
1037	Worker's compensation insurance tax		19,082,046	3,633,190
1039	Worker's compensation insurance tax - second injury		36,035,166	40,002,911
1041	Excess lines of insurance tax		7,871,619	9,724,620
1049	Heavy beer tax		8,045,753	8,002,425
1051	Light beer tax		106,295	106,174
1053	Liquor tax		14,256,263	14,853,871
1055	Wine tax		2,930,608	2,949,469
1057	Cigarette tax		103,356,006	99,428,258
1059	Tobacco product tax		8,649,933	8,723,561
1060	Motor vehicle fuel tax		386,297,792	381,494,352
1060 (g)	Motor vehicle fuel tax		169,035,971	163,583,904
1060 (p)	Motor vehicle fuel tax		150,023,029	145,184,278
1062	Special fuel non-gas tax		2,617,137	1,393,208
1064	Aviation fuel tax		599,279	479,395
1070	Corporation franchise tax		78,165,764	71,862,773
1073	Estate tax		132,700,434	156,818,846
1074 (q)	Bingo tax		3,849,044	3,514,132
1076 (r)	Gaming commission gross receipts tax		178,423,987	187,786,857
1080	Real and personal property tax		16,062,211	17,630,096
1082	Delinquent real and personal property tax		2,368,166	1,788,078
1084	Hazardous waste tax		2,191,446	3,237,913
1088	Nursing facility reimbursement allowance		6,643,749	8,904,840
1090	Federal reimbursement allowance		11,914,000	16,871,529
1092	Payments in lieu of taxes		300,000	300,000
1093	Athletic events tax		280,226	120,127
1095	Surcharges		0	207,500
1097	Agency collected sales taxes		106,626	109,032
1099	Other taxes		174,489	127,947
1100	Professional licenses or permits		14,899,229	20,801,980
1102	Recreational licenses or permits		3,982,073	3,769,226

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1104	All-terrain vehicle licenses or permits	124	250
1106	Motor vehicle licenses or permits	161,503,917	189,285,982
1108	Interstate transportation licenses or permits	60,695,858	54,135,803
1108 (g)	Interstate transportation licenses or permits	4,947,537	5,036,883
1110	Driver's licenses or permits	17,693,434	20,320,279
1112	Land reclamation commission permits	431,593	438,550
1114	Salesman licenses or permits	3,402,585	3,835,926
1116	Vehicle and boat manufacturer and dealer licenses	905,896	911,535
1118	Liquor licenses or permits	3,666,225	3,670,395
1120	Gaming commission licenses	2,195,634	1,804,602
1122	Beer licenses or permits	12,997	12,256
1124	Motor carrier licenses	2,836,180	2,789,015
1126	Hunting and fishing licenses and commission permits	27,337,935	27,139,361
1127	Hunting and fishing special tags	1,315,350	1,232,849
1128	Hazardous waste transporter licenses	402,725	367,565
1130	Water pollution control permits	2,136,218	2,622,026
1132	Overdimension/overweight permits	4,828,860	4,493,852
1134	Merchant licenses	811,482	983,772
1136	Tobacco licenses	22,700	23,900
1138	Temporary licenses	1,175	1,600
1140	Duplicate plates	1,477	1,278
1149	Other licenses and permits	2,359,154	2,462,292
1150	Lobbyist registration fees	1,760	2,310
1152	Motorboat fees	5,550,804	5,495,087
1154	Narcotics and dangerous drugs fees	678,240	670,267
1156	Occupational boards exam fees - individual exam fees	131,032	448,657
1160	Non-motor fuel decal fees	520,725	162,590
1162	Filing fees	14,471,503	14,368,725
1164	Transfer fees	30,272	23,384
1169	Other registration fees	11,219,536	12,592,642
1174	Asbestos fees	259,101	251,264
1178	Milk control fees	55,451	87,729
1180	Home health care license fees	132,600	127,200
1182	Nursing home license fees	147,267	131,977
1184	Title V emissions fees	4,522,691	6,410,168
1185	Emission fees/non Title V facilities	1,116,242	496,654
1186	Boarding home license fees	743,567	715,364
1188	Public utilities fees	21,432,233	20,572,444
1190	Hospital license fees	90,528	90,225
1192	Grain warehouse license fees	36,295	35,465
1194	Missouri primacy fees	2,496,191	2,485,763
1196	Underground storage tank annual participation fees	1,233,560	1,170,584
1198	Transport load fees	14,352,974	13,841,740
1200	Storage tank registration fees	260,059	269,535

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1202	Tourist cabin permit fees	142,685	146,067
1206	Solid waste disposal fees	9,490,126	9,687,293
1208	New tire fees	1,968,304	2,010,702
1210	Ground water protection fees	524,281	474,974
1212	Water and sewage fees	0	0
1214	Insurance regulatory fees, renewals and purchasing groups	1,907,337	1,952,584
1216	Air conservation commission permit fees	313,418	252,357
1218	Bingo license fees	71,890	74,525
1220	Lab fees	1,514,785	1,374,311
1222	Program administration fees	813,724	771,929
1223	Confined animal feed operation indemnity fees	40,321	50,641
1224	Railroad assessments	705,384	664,373
1227	Enhanced vehicle emission inspection fees	375,241	1,821,791
1229	Beverage inspection fees	430,452	452,694
1233	Grain warehouse inspection fees	1,456,065	1,485,938
1235	Milk inspection fees	1,530,402	1,420,596
1237	Ice cream products inspection fees	32,845	21,180
1239	Mine inspection fees	91,251	77,508
1241	Mobile home and recreational vehicle inspection fees	288,790	266,188
1243	Oil inspection fees	2,422,783	2,400,864
1249	Other inspection fees	918,601	1,060,908
1250	Collection fees	24,176,296	16,887,480
1252	Admission fees	982,328	928,247
1252 (r)	Admission fees - Riverboat gambling	49,206,860	46,984,700
1254	State auditor fees	743,699	777,268
1260	Grade crossing safety fees	757,852	1,441,440
1262	Loan administration fees	1,963,020	2,156,065
1262 (c)	Loan administration fees - Fund 881	197,293	208,357
1264	Court fees	18,863,188	17,630,909
1266	Financial institutions examination fees	6,764,447	6,639,892
1268	Consumer finance license fees	677,700	625,100
1270	Transcript fees	141,467	125,225
1274	Marketing development fees	196,742	331,838
1276	Miscellaneous insurance fees	594,567	615,158
1278	Gaming commission administrative income	2,174	4,455
1279 (a)	Lottery commission fees	195,279	246,300
1280	Motor vehicle inspection sticker fees	4,013,513	3,777,264
1282	Logo sign advertising fees	3,241,796	3,399,742
1284	Public defender fees	918,393	885,419
1286	Witness fees	3,915	5,451
1288	County recorders fees	8,011,015	7,815,444
1290	Training or conference fees	25,003	49,414
1294	Electronic monitoring fee	801,843	1,287,591
1298	Substance abuse offender program fees	1,756,647	1,736,251

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1302	Criminal records check fees	3,317,577	3,602,868
1303	Other fees	3,311,554	4,953,977
1303 (c)	Other fees - Fund 880	3,660	0
1305 (h)	Bond sales proceeds	40,024,065	286,102,087
1310	Land sales	1,330,053	2,490,321
1312	Sales of natural resources products	3,040,229	2,420,275
1314	Sales of agriculture products	1,793,736	1,768,337
1316	Manufactured product sales	12,203,435	14,266,711
1318	Information sales	3,672,650	3,770,665
1320	Souvenir sales	620,200	687,074
1322	Surplus property sales - State	3,924,703	4,645,129
1322 (a)	Surplus property sales - State - Lottery Fund 657	137,302	110,726
1322 (aa)	Surplus property sales - State - Fund 710	573,282	1,148,683
1324	Surplus property sales - Federal	1,953,910	2,430,759
1324 (c)	Surplus property sales - Federal - Fund 880	0	210
1328	Sales of fixed assets - control (used by the system only)	6,703,573	5,748,170
1330	Vital records sales	1,281,566	1,220,807
1332 (a)	Lottery ticket sales	278,290,515	256,549,705
1334	Cafeteria sales	685,678	716,482
1338	Other sales	215,465	199,983
1401	Land rentals/leases	5,226	0
1403	State facilities rentals/leases	679,339	881,705
1404	Parking rentals/leases	123,796	83,948
1405	Concessions and recreational rentals/leases	2,497,975	2,443,321
1407	Housing/building rentals/leases	377,587	352,936
1409	Other leases and rentals	1,516,822	1,228,246
1414 (e)	Medicare	8,692,048	9,430,293
1416 (e)	Medicare - community based	406,508	430,198
1418 (e)	Medicaid	62,838,731	65,415,461
1419 (e)	Medicaid - case managers	0	0
1420 (e)	Medicaid - community based	62,380,747	52,083,505
1422	Private Payments	6,919,977	7,728,151
1424	Insurance payments	1,759,775	2,268,896
1426	Other payments	900,723	446,888
1434	Institutional support fees	55,980	30,527
1436	Room and care	13,155,285	15,344,355
1438	Fleet services operations/maintenance	0	8,384
1442	Mail/freight services	0	1,100
1446	Printing service	0	42,792
1448	Computer services	0	3,321
1501	Private donations	3,950,259	5,259,549
1502	Other governmental entity donations	24,852	134,865
1507 (e)	Nasao (airport inspections)	22,102	0
1510 (e)	US Department of Agriculture	560,196,906	295,168,578

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1512 (e)	US Department of Defense	2,106,505	1,691,666
1514 (e)	US Department of Housing and Urban Development	50,354,645	48,660,402
1516 (e)	US Department of Interior	17,245,212	15,829,317
1518 (e)	US Department of Justice	10,751,283	3,828,766
1520 (e)	US Department of Labor	25,814,992	80,665,476
1522 (e)	US Department of Education	365,963,223	426,076,140
1522 (c)	US Department of Education - Fund 626	17,638,453	0
1522 (c)	US Department of Education - Fund 880	0	4,335,597
1522 (c)	US Department of Education - Fund 881	0	22,349,908
1524 (e)	US Department of Transportation	652,918,051	630,676,395
1526 (e)	National Foundation for the Arts and Humanities	3,686,964	3,299,112
1528 (e)	US Veterans Administration	32,052,514	16,319,105
1530 (e)	US Environmental Protection Agency	50,826,223	77,684,564
1532 (e)	US Department Of Energy	5,917,842	5,743,072
1534 (e)	Federal Emergency Management Agency	11,331,901	9,514,458
1536 (e)	US Department of Health and Human Services	3,064,483,249	3,619,855,729
1538 (e)	National and Community Services	76,600	0
1540 (e)	US Social Security Administration	31,178,359	30,589,459
1549 (e)	Miscellaneous federal revenues	21,281,830	24,209,426
1551	County mental health programs	5,527,382	5,671,302
1560 (e)	Federal pass-through grants	37,845,336	41,039,012
1601	Time deposits interest	16,251,174	23,742,120
1601 (f)	Time deposits interest - Fund 688	297,972	555,168
1601 (a)	Time deposits interest - Fund 657	151,656	234,614
1601 (k)	Time deposits interest - Fund 614	93,797	214,095
1601 (l)	Time deposits interest - Fund 613	109,228	174,164
1601 (b)	Time deposits interest - Fund 905	11,087	22,809
1601 (q)	Time deposits interest - Fund 289	51,108	73,302
1601 (r)	Time deposits interest - Fund 285	51,477	97,493
1601 (d)	Time deposits interest - Fund 963	3,274	267
1601 (u)	Time deposits interest - Fund 609	130,222	223,097
1601 (c)	Time deposits interest - Fund 851	98,161	252,778
1601 (c)	Time deposits interest - Fund 626	113,341	0
1601 (c)	Time deposits interest - Fund 880	42,929	93,765
1601 (c)	Time deposits interest - Fund 881	125,307	372,424
1603	U.S./agency securities interest	147,044,390	134,160,656
1603 (f)	U.S./agency securities interest - Fund 688	2,493,607	2,582,509
1603 (a)	U.S./agency securities interest - Fund 657	1,192,799	1,080,553
1603 (k)	U.S./agency securities interest - Fund 614	752,798	905,365
1603 (l)	U.S./agency securities interest - Fund 613	868,255	775,212
1603 (b)	U.S./agency securities interest - Fund 905	87,364	97,539
1603 (q)	U.S./agency securities interest - Fund 289	404,104	325,033
1603 (r)	U.S./agency securities interest - Fund 285	408,618	456,993
1603 (d)	U.S./agency securities interest - Fund 963	28,571	2,619

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1603 (u)	U.S./agency securities interest - Fund 609	1,053,614	951,098
1603 (c)	U.S./agency securities interest - Fund 851	758,800	1,062,792
1603 (c)	U.S./agency securities interest - Fund 626	752,182	0
1603 (c)	U.S./agency securities interest - Fund 880	367,772	402,657
1603 (c)	U.S./agency securities interest - Fund 881	1,131,246	1,654,049
1605	Other investment interest	0	222,288
1610	Interest on loans	729,476	539,282
1614	Interest on receivables	44,466	52,499
1615	Interest on receivables - control	0	59
1616	Interest on settlements	40,772	383,918
1618	Other interest	462,973	1,868,339
1618 (c)	Other interest - Fund 880	118,318	108,323
1621	Penalties	12,967,821	12,352,397
1624	Settlements	571,324	424,508
1626	Court awards	1,726,800	1,934,990
1626 (a)	Court awards - Lottery Fund 657	60	0
1628	Insufficient funds charges	4,313	5,930
1634	Estates	611,436	1,083,195
1636	Unclaimed properties	22,358,117	45,077,183
1700 (i)	Salary refunds - federal	557,642	554,591
1701 (i)	Salary refunds - state	26,484	38,613
1702 (i)	Salary refunds - local/other	19,307	34,586
1703 (i)	General relief pension refunds	3,249,761	4,201,496
1704 (i)	Blind pension refunds	16,373	3,537
1706 (i)	Dependent children pension refunds	561,846	832,675
1715 (i)	Day care refunds	106,914	74,957
1717 (i)	Medicare - Medicaid refunds	136,935,781	165,727,710
1719 (i)	Cost in criminal cases refunds	234,418	215,732
1721 (i)	Vendor refunds - federal	699,732	1,118,740
1722 (i)	Vendor refunds - state	558,052	3,276,007
1723 (i)	Vendor refunds - local/other	72,613	94,418
1723 (c)	Vendor refunds - local/other - Fund 880	0	286
1724 (i)	Political subdivision refunds	143,011	70,992
1725 (i)	Excess court payment refunds	852,927	4,189,214
1727 (i)	School refunds	11,844,955	5,216,923
1728 (i)	Scholarship refunds	0	95
1729 (i)	Audit findings - federal	7,698	4,259
1730 (i)	Audit findings - state	15,421	9,199
1731 (i)	Audit findings - local/other	729,638	20,011
1732 (i)	Utility refunds	18,184	41,610
1733 (i)	Fuel tax refunds	170,120	576,386
1737 (i)	Other refunds	4,561,764	5,035,856
1737 (a)	Other refunds - Lottery Fund 657	0	98
1737 (c)	Other refunds - Fund 880	23,345,997	20,686,829

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1737 (c)	Other refunds - Fund 881	0	2,439,370
1806 (w)	Recovery costs	15,033,232	349,175,348
1806 (a)	Recovery costs - Lottery Fund 657	1,514	105
1806 (bb)	Intergovernmental transfer program	0	268,558,021
1808	Deposit of surplus property funds	609,879	620,614
1811 (z)	Local match	925,017	1,477,834
1812 (x)	Cost reimbursements - federal	2,015,773	1,160,857
1813 (x)	Cost reimbursements - state	16,532,344	14,381,969
1813	Cost reimbursements - state (included)	7,087,444	6,261,180
1814 (x)	Cost reimbursements - local/other	130,645,961	108,467,767
1814 (a)	Cost reimbursements - local/other - Lottery Fund 657	885	0
1814 (b)	Cost reimbursements - local/other - Alternative Care Trust Fund 905	3,351	0
1816	Bond account	2,557,222	2,627,652
1818 (v)	Employee expense reimbursement - federal	4,281	0
1819 (v)	Employee expense reimbursement - state	5	3,021
1820 (v)	Employee expense reimbursement - local/other	25	1,210
1821 (v)	Employee personal expense reimbursement	24,372	20,433
1821 (r)	Employee personal expense reimbursement - Riverboat gambling	3,186	0
1822 (n)	Outlawed checks	8,592,553	7,936,688
1822 (a)	Outlawed checks - Lottery Fund 657	3,142	2,383
1822 (b)	Outlawed checks - Alternative Care Trust Fund 905	4,256	6,081
1822 (c)	Outlawed checks - Fund 880	0	155
1824 (y)	Canceled checks	1,263,769	871,889
1824 (a)	Canceled checks - Lottery Fund 657	387	31,965
1824 (b)	Canceled checks - Alternative Care Trust Fund 905	553	1,622
1824 (r)	Canceled checks - Riverboat gambling	556	0
1826 (m)	Redeposit of investments principal	12,145,706	657,712
1828 (o)	Redeposit of loan principal	13,287,525	15,149,671
1830	Telephone commissions	11,469,797	5,943,277
1832	Commission on sales	51,954	35,803
1834	Rebates	5,448	5,238
1836	Housing and maintenance receipts	3,479	1,363
1838	Loan defaults	513,145	328,041
1840 (t)	Loan proceeds	13,249,721	22,606,398
1842 (o)	Loan repayment	6,166,999	602,914
1843 (o)	Loans receivable contra account	129,835	2,617,947
1844	Insurance proceeds	2,617	5,091
1846	Capital credits/dividends	29,944	30,657
1848	Recycling receipts	27,945	44,219
1850	Forfeitures	1,512,074	3,033,329
1852	Overpayments	1,539,353	5,068,247
1852 (c)	Overpayments - Fund 880	827	0
1856 (e)	Other miscellaneous receipts - federal	61,106,244	5,393,704
1856 (c)	Other miscellaneous receipts - federal	1,737,862	0

## Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
1858	Other miscellaneous receipts - state	1,617,468	1,434,587
1858 (a)	Other miscellaneous receipts - state - Lottery Fund 657	44,229	397,578
1858 (b)	Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,199,272	8,729,355
1860	Other miscellaneous receipts - local/other	1,627,330	2,396,445
1860 (a)	Other miscellaneous receipts - local/other - Lottery Fund 657	0	1,514,553
1860 (c)	Other miscellaneous receipts - local/other - Fund 880	128,014	4,988
1862	Fees for copying public records	152,086	185,997
1862 (a)	Fees for copying public records - Lottery Fund 657	313	75
1866	Federal share of grantee sales	110,794	106,075
1870	Receivable overpayment - state	220,516	96,719
6001 (j)	Supply sales	67,530	93,937
6002 (j)	Open records fees	0	6,089
6003 (j)	Fleet services operations/maintenance	721,178	875,272
6005 (j)	Fleet services replacement	1,636,100	2,384,772
6007 (j)	Mail/freight services	621,835	687,637
6009 (j)	Telephone billing	39,848,893	39,520,463
6011 (j)	Printing service	7,393,887	9,052,467
6013 (j)	Reimbursement/recovery cost	8,974,728	19,654,466
6013 (a)	Reimbursement/recovery cost - Lottery Fund 657	434	0
6015 (j)	Leased facility	8,879,871	4,097,501
6017 (j)	Sale of material, supplies, and services	925,324	1,334,035
6019 (j)	Training	904,425	1,437,495
6021 (j)	Computer services	28,938,164	26,720,271
6023 (j)	Administration services	275,080	1,168,731
6025 (j)	Flight operations services	475,376	616,370
6027 (j)	Sale of manufactured products	15,998,275	19,835,607
6029 (j)	Interagency receipts	11,491,580	22,398,199
6029 (c)	Interagency receipts - Fund 880	473,094	1,618,169
6031 (s)	Redeposit of state funds	6,562,452	1,486,316
6032 (j)	Deposit of unclaimed property	467	0
6033 (j)	Permits	0	43,550
6034 (j)	Registration fees	0	11,200
	Total revenues	15,871,288,352	17,360,765,801
Fund Exclusions:			
(a)	Lottery - Fund 657	280,018,514	260,168,655
(b)	Alternative Care Trust Fund - Fund 905	8,305,883	8,857,406
(c)	Student Loan Funds 626, 851, 880, and 881	47,033,257	55,590,657
(d)	Pansey-Johnson-Travis Memorial State Gardens Trust - Fund 963	31,845	2,886
Revenue Source Exclusions:			
(e)	Federal funds	5,139,478,016	5,463,603,838
(f)	Proposition C sales and use tax/interest	685,773,159	692,451,605
(g)	Proposition A gas tax and license fee increases	173,983,508	168,620,787
(h)	Bond sales	40,024,065	286,102,087



Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,	
		2000	2001
(i)	Refunds	161,382,638	191,337,607
(j)	Interagency sales and receipts	127,152,714	149,938,062
(k)	Soil and water sales and use tax/interest	35,593,567	36,350,444
(l)	Parks sales and use tax/interest	35,724,618	36,180,356
(m)	Redeposit of investment principal	12,145,706	657,712
(n)	Outlawed checks	8,592,553	7,936,688
(o)	Redeposit of loan principal	19,584,358	18,370,532
(p)	Amendment 8 motor fuel tax to local governments	150,023,029	145,184,278
(q)	Bingo	4,304,256	3,912,467
(r)	Riverboat gambling	228,094,683	235,326,043
(s)	Redeposit of state funds	6,562,452	1,486,316
(t)	Loan proceeds	13,249,721	22,606,398
(u)	Conservation sales and use tax/interest	88,069,338	89,259,471
(v)	State employee expense account reimbursement	28,683	24,664
(w)	Recovery costs	15,033,232	349,175,348
(x)	Cost reimbursements	149,194,077	124,010,593
(y)	Canceled checks	1,263,769	871,889
(z)	Local match	925,017	1,477,834
(aa)	Proceeds of surplus property sales (Fund 710)	573,282	1,148,683
(bb)	Intergovernmental transfer program	0	268,558,021
	CMIA Interest payment to the federal government	1,857,633	2,273,825
	Abandoned funds claim payments	8,058,274	10,460,281
	Agency remitted sales tax	134,708	367,471
	Total exclusions	7,442,196,555	8,632,312,904
	Total revenues after exclusions	8,429,091,797	8,728,452,897
	Less expenditure refunds (Exhibit C)	1,057,348,498	1,066,848,289
	Add refundable tax credits:		
	Pharmaceutical	0	75,816,984
	Business facility	0	1,483,509
	Enterprise zone	0	733,949
	Brownfield jobs and investment	0	4,360
	Total State Revenue	7,371,743,299	7,739,643,410

See the accompanying Notes to the Exhibits.

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,	
		2000	2001
	SAM II Expenditure Refunds:		
3200	Bond refunds	\$ 2,290,015	1,704,132
3206	Deposit and escrow refunds	35,014	180,613
3215	Debt offset refunds	4,783,451	6,613,007
3218	Motor vehicle license fee refunds	824,338	997,810
3221	Driver's license fee refunds	131,228	115,466
3227	License and permit fee refunds	37,502	60,554
3230	Registration fee refunds	35,869	34,000
3233	Regulatory fee refunds	27,097	18,699
3236	Inspection fee refunds	82,817	45,521
3239	Miscellaneous fee refunds	529,580	236,658
3242	Sales refunds	10,333	8,866
3245	Lease and rentals refunds	0	4,341
3248	Medical services refunds	110,460	1,214,171
3251	Contributions refunds	0	31
3254	Federal refunds	551,070	150,671
3257	Penalty and court award refunds	163,510	2,915
3260	Interagency billing refunds	7	1,040
3261	Receivable overpayment refunds	20,470	18,192
3266	Missouri consolidated check off refunds	114,102	115,917
3267	Deferred revenue refunds	923,124	1,921,736
3268	Liability account refunds	0	37
3269	Other refunds	2,935,374	2,716,548
3272	Sales and use tax protested refunds	310,862	303,503
3281	County foreign insurance tax refunds	11,815,313	9,266,473
3287	Worker's compensation insurance tax refunds	1,171,372	1,669,902
3290	Worker's compensation second injury insurance tax refunds	498,879	149,025
3293	Cigarette tax refunds	62,268	38,834
3296	Tobacco products tax refunds	3,346	1,147
3299	Aviation fuel tax refunds	11,780	15,012
3302	Local use tax refunds	802,972	1,088,202
3305	Special fuel (non-gas) tax refunds	27,578,946	28,073,426
3308	Fuel tax refunds	14,487,597	16,149,402
3314	Food tax exemption refund	0	68,640
3317	General sales and use tax refunds	58,164,070	52,010,496
3326	Motor vehicle sales tax refunds	4,313,818	4,717,383
3329	Motor vehicle use tax refunds	1,055,465	1,054,069
3335	Boat tax refunds	8,913	7,069
3338	Individual tax refunds	605,213,858	606,892,031
3341	Senior citizens tax refunds	56,623,024	101,523,061
3342	Pharmaceutical tax refunds	64,769,058	75,816,984
3344	Corporation tax refunds	189,693,766	138,494,719

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,	
		2000	2001
3347	Franchise tax refunds	1,773,529	9,870,716
3350	Inheritance tax refunds	2,904,538	3,195,179
3356	Other tax refunds	8,550	282,091
	Total SAM II Expenditure Refunds	1,054,877,285	1,066,848,289
	SAM Expenditure Refunds (Lapse Period)		
2530	Expense and equipment miscellaneous refund	378,671	0
2905	Sales tax refund	612,264	0
2906	Local use tax refunds	(16,772)	0
2910	Motor vehicle sales tax refunds	(2)	0
2930	Individual tax refunds	(43,872)	0
2935	Senior citizens tax refunds	0	0
2940	Corporation tax refunds	(228,990)	0
2945	Franchise tax refunds	98,506	0
2950	Regular fuel tax refunds	16,075	0
2970	Drivers license fee refunds	2,273	0
2975	Other tax refunds	1,497,136	0
2980	Miscellaneous refunds	155,924	0
	Total SAM Expenditure Refunds	2,471,213	0
	Total Expenditure Refunds	\$ 1,057,348,498	1,066,848,289

See the accompanying Notes to the Exhibits.

## NOTES TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTION 16 THROUGH 24  
CONSTITUTION OF MISSOURI  
NOTES TO THE EXHIBITS

1. Refunds paid for the year ended June 30, 1998, totaled \$178,843,080 which included \$166,740,970 for 1998 plus \$12,102,110 due from the prior years of 1995, 1996, and 1997. Of the amount due from prior years, \$12,071,930 related to the court decision that payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats should be included in total state revenue. The remaining \$30,180 related to various minor adjustments for 1995, 1996, and 1997.
2. The state implemented a new accounting system (SAM II) beginning with fiscal year 2000. The coding structure (chart of accounts) was significantly changed under SAM II. As a result, revenue and expenditure refunds by type for fiscal years prior to SAM II are not comparable with SAM II information. As a result, revenues and expenditure refunds by type are not presented for years prior to fiscal year 2000.
3. Expenditure refunds are excluded from total state revenue on the cash basis of accounting, which means all refunds paid from July 1 through June 30. Expenditure refunds include those paid from the state's new accounting system (SAM II) starting on July 1, 1999 and ending June 30, 2000, and refunds paid from the old accounting system (SAM) during the lapse period of fiscal year 1999 (July 1, 1999 through August 31, 1999).

## BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

**Formula**

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 20XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}} \times$	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.
------------------------------	---------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows:

$$\frac{2,232.204096}{39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

### **Adjustments**

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 2000, which was effective on July 1, 1981. In past years the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. The Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

### **Composition of Total State Revenues**

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.



From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

**A. Lottery**

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

**B. Alternative Care Trust Fund**

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 2000. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

**C. State Guaranty Student Loan Funds**

Federal legislation in August 1997 made changes in the accounting required for federal education loans. Starting in state fiscal year 1998, the federal government considers all monies in these funds as property of the federal government. As a result, the state excludes these funds held in trust for the federal government.

**D. Pansey Johnson-Travis Memorial State Gardens Trust Fund**

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

**E. Federal Funds**

Article X, Section 17 specifically excludes federal funds.

**F. Proposition C Sales and Use Tax\Interest**

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

**G. Proposition A Gas Tax and License Fee Increases**

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

**H. Bond Sales**

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

**I. Refunds**

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

**J. Interagency Sales and Receipts**

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

**K. Soil and Water Sales and Use Tax\Interest  
and**

**L. Parks Sales and Use Tax\Interest**

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

**M. Redeposit of Investment Principal**

The redeposit of investment principal is excluded.

**N. Outlawed Checks**

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

**O. Redeposit of Loan Principal**

Redeposits of loan principal are excluded.

**P. Amendment 8 Motor Fuel Tax to Local Governments**

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is

excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

**Q. Bingo**

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 2000 requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

**R. Riverboat Gambling**

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

**S. Redeposit of State Funds**

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

**T. Loan Proceeds**

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

**U. Conservation Sales and Use Tax/Interest**

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eight of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

**V. State Employee Expense Reimbursement**

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

**W. Recovery Costs**

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

**X. Cost Reimbursements**

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Regarding items W. and X., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue. It should be noted that had both cost reimbursements of \$124.01 million and recovery costs of \$349.17 million been included in TSR for fiscal year 2001, no refund would have been due to the taxpayers.

**Y. Canceled Checks**

Receipts derived from the redeposit of state checks that have been canceled are excluded.

**Z. Local Match**

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

## **AA. Proceeds of Surplus Property Sales**

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

## **BB. Intergovernmental Transfer Program**

Starting in fiscal year 2001 the state participated in the Medicaid intergovernmental transfer (IGT) program. Under the IGT program the state was able to receive additional federal Medicaid matching funds based on enhanced payments to some government operated health care providers. The state made the enhanced payments to the providers and, after the state claimed the federal matching funds, the providers returned the enhanced payments to the state. The returned funds were coded in the state's accounting system to revenue source code 1806 - recovery costs and totaled \$286.6 million. Because these funds were simply returned to the state, similar to a refund, they are excluded from TSR.

## **Cash Management Improvement Act**

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

## **Abandoned Funds Claim Payments**

Under Section 447.543, RSMo 2000, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

## **Agency Remitted Sales Tax**

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

## **Expenditure Refunds**

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of

January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

### **Tobacco Master Settlement Agreement Proceeds**

The OA-BP has excluded \$338,230,653 received from tobacco companies during fiscal year 2001. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001, and future payments from tobacco companies extend in perpetuity. The \$338,230,653 received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. The total amount received in 2001 was coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, "*all monies received from others for costs incurred or to be incurred by the state.*" The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. We performed audit procedures to determine if outside information was available related to the amount of medical costs incurred by the state related to smoking. We determined that three extensive research projects had been conducted by experts. All three projects used the same sources of data and created statistical models from the following data sets:

- (1) National Medical Expenditure Survey (NMES-2, 1987), a face-to-face survey of 35,000 persons from 14,000 households that linked population characteristics with health care and related costs, conducted by the Health Care Financing Administration (HCFA).
- (2) Current Population Survey (CPS, 1993), a survey conducted by the Census Bureau.
- (3) Behavioral Risk Factor Surveillance System (BRFSS, 1993), a telephone survey of health risks and medical care conducted by the Center for Disease Control and state health departments.

Although the information and methods of research varied between the three experts, they all had the same goal of calculating the smoking attributable fraction of medical costs. The research projects used information from HCFA-64 reports which present Medicaid program costs by type of service. The researchers grouped these costs into more general categories to coincide with the NMES-2.

The following tables compare information from the three research projects we analyzed. To be conservative, we compared the three projects using the same criteria and excluded costs for various types of services on the HCFA 64 reports. For example, one project included dental health services and the other two projects excluded those costs, so we excluded dental costs from all three calculations. In addition, one project excluded costs for children under 19 years old, so we excluded

those costs from all three calculations. Although some of the research projects allocated insurance costs to the various other categories (hospital, physician, drugs, nursing home, home health and other), we excluded all insurance costs.

### Total Medicaid Costs by Category

<b>Description</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Total (in \$1,000)	\$ 4,504,883	3,941,886	3,588,000	3,252,799
Exclusions:				
Under 19 years old	(297,730)	(267,972)	(241,869)	(207,779)
Mental health	(362,066)	(372,115)	(359,597)	(352,521)
Dental	(12,653)	(7,480)	(7,522)	(9,493)
Sterilizations and abortions	(2)	(2)	(1,160)	(3,319)
Insurance	<u>(705,475)</u>	<u>(619,823)</u>	<u>(543,911)</u>	<u>(521,348)</u>
Remainder	\$ <u>3,126,957</u>	<u>2,674,494</u>	<u>2,433,941</u>	<u>2,158,339</u>
Hospital	\$ 831,979	806,047	785,248	687,515
Nursing home	926,586	701,821	691,002	669,090
Ambulatory (physician)	365,563	315,686	262,995	212,765
Drugs	482,773	420,769	341,328	275,790
Home health and other	<u>520,056</u>	<u>430,171</u>	<u>353,368</u>	<u>313,179</u>
Total	\$ <u>3,126,957</u>	<u>2,674,494</u>	<u>2,433,941</u>	<u>2,158,339</u>

### Medicaid Costs Attributable to Smoking Study 1

<b>Description</b>	<b>Total</b>	<b>Hospital</b>	<b>Nursing home</b>	<b>Ambulatory (physician)</b>	<b>Drugs</b>	<b>Home Health and other</b>
Smoking attributable fraction	7.50%	6.60%	6.60%	7.70%	2.60%	7.00%
Medicaid costs attributable to smoking ( in \$1,000):						
2001	\$ 200,657	62,398	61,155	28,148	12,552	36,404
2000	172,133	60,453	46,320	24,308	10,940	30,112
1999	158,361	58,894	45,606	20,251	8,874	24,736
1998	141,200	51,564	44,160	16,383	7,170	21,923

**Medicaid Costs Attributable to Smoking  
Study 2**

<b>Description</b>	<b>Total</b>	<b>Hospital</b>	<b>Nursing home</b>	<b>Ambulatory (physician)</b>	<b>Drugs</b>	<b>Home Health and other</b>
Smoking attributable fraction		4.41%	20.39%	8.99%	6.47%	5.07%
Medicaid costs attributable to smoking ( in \$1,000):						
2001	\$ 316,087	36,690	188,931	32,864	31,235	26,367
2000	256,062	35,547	143,101	28,380	27,224	21,810
1999	239,167	34,629	140,895	23,643	22,084	17,916
1998	219,596	30,319	136,427	19,128	17,844	15,878

**Medicaid Costs Attributable to Smoking  
Study 3**

<b>Description</b>	<b>Total</b>	<b>Hospital</b>	<b>Nursing home</b>	<b>Ambulatory (physician)</b>	<b>Drugs</b>	<b>Home Health and other</b>
Smoking attributable fraction		10.90%	14.26%	9.28%	10.90%	7.05%
Medicaid costs attributable to smoking ( in \$1,000):						
2001	\$ 346,027	90,686	132,131	33,924	52,622	36,664
2000	293,426	87,859	100,080	29,296	45,864	30,327
1999	270,652	85,592	98,537	24,406	37,205	24,912
1998	242,236	74,939	95,412	19,745	30,061	22,079

**Study 1 -** Center for Disease Control, 1994 (Smoking attributable fractions for the United States for all medical care costs. Calculations by state and for the Medicaid program were not made in this study).

**Study 2 -** Berkeley Economic Research Associates, Vincent Miller, et. al., 1997 (Smoking attributable fractions for Medicaid program costs in Missouri).

**Study 3 -** University of California at Berkeley, Leonard Miller, et. al., 1998 (Smoking attributable fractions for all medical costs in Missouri. Calculations for the Medicaid program were not made in this study).



Our analysis of these three research projects shows that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, it appears proper for the OA-BP to consider the entire \$338,230,653 received during fiscal year 2001 as a recovery of Medicaid costs attributable to smoking. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs from past years prior to 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking.

The OA-BP should determine what costs the state should consider as attributable to smoking to ensure all monies received from tobacco companies under the settlement agreement are recovery costs.

**WE RECOMMEND** the OA-BP determine what costs the state should consider as attributable to smoking to ensure all monies received from tobacco companies under the settlement agreement are recovery costs.

### **AUDITEE'S RESPONSE**

*The Office of Administration believes that the state has incurred substantial costs due to tobacco use in areas other than the Medicaid program. These include, but are not limited to, specific payments and premiums paid in the various state employee health care systems and consideration of the present value of the past costs.*

*Missouri state government has been paying for tobacco related costs for decades. Historical data exist on costs related to smoking and tobacco use in the Medicaid program. The Office of Administration agrees that the reports cited by the State Auditor were done by credible sources and that they provide appropriate data for developing estimates of some of the damage caused by tobacco use.*

*The Office of Administration agrees that it will complete additional analysis or work to ensure the availability of the additional information recommended for the fiscal year 2002 audit of total state revenues.*

This report is intended for the information of the management and applicable officials of the state. However, this report is a matter of public record and its distribution is not limited.

## APPENDIX

ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996\*)

TAXATION

**Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized.** Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

**Section 17. Definitions.** As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

**Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.**

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual

returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this

section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

**Section 19. Limits may be exceeded, when, how.** The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

**Section 20. Limitation on state expenses.** No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

**Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding.** The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

**Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.**

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

**Section 23. Taxpayers may bring actions for interpretations of limitations.**

Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivisions shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

**Section 24. Voter approval requirements not exclusive--self-enforceability.**

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

\* The 1996 amendment added Section 18(e).

\* \* \* \* \*



**MISSOURI INVESTMENT TRUST  
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-27  
April 4, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2002

**The following report is our review of the Missouri Investment Trust.**

---

The Missouri Investment Trust was established by state law to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-tem of the Senate, and three members to be selected by the Governor, with the advice and consent of the Senate.

The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2001, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. The trust's only investments at December 31, 2001 and 2000, were deposits in an external investment consultant's investment pools.

We had no findings on the Missouri Investment Trust.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET



# MISSOURI INVESTMENT TRUST

## TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control over Financial Reporting .....	5-6
Financial Statements: .....	7-9
<u>Exhibit</u>	<u>Description</u>
A	Comparative Statement of Net Assets, December 31, 2001 and 2000 .....8
B	Comparative Statement of Changes in Net Assets, Years Ended December 31, 2001 and 2000 .....9
Notes to the Financial Statements .....	10-12
<hr/> <b>STATISTICAL SECTION</b> <hr/>	
History, Organization, and Statistical Information .....	14-16

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor  
and  
Board of Trustees, Missouri Investment Trust  
Jefferson City, MO 65102

We have audited the accompanying financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These financial statements are the responsibility of the trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Missouri Investment Trust as of December 31, 2001 and 2000, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 8, 2002, on our consideration of the trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the trust's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Gayle A. Garrison



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor  
and  
Board of Trustees, Missouri Investment Trust  
Jefferson City, MO 65102

We have audited the financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Missouri Investment Trust are free of material misstatement, we performed tests of the trust's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Missouri Investment Trust, we considered the trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Missouri Investment Trust and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 8, 2002 (fieldwork completion date)

## Financial Statements



Exhibit A

MISSOURI INVESTMENT TRUST  
COMPARATIVE STATEMENT OF NET ASSETS

	December 31,	
	2001	2000
ASSETS		
Investments	\$ 20,235,265	17,956,005
Total Assets	20,235,265	17,956,005
LIABILITIES AND NET ASSETS		
Total Liabilities	1,598	1,285
Net Assets Held In Trust For Pool Participants	\$ 20,233,667	17,954,720

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MISSOURI INVESTMENT TRUST  
COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2001	2000
ADDITIONS		
Deposits	\$ 4,328,000	8,065,000
Investment Income (Loss)	(2,043,638)	(1,556,835)
Investment Expenses	(5,405)	(3,580)
Net Investment Income (Loss)	(2,049,043)	(1,560,415)
Total Additions	2,278,957	6,504,585
DEDUCTIONS		
Total Deductions	0	0
NET INCREASE (DECREASE) IN NET ASSETS	2,278,957	6,504,585
NET ASSETS, JANUARY 1	17,954,720	11,450,135
NET ASSETS, DECEMBER 31	\$ 20,233,677	17,954,720

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

MISSOURI INVESTMENT TRUST  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the investment trust data of the Missouri Investment Trust. The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2001, the following state funds were authorized depositors of the Missouri Investment Trust: Wolfner Library Trust, Missouri Arts Council Trust, Missouri Humanities Council Trust, and the Pansey Johnson-Travis Memorial State Gardens Trust. Deposits are invested by the Missouri Investment Trust Board of Trustees through an external investment consultant. Due to the nature of the trust and because the trust provides services only to the state and receives funding only from the state, the trust is considered a component unit of the state of Missouri financial reporting entity and is blended into the state's financial statements.

The Missouri Investment Trust, presented in Exhibits A and B, is a separate legal and accounting entity, recording all assets, liabilities, equities, revenues, and expenses related to the trust's activities. However, expenses presented for the trust or its programs may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Office of the Missouri State Treasurer are not allocated to the trust or its programs.

B. Basis of Accounting

The financial statements for the Missouri Investment Trust, Exhibits A and B, are prepared in conformity with generally accepted accounting principles. The statements are presented on the accrual basis of accounting which recognizes revenues when earned and expenses when the related liabilities are incurred.

Investments are made by the Missouri Investment Trust Board of Trustees through an external investment consultant's investment pools which are managed to approximate returns experienced by the Standard & Poor's 500 Index, the Russell 2000 Index, and the Morgan Stanley Capital International EAFE Provisional Index. Deposits of each state fund are segregated by the investment consultant in separate investment accounts within the pool. Funds are invested in equity securities with a long term objective of capital appreciation. However, investments in equity securities also carry increased risks due to potential volatility in the market.

### C. Fiscal Authority and Responsibility

The Missouri Investment Trust Board of Trustees administers transactions in the Missouri Investment Trust within the authority prescribed by the General Assembly. The board serves in a fiduciary capacity with respect to the management of the investment trust and the investment of funds for the exclusive benefit of the state of Missouri; however, the board is not subject to regulatory oversight by the SEC or other entities. The board establishes policies, procedures, and objectives of the trust, accepts deposits to the trust from authorized state funds, and selects and monitors the external investment consultant. The board is responsible for establishing such policies and making investment decisions in good faith and with the degree of diligence, care, and skill which a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

#### 2. Investments

The trust's only investments at December 31, 2001 and 2000, were deposits in an external investment consultant's investment pools with carrying values of \$20,235,265 and \$17,956,005, respectively, which approximates fair value. The valuation is provided by the consultant's monthly investment summary reports and is based on the underlying fair value of the equity securities in which the consultant's investment pools have invested. These investments are not subject to categorization of credit risk.

#### 3. Deposits and Net Assets

As of December 31, 2001, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. Participation in the Missouri Investment Trust by the various authorized state funds is on a voluntary basis. In accordance with the trust agreement and Sections 30.953 to 30.971, RSMo, net assets are held in trust for the pool participants.

#### 4. Investment Income (Loss)

Investment income (loss) includes dividends and realized/unrealized gains and losses on underlying securities held by the investment consultant in the consultant's investment pools. Due to poor economic and stock market conditions in recent years, the Missouri Investment Trust experienced net investment losses totaling \$(2,049,043) and \$(1,560,415) for the two years ended December 31, 2001 and 2000, respectively.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

## MISSOURI INVESTMENT TRUST HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Investment Trust was established by Section 30.953, RSMo, effective August 28, 1997, to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-Tem of the Senate, and three members to be selected by the Governor, with the advice and consent of the Senate. Members of the Board of Trustees as of December 31, 2001, were:

Name	Date Term Ends	Title/Appointed by
Nancy Farmer, Chairman	N/A	State Treasurer
Michael Hartmann *	N/A	Commissioner of Administration
Vicky Riback-Wilson	N/A	Member appointed by Speaker of the House
Charles Zitnik	N/A	Member appointed by President Pro-Tem of the Senate
Richard Dahl (1) **	February 24, 2004	Member appointed by Governor
Joe Rechter (2) ***	February 24, 2005	Member appointed by Governor
Rainey Crawford (3) ****	February 24, 2002	Member appointed by Governor

\* Michael Hartman was replaced by Jacquelyn D. White who was appointed Commissioner of Administration on January 1, 2002.

\*\* Richard Dahl was reappointed in 2000 to serve a four-year term ending February 24, 2004.

\*\*\* Joe Rechter was appointed to serve a four-year term ending February 24, 2005. He was appointed to replace Paula O'Brien at the completion of her initial three year term.

\*\*\*\* As of March 8, 2002, a successor trustee has not been appointed.

The initial members of the Board of Trustees appointed by the Governor shall serve the following terms: one shall serve two years (1), one shall serve three years (2), and one shall serve four years (3) respectively. Thereafter, each appointment shall be for a term of four years.



The board has selected State Street Global Advisors to provide investment management services to the trust.

The trust serves as a tool for specifically appropriated state monies to be invested longer than authorized by statute for the state treasurer.

\* \* \* \* \*



**DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-26  
March 26, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**The following areas of concern were noted in our audit of the Department of Higher Education, State Guaranty Student Loan Program.**

---

In our prior audit of this program, we found the department had not recorded any fixed asset additions or dispositions on the detailed fixed asset listing for the year ended June 30, 2000. In addition, property records were not maintained in a manner that allowed beginning balances, additions, and dispositions for each year to be reconciled to balances at the end of the year. Also, reconciliations between fixed asset purchases recorded on the Statewide Advantage for Missouri (SAM II) expenditure reports and additions to the fixed asset records were not performed.

Due to significant personnel turnover among accounting staff, general fixed asset records were still not maintained on a current basis and periodic reconciliations of fixed asset additions to equipment purchases per SAM II system reports were not performed. However, in order to prepare financial statements as of June 30, 2001, the Department of Higher Education (DHE) did compare additions for the fiscal year to equipment purchases per the SAM II system and updated the general fixed asset records for additions and deletions that occurred during the year. The DHE indicated they are now in the process of obtaining SAM II reports to perform reconciliations of fixed asset additions for the current fiscal year.

**NOTE:** In 1978, the Missouri General Assembly created the Missouri Student loan Program (MSLP) to administer the Federal Family Education Loan Program (FFELP) in the state of Missouri on behalf of the Coordinating Board for Higher Education (CBHE). The CBHE has statutory authority to oversee the MSLP and to act as the guaranty agency for the FFELP. In this capacity, the CBHE, acting through the MSLP, guarantees loans made to students by eligible lending institutions.

During the first state fiscal year of operations, the CBHE guaranteed **\$15,524,850** in FFELP loans to 7,289 borrowers. In contrast, as of June 30, 2001, the cumulative volume of loans guaranteed was **\$4,158,308,495**, representing 1,450,871 FFELP loans. Included in this total is \$1,971,998,912 in outstanding loans.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting .....	5-6
Financial Statements: .....	7-10
<u>Exhibit</u>	<u>Description</u>
A	Combined Balance Sheet, June 30, 2001 .....8
B	Combined Statement of Revenues, Expenditures, and Changes in Fund Balance, Year Ended June 30, 2001 .....9
C	Statement of Appropriations and Expenditures, Year Ended June 30, 2001 .....10
Notes to the Financial Statements .....	11-23
<hr/> <b>MANAGEMENT ADVISORY REPORT SECTION</b> <hr/>	
Follow-Up on Prior Audit Findings .....	25-27
<hr/> <b>STATISTICAL SECTION</b> <hr/>	
History, Organization, and Statistical Information .....	29-32
<u>Appendix</u> .....	33-39
A	Loans Guaranteed ..... 34-36
B	Default Claims Paid, Service Fees, and Loans Outstanding..... 37-38
C	Portfolio Mix.....39

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor  
and  
The Coordinating Board for Higher Education  
and  
Dr. Kala M. Stroup, Commissioner  
Department of Higher Education  
Jefferson City, MO 65109

We have audited the accompanying financial statements of the various funds of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2001, as identified in the table of contents. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State Guaranty Student Loan Program as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 18, 2002, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

An integral part of the program's funding comes from federal awards. Those federal awards are reported on in the State of Missouri's Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 18, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Randall Gordon, CPA
Audit Staff:	Stephen M. Garner
	Lucinda S. Elliott
	Julie Tomlinson
	Gek Mui Melinda Tan





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor  
and  
The Coordinating Board for Higher Education  
and  
Dr. Kala M. Stroup, Commissioner  
Department of Higher Education  
Jefferson City, MO 65109

We have audited the financial statements of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2001, and have issued our report thereon dated January 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the State Guaranty Student Loan Program are free of material misstatement, we performed tests of the program's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the State Guaranty Student Loan Program, we considered the program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the State Guaranty Student Loan Program and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

January 18, 2002 (fieldwork completion date)

## Financial Statements

## Exhibit A

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
COMBINED BALANCE SHEET  
JUNE 30, 2001

	Special Revenue Funds				Agency Fund	Account Groups		Total (Memorandum Only)	
	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Reserve Fund	Restricted Interest Fund	Automatic Transfer of Money (ATOM) Fund	General Fixed Asset Account Group	General Long-Term Debt Account Group	June 30, 2001	June 30, 2,000
<b>ASSETS AND OTHER DEBITS</b>									
Cash and investments	\$ 26,959,151	6,970,923	25,937,336	2,052,239	147,694	0	0	62,067,343	64,458,872
Due from federal government:									
Reinsurance	5,078,246	0	0	0	0	0	0	5,078,246	2,542,838
Loan processing and issuance fee	0	212,180	0	0	0	0	0	212,180	184,770
Account maintenance fee	0	463,542	0	0	0	0	0	463,542	519,509
Loan recoveries receivable	255,098	0	0	0	0	0	0	255,098	0
Guarantee fees receivable	12,452	0	0	0	0	0	0	12,452	61,536
Interest receivable	3,309	856	3,177	258	0	0	0	7,600	6,763
Other receivable	0	113,729	0	0	53,643	0	0	167,372	0
Allowance for default aversion rebate	300,000	0	0	0	0	0	0	300,000	300,000
Due from other funds	1,784,758	1,196,830	0	3,177	0	0	0	2,984,765	4,753,989
Fixed assets	0	0	0	0	0	769,365	0	769,365	720,087
Accumulated depreciation	0	0	0	0	0	(510,906)	0	(510,906)	(414,922)
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	138,422	138,422	91,487
Total Assets and Other Debits	\$ 34,393,014	8,958,060	25,940,513	2,055,674	201,337	258,459	138,422	71,945,479	73,224,929
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>									
Liabilities:									
Accrued payroll	\$ 0	63,871	0	2,587	0	0	0	66,458	19,894
Employee fringe benefits payable	0	18,429	0	779	0	0	0	19,208	25,323
Accounts payable	1,994,343	173,094	0	8,585	1,231	0	0	2,177,253	4,047,900
Accrued leave liability	0	0	0	0	0	0	97,264	97,264	91,487
Obligation under lease purchase	0	0	0	0	0	0	41,158	41,158	0
Deferred federal advances	1,874,831	0	0	0	0	0	0	1,874,831	1,874,831
Default aversion rebate allowance	0	300,000	0	0	0	0	0	300,000	300,000
Due to federal government	0	0	25,937,336	0	0	0	0	25,937,336	19,453,002
Due to schools	0	0	0	0	77,635	0	0	77,635	72,199
Due to lenders	0	0	0	0	112,222	0	0	112,222	38,317
Due to other funds	1,195,683	1,775,656	3,177	0	10,249	0	0	2,984,765	4,753,989
Total Liabilities	5,064,857	2,331,050	25,940,513	11,951	201,337	0	138,422	33,688,130	30,676,942
Equity and Other Credits:									
Investment in fixed assets	0	0	0	0	0	258,459	0	258,459	305,165
Fund balance	29,328,157	6,627,010	0	2,043,723	0	0	0	37,998,890	42,242,822
Total Equity and Other Credits	29,328,157	6,627,010	0	2,043,723	0	258,459	0	38,257,349	42,547,987
Total Liabilities, Equity, and Fund Balance	\$ 34,393,014	8,958,060	25,940,513	2,055,674	201,337	258,459	138,422	71,945,479	73,224,929

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
YEAR ENDED JUNE 30, 2001

	Special Revenue Funds				Total (Memorandum Only)	
	Federal	Guaranty	Restricted	Restricted	Year Ended June 30,	
	Student Loan Reserve Fund	Agency Operating Fund	Reserve Fund	Interest Fund	2001	2000
REVENUES						
Guarantee fees	\$ 0	0	0	0	0	79,377
Federal reimbursements:						
Reinsurance	24,885,317	0	0	0	24,885,317	13,362,545
Loan processing and issuance fee	0	2,244,746	0	0	2,244,746	1,715,680
Account maintenance fee	0	1,813,004	0	0	1,813,004	1,931,341
Tax refund reimbursement/closed school	0	332,702			332,702	0
Interest income	2,002,414	517,884	1,219,895	99,110	3,839,303	3,398,000
Loan recoveries	2,694,468	24,125,211	0	0	26,819,679	27,327,758
Miscellaneous	0	8,405	0	0	8,405	14,718
Total Revenues	29,582,199	29,041,952	1,219,895	99,110	59,943,156	47,829,419
EXPENDITURES						
Personal service	0	1,481,320	0	50,054	1,531,374	1,364,032
Employee fringe benefits	0	438,152	0	15,106	453,258	370,850
Expense and equipment	0	6,411,193	0	638,029	7,049,222	6,561,792
Defaulted loan purchases	45,136,235	0	0	0	45,136,235	33,281,354
Collection agency fees	0	3,509,186	0	0	3,509,186	4,107,638
Payments to federal government	0	0	6,484,334	0	6,484,334	6,484,334
Other	0	6,175	0	0	6,175	0
Total Expenditures	45,136,235	11,846,026	6,484,334	703,189	64,169,784	52,170,000
REVENUES OVER (UNDER) EXPENDITURES	(15,554,036)	17,195,926	(5,264,439)	(604,079)	(4,226,628)	(4,340,581)
OTHER FINANCING SOURCES (USES)						
Operating transfers:						
In	17,018,865	2,562,688	6,484,334	1,219,895	27,285,782	27,529,683
Out	(8,941,007)	(17,019,965)	(1,219,895)	0	(27,180,867)	(27,237,077)
Appropriations exercised by other state agencies	0	(122,219)	0	0	(122,219)	(130,426)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(7,476,178)	2,616,430	0	615,816	(4,243,932)	(4,178,401)
FUND BALANCE, JULY 1	36,804,335	4,010,580	0	1,427,907	42,242,822	46,351,284
PRIOR PERIOD ADJUSTMENT	0	0	0	0	0	69,939
ADJUSTED FUND BALANCE, JULY 1	36,804,335	4,010,580	0	1,427,907	42,242,822	46,421,223
FUND BALANCE, JUNE 30	\$ 29,328,157	6,627,010	0	2,043,723	37,998,890	42,242,822

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2001

	Appropriations	Expenditures	Lapsed Balances
FEDERAL STUDENT LOAN RESERVE FUND			
Purchase of defaulted loans, payment of default aversion fees, reimbursement to federal government, and investment of funds	\$ 85,000,000	44,633,447	40,366,553
Total Federal Student Loan Reserve Fund	85,000,000	44,633,447	40,366,553
GUARANTY AGENCY OPERATING FUND			
Personal service	1,486,875	1,403,457	83,418
Managed by Facilities Management	118,562	118,562	0
Expense and equipment	8,132,206	6,388,588	1,743,618
Federal loan compliance	200,000	0	200,000
Collection invoicing	2,000,000	584,823	1,415,177
Total Guaranty Agency Operating Fund	11,937,643	8,495,430	3,442,213
RESTRICTED INTEREST FUND			
Personal service	87,500	47,467	40,033
Expense and equipment	1,314,301	629,444	684,857
Total Restricted Interest Fund	1,401,801	676,911	724,890
Total All Funds	\$ 98,339,444	53,805,788	44,533,656

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the State Guaranty Student Loan Program of the Department of Higher Education (DHE).

The Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, Restricted Interest Fund, and the Automated Transfer of Money (ATOM) Fund, presented in Exhibits A and B, are separate accounting entities, recording all assets, liabilities, equities, revenues, and expenses related to the fund's activities.

Expenses presented for any fund or program may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The financial statements for the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, Restricted Interest Fund, and the ATOM Fund, Exhibits A and B, are prepared in conformity with accounting principles generally accepted in the United States of America. The statements are presented on the modified accrual basis of accounting which recognizes revenues when they become both measurable and available to pay current liabilities and expenditures when the related liabilities are incurred.



Employees earn a specified number of vacation leave hours monthly, depending on the number of years employed. Before November 1, 2000, accrued vacation leave at the end of each month could not exceed the number of hours earned in two years. Effective November 1, 2000, employees may accrue vacation leave in excess of the maximum hours allowed for their length of employment. However, on October 31 of each year, excess vacation leave balances are reduced to the allowed maximums. Compensatory time is accrued as it is earned by eligible employees under the Fair Labor Standards Act.

Upon termination, employees are paid accrued vacation leave and compensatory time. If a terminating employee's vacation leave balance exceeds the allowed maximum, however, the employee is paid only for the maximum. Thus, in the financial statements at Exhibit A, the accrued liability is recorded in the General Long-Term Debt Account Group. The accrued liability represents benefits accumulated but unused as of June 30 and is valued at the salary rates then in effect, including the state's share of related payments such as social security and medicare taxes.

Employees earn ten hours of sick leave monthly, with no limit on the number of hours that may be accrued. Since accrued sick leave is not paid to employees upon their termination, no related liability appears in the financial statements.

General fixed assets, which are recorded as an expenditure when acquired, are capitalized in the General Fixed Asset Account Group when the cost of the asset is greater or equal to \$1,000. These assets are then depreciated and shown on the Combined Balance Sheet, Exhibit A. A useful life of 36 months is used for technological assets (i.e. computers) and a life of 60 months is used for all other assets. Straight-line depreciation with no salvage value is the method of depreciation used for all capitalized assets.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the funds listed below. The State Treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the ATOM Fund which is controlled entirely by the department.

SPECIAL REVENUE FUNDS:

Federal Student Loan Reserve Fund: This fund was created pursuant to the provisions of the Higher Education Act (HEA) of 1998 that requires guaranty agencies to account for transactions related to claim payment and default aversion activities in a separate fund. The legislation provides that the fund is the property of the United States government and may only be used to pay claims to lenders and pay default aversion fees to the Guaranty Agency Operating Fund.

Guaranty Agency Operating Fund: This fund was created pursuant to the provisions of the HEA of 1998 that requires guaranty agencies to account for operating revenues and expenditures in a separate fund. The legislation provides that the fund is the property of the guaranty agency and may be used to pay for the operations of the Federal Family Education Loan Program (FFELP) and other student assistance activities.

Restricted Reserve Fund: As described in Note 5 to the financial statements, this fund was established to comply with the requirements of the Balanced Budget Act of 1997 that amended the Higher Education Act of 1965. This fund represents monies which are restricted for eventual payment to the United States Treasury. Revenues include monies which the department earns on the investments of the reserve.

Restricted Interest Fund: This fund represents interest earned on the Restricted Reserve Fund and transferred to this fund. Interest monies are to be used solely for default prevention activities.

AGENCY FUND:

ATOM Fund: The department serves as an escrow agent by disbursing student loan funds to schools on behalf of participating lenders.

ACCOUNT GROUPS:

General Fixed Asset Account Group: This account group accounts for all fixed assets of the State Guaranty Student Loan Program.

General Long-Term Debt Account Group: This account group accounts for the long-term debt of the State Guaranty Student Loan Program which includes accrued leave liability and capitalized leases.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibits A and B are the transfers from the Guaranty Agency Operating Fund and the Restricted Interest Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit C.

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* requires certain disclosures regarding public employee retirement systems and postemployment benefits such as health care and life insurance benefits provided to retired employees. Required disclosures for the state financial reporting entity are included in the State of Missouri Comprehensive Annual Financial Report issued by the Office of Administration.

2. Cash and Investments

The balances of the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, and the Restricted Interest Fund are pooled with other state funds and invested by the State Treasurer.

Amounts in the ATOM Fund represent cash and investments which are in the custody of the department. The department has determined that a checking account and repurchase agreement are appropriate types of accounts and investments for its needs.

### Deposits

The reported amount of the ATOM Fund's deposits was \$4,654 which was also the bank balance.

The ATOM Fund's deposits at June 30, 2001, were entirely covered by federal depository insurance or by collateral securities held by the program's custodial bank in the department's name.

### Investments

The ATOM Fund's investment at June 30, 2001, was a repurchase agreement with a reported amount of \$143,040 and a bank balance and fair value of \$812,098.

Of the reported amount at June 30, 2001, \$143,040 represents investments that were held by an independent bank in the department's name.

### 3. Due from Federal Government - Reinsurance

This amount represents defaulted loan claims to be reimbursed by the U.S. Department of Education (USDE) at June 30, 2001, net of amounts due to the USDE for refunds of claims previously reimbursed, collections on defaulted loans, including administrative wage garnishments, collections on rehabilitated loans, and amounts received for loans paid in full through consolidation. The amount reimbursed by USDE for defaulted loan claims is considered to be "reinsurance" to the DHE since the agency has already purchased the defaulted loan from the lender, "insuring" the lender against further loss. Except for refunds of claims previously reimbursed, which are fully refundable to the USDE, federal regulations allow the DHE to retain a percentage of amounts collected. The percentages retained vary according to the type of collection and the reinsurance rate effective at the time of the claim payment. The difference between amounts collected and the DHE retention is due to the USDE, and is offset against amounts due to the agency from the USDE for reinsurance on defaulted loans.

For loans disbursed prior to October 1, 1993, the reinsurance agreement between the Coordinating Board for Higher Education (CBHE) and the Secretary of the USDE provides for reinsurance claims to be paid at 100 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1993, but before October 1, 1998, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 98 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1998, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 95 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal

year. If the net default rate exceeds 5 percent, USDE reimbursements for reinsurance are reduced. The following default rates occurred for the State Guaranty Student Loan Program:

<u>September 30,</u>	<u>Default Rate (%)</u>
2001	2.91
2000	1.98

4. Deferred Federal Advances

This amount represents advances from the USDE to supplement the fund balance which backs the department's loan guarantees. The USDE may require that the advances be repaid whenever the fund balance is determined adequate to back current outstanding loan guarantees. As of June 30, 2001, the principal amount was \$1,874,831.

5. Due to Federal Government

The Balanced Budget Act of 1997 amended the Higher Education Act of 1965 to require the U.S. Secretary of Education to recall approximately \$1 billion in funds from guaranty agencies. Under this provision, guaranty agencies are required to deposit a portion of their funds into restricted accounts for eventual transfer to the United States Treasury. The deposits into the restricted accounts are to be made in equal annual installments within 90 days after the beginning of federal fiscal years 1998 through 2002. All funds in the restricted accounts will be transferred to the United States Treasury on September 1, 2002. The following schedule represents deposits that have been or will be made to the Restricted Reserve Fund:

<u>Fiscal Year</u>	<u>Deposit Amount</u>	<u>Cumulative Amount</u>
1998	\$6,484,334	\$ 6,484,334
1999	6,484,334	12,968,668
2000	6,484,334	19,453,002
2001	6,484,334	25,937,336
2002	6,484,334	32,421,670

6. Federal Reimbursements – Loan Processing and Issuance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.65 percent of loans originated during the quarter. Payments are computed quarterly based on amounts reported to the National Student Loan Data System (NSLDS).

7. Federal Reimbursements – Account Maintenance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.10 percent of outstanding loans. Payments are computed quarterly based upon amounts reported to the NSLDS. Prior to October 1, 2000 the administrative fee was 0.12 percent.

8. Federal Reimbursement - Tax Refund Reimbursement/Closed School

This amount represents amounts received as reimbursement for refunds of overpayments made through the treasury offset program. In addition, this amount represents amounts received as reimbursement for refunds made to borrowers for payments made toward FFELP loans that qualify for a closed school discharge. Closed school discharges provide relief for borrowers who are unable to complete their programs of study due to the closing of a school.

9. Guarantor Servicer Fees

The DHE contracts with a guarantor servicer to provide accounting records, billings, application processing, loan maintenance, claims services, and collection services. Expense and equipment expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer fees of \$4,105,111 for the year ended June 30, 2001.

In addition, the guarantor servicer performs collection activities on defaulted accounts for 120 days after default claim paid date. Prior to June 1, 2001, the servicer retained a portion of the amount collected as a collection fee. Beginning on June 1, 2001, the servicer no longer retained fees from collections, but instead forwarded gross collections to the DHE. The servicer then invoiced the DHE for commission fees. Collection agency fee expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer commission fees of \$1,001,671 for the year ended June 30, 2001.

10. Default Aversion Contractor Fees

The DHE contracts with a company to provide default aversion and prevention procedures. Expense and equipment expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include default aversion fees of \$1,275,098 for the year ended June 30, 2001. Expense and equipment expenditures of the Restricted Interest Fund, as presented in Exhibit B, include default prevention fees of \$452,732 for the year ended June 30, 2001.

11. Collection Agency Commissions

The DHE contracts with several collection agencies for collection services. Prior to June 1, 2001, the collection agencies kept a portion of collections as commission fees. Beginning on June 1, 2001, the DHE's collection agencies no longer retained fees from collections, but

instead forwarded gross collections to the DHE. The collection agencies then invoiced the DHE for commission fees. The collection agency's commission fees, as included in the collection agency fees expenditures in Exhibit B, for the year ended June 30, 2001 were \$2,507,515.

12. Operating Transfers

A. Default Aversion Fee

The DHE collects a fee for preventing delinquent borrowers from defaulting. The DHE is eligible to collect a one-time fee on each loan where a lender files a Request for Default Aversion Assistance with the guaranty agency. The fee is calculated as 1 percent of the delinquent loan balance and may be transferred no more frequently than monthly from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include default aversion fees of \$1,312,679. If the DHE collects the fee on a loan that subsequently defaults, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund.

B. Account Maintenance Fee

The USDE requires the DHE to transfer a portion of the account maintenance fee for the quarter ending September 30 from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund instead of USDE paying the amount directly. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include account maintenance fees of \$244,099.

C. ATOM Fund Interest

Interest monies earned on the ATOM Fund are transferred from the ATOM Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include ATOM interest of \$104,915.

D. Secretary's Equitable Share of Loan Recoveries

Prior to June 1, 2001, the Secretary's Equitable Share of Loan Recoveries was transferred from the Guaranty Agency Operating Fund to the Federal Student Loan Reserve Fund since all collections on defaulted loans were deposited in the Guaranty Agency Operating Fund upon receipt. Transfers in to the Federal Student Loan Reserve Fund, as presented in Exhibit B, include the secretary's equitable share of collections of \$17,010,760. Beginning June 1, 2001, all collections on defaulted loans were deposited in the Federal Student Loan Reserve Fund upon receipt. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include \$899,895 of the operating fund's share of collections.

E. Federal Liability

Transfers in to the Restricted Reserve Fund, as presented in Exhibit B, include the federal recall liability as discussed in Note 5 of \$6,484,334.

F. Restricted Interest

Transfers in to the Restricted Interest Fund, as presented in Exhibit B, represent interest earned on the Restricted Reserve Fund.

13. Due To Other Funds and Due From Other Funds

The amounts due to and due from other funds, as presented in Exhibit A, include the following:

<u>Fees</u>	<u>Due To</u>	<u>Due From</u>
Secretary's Equitable Share of Loan Recoveries Including Interest of \$1,766,451	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund
Usage Fees and/or Prepaid Expenses of \$9,205	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund
Guarantee Fees of \$9,102	Federal Student Loan Reserve Fund	ATOM Fund
Operating Share of Loan Recoveries Including Interest of \$500,739	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
Default Aversion Fees of \$450,845	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
Account Maintenance Fees of \$244,099	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
ATOM Fund Interest of \$1,147	Guaranty Agency Operating Fund	ATOM Fund
Interest of \$3,177	Restricted Interest Fund	Restricted Reserve Fund



14. Appropriations Exercised by Other State Agencies

The Missouri General Assembly made appropriations from the Guaranty Agency Operating Fund for the loan program's proportionate share of the department's rental payments. These appropriations are administered by the Office of Administration, Division of Facilities Management.

15. Escheatment Funds

The guarantor servicer maintains an escheatment account which includes old outstanding checks and some old borrower payments which cannot be processed because of insufficient information. These funds are the property of the State Guaranty Student Loan Program and totaled \$40,435 at June 30, 2001. These monies are not included in the financial statements.

16. Changes in General Fixed Assets

The following is a summary of changes in general fixed assets for the year ended June 30, 2001:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Cost of Assets	\$ 720,087	92,651	43,373	769,365
Less-Accumulated Depreciation	(414,922)	(136,140)	(40,156)	(510,906)
Total General Fixed Assets Account Group, Net of Depreciation	<u>\$ 305,165</u>	<u>(43,489)</u>	<u>3,217</u>	<u>258,459</u>

17. Capital Leases

The DHE has entered into an agreement to lease a copier. FASB Statement No. 13, "Accounting for Leases," requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease). This capital lease is reported in the General Long-Term Debt Account Group and the copier is reported in the General Fixed Assets Account Group. The following is a summary of the future minimum lease payments for the capital lease:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2002	\$11,965
2003	11,965
2004	11,965
2005	11,965
2006	<u>997</u>
Total minimum lease payments	48,857
Less amount representing interest	<u>(7,699)</u>
Present value of net minimum lease payments	<u>\$41,158</u>

18. Changes in General Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2001:

	Balance July 1, 2000	Increases	Decreases	Balance June 30, 2001
Compensated Absences	\$ 91,487	5,777	0	97,264
Obligation under lease purchase	0	48,600	7,442	41,158
Total General Long Term Debt	\$ 91,487	54,377	7,442	138,422

19. Allowance for Default Aversion Rebate

When the DHE collects default aversion fees on loans that subsequently default, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund. The DHE calculated an allowance for the default aversion rebate expenses that they may incur.

20. ATOM Fund Revenues and Expenditures

Revenues and Expenditures of the ATOM Fund are:

REVENUES:

Interest income	\$ 124,668
Loan disbursements from banks	204,099,208
School returns	<u>5,658,546</u>
	<u>209,882,422</u>

EXPENDITURES:

Payments to schools	208,051,716
Payments to lenders	1,707,138
Bank charges	<u>18,653</u>
	<u>209,777,507</u>

OTHER FINANCING USES:

Operating transfers out	<u>(104,915)</u>
-------------------------	------------------

REVENUES OVER(UNDER)  
EXPENDITURES AND OTHER  
FINANCING USES

\$ 0

21. Reconciliation of Total Expenditures to Appropriated Expenditures

Total expenditures for the Guaranty Agency Operating Fund, Federal Student Loan Reserve Fund, and Restricted Interest Fund on Exhibit B reconcile to appropriated expenditures on Exhibit C as follows:

	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Interest Fund
EXPENDITURES PER EXHIBIT B	\$ 45,136,235	11,846,026	703,189
Employee fringe benefits	0	(438,152)	(15,106)
Default aversion fees	1,495,360	0	0
Guarantor servicer commissions netted against collections	0	(1,001,671)	0
Collection agency commissions netted against collections	0	(1,922,694)	0
Appropriation exercised by another state agency	0	118,562	0
Bad debt expense	(3,805)	0	0
Other unidentified adjustments	0	14,687	0
2001 Lapsed period expenditures	0	(20,860)	0
Accrued payroll, June 30, 2001	0	(63,871)	(2,587)
Accounts payable, June 30, 2001	(1,994,343)	(36,597)	(8,585)
EXPENDITURES PER EXHIBIT C	\$ <u>44,633,447</u>	<u>8,495,430</u>	<u>676,911</u>

## MANAGEMENT ADVISORY REPORT SECTION

## Follow-Up on Prior Audit Findings

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the State Guaranty Student Loan Program of the Department of Higher Education on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2000.

Although the recommendations were not repeated, the DHE should consider implementing those recommendations.

Fixed Assets

- A. The department had not recorded any fixed asset additions or dispositions on the detailed fixed asset listing for the year ended June 30, 2000. In addition, property records were not maintained in a manner that allowed beginning balances, additions, and dispositions for each year to be reconciled to balances at the end of the year.
- B. Reconciliations between fixed asset purchases recorded on the Statewide Advantage for Missouri (SAM II) expenditure reports and additions to the fixed asset records were not performed.
- C. Some fixed assets were not properly numbered, tagged, or otherwise identified as the department's property.
- D. Fixed asset duties were not adequately segregated.

Recommendation:

The DHE:

- A. Properly maintain the general fixed asset records on a current basis by recording all additions and dispositions as they occur and in accordance with state regulations. In addition, the DHE should maintain fixed asset records in a manner that allows balances to be reconciled from period to period (i.e. beginning balance, plus additions, less dispositions, equals ending balance).
- B. Perform reconciliations of fixed asset additions to equipment purchases per the SAM II system reports.
- C. Ensure all fixed assets are properly tagged or identified as DHE owned property in accordance with state regulations.

- D. Ensure an individual independent of the record keeping function performs the physical inventory.

Status:

- A&B. Partially implemented. Due to significant personnel turnover among accounting staff, general fixed asset records were still not maintained on a current basis and periodic reconciliations of fixed asset additions to equipment purchases per SAM II system reports were not performed. However, in order to prepare financial statements as of June 30, 2001, the DHE did compare additions for the fiscal year to equipment purchases per the SAM II system and updated the general fixed asset records for additions and deletions that occurred during the year. The DHE indicated they are now in the process of obtaining SAM II reports to perform reconciliations of fixed asset additions for the current fiscal year. Although not repeated, the DHE should consider fully implementing these recommendations.
- C. Not implemented. The DHE indicated fixed assets will be tagged during the next physical inventory performed.
- D. Not implemented. The DHE indicated the next physical inventory performed will be handled by an employee independent of the record keeping process.

## STATISTICAL SECTION



History, Organization, and  
Statistical Information

DEPARTMENT OF HIGHER EDUCATION  
STATE GUARANTY STUDENT LOAN PROGRAM  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

In 1978, the Missouri General Assembly created the Missouri Student Loan Program (MSLP) to administer the Federal Family Education Loan Program (FFELP) in the state of Missouri on behalf of the Coordinating Board for Higher Education (CBHE). The CBHE has statutory authority to oversee the MSLP and to act as the guaranty agency for the FFELP. In this capacity, the CBHE, acting through the MSLP, guarantees loans made to students by eligible lending institutions.

During the first state fiscal year of operations, the CBHE guaranteed \$15,524,850 in FFELP loans to 7,289 borrowers. In contrast, as of June 30, 2001, the cumulative volume of loans guaranteed was \$4,158,308,495, representing 1,450,871 FFELP loans. Included in this total is \$1,971,998,912 in outstanding loans.

The FFELP was created by the Higher Education Act of 1965, which is reauthorized by Congress every five years. There are currently four types of loans available to eligible borrowers under the FFELP:

- Subsidized Federal Stafford Loan
- Unsubsidized Federal Stafford Loan
- Parent Loan for Undergraduate Students
- Federal Consolidation Loan

Subsidized Federal Stafford Loans are need-based loans available to eligible undergraduate and graduate students. Generally, the federal government pays interest on the loan as long as the borrower is enrolled at least half-time and during the borrower's six-month grace period and authorized deferment periods.

Unsubsidized Federal Stafford Loans have the same terms and conditions as Subsidized Stafford Loans except that they are not need-based, and the borrower is responsible for all interest payments.

Parent Loans for Undergraduate Students allow parents to borrow guaranteed loans for dependent students. Borrowers are responsible for all interest, and repayment generally begins within 60 days from the time the loan is fully disbursed.

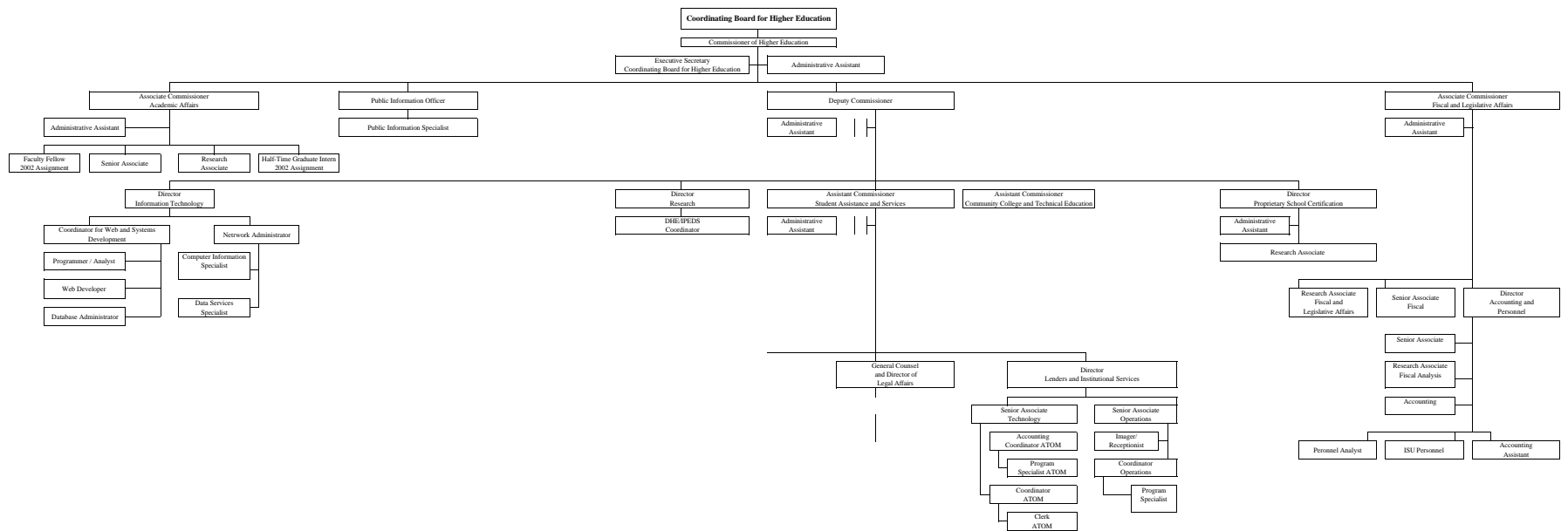
Federal Consolidation Loans are available to borrowers who wish to combine existing student loans into one new loan. Generally, this results in lower monthly payments but higher total interest costs.

In August 1995, the department established the Automated Transfer of Money (ATOM) fund in an effort to aid schools by streamlining the delivery of Missouri student loan funds. By serving as an escrow agent, the department disburses student loan funds to schools on behalf of the participating lenders. As of June 30, 2001, the cumulative number of disbursements to schools

was 580,539, totaling \$969,560,067. Currently, there are 81 participating lenders and over 337 schools that receive the loan disbursements.

In October 1997, the CBHE approved a new organizational structure to combine the administration of the Missouri grant, scholarship, and federal loan programs into one student assistance area. The new division was named Missouri Student Assistance Resource Services (MOSTARS). MOSTARS was created as a “one stop shop” which, in coordination with high school counselors and college and university financial aid offices, provides resources and information to ensure that Missouri citizens have an opportunity to finance postsecondary education. MOSTARS employs approximately fifty-five full-time equivalent employees.

The organization chart follows.



## Appendix

## APPENDIX A

### DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS LOANS GUARANTEED

#### FEDERAL SUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (SSLP)

<u>Year Ended September 30,</u>		<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$	824,126,957	824,126,957	2,236
1987		109,860,344	933,987,301	2,290
1988		95,710,975	1,029,698,276	2,304
1989		104,304,308	1,134,002,584	2,318
1990		123,392,544	1,257,395,128	2,336
1991		150,441,323	1,407,836,451	2,359
1992		162,633,091	1,570,469,542	2,386
1993		187,700,329	1,758,169,871	2,431
1994		218,830,241	1,977,000,112	2,494
1995		161,814,986	2,138,815,098	2,529
1996		130,748,319	2,269,563,417	2,558
1997		149,205,698	2,418,769,115	2,590
1998		185,261,639	2,604,030,754	2,630
1999		190,388,523	2,794,419,277	2,670
2000		204,359,788	2,998,779,065	2,700
2001		225,969,346	3,224,748,411	2,747

#### FEDERAL UNSUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (USSLP)

<u>Year Ended September 30,</u>		<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1993	\$	13,695,823	13,695,823	2,320
1994		55,230,171	68,925,994	2,920
1995		66,408,588	135,334,582	2,933
1996		57,314,322	192,648,904	2,967
1997		73,907,196	266,556,100	3,034
1998		103,112,219	369,668,319	3,146
1999		120,416,869	490,085,188	3,244
2000		139,234,683	629,319,871	3,326
2001		160,139,441	789,459,312	3,385

# FEDERAL PARENT LOANS FOR UNDERGRADUATE STUDENTS PROGRAMS (PLUS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 9,892,008	9,892,008	2,658
1987	3,017,208	12,909,216	2,684
1988	4,367,589	17,276,805	2,773
1989	6,286,876	23,563,681	2,847
1990	8,471,120	32,034,801	2,917
1991	11,230,270	43,265,071	2,978
1992	13,428,488	56,693,559	3,029
1993	13,371,943	70,065,502	3,190
1994	11,522,861	81,588,363	6,285
1995	11,218,115	92,806,478	3,390
1996	9,359,878	102,166,356	3,481
1997	12,683,865	114,850,221	3,612
1998	19,340,718	134,190,939	3,790
1999	22,704,277	156,895,216	3,981
2000	27,624,226	184,519,442	4,195
2001	34,883,320	219,402,762	4,448

# FEDERAL SUPPLEMENTAL LOANS TO STUDENT PROGRAMS (SLS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 18,041,953	18,041,953	2,775
1987	5,480,183	23,522,136	2,789
1988	6,939,321	30,461,457	2,792
1989	9,759,342	40,220,799	2,752
1990	12,411,963	52,632,762	2,753
1991	21,234,781	73,867,543	2,877
1992	24,603,045	98,470,588	2,892
1993	28,337,468	126,808,056	2,940
1994	21,145,273	147,953,329	2,962
1995	13,212	147,966,541	2,962

\*\*

\*\* No new SLS loans were made on or after July 1, 1994.

# TOTAL LOANS GUARANTEED

Year Ended September 30,		Loans Guaranteed During Year	Total Loans Guaranteed to Date
1986 and prior	\$	852,060,918	852,060,918
1987		118,357,735	970,418,653
1988		107,017,885	1,077,436,538
1989		120,350,526	1,197,787,064
1990		144,275,627	1,342,062,691
1991		182,906,374	1,524,969,065
1992		200,664,624	1,725,633,689
1993		243,105,563	1,968,739,252
1994		306,728,546	2,275,467,798
1995		239,454,901	2,514,922,699
1996		197,422,519	2,712,345,218
1997		235,796,759	2,948,141,977
1998		307,714,576	3,255,856,553
1999		333,509,669	3,589,366,222
2000		371,218,697	3,960,584,919
2001		420,992,107	4,381,577,026



## APPENDIX B

### DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS DEFAULT CLAIMS PAID

		<u>Stafford</u>	<u>PLUS</u>	<u>SLS</u>	<u>Unsubsidized Stafford</u>
AS OF JUNE 30, 1999	\$	356,925,165	5,829,742	35,574,224	16,281,777
Default claims paid during fiscal year 2000		<u>12,639,398</u>	<u>340,919</u>	<u>1,002,801</u>	<u>5,418,129</u>
AS OF JUNE 30, 2000		369,564,563	6,170,661	36,577,025	21,699,906
Default claims paid during fiscal year 2001		<u>16,455,269</u>	<u>723,801</u>	<u>1,209,412</u>	<u>7,536,145</u>
AS OF JUNE 30, 2001	\$	<u><u>386,019,832</u></u>	<u><u>6,894,462</u></u>	<u><u>37,786,437</u></u>	<u><u>29,236,051</u></u>

Defaulted loans represent loans which became delinquent and which the state purchased from the lender. Bankruptcy, death, and disability claims are excluded.

### SERVICE FEES

During the audit period, Guarantec administered the loan program for the department. The loan servicer is compensated on a fee-per-transaction basis. Guarantec's billing rates for the period July 1, 2000 to June 30, 2001 were:

<u>Service</u>	<u>Rate</u>	
Mandatory Services		
Electronic Application Guarantee	\$ 3.66	per transaction
Hard Copy Application	5.63	per transaction
Outstanding Loans - In School and In Grace	0.23	per loan
Outstanding Loans - In Repayment	0.57	per loan
Loan Delinquency Brought Current	4.50	per loan
Claim Paid	56.28	per transaction

Optional Services		
Application/Promissory Note		
Generated and Mailed	1.97	per transaction
Credit Check on PLUS	5.63	per transaction

#### LOANS OUTSTANDING

The following loan amounts were outstanding at June 30, 2001 and 2000:

	June 30,	
	2001	2000
Stafford	\$ 1,202,652,388	1,175,196,491
Unsubsidized Stafford	492,251,863	402,767,313
PLUS	101,206,864	92,853,075
SLS	29,863,827	38,175,963
Consolidated	145,997,201	151,633,977
Refinanced	26,769	26,769
Total	\$ <u>1,971,998,912</u>	<u>1,860,653,588</u>

## APPENDIX C

### DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS PORTFOLIO MIX

	Year Ended September 30,		
	2001	2000	1999
	Portfolio Mix	Portfolio Mix	Portfolio Mix
	<u>Percentages</u>	<u>Percentages</u>	<u>Percentages</u>
Public in-state	34.3 %	34.2 %	33.0 %
Private in-state	51.6	52.9	53.4
Proprietary in-state	11.3	10.8	11.1
Out-of-state and foreign	2.8	2.1	2.5
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

The State Guaranty Student Loan Program monitors the program to ensure that a desirable mix is maintained.

\* \* \* \* \*



**DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE  
AND DRIVERS LICENSING**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-25  
March 19, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**The following areas of concern were noted in an audit of the Department of Revenue, Division of Motor Vehicle and Drivers Licensing.**

The Customer Assistance Bureau (CAB) supervises approximately 170 fee offices and 11 branch offices throughout the state. Although the CAB's function is to monitor the field offices, the CAB employs approximately fifty revenue licensing technicians who process drivers license transactions in the fee offices. Based upon the current number of revenue licensing technicians, resources totaling approximately \$1.2 million will be provided to the fee offices through revenue licensing technicians' salaries and benefits during the year ended June 30, 2002. The fee agent contract provides that the fee agents shall provide adequate staff to care for the business demands of the office. The fee agents receive the contracted agent fee for transactions processed by the revenue licensing technicians. In addition, the CAB assigns twelve field representatives to provide on-site monitoring of the fee and branch offices. Numerous field representative reports indicate the field representatives performed fee agent duties. By performing fee office duties, the CAB is diverting state resources to fee agents who already receive a fee for each transaction processed.

Information on the General Registration System (GRS) is not always accurate and up-to-date. A record of all Missouri motor vehicle transactions is maintained on the GRS. As of July 2001, approximately 549,000 motor vehicle transactions were on the Error File and, as a result, were not recorded on the GRS. Approximately 306,000 of the transactions on the Error File were at least ten months old. Failure to resolve transactions on the Error File results in incomplete and inaccurate GRS records, which are accessed by various law enforcement officials, and increases the risk that misappropriation of funds by field offices will not be detected in a timely manner.

State law allows leasing companies to have the option of paying sales or use tax on items to be leased or rented at the point of registration or to pay sales or use tax as the items are being leased or rented. The current system of reporting does not require the companies to identify the particular items on which the sales and use taxes were collected on lease/rental proceeds. As a result, the Division of Taxation cannot effectively monitor whether the state is collecting at least as much sales tax by allowing lease/rental companies to collect and submit taxes on the amount charged for each rental or lease agreement as would have been collected if the sales or use taxes had to be paid upon titling the vehicles.

Concerns were also noted related to inventory procedures, unreported transactions, motor vehicle processing procedures, and field monitoring procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-24
 <u>Number</u>	 <u>Description</u>
1.	Motor Vehicle Processing Section Examiner and Auditor Procedures .....5
2.	Customer Assistance Bureau Procedures.....8
3.	Unreported Transaction Procedures.....14
4.	Inventory Procedures .....16
5.	Motor Vehicle Lease/Rental Companies .....19
6.	General Registration System.....22
 HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	 25-29
 <u>Appendix</u>	
A	Comparative Schedule of Receipts, Motor Vehicle Transactions Years Ended June 30, 2001, 2000, 1999, 1998, 1997.....28
B	Comparative Schedule of Receipts, Drivers License Transactions Years Ended June 30, 2001, 2000, 1999, 1998, 1997.....29

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Carol Russell Fischer, Director  
Department of Revenue  
and  
Raymond Hune, Director  
Division of Motor Vehicle and Drivers Licensing

We have audited the Department of Revenue, Division of Motor Vehicle and Drivers Licensing. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable legal provisions, regulations, contracts, policies and procedures, and other pertinent documents, and interviewed department personnel.

As part of our audit, we assessed the division's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.



The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the Department of Revenue, Division of Motor Vehicle and Drivers Licensing.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Revenue, Division of Motor Vehicle and Drivers Licensing.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

October 12, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Kimberly Spraggs, CPA
Audit Staff:	Linda Cockrell
	Jeffrey Wilson
	Kelly Petree
	Karen Dierking

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Motor Vehicle Processing Section Examiner and Auditor Procedures</b>
----------------------------------------------------------------------------

The Department of Revenue operates branch offices and contracts with agents throughout the state to operate fee offices which provide licensing services to Missouri residents. The Motor Vehicle Processing (MVP) Section within the Drivers and Vehicle Services Bureau consists of examiners and auditors who review and process field office motor vehicle remittances, or shipments. Examiners are responsible for reviewing each transaction included in the shipments and keying the transactions onto a Division of Motor Vehicle and Drivers Licensing (DMV) computer system which updates the General Registration System (GRS). Auditors are responsible for reviewing the various shipment reports and maintaining inventory records for the field offices. During our review of MVP Section examiner and auditor procedures we noted the following:

- A. There is not always documentation that alterations to critical items on transaction applications, such as validation, purchase calculation, inventory items sold, or fees and taxes paid, are investigated. The MVP section's written procedures require examiners to review the transactions closely for any fraud related activity and to list alterations to validations, fees, and local taxes as red flags to potential fraudulent activity. During our review, we noted several transactions with hand alterations to the sales price, amounts charged, validation, and inventory items. There was no documentation that these transactions had been investigated by an examiner or by DMV management. The department's Internal Audit Section has noted misappropriation in some field offices in which transactions were altered.

Failure to identify and investigate application alterations increases the possibility that misappropriation of funds will not be detected on a timely basis.

- B. Local sales taxes assessed on the sale of motor vehicles are not adequately reviewed by the MVP section examiners. The Department of Revenue collects local sales taxes for the registration of motor vehicles on behalf of cities and counties. Local tax rates assessed on the sale of vehicles are based on the residence of the customer. Our review of local sales taxes noted the following:

- 1) Due to inadequate information on the title application, the MVP section examiners do not review local sales taxes charged to customers residing in metropolitan areas which have numerous localities. The application for Missouri title and license does not require the customer to document the locality in which the customer resides. Although the application requires the customer's mailing address, this address is not always the locality to which the taxes are due. For example, we noted a transaction from a

customer with a St. Louis mailing address which indicated the customer lived inside the city limits. The local sales tax rate assessed was for Affton, Missouri; however, there was not sufficient information on the title application to verify the customer resides in Affton. We have also received concerns from cities where transactions have been identified for which local sales tax monies were incorrectly assessed and distributed to a different locality.

Requiring the customer to specifically document the locality in which they reside would allow the MVP section examiners to determine whether local sales taxes are correctly assessed.

- 2) Several transactions reviewed included incorrect sales tax calculations. These errors appear to be primarily due to the field office applying an incorrect local sales tax rate (such as an old rate) or charging the county sales tax rate although the transaction indicated the customer lives inside the city limits. MVP procedures require examiners to review the local sales tax rates charged for most cities in the state; however, these errors were not noted by the examiners. Local sales tax collections should be reviewed to ensure the correct amount of sales taxes are collected.

- C. Transactions that do not meet legal or technical requirements are not always rejected as required by MVP section procedures. Rejected transactions are returned to the field offices to be corrected. Eight of forty-one transactions reviewed contained errors, but were not rejected to the field offices for correction. These transactions included errors in sales tax calculations and inadequate supporting documentation for "other credits". These transactions should have been rejected as required by MVP section procedures. Failure to reject transactions containing errors prevents the department from ensuring all monies due to the state are collected. In addition, rejected transactions serve as a training tool for field offices to prevent similar errors in the future.

Division personnel indicated it is not cost effective to reject certain transactions; however, if this is the case, at a minimum, these errors should be tracked and discussed with field offices which have a significant number of errors.

- D. Two of three transactions reviewed which included "other credits", totaling \$1,400, did not have documentation supporting the credits. Taxpayers can receive credit against the purchase price of a vehicle for the purpose of calculating the amount of sales taxes due. Credits are given for rebates, vehicle trade-ins, or "other credits" such as replacement vehicle credit, total loss credit, or credit for the sale of farm products.

The DMV has identified "other credits" for which there is no supporting documentation as a red flag to potential fraudulent activity, and requires the

examiners to be alert for these items. Unsupported "other credits" increases the risk that misappropriation of funds will not be identified on a timely basis.

- E. Written procedures for auditing shipment reports and maintaining inventory records are inadequate and outdated. In addition, some procedures performed by the auditors, such as reconciling inventories and processing unreported transactions, are not documented in a procedures manual. The primary responsibilities of the MVP section auditors include reviewing and verifying shipment accounting reports, transaction summary reports, inventory reports, office bank reports, and various other shipment reports; and maintaining field office inventory records. Several changes in auditing procedures have been made; however, the written procedures have not been updated to reflect these changes. As a result, the procedures performed by the auditors are not consistent. The DMV should maintain updated documented auditor procedures to ensure that personnel are adequately informed and essential functions are consistently performed.

**WE RECOMMEND** the department:

- A. Follow procedures to review field office transactions for alterations to critical items, such as validation, purchase calculation, inventory items sold, or fees and taxes paid. Alterations should be investigated and resolved in a timely manner.
- B.1. Redesign the application for Missouri title and license so that the locality in which the customer lives is clearly documented.
- B.2. Ensure examiners are following established procedures for reviewing local sales taxes collected.
- C. Reject all transactions that do not meet legal or technical requirements as required by MVP section procedures. If it is not deemed cost effective to reject transactions with certain types of errors, such errors should be tracked and discussed with the field offices.
- D. Ensure all transactions involving "other credits" contain adequate supporting documentation.
- E. Update written auditor procedures and ensure the appropriate personnel are aware of such procedures.

**AUDITEE'S RESPONSE**

- A. *The Drivers and Vehicle Services Bureau (DVSB) management agrees that alterations of critical items on transaction applications should be investigated when the alteration could result in possible fraud or the applicant avoiding the payment of taxes, fees or penalties that are due to the State of Missouri. The DVSB will continue to daily*

*investigate alterations of transaction applications when the alteration may be an indication of fraud or the loss of state revenue. The DVSB reviewed all of the exceptions noted by the State Auditor; in no case was the alteration found to be an indicator of fraud or forfeited revenue.*

- B. The DVSB management agrees that the correct taxes and fees should be assessed to each title and registration application. Management disagrees that the title application should be redesigned, as the current Missouri title application contains an area for the applicant to indicate his or her county of residence as well as whether the applicant resides in or outside of the city limits. The field and central office staff process the application with the information that is provided by the applicant. The new Field Automation System for Title and Registration (FASTR) will address this concern by systematically determining the correct site code to be used when assessing fees and taxes, based on the applicant's address. It is anticipated FASTR will be implemented in the Central Office by the end of calendar year 2002. Planned implementation of the FASTR system in the field offices should begin in calendar year 2003, and be concluded in calendar year 2004.*
- C. The DVSB management agrees that transactions not meeting the legal or technical requirements should be rejected and returned to the originating field office for resolution. If it is not cost effective to process specific reject types, DVSB will discuss those issues with the Customer Assistance Bureau (CAB) staff on a periodic basis.*
- D. DVSB management agrees and currently has an operating procedure that addresses processing transactions with "other credits."*
- E. DVSB management agrees with this recommendation and will draft comprehensive auditing procedures. DVSB will finalize and implement the auditing procedures by July 1, 2002.*

<b>2. Customer Assistance Bureau (CAB) Procedures</b>
-------------------------------------------------------

The CAB supervises approximately 170 fee offices and 11 branch offices throughout the state. During our review of CAB procedures, we noted the following:

- A. Although the CAB's function is to monitor the field offices, the CAB provides significant resources directly to the fee agents. The CAB employs approximately fifty revenue licensing technicians who process drivers license transactions in the fee offices. Based upon the current number of revenue licensing technicians and the current compensation rate, the CAB will provide resources to the fee offices totaling approximately \$1.2 million, through revenue licensing technicians' salaries and benefits, during the year ending June 30, 2002. The fee agent contract states that, "...the fee agent shall provide adequate staff to care for the business demands of the fee office...". The fee agent receives the contracted agent fee for transactions processed by the revenue licensing technicians.*

In addition, the state assigns twelve field representatives to provide on-site monitoring of the fee and branch offices. We noted numerous field representative reports indicating the field representatives performed fee agent duties, such as processing motor vehicle and drivers license transactions and answering the telephone. This condition impairs the field representative's independence and reduces the time available to monitor the fee offices.

State resources should be used efficiently and effectively. By performing fee office duties, the CAB is diverting state resources to fee agents who already receive a fee for each transaction processed. In addition, an effective monitoring system requires that the oversight authority be independent of the entity being monitored.

It should be noted that the department has reduced the number of licensing technicians from approximately eighty to fifty positions through reallocation of the positions to branch offices and attrition since December 2000.

- B. There are no written guidelines for determining the frequency of field visits to each office. Criteria such as transaction volume, number of rejected and long/short transactions, changes in field office personnel, complaints received, past experience, and other available information should be considered when determining the frequency of field office visits. Written guidelines are necessary to ensure field representatives consistently and effectively determine the frequency of field office visits.
- C. Field representatives document procedures performed and concerns noted during visits to field offices on standardized report forms. These reports are submitted to the CAB for review. During our review of the field representative reports, we noted the following concerns:
  - 1) Many field representative reports we reviewed were incomplete. There was no documentation that some essential monitoring procedures, such as audits of shipments and reviews of inventory records, deposit timeliness, and rejected applications were performed.
  - 2) There is not always documentation that concerns noted on field representative reports were investigated and resolved by the field representative or the CAB. Many reports indicated significant problems in the office such as numerous rejects, failure to maintain current inventory records, and failure to charge title penalties.

One report, dated January 11, 2000, indicated the fee office had withheld two transactions from shipments; however, there was no documentation of follow up related to this concern. The CAB was aware of a previous misappropriation in this office which occurred approximately two years earlier in which a former manager withheld transactions for several

months. Other field representative documentation dated March 30, 2000, indicated tabs were issued out of sequential order similarly to the procedures of the previous manager. The CAB performed cash counts in June and November 2000. During the November 2000 cash count, it was discovered that additional transactions had been withheld. An audit performed by the Internal Audit Section in November 2000 found misappropriation by the fee office manager. Had the concerns noted on the January field representative report been investigated, the misappropriation in this office may have been identified in a more timely manner.

Failure to require complete and accurate field representative reports and investigate and resolve concerns noted by the field representatives in a timely manner provides little assurance that monitoring of field offices is effective in preventing or identifying misappropriation of funds.

- D. CAB personnel indicated field representatives are required to perform surprise cash counts in field offices on an annual basis. During our review of these cash counts, we noted the following:
- 1) A cash count was not performed during the year ended June 30, 2001, for eight of eleven offices reviewed. In addition, a cash count was not performed for four of these offices during the previous fiscal year. Failure to perform cash counts and compare deposits to shipment reports increases the possibility that misappropriation of funds will not be detected on a timely basis.
  - 2) There is no documentation that the CAB investigates concerns noted during cash counts. In four of five office cash counts reviewed which were performed during the two years ended June 30, 2001, the field representative noted problems such as short deposits, transactions not listed, cashing of personal checks, incorrect charging of fees, failure to follow DOR check acceptance policies and endorse checks, and failure to maintain a consistent beginning cash balance. Although CAB personnel indicated these problems were addressed, there was no documentation that CAB followed up on or discussed the problems with the fee agent or branch manager. Concerns should be investigated and discussed with the fee agent or branch manager, if necessary, to ensure corrective action is taken.
- E. The CAB does not follow-up on late deposits made by fee agents. The fee agent contract requires fee agents to make deposits no later than the close of the second banking day following receipt. There was a total of 1,425 late deposits during the period of August 2000 through June 2001, with 25 offices having 10 or more late deposits during this period. The fee agent contract provides a late charge of \$50 for each day a deposit is late. The CAB does not enforce the late deposit penalty.



In addition, the field representatives are not provided with copies of late deposit reports which could be investigated during field office visits, although the Field Representative Procedures require field representatives to discuss any late deposit reports with the agent or office manager, and report conclusions.

Late deposits can be one indication of a shortage and have been noted in at least two fee offices in which the DMV has identified misappropriation of funds. Failure to investigate and take corrective action related to late deposits by fee offices increases the risk that misappropriation of funds will not be detected on a timely basis.

- F. The DOR generates monthly fee agent long/short reports (amounts due to or from fee offices). Short balances may result from unaccounted for inventory, incorrect deposits, and transactions which are not listed on the transaction summary report. The DOR sends billing statements to the fee offices for amounts due and provides a report of long/short balances to the CAB. The fee agent contract requires the offices to resolve short balances by the due date indicated in the billing statement and provides a \$50 late charge for each day past the due date that the short balance is not resolved. During our review of the long/short billing process, we noted the following:

- 1) The CAB does not enforce the late charge for unresolved short balances. We reviewed billings for five months during the two years ended June 30, 2001. For the months reviewed, fifty-one offices did not meet the deadline indicated in the billing statement to resolve the short balance; however, a late charge was not assessed. Instead of assessing the late charge, the CAB sent warning notices to the offices which did not resolve their short balance within 10 days, allowing up to an additional week and a half past the original due date to resolve the short balances. For the month of April 2001, 11 offices owing a total of \$1,650 did not meet the deadline indicated in the billing statement. In an effort to ensure that funds due to the state are received in a timely manner, penalties should be assessed as provided in the fee agent contract.
- 2) Field representatives do not investigate significant items comprising the field office long/short balance. Field representatives are provided with a monthly report of the long/short balance of each office, however, they are not provided with details of the transactions included in the long/short balance.

Unaccounted for inventory, incorrect deposits, and not listed transactions can be indications of misappropriation of funds. These items were included in long/short balances in at least seven of the fee offices in which misappropriation of funds has been identified by the department. Failure to provide available information to field representatives reduces the effectiveness of monitoring.

- G. There was no documentation that field representatives performed follow up procedures on recommendations made by the department's Internal Audit Section for the fourteen audit reports we reviewed. Field representatives receive a copy of each internal audit report and are instructed to follow up on findings included in the audit reports. Department personnel indicated follow up is often communicated by telephone calls and electronic mail. Documentation is necessary to ensure follow up on internal audit recommendations is performed and to effectively communicate results. Failure to follow up on audit report recommendations reduces the effectiveness and usefulness of the audits.
- H. Unidentified monies collected by fee offices are ultimately retained by the fee agents instead of the department. Fee agents deposit daily collections into DOR collection accounts. Unidentified monies deposited are included in the offices' long balances, instead of recorded under a separate accounting revenue code. Through the current long/short billing process, the long balance consisting of the unidentified monies is later offset when the office makes a short deposit; therefore, the amount of the unidentified monies are recovered by the fee agent. Some offices retain unidentified monies instead of depositing the monies into the DOR collection account. In eight audit reports reviewed, the Internal Audit Section noted fee agents depositing these monies into their personal fee agent account or the office petty cash fund.

Fee agents are authorized to collect a contracted fee; however, there is no provision for fee agents to retain unidentified monies. Unidentified monies should be deposited into the DOR collection account and reported under a separate accounting revenue code. The proper disposition of these monies should be determined.

- I. The CAB field procedure manual documenting procedures to be followed by field offices and field representatives is incomplete and outdated. The procedure manual does not address several field office issues including selling inventory items in sequential order, maintaining cash drawers on an imprest basis, and segregating each business day's receipts; as well as field representative procedures for auditing shipments, performing cash counts, reviewing rejected transactions and inventory records, and following up on internal audit findings. In addition, we noted several procedures that are no longer followed and procedures that have changed, but have not been updated in the written policy. To adequately inform field offices and CAB personnel of current procedures, such procedures should be documented and provided to all necessary parties.

**WE RECOMMEND** the department:

- A. Discontinue the practice of providing state employees to perform fee agent duties.
- B. Develop guidelines for determining the frequency of field office visits by field representatives.

- C. Require field representatives to perform and document all essential monitoring procedures. In addition, concerns noted by field representatives should be investigated and resolved in a timely manner. Documentation of follow up procedures should be maintained.
- D. Establish procedures to ensure periodic cash counts are performed. In addition, concerns noted during cash counts should be investigated and resolved in a timely manner. Documentation of follow up action should be maintained.
- E. Ensure late deposits are investigated and resolved in a timely manner. Penalties for late deposits should be assessed as provided in the fee agent contract.
- F. Develop procedures to ensure short balances are investigated and resolved in a timely manner. In addition, detailed information regarding long/short balances should be provided to field representatives to assist them in more effectively monitoring field offices.
- G. Establish procedures to ensure follow up on internal audit report findings is performed and documented on a timely basis.
- H. Develop procedures for accounting for unidentified monies collected by the fee offices. In addition, the division should consult legal counsel to determine the appropriate disposition of these monies.
- I. Ensure the CAB field procedure manual is complete and maintained on a current basis.

#### **AUDITEE'S RESPONSE**

- A. *The Department of Revenue will study and review current practices when considering if this recommendation should be implemented. This review will focus on two main points: 1) The assistance licensing technicians assigned to fee offices provide in allowing the Department to meet it's strategic planning objectives, and 2) the impact this recommendation will have on our fee agent partners. The Department of Revenue would like to note that since October 12, 2001, when the Office of the State Auditor completed field work for this audit, the Department has again reduced the number of licensing technicians assigned to fee offices from 50 to 45.5.*
- B. *CAB management agrees with this recommendation. The CAB has been reviewing this issue for several months in conjunction with efforts to develop performance management criteria for field representatives. The CAB anticipates having the plans and guidelines developed by the end of calendar year 2002.*
- C. *CAB management agrees with this recommendation. A team is currently in place to evaluate the existing field representative report and make improvements to increase*

*accountability of both the field representatives and license offices. CAB expects to have the new reporting and monitoring systems in place by the end of fiscal year 2002.*

- D. CAB management agrees with this recommendation. By improving the field representative report mentioned in 2.C. and improving internal tracking systems, CAB will ensure annual cash counts are completed. CAB will have a monitoring and tracking system in place by the end of calendar year 2002.*
- E. CAB management agrees with this recommendation and will continue to investigate late deposits, and, when applicable, assess penalties as provided in the fee agent contract.*
- F. CAB management agrees with this recommendation and will continue to monitor long and short reports monthly.*
- G. CAB management agrees with this recommendation. This issue is being addressed in conjunction with item 2.D.*
- H. CAB management agrees with this recommendation. CAB currently has a team that is researching and evaluating this issue. The team's recommendations are due in June of this year, and implementation should occur by the end of calendar year 2002.*
- I. CAB management agrees with this recommendation. CAB began updating this manual several months ago. Because of the complexity of the task and the volume of detail required, CAB anticipates this process will take twelve to eighteen months to complete.*

<b>3. Unreported Transaction Procedures</b>
---------------------------------------------

Field offices are required to submit daily transaction summary reports listing each transaction processed that day and included in the daily deposit. The department has identified some transactions that were processed by the field offices but not reported on the transaction summary reports. Many of these transactions involved misappropriation by the field offices. Field offices are billed when unreported transactions are identified. During our review, we noted the following:

- A. The DMV does not compare transactions sent in for processing to transaction summary reports. In April 2000, the Internal Audit Section reviewed one shipment from each fee agent and found that 1.2 percent of the shipments reviewed contained discrepancies with regard to completeness. The Internal Audit Section did not consider the discrepancies significant in terms of monetary impact. As a result of this study and time constraints, the DMV discontinued comparing transactions to the daily transaction summary reports.

Division personnel indicated that most unreported transactions are not sent to the division by field offices for processing and would not be identified by a comparison of transactions to the transaction summary reports. The division

primarily relies on a delinquent fee process to identify unreported transactions. However, during our review, we noted transactions which had been submitted for processing which were not reported on the transaction summary reports or identified through the delinquent fee process.

In addition, we noted transactions which were sent in for processing, but were reported on a subsequent transaction summary report and inventory items which were not accurately reported on the transaction summary reports. Since the DMV does not compare transactions to the transaction summaries, these errors were not discovered. Failure to compare transaction applications to the transaction summary report increases the risk that errors and misappropriations will not be detected on a timely basis.

We agree that comparing every transaction to the transaction summary report is not cost effective; however, alternative procedures such as spot checks or control totals should be considered to ensure transactions are properly reported.

- B. There are no written procedures outlining the process to investigate and resolve potential unreported transactions. Such items are identified by the MVP Section auditors during the semi-annual inventory reconciliations; by the CAB Public Service Section based on concerns from customers regarding their title applications; and by the Motor Vehicle (MV) Record Center based on research requests received from the Division of Taxation and Collection which handles delinquent fees. Our review of the procedures in each of these areas noted the following:

- 1) The Division of Taxation and Collection receives documentation of transactions from customers as proof of payment. Copies of the transactions are forwarded to the MV Record Center to be traced to the transaction summary reports and the GRS. However, the MV Record Center does not compare all of these transactions to the transaction summary reports to ensure they were adequately reported.
- 2) MVP Section auditors do not provide copies of the unreported transactions noted during inventory reconciliations to the MVP Section team leaders to ensure the transactions are entered on the GRS and titles are issued if necessary.

Written procedures are necessary to inform all parties of their responsibilities. Since many DOR employees may handle potential unreported transactions, procedures should be developed to ensure transactions are properly reported and entered onto the GRS. Failure to investigate and resolve potential unreported transactions increases the risk that misappropriation of funds will not be detected on a timely basis.

**WE RECOMMEND** the department:

- A. Develop procedures to ensure transactions are accurately recorded on transaction summary reports.
- B. Develop written procedures to be followed for potential unreported transactions. These procedures should require the applicable parties to trace the transactions to the transaction summary reports and to ensure the transactions are recorded on the GRS, if necessary.

**AUDITEE'S RESPONSE**

- A. *DVSB management agrees with this recommendation. The DVSB will develop an auditing procedure to monitor this issue when the inventory reconciliations are completed. An auditor will review the inventory reconciliation in order to observe any indication that a field office is not appropriately accounting for transaction items. If the auditor finds inappropriately handled items, the auditor will work with their assigned processing team members to monitor the field office. The procedure will be completed and implemented on or before July 1, 2002.*
- B. *The DVSB management agrees with this recommendation. This item will be addressed in conjunction with item 3.A.*

<b>4. Inventory Procedures</b>
--------------------------------

Motor vehicle inventory records for all branch and fee offices are maintained by the division on the DMVI system, a computerized inventory system. All inventory items, including license plates, permits, decals, placards, and tabs issued to and sold by the field offices are reported to the DMV on daily inventory reports and recorded on the DMVI system by MVP Section auditors. Field offices are required to perform semi-annual physical inventory counts which are reconciled to the DMVI system by MVP Section auditors. During our review of inventory procedures, we noted the following:

- A. Numerous errors are made on daily inventory reports submitted by the field offices. As a result, many items issued to the field offices are unaccounted for on the initial inventory reconciliations performed by the MVP Section auditors. Auditors make numerous adjustments to the DMVI system when the inventory discrepancies are resolved. Our review of five inventory reconciliations noted 17,315 adjustments totaling approximately \$877,000 made by the auditors. Although some of these adjustments were made as a result of auditor posting errors, many were due to incorrect inventory reports submitted by the field offices.

During our review, we observed auditors spending significant amounts of time researching inventory item discrepancies on the inventory reconciliations,

reviewing correspondence from the field offices regarding the inventory discrepancies, and making adjustments to the DMVI system. The CAB field procedures manual requires the field offices to reconcile physical inventory reports to perpetual records prior to submitting the physical inventory to the DMV; however, this is apparently not always done. Had the field offices performed these reconciliations, many of the discrepancies may have been identified and corrected prior to the inventory reconciliations performed by MVP Section auditors. Failure of the field offices to submit accurate daily inventory reports and reconcile physical inventory reports to perpetual records results in the use of state resources to identify discrepancies which should have been identified by the field offices.

- B. The division does not monitor field offices to ensure license plates and tabs are issued in numerical sequence. We noted several instances in which field offices apparently did not sell inventory items in sequential order. The department's Internal Audit Section has also noted this situation. The CAB procedures do not require field representatives to review for inventory items sold out of sequential order. In addition, while performing inventory reconciliations and posting inventory sales to the DMVI system, MVP Section auditors may note instances in which the field offices did not sell inventory items in sequential order. However, the auditors do not routinely review for this situation and inventory items sold out of sequential order are not investigated and resolved.

The division has identified the sale of transfer tabs out of order as a red flag to potential fraudulent transactions. Failure to monitor the sequential issuance of inventory items increases the risk that irregularities will not be detected in a timely manner.

- C. Field offices are charged for all inventory items that remain unaccounted for after the inventory reconciliation process is complete. The DMV charges a set rate, based on the average registration or transfer fee related to each unaccounted for inventory item. During our review we noted the following:

- 1) The DMV does not investigate field offices with significant inventory charges. Field offices were charged for 7,537 unaccounted inventory items issued to the field offices during the period January 1, 1999 through April 5, 2001. Some field offices were charged for a significant number of items during this period.

During our review of inventory charges, we noted four inventory items charged to two fee offices which were actually sold to DMV customers. The fee offices apparently collected a total of \$1,343 in sales taxes, license fees, and title fees for these transactions, but did not report these collections to the DMV or deposit the amounts into the DOR collection account. Since the fee offices did not report these inventory items as sold, they were charged after the inventory reconciliation process. The fee

offices were charged a total of \$109 for these items, \$1,234 less than actual collections due to the state and local governments. Both of these fee offices had been charged for numerous inventory items during the time period reviewed. Our review of eight field offices in which the Internal Audit Section identified misappropriation noted that seven of the offices had some of the highest inventory charges during the period January 1, 1999 to April 5, 2001.

Unaccounted for inventory items is an indication of possible misappropriation of funds by the field offices.

- 2) Adjustments can be made to field office inventory charges at the discretion of the CAB. There was no documentation supporting one inventory charge reduction of approximately \$104,000 for 3,889 tabs unaccounted for by a branch office. In addition, inventory reductions were made for 100 tabs missing at each of two fee offices for which documentation was received months after the fee offices were required to report the items as missing. Adjustments to inventory charges should be made based on adequate supporting documentation.

- D. Instances have been noted in which field offices are misusing the ability to code inventory items as missing. Field offices are required to report items that were not received in their inventory order and are not charged for the items reported as missing.

Several license plate numbers we reviewed which were reported as missing by the field offices had actually been issued to DMV customers. One plate reported as missing had been issued and the monies collected were not deposited in the DOR collection account. The Internal Audit Section noted another fee office using similar procedures to misappropriate funds. We noted other instances in which items were reported as missing to avoid being charged for the items. These items were not correctly reported on daily inventory reports and would have been unaccounted for during the inventory reconciliations. This situation was also noted in a branch office internal audit report. Frequent reporting of inventory items as missing could be used by fee offices to avoid being charged for unaccounted inventory items or an indication of misappropriation of funds.

**WE RECOMMEND** the department:

- A. Enforce the CAB policy requiring field offices to reconcile their inventory records.
- B. Develop and implement procedures to monitor the sequential issuance of inventory items.
- C.1. Review field offices with high inventory charges.



- C.2. Ensure adequate documentation is maintained to support reductions to inventory charges.
- D. Review field offices with an unusual number of inventory items reported as missing.

### **AUDITEE'S RESPONSE**

- A&B. CAB management agrees that it is crucial to account for all inventory items assigned to field offices. CAB is in the process of developing a new field representative report and procedures that will require field personnel to review the inventory records of all field offices. The anticipated implementation date is July 1, 2002.*
- C.1. DVSB and CAB management agrees that field offices with high inventory charges should be reviewed to determine that adequate documentation is included to support all adjustments made to field office inventory charges. It is CAB's current practice to notify the department's Internal Audit bureau when high inventory charges are noted in a field office. The CAB will continue to utilize the department's Internal Audit bureau to resolve any issue of a field office improperly handling inventory.*
- C.2. DVSB and CAB management agrees that the appropriate supporting documentation and authorization should be present prior to adjusting any field office's inventory charges. The DVSB and CAB will work together to develop an internal procedure that will require our employees to witness the appropriate documentation and authorization prior to adjusting any field office inventory. This procedure will be implemented on or before July 1, 2002.*
- D. The CAB management agrees that it is important to review any field office that has an unusual number of inventory items reported as missing. This issue is brought to light when the DVSB Auditors perform the bi-annual inventory reconciliation. CAB will develop and implement a formal procedure by July 1, 2002, that will require the field representatives to work with the field offices to resolve identified concerns.*

<b>5.</b>	<b>Motor Vehicle Lease/Rental Companies</b>
-----------	---------------------------------------------

Section 144.070 (5) and 144.440 (5), RSMo 2000, allows any taxpayer engaged in the business of renting or leasing motor vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental or lease purposes, to have the option of paying sales or use tax, respectively, on items to be leased or rented at the point of registration or to apply as a lease/rental company and pay sales or use tax as the items are being leased or rented. Lease/rental companies choosing to collect and submit taxes on the amount charged for each rental or lease agreement must apply to the DMV for a permit to operate as a leasing company. These companies must claim exemption twelve on the title applications and submit sales and use tax collections to the Division of Taxation and Collection based on the lease/rental proceeds. During the year ended June 30, 2001,

approximately 76,000 titles were issued for transactions which claimed exemption twelve. During our review, we noted the following:

- A. The Division of Taxation cannot effectively monitor whether sales or use taxes are recovered for the companies claiming exemption twelve on title applications. The current system of reporting sales and use taxes to the Division of Taxation and Collection does not require these companies to identify the particular motor vehicles, trailers, boats, or outboard motors on which the sales and use taxes were collected on lease/rental proceeds. Therefore, the department cannot determine whether the state is collecting at least as much sales tax by allowing lease/rental companies to collect and submit taxes on the amount charged for each rental or lease agreement as would have been collected if the sales or use taxes had to be paid upon titling the vehicles.

We noted three of twenty lease/rental companies reviewed which claimed exemption twelve had not submitted any sales or use tax payments for the location and time period reviewed. Approximately 1,400 titles were issued to these three companies during the year ended June 30, 2001. It is possible the vehicles had been moved to and reported under a different location; however, this information is not reported to the department.

Companies which did not pay sales or use taxes at the point of registration should be reviewed on a test basis to determine whether the state is recovering the sales or use tax that would have been collected had the companies paid at the point of registration. If the department finds the sales or use taxes are not being recovered, a change in the law should be pursued.

- B. The DMV does not always ensure that companies claiming exemption twelve on title applications have an active sales tax account. One of the companies reviewed which claimed exemption twelve titled two vehicles that were purchased in March and April 2001. However, the company had cancelled its sales tax account with the Division of Taxation and Collection effective September 30, 2000, and as a result, would not have submitted sales or use taxes after that date. Total state sales taxes lost, based on the sales price of these two vehicles was \$5,285.

Failure to ensure companies claiming exemption twelve have an active sales tax account results in lost revenue to the state.

- C. Some lease/rental locations for two of twenty companies we reviewed were not correctly coded as lease/rental locations by the Division of Taxation and Collection, resulting in incorrect distribution of state sales taxes. The Division of Taxation and Collection allocates one-half of the state sales tax proceeds received from MV lease/rental companies to the Motor Fuel Tax Fund in accordance with Article IV, Section 30(b)2. of the Missouri Constitution, which requires one-half of the proceeds from the state sales tax on all motor vehicles, trailers,

motorcycles, mopeds, and motortricycles be dedicated for highway and transportation use. Failure to properly code lease/rental locations on the Missouri Integrated Tax System results in the inappropriate allocation of state sales taxes.

**WE RECOMMEND** the department:

- A. Review companies claiming exemption twelve on a test basis to determine whether the state is recovering sales or use taxes by allowing lease/rental companies to collect and submit taxes on the amount charged for each rental or lease agreement. If the results of the review reveal sales or use taxes are not recovered, a change in the law should be pursued.
- B. Ensure companies claiming exemption twelve have an active sales tax account.
- C. Properly code lease/rental companies to ensure appropriate distribution of sales and use tax monies.

**AUDITEE'S RESPONSE**

- A. *Division of Taxation and Collection management agrees with this recommendation. Before a determination can be made that legislation is necessary, the division will conduct a study to determine the level of tax reporting compliance of leasing companies claiming exemption twelve. This study will be completed prior to the commencement of the 2003 legislative session.*
- B. *Division of Taxation and Collection management agrees with this recommendation. The division will attempt to ensure that lease rental companies have active sales tax accounts. In the instance cited in the audit, the company that claimed exemption twelve did have an active sales tax account. The account was later closed at the direction of the business. Because this is a large, multi-division company, it is possible that the company is reporting the tax on its leases through a different tax account. The division will follow up to determine whether the tax is being reported under a different sales tax account.*
- C. *Division of Taxation and Collection management agrees with this recommendation. The division has determined that the accounts in the finding were miscoded through employee error. We will correct the accounts and re-emphasize our existing procedures for properly coding motor vehicle leasing companies to all who are responsible for sales/use tax registration.*

Information on the General Registration System (GRS) is not always accurate and up-to-date. A record of all Missouri motor vehicle transactions is maintained on the GRS. The GRS is accessible to various law enforcement officials in the state through the Missouri Uniformed Law Enforcement System (MULES) and other subscription systems. The following instances in which the GRS includes inaccurate information were noted:

A. As of July 28, 2001, approximately 549,000 motor vehicle transactions were on the Error File and, as a result, were not recorded on the GRS. MVP Section examiners enter title and registration transactions into the Life Works system. This information is then transferred to a mainframe system for editing and ultimately updates the GRS. When the mainframe system detects an error, the transaction is posted to an Error File rather than the GRS, and an error brief is generated. During our review, we noted the following:

- 1) During the years ended June 30, 2001 and 2000, approximately nine and twenty-four percent, respectively, of title applications entered by MVP Section personnel were posted to the Error File. Each error brief generated by the Error File must be researched and corrected before the transaction is posted to the GRS. This research can take a significant amount of time.

Although significant improvement has been made, the DMV should continue to investigate the reasons for errors and develop procedures to reduce the rate of errors.

- 2) Approximately 306,000 of the transactions on the Error File were at least ten months old. Division personnel indicated that prior to September 2001, few error briefs had been recently researched. Failure to resolve transactions on the Error File results in incomplete and inaccurate GRS records and increases the risk that misappropriation of funds by field offices will not be detected in a timely manner. In addition, customers whose transactions are on the Error File do not receive license renewal notifications.

During September 2001, the DMV established a team of examiners to resolve the transactions on the Error File. The DMV indicated they plan to have these errors resolved by April 15, 2002.

- B. The mainframe system's internal edit checks detect instances in which a license plate number is recorded as issued to two different customers. However, if the expiration year recorded for each customer is different, the transactions are not recorded on the Error File and the incorrect transaction is posted to the GRS. To ensure the GRS is accurate, edit checks should identify all duplicate license plate numbers issued.
- C. Missing, voided, and defective license plates are not being recorded on the GRS. To account for license plates noted by the field offices as missing, voided, or defective, CAB procedures require the field offices to complete an Invalid License Plate Report. During our review, we noted numerous missing, voided, or defective license plate numbers; however, DMV records indicate only two Invalid License Plate Reports had been received during the period of November 2000 to April 2001. To ensure the GRS is accurate and complete, the DMV should ensure Invalid License Plate Reports are received and posted to the GRS.

**WE RECOMMEND** the department:

- A. Establish procedures to reduce the number of transactions posted to the Error File. In addition, all transactions on the Error File should be corrected on a timely basis
- B. Ensure edit checks identify all duplicate license plate numbers recorded on the GRS. In addition, duplicate license plate numbers currently on the GRS should be researched and resolved.
- C. Ensure that field offices submit Invalid License Plate Reports for missing, voided, and defective license plates as required by CAB policy.

**AUDITEE'S RESPONSE**

- A. *The DVSB management agrees with this recommendation and currently has detailed policies and procedures in place for employees to use as a resource when processing registration and title applications. The DVSB management will continue to look for methods to reduce the number of errors posted to the error file. Currently, the DVSB has a team of employees working on possible solutions for reducing the number of transactions that post to the error file. The team will be presenting the results of their findings to DVSB management by June 2002.*
- B. *The DVSB management agrees with this recommendation and will request the Information Technology Bureau to generate a list of duplicate license plate numbers in order to correct these errors. Since the FASTR system will not allow duplicate license plate numbers to be recorded, this issue will be resolved with FASTR's implementation.*

- C. *The DVSB management agrees with this recommendation and will develop a policy to address this issue. The policy will be implemented by July 1, 2002, and will require the DVSB to notify the appropriate CAB representative when field offices are not submitting the Invalid License Plate Reports for missing, voided, and defective license plates as required by CAB policy.*

This report is intended for the information of the management of the Department of Revenue, Division of Motor Vehicle and Drivers Licensing and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Revenue was created by Article IV, Section 12, of the Missouri Constitution. The Department of Revenue was given authority and responsibility to collect all monies due to the government of Missouri as provided by law. The Department of Revenue is headed by the director of revenue who is appointed by the governor with the advice and consent of the Senate. The laws governing some of the duties of the director of revenue are set forth in Section 136.030(2), RSMo 2000. This section, in brief, provides that the director of revenue shall make provisions for the collection of motor vehicle registration fees, sales and use tax, motor vehicle drivers' license tax, and all other taxes. To facilitate the registration of each motor vehicle, trailer, and marine craft in the state, and the licensing of all operators of motor vehicles residing in this state, the Division of Motor Vehicle and Drivers Licensing (DMV) was established.

The DMV operations are set forth in Chapters 301, 302 and 306, RSMo 2000. These chapters document the regulations for motor vehicles and marine craft in the state. To accomplish these responsibilities, the division employed approximately 573 employees within the central office and approximately 206 employees within the branch offices as of June 30, 2001. The Customer Assistance Bureau is responsible for administering the operation of the 11 branch offices and approximately 170 fee offices throughout the state. Section 32.040, RSMo 2000, provides the director of revenue with the authority to establish and maintain permanent branch offices. The fee office agents are selected and appointed by the governor to act as agents of the Department of Revenue pursuant to Section 136.055, RSMo 2000.

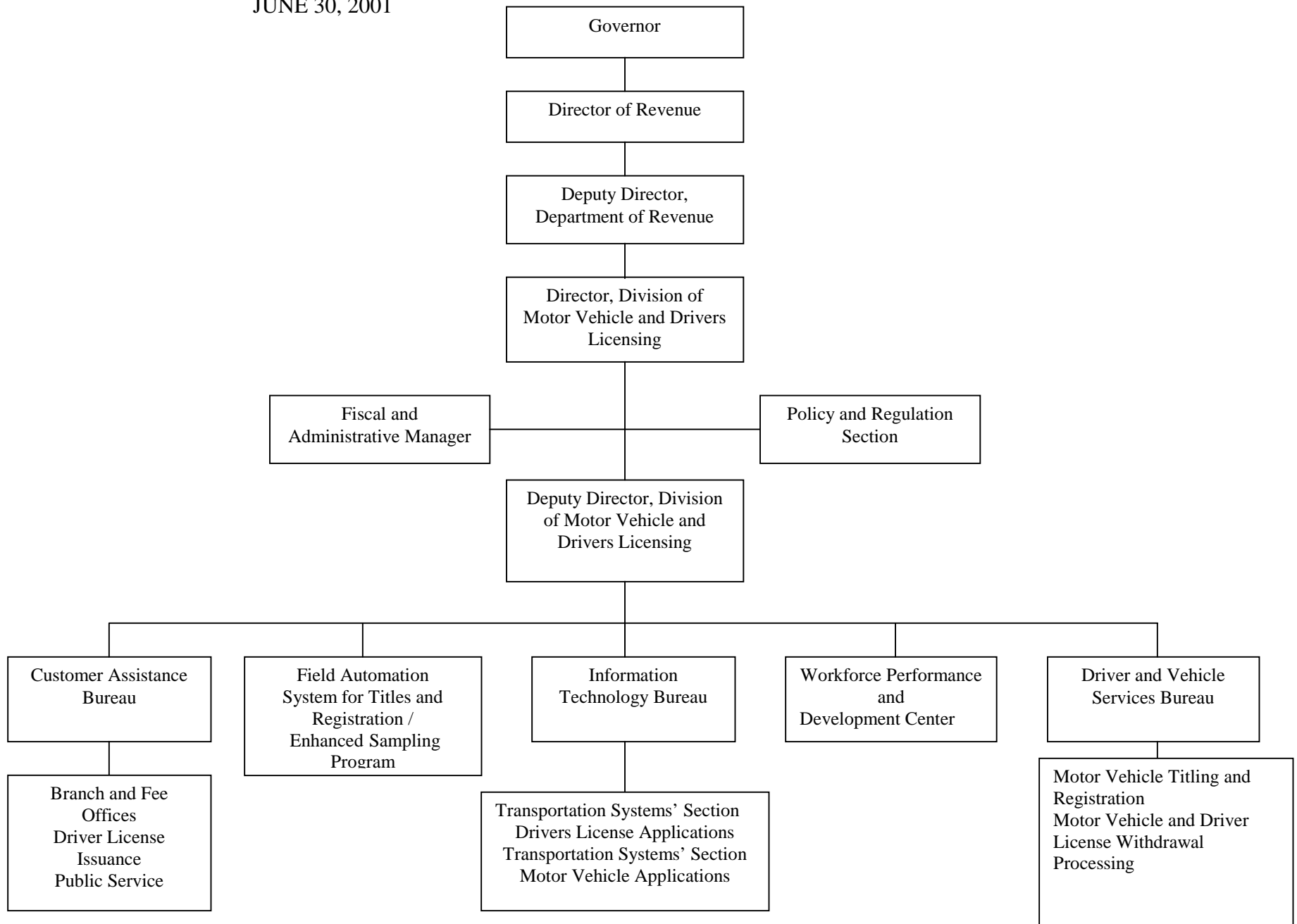
The DMV issues titles for all Missouri motor vehicles, trailers, and marine craft; and issues and sells over 490 different types of license plates which can be classified into six major categories: passenger, truck, trailer, motorcycle, bus, and dealer. In 1997, the agencies distributed a multi-year plate that is renewed annually or bi-annually with the issuance of tabs and for the ensuing years. Dealer and three-year trailer plates are renewed by the issuance of a new plate. The personalized plate was also made available to the public in 1978 for an additional charge of \$15 per year.

The division issues four basic types of driver licenses: Class F (Operators), Class E (Chauffeurs), Class A, B, and C (Commercial), and Class M (Motorcycle Only). In addition, the division is responsible for administering the suspension or revocation of driver licenses for violations of state laws, and collecting driver license reinstatement fees.

Raymond Hune has held the position as Director of the DMV since 1993.



DEPARTMENT OF REVENUE  
 DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING  
 ORGANIZATION CHART  
 JUNE 30, 2001



Appendix A

DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING  
COMPARATIVE SCHEDULE OF RECEIPTS  
MOTOR VEHICLE TRANSACTIONS

	Year Ended June 30,				
	2001	2000	1999	1998	1997
<b>TAXES</b>					
Sales Tax (State, Education, Conservation, Parks/Soil)	\$ 317,097,608	325,491,300	299,504,220	276,949,971	251,050,807
Local Taxes	178,577,348	182,586,708	162,524,966	146,082,874	130,104,378
Highway Use Taxes	52,744,301	55,101,470	50,915,886	50,349,477	49,444,846
<b>DECALS</b>					
Motor Fuel Tax-LP	216,464	236,448	265,339	258,565	273,033
Marine	1,889,687	1,984,356	1,922,259	1,987,710	1,924,417
ATV	273,943	243,877	206,229	197,419	148,733
<b>REGISTRATIONS</b>					
Passenger	104,166,974	79,096,884	78,488,222	78,571,359	78,899,052
Truck	61,356,270	50,874,239	49,100,706	47,847,707	47,331,789
Title	16,419,130	17,312,798	16,896,388	16,624,848	16,451,572
Trailer	5,696,303	5,763,022	5,011,806	5,257,633	5,124,572
Motorcycle	787,226	507,656	464,106	438,881	461,549
Bus	433,643	407,259	399,858	416,582	388,993
Documented vessel	61,103	65,402	62,349	54,176	47,368
Dealer	2,575,867	2,529,298	2,408,530	2,304,179	1,369,190
<b>PLATES AND TABS</b>					
Plate reservations	3,383,751	2,530,905	2,504,499	2,535,708	2,167,005
Replacement plates and tabs	641,523	577,695	513,266	292,862	380,604
<b>MISCELLANEOUS</b>					
Motor vehicle transactions	2,900,126	2,870,962	2,668,732	2,515,286	2,306,298
Marine transactions	47,945	67,259	45,537	45,460	46,292
ATV transactions	271,642	247,654	215,253	183,254	156,689
Manufactured home transactions	133,237	147,036	164,613	131,942	125,877
<b>OTHER RECEIPTS</b>					
Motor vehicle permits	3,843,377	3,516,074	3,210,412	2,981,107	2,941,470
Title and renewal penalties	14,065,424	14,042,236	13,315,267	12,181,043	12,190,702
Documented vessel in lieu tax	1,807,975	1,868,357	1,566,570	1,359,488	1,109,960
Information sales	325,662	423,533	355,846	252,373	259,245
Fax fees	4,478	8,724	8,888	9,129	8,546
Shortage/overage and bad check write-offs	0	(4,046)	(353)	(4,846)	(2,183)
Childrens Trust Fund donations	75,797	23,377	630	0	
WWII Memorial Trust Fund donations	10,915	0	0	0	0
Blindness Awareness Trust Fund donations	25,811	0	0	0	0
Miscellaneous	(5,730)	(590)	3,520	5,457	15,253
Total	\$ 769,827,796	748,519,892	692,743,547	649,829,643	604,726,056

Appendix B

DEPARTMENT OF REVENUE  
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING  
COMPARATIVE SCHEDULE OF RECEIPTS  
DRIVERS LICENSE TRANSACTIONS

	Year Ended June 30,				
	2001	2000	1999	1998	1997
<b>LICENSES AND PERMITS</b>					
Operators licenses	\$ 12,372,693	8,256,307	8,543,409	8,639,037	8,028,989
Chauffeurs licenses	2,296,876	1,588,875	1,709,527	1,430,093	1,569,179
Commercial licenses	2,961,387	1,609,405	1,677,531	1,668,929	1,382,515
Motorcycle licenses	1,208	638	420	533	413
Duplicate licenses	1,568,721	1,590,355	1,479,168	1,317,570	1,165,449
Valid without photo	13,904	10,463	29,783	31,475	33,263
Instruction permits	266,473	247,269	231,263	220,171	208,274
School bus permits	45,812	13,410	12,780	13,234	27,225
Student permits	13,608	15,992	15,046	14,576	16,568
Identification cards	985,483	1,316,479	1,214,898	1,051,290	849,247
Service charges	11,662	8,170	8,158	9,776	7,007
Commercial written and skills tests	250,270	250,045	238,808	226,035	200,610
Total receipts from licenses and permits	20,788,095	14,907,406	15,160,790	14,622,718	13,488,738
Reinstatement fees	3,047,667	4,313,221	6,311,025	5,826,623	4,844,027
Drivers record checks	1,372,179	1,458,313	1,923,108	2,261,327	3,133,051
Third Party Tester Application Fees	5,700	6,300	5,100	5,400	4,900
Overages	17,950	6,305	2,729	2,315	1,990
Blindness Awareness Fund donations	93,134	0	0	0	0
Organ Donor Contributions	376,293	399,724	375,089	371,359	355,121
Miscellaneous	50,279	46,294	43,708	44,759	97,759
Total	\$ 25,751,298	21,137,564	23,821,548	23,134,501	21,925,586

\* \* \* \* \*



**FOX C-6 SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-24  
March 18, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**The following problems were discovered as a result of an audit conducted by our office of the Fox C-6 School District.**

---

The district's current bidding procedures could be made more effective by adopting a comprehensive policy with a lower dollar limit. The current policy states that a formal bidding process may be used for projected expenditures of \$12,500 or greater for items such as supplies, materials, equipment and contractual services. In addition, the district policy requires all construction projects over \$12,500 be bid as required by state law. However, the policy does not require bidding for non-construction items and does not indicate the types of bidding that can be done to ensure the district receives the best economical value on its purchases for amounts less than \$12,500. A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for purchases under \$12,500.

In addition to complying with state law, competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

Our audit also found that the district did not formally bid all purchases over \$12,500, and documentation of informal price quotations was not maintained. The district paid a single vendor approximately \$33 per hour, in labor costs, to service district buses and vehicles. The total parts and labor costs paid to this vendor were \$311,879 and \$255,856, for the years ended June 30, 2001 and 2000, respectively. The hourly rate was not bid.

Also, bid documentation is not always received or retained by district personnel. Without formal bidding or documentation there is no evidence the School Board received the lowest and best service.

The school district does not always enter into written contracts defining services to be provided and benefits to be received. The district's policy gives the School Board sole authority to enter into and approve contracts. We noted the following concerns regarding contracts:

- There is no written contract between the school district and the vendor used to maintain and repair the district's buses and vehicles.
- There is no written contract between the district and its architect which outlines the services to be provided or the costs for those services.

(over)

YELLOW MOTHS SHEET

- The district does not have a written contract with the company that provides maintenance supplies used for the repair and maintenance of district buildings.
- There are no written contracts with the three vendors providing a la carte food items to the Food Service department and five vendors providing soda or vending machines.
- There is no written contract between the district and its depository bank.
- Some written contracts are not signed by the School Board.

District policy requires purchase orders be submitted for all purchases which are not specifically exempted by the School Board. Thirteen out of seventeen purchases (76 percent) reviewed either did not have a purchase order, or the purchase order did not agree to the amount of the vendor's invoice.

Overpayments to vendors were not discovered by district personnel on a timely basis. A contractor submitted four invoices to the district totaling \$74,026. District personnel generated two checks, totaling \$129,046, for these invoices. The overpayment of \$55,020 was not detected by the district; however, the vendor noted the overpayment and refunded the district.

Another contractor submitted two invoices for work done at several different schools, totaling \$47,455. Again, the district submitted two checks, totaling \$58,730, overpaying the contractor by \$11,275. District personnel sought reimbursement from the vendor after we brought the error to their attention.

The district purchased goods and services from two companies in which a School Board member appeared to have a conflict of interest. Additionally, district personnel processed some credit card payments without proper supporting documentation.

The district used Gifted Education monies to transport students to various functions which is an unallowable cost according to the Department of Elementary and Secondary Education's guidelines.

The School Board amends the district budget after the expenditures have been incurred. The final checks at year end are prepared and the expenditures are recorded in the district records before the budget is amended. These checks are held until the budget is amended by the School Board. After the budget is amended, the School Board approves the checks and, if the goods or services have been received, the checks are issued to the payees. In some cases, the checks will continue to be held until payment is due to the employee or vendor.

The budget should be amended before the expenditures are incurred or when the encumbrances are made. In addition, the district should not be writing and approving checks for services not yet received.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

FOX C-6 SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-22
<u>Number</u>	<u>Description</u>
1.	Budgetary Procedures .....5
2.	Concert Series .....7
3.	Bidding Procedures .....9
4.	Contracts .....13
5.	Expenditures .....15
6.	Food Service .....20
7.	General Fixed Asset Records and Procedures .....21
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	23-25

## STATE AUDITOR'S REPORT





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Board of Education  
Fox C-6 School District  
Arnold, MO 63010

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Fox C-6 School District. The School Board had engaged Daniel Jones & Associates, Certified Public Accountants (CPAs), to audit the school district for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents, and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Fox C-6 School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 14, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	A. Dailey

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Budgetary Procedures</b>
-----------	-----------------------------

- A. Historically, the school district has amended its budget at year-end to ensure expenditures do not exceed the budget. However, the district does not amend the budget before expenditures are incurred. The following table illustrates budget amendments made by the School Board during fiscal years 2001 and 2000:

Fund	Original Budget	Actual Expenditures	Amended Budget
Special Revenue	\$37,398,324	38,165,724	38,250,000 <sup>1</sup>
Capital Projects	4,650,242	5,813,144	5,850,000 <sup>2</sup>

<sup>1</sup>Amended June 26, 2001

<sup>2</sup>Amended June 27, 2000

The final checks at year-end are prepared and the expenditures are recorded in the district's records before the budget is amended. These checks are held until the budget is amended by the School Board. After amending the budget, the School Board approves the checks and, if the goods or services have been received, the checks are issued to the payees. In some cases, the checks will continue to be held until payment is due to the employee or vendor. The Superintendent indicated that the district believes it is in compliance with state law because the School Board amends the budget before it approves the final checks.

Section 67.040, RSMo 2000, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

The district should amend the budget before it incurs the expenditures. In the Special Revenue Fund, the checks are for the remainder due for teachers' salaries for the prior school year. The budget should be amended before the expenditures are incurred or before the teachers work the days that cause the overage. For the Capital Projects Fund, the checks are for ongoing projects for which the district has encumbered the funds but may not have necessarily received the services yet. In many cases, the services are performed in the next fiscal year. The budget should be amended when the encumbrances are made. In addition, the district should not be writing and approving checks for services not yet received.

- B. The district does not have a formal, comprehensive plan for the \$23,648,850 combined General Fund and Special Revenue Fund balance. This balance represents 36 percent of the total expenditures from the General and Special Revenue Funds.

District officials attributed the accumulation of this large balance to a conservative estimation of revenues each year and a healthy economy with high interest rates. District officials stated that they are planning to transfer monies from the General Fund to the Capital Projects Fund, therefore, partially reducing the balance in the General Fund. The district should develop a comprehensive plan that addresses the large balances in the General and Special Revenue Funds.

**WE RECOMMEND** the School Board:

- A. Ensure amendments are made to the budget prior to incurring the expenditure. In addition, the School Board should discontinue the practice of writing and approving checks before the service is received.
- B. Approve a formal, comprehensive plan for the combined General Fund and Special Revenue Fund balance.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The Board of Education's historical practice in regard to budgeted fund amendments has been to approve budget amendments prior to the issuance of checks for services. In the case of the Special Revenue or Teacher's Fund, the Board had previously approved contracts for teaching staff and the district had written these employees' payroll checks for the summer but had not issued any of the checks. The budget was amended prior to the formal approval of the checks and prior to their subsequent issuance of checks to the employees. In the case of the Capital Projects Fund, checks were written for payment but were not released until the budget was amended and the checks were approved. Checks were then issued to vendors as work was completed. One of the challenges of managing funds for a school district is having capital projects or other purchases in various states of completion and payment as the fiscal year changes over from one to another on July 1. It is common to have received goods or services in one fiscal year and be invoiced when the fiscal year changes. To maximize district funds in any given fiscal year, the district has written checks as goods and services are in various stages of receipt so the district will not be penalized from receiving full state aid in the next fiscal year. The district acknowledges the auditor's suggestions and has established the practice of presenting budget amendments quarterly for approval.*
- B. *While the district's plan is not in written form, the plan has been discussed in Board of Education meetings. The plan has been to 1. invest fund balances per state statute, and 2. reduce the General Fund balances over time through one-time expenditures. The district*

*has earned the following amounts in interest: 2000-01 school year - \$2,748,301.02, 1999-00 school year - \$2,196,894.75, 1998-99 school year - \$1,902,416.28 and 1997-98 school year - \$1,754,942.11 for a total over the last four years of \$8,602,554.16. This has been revenue the district has been able to generate by investing these balances rather than increase the tax levy to patrons of the school district to achieve additional operating revenue. For the last six years the district has had a five-year capital improvement plan that is reviewed and modified annually. This plan has used balances in one-time expenditures over the last two school years for capital improvements to district school buildings totaling \$3,789,067.22. Plans to spend down balances over the last several years became a challenge as the healthy economy increased anticipated revenues. No balance exists in the Special Revenue Fund.*

## **AUDITOR'S COMMENTS**

- A. The School Board should amend the budget prior to incurring the expenditure or when the teachers' or capital projects' contracts are signed instead of right before the checks are approved. These obligations have already been incurred and are owed by the district. Again, the State Auditor's Office believes checks should not be written and approved before the service is received. Including these payments as expenditures in order to maximize state aid is not proper.

<b>2.</b>	<b>Concert Series</b>
-----------	-----------------------

- A. The concert series operated at a loss of over \$49,000 during the year ended June 30, 2000. General Fund monies were used to cover the loss, resulting in taxpayers paying for concerts they may not have attended and for which there was no educational benefit to the district's students. For several years, the school district has held Spring and Fall concert events in the Rickman Auditorium. During 1999 and 2000, numerous events were held including five concerts by nationally-known performers. District personnel were responsible for entering into contracts with these performers and setting the ticket prices. However, the costs of the concerts significantly exceeded the amount of revenues generated from ticket sales. The following is a summary of fiscal year 2000 concerts activities:

Year ended June 30, 2000	
Revenues- Ticket Sales	\$ 93,860
Expenditures	<u>143,828</u>
Loss	<u>\$ (49,968)</u>

The School Board requires district personnel to submit a monthly report of all Rickman Auditorium activities. According to the School Board's policy, the report must include the status of all events as well as the related financial information. District personnel submitted these reports, which showed the total revenues and expenditures for each concert, to the School Board after each

performance. It appears that the School Board, which served at that time, was aware that the district was incurring a loss on the concert series and the concerts were stopped at the end of the Fall 1999 series.

- B. District personnel did not properly allocate all expenses to the Rickman Auditorium Fund. The school district has a formal policy outlining accounting procedures for events held in the Rickman Auditorium requiring appropriate expenditures to be allocated to this fund, including applicable portions of salaries, telephone usage, postage, supplies, insurance, utilities, and repairs and maintenance. While some supply and advertising expenditures were allocated to the concerts, salary and utility expenditures were not allocated to the events held in the Rickman Auditorium. Including these costs would increase the losses noted above.

**WE RECOMMEND** the School Board:

- A. Make careful and informed decisions regarding the activities held at the district, with particular emphasis on those activities which do not provide an educational benefit to the students.
- B. Require district personnel to follow the district's accounting policy so that accurate financial information can be presented regarding the Rickman Auditorium.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The Rickman Auditorium was built in 1986 as a place for student performances and community events. The Rickman Auditorium series began in 1987 as a means to provide high quality entertainment for a low cost, ease of travel to district patrons and scholarships to students from profit generated. Over \$16,000 in scholarships has been awarded to students from the Rickman Auditorium concert series proceeds. Documents indicate that no discussions took place with the then Board of Education about the loss in the concert series until August 1999. Once the Board of Education became aware the concert series could not support itself it was discontinued in December 1999.*
- B. *In review of records, the district acknowledges that some costs specifically utility costs for ten days per year for the series were not charged to the series. The district is revising its practice and reviewing the auditor's suggestions.*

**3.****Bidding Procedures**

- A. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy with a lower dollar limit. The current policy states that a formal bidding process may be used for projected expenditures of \$12,500 or greater for items such as supplies, materials, equipment and contractual services. In addition, the district policy requires all construction projects over \$12,500 be bid as required by Section 177.086, RSMo 2000. However, the policy does not require bidding for non-construction items and does not indicate the types of bidding that can be done to ensure the district receives the best economical value on its purchases for amounts less than \$12,500.

In addition to complying with state law, competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for purchases under \$12,500. Bids could be handled by telephone quotation, sealed bids or advertised sealed bids. Different approaches may be appropriate, depending on the dollar amount of the purchase.

- B. The district did not formally bid all purchases over \$12,500, and documentation of informal price quotations was not maintained.
- 1) The district paid a vendor more than \$13,000 in October 2000, to print its annual calendar. Bids were not formally requested for this service, and documentation of informal price quotations was not retained.
  - 2) The district paid a single vendor approximately \$33 per hour, in labor costs, to service district buses and vehicles. The total parts and labor costs paid to this vendor were \$311,879 and \$255,856, for the years ended June 30, 2001 and 2000, respectively. The hourly rate for labor was not bid.

Without formal bidding or documentation of price quotations, there is no evidence the School Board received the lowest and best service.

- C. Bid documentation is not always received or retained by district personnel. Sealed bids submitted by contractors are often sent to the architectural firm and the architect then brings the bids to the district to be opened prior to the School Board meeting. Similarly, Food Service and Transportation Department personnel receive bids applicable to their departments. Once bids are opened, the bids are often given to and retained by individuals outside the Administration



building. As a result, district personnel were not able to locate all the bid documentation for one project we reviewed.

The district's bidding procedures could be made more effective by requiring all sealed bids to be sent directly to the Administration building and by requiring all bid documentation to be retained. When sealed bids are sent to other locations, the integrity of the bid process is compromised, and when bid documentation is not retained, there is no evidence that the School Board has complied with its bid policy.

- D. The district has a policy addressing the selection of architects, engineers, and land surveyors. This policy states that the selection shall be based upon competence, qualifications, and reasonable prices. However, the policy does not address the selection of providers of other types of professional services.

The district has contracted with the same local CPA firm for its annual audit since 1992. The Superintendent indicated proposals were requested for this service in 1998; however, there is no documentation available indicating the district solicited other firms. During the year ended June 30, 2001, the district paid this firm a total of \$10,499 for audit services.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district.

**WE RECOMMEND** the School Board:

- A. Adopt a more comprehensive bid policy which requires bidding and establishes bidding requirements for purchases less than \$12,500.
- B. Require applicable bidding procedures be applied to ensure the district is receiving the most economical value on the purchases of goods and services. In addition, documentation regarding all price quotations should be retained.
- C. Require that all bid documentation be retained at the district's Administration building. In addition, the School Board should require that all sealed bids are received directly by Administration building personnel.
- D. Adopt a policy addressing the selection of all professional services, and periodically solicit proposals for the selection of these service providers. All documentation regarding proposals solicited should be retained.

## **AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *Per state statute Section 177.086, RSMo, the district is only required to solicit bids for "the construction of facilities which may exceed an expenditure of \$12,500." Missouri law does not require or even address bidding for the purchase of goods or services for school districts (other than the City of St. Louis Public Schools). Under our current policy, the district is permitted to seek bids whenever projected expenditures for goods exceed \$12,500 or whenever the administration determines such bidding to be appropriate under particular circumstances. Although not mandated by state law, the policy is intentioned to ensure that high dollar-value purchases are made in the most cost-effective manner possible. The policy is also consistent with similar policies adopted by other public school districts in Missouri that have chosen to provide for competitive bidding of goods.*

*The current policy also provides direction for the district in obtaining quotations for "projected expenditures of \$12,499.99 or less for supplies, materials, furniture, equipment and miscellaneous items." This is done through "oral or written price quotations." The district's procedure has been to obtain phone, fax or in person quotations for expenditures of less than \$12,499.99. The district recently implemented documenting the oral or written price quotations as part of the purchase record. Competitive bidding by Missouri's public schools is not required under Missouri law; however, the district's policy that permits such bidding when appropriate is clearly permissible under Missouri law.*

- B. *Problems relating to bids:*

1. *Since the inception of the district calendar, the district has never bid the printing of the calendar except for the 2001-02 school year. Over the last several years, the district has paid the following for the printing of the school calendar: 1998-99 school year - \$12,435, 1999-00 school year - \$14,370, 2000-01 school year - \$13,848 and 2001-02 school year - \$4,549.96. The district followed the previous administrative practice in the printing of the calendar until the 2001-02 school year when the calendar was bid. Per state statute Section 177.086, RSMo, the district is only required to solicit bids for "the construction of facilities which may exceed an expenditure of \$12,500." Missouri law does not require or even address bidding for the purchase of goods or services for school districts (other than the City of St. Louis Public Schools). The district was in compliance with its own policy as the policy states the district may use a formal bidding process for certain expenditures of \$12,500 or greater. The district used an informal process to obtain price quotations on the pricing of the district calendar as it had in previous years.*

2. *The district believes that \$33 per hour for non-school personnel labor costs is well below the average in maintaining large vehicles. Per state statute Section 177.086, RSMo, the district is only required to solicit bids for "the construction of facilities which may exceed an expenditure of \$12,500." Missouri law does not require or, even, address bidding for the purchase of goods or services for the school districts (other than that City of St. Louis Public Schools). The district is in compliance with the law and is reviewing the auditor's suggestions.*
- C. *The district has revised its practice and all bid documentation is received and retained at the Administration building.*
- D. *The local CPA firm which has been the district auditor since 1992 currently audits eleven public school districts, two of which are in St. Louis County. One of these districts is one of the largest school districts in the state of Missouri. The district auditor provides the district with very competitive rates that are reviewed periodically based upon qualitative and cost-based standards. When the review of audit firms was completed, informal price quotations were obtained to compare fees. Recently, an informal survey of some St. Louis County districts of similar or smaller size indicates our fees are below their existing fee structure. Per state statute Section 177.086, RSMo, the district is only required to solicit bids for "the construction of facilities which may exceed an expenditure of \$12,500." Missouri law does not require or even, address bidding for the purchase of goods or services for school districts (other than the City of St. Louis Public Schools). Textbooks are a good that is purchased by school districts that are selected based upon qualitative and cost-based standards. Under our current policy, the district is permitted to seek bids whenever projected expenditures for goods exceed \$12,500 or whenever the administration determines such bidding to be appropriate under particular circumstances. Although not mandated by state law, the policy is intentioned to ensure that high dollar-value purchases are made in the most cost-effective manner possible. The policy is also consistent with similar policies adopted by other public school districts in Missouri that have chosen to provide for competitive bidding of goods.*

### **AUDITOR'S COMMENTS**

- A&B. Although state law only requires school districts to solicit bids for new construction over \$12,500, competitive bidding for items under this amount ensures the district receives fair value by contracting with the lowest and best bidder. Although the district policy is permissible, the State Auditor's Office believes the district policy should require bidding.
- D. It would appear appropriate under these circumstances to seek proposals for auditing services. Such a procedure would "ensure that high dollar-value purchases are made in the most cost-effective manner possible."

**4.****Contracts**

The school district does not always enter into written contracts defining services to be provided and benefits to be received. The district's policy gives the School Board sole authority to enter into and approve contracts. We noted the following concerns regarding contracts:

- A. There is no written contract between the school district and the vendor used to maintain and repair the district's buses and vehicles. The district paid this vendor \$311,879 and \$255,856, for the years ended June 30, 2001 and 2000, respectively.
- B. There is no written contract between the district and its architect which outlines the services to be provided or the costs for those services. The district hired the firm as the "district architect" during February 2001; however the firm had provided architectural services to the district for the past 13 years. During the years ended June 30, 2001 and 2000, the district paid the firm \$89,670 and \$66,358, respectively.
- C. The district does not have a written contract with the company that provides maintenance supplies used for the repair and maintenance of district buildings. The total amount of supplies purchased was \$52,631 and \$41,522 for the years ended June 30, 2001 and 2000, respectively.
- D. There are no written contracts with the three vendors providing *a la carte* food items to the Food Service Department. Department personnel purchased food totaling \$44,529 and \$38,917, for the years ended June 30, 2001 and 2000, respectively, from these vendors.
- E. There is no written contract between the district and its depository bank. District personnel indicated that the information the bank submitted in response to the district's request for proposal (RFP) serves as the contract; however, we noted numerous changes, in pencil, made to this document. Furthermore, the document was not signed by the School Board.
- F. There are approximately eight vendors providing soda or other vending machines in school buildings. The vendors stock the machines and collect the monies. District personnel could only locate written contracts with three of the eight vendors. In addition, one of the contracts was signed by the Food Service Supervisor and not by the School Board.
- G. Some written contracts are not signed by the School Board. For example, a construction contract, totaling \$150,440, was signed by an administrator rather than by the School Board. While we did note that the School Board approved the project in its minutes, district policy states that the School Board has the sole authority to enter into contracts.

Written contracts between the School Board and applicable parties should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

**WE RECOMMEND** the School Board enter into, approve, and sign written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district operates a bus fleet of 111 vehicles and properly maintains them regularly to insure safe and economical operation for the students who ride them everyday. Proper maintenance is reflected in two ways: 1. Buses that pass inspections with a high percentage at the beginning of the year by licensed inspectors and in the spring by the Missouri State Highway Patrol, and 2. The efficiency of the transportation service. An average of the last four years reveals that 88% of our buses pass both beginning of the year and Highway Patrol inspections. Those that didn't pass did not have serious problems that would remove them from daily service. Our district transportation efficiency rating is better than the state standard for efficiency and was second in the metropolitan St. Louis area during the 2000-01 school year.*
- B. *The architect submitted a contract to the district pending passage of the bond issue. The contract is under review by the district, the architect, and the district's attorney. It is anticipated the contract will be approved and signed soon.*
- C. *The company mentioned by the State Auditor that provides maintenance supplies to the district is one of many vendors that provide maintenance supplies to the district. The vendor in question is frequently used because they are a local company within our community and provide the item(s) needed in the district for the best cost as realized through phone call price quotations. Since this is not the only vendor that the district deals with, the district does not contract with them for all maintenance supplies but seeks the best cost. The majority of what the district purchases from this vendor are supplies and equipment that are priced per the State of Missouri contract bid for these supplies and equipment. The district will investigate if better pricing could be achieved in a contractual manner per the auditor's suggestion.*
- D. *The district does not have contracts with the a la carte food providers for the Food Service Department but does have competitive pricing from a variety of vendors for the a la carte items.*
- E. *Competitive bids for depository services were used to determine the bank the district uses. Alleged changes made in pencil were notes made by a district official when*

*discussing information with the depository bank. Per the auditor's suggestion, the depository bank proposal was recently signed.*

*F. The district contracts with major providers of soda for our vending machines. Decisions about vending for buildings prior to the 2000-01 school year were made at the building level as a reflection of the Board of Education approved Governance and Administration section of the Comprehensive School Improvement Plan labeled "site-based decision making" which was the encouraged practice of the then administration of the school district.*

*G. The district will take steps to ensure that the Board of Education signs all contracts unless otherwise designated by the Board of Education.*

*Purchase orders, invoices and documents reflecting the purchase of many school district goods and services are typically not considered to be "contracts." In such event, a written contract covering such goods/services is not required by law. The Board thus need not formally enter into written contracts for such items/services. District policy already provides for a mechanism of payment for such goods/services. The Board is reviewing the procedure for this.*

<b>5. Expenditures</b>
------------------------

A. District policy requires purchase orders be submitted for all purchases which are not specifically exempted by the School Board. Exempted purchases include recurring monthly utility expenses or emergency purchases. We noted the following concerns regarding purchase orders:

- 1) While purchase orders must be approved by building principals, department supervisors (if applicable), and the Assistant Superintendent of Finance, the purchasing clerk is allowed to make changes to the approved purchase order if it does not agree to the vendor's invoice. Sometimes it is necessary to adjust purchase orders to include shipping charges or price changes; however, there is no policy which sets a dollar limit for which the purchase order can be changed. Furthermore, these changes are not monitored or approved.
- 2) Thirteen out of seventeen purchases (76 percent) reviewed either did not have a purchase order, or the purchase order did not agree to the amount of the vendor's invoice. For example, district personnel paid a contractor \$58,730 for work performed at several different schools, while related purchase orders totaled only \$35,305. In another instance, purchases of office supplies and equipment were made, totaling \$2,473, without the use of purchase orders.

To ensure accurate amounts are paid and that all expenditures are authorized, the district should prepare accurate purchase orders in accordance with district policy.

In addition, differences between purchase orders and vendor invoices should be investigated before payment is made, and changes to approved purchase orders should be monitored and approved.

- B. Overpayments to vendors were not discovered by district personnel on a timely basis. Accounts payable personnel enter invoice information into the computer system so that payments can be made; however, once the checks are generated, no one compares the check amounts to the actual vendor invoices. Furthermore, district personnel do not compare contract payments to the actual contract amounts. As a result, we noted the following:

- 1) A contractor submitted four invoices to the district totaling \$74,026. District personnel generated two checks, totaling \$129,046, for these invoices. The overpayment of \$55,020 was not detected by the district; however, the vendor noted the overpayment and refunded the district.
- 2) Another contractor submitted two invoices for work done at several different schools, totaling \$47,455. Again, the district submitted two checks, totaling \$58,730, overpaying the contractor by \$11,275. District personnel sought reimbursement from the vendor after we brought the error to their attention.

- C. The district purchased goods and services from two companies in which a School Board member appeared to have a conflict of interest.

- 1) In May 1997, the district bid the installation of alarm systems for several school buildings. The contract also included service and monitoring for these systems for three years. Subsequent to the district entering into this contract, an individual who worked as a contractor for and was paid an income from the company was elected to the School Board. During 1999, additional installation charges of \$3,538 were paid that were not covered by the contract. In addition, \$4,672 in service and monitoring costs were paid after the contract expired.
- 2) During the year ended June 30, 2000, the district traded-in six cellular telephones and paid \$870 for upgraded models. The district purchased these upgraded telephones from a company partially owned by a School Board member. In addition, this purchase was not bid.

Sections 105.454 and 105.458, RSMo 2000, prohibit elected officials from selling property to a political subdivision in excess of five hundred dollars unless the purchase is competitively bid.

- D. District personnel processed some credit card payments without proper supporting documentation. We noted several credit card statements with charges for

computer equipment and lodging expenses which were paid without original invoices or receipts.

To ensure the validity and propriety of the expenditures approved for payment, adequate documentation should be obtained.

- E. The district owns 17 cellular telephones which are utilized by administrators, supervisors, and some district personnel. During the year ended June 30, 2001, the district paid \$12,944 for cellular telephone equipment and services. We noted the following concerns relating to cellular telephones:

- 1) The district does not have a formal policy regarding the usage of cellular telephones. The informal policy, according to district administrators, allows cellular telephone users to use the telephones for personal use as long as they do not exceed the airtime included in their contract.

When analyzing cellular telephone billings over a period of twelve months, we noted some users exceeded the airtime provided in their plans. However, since users are not required to identify personal calls, we were unable to determine if any personal calls contributed to the airtime limits being exceeded and if costs were associated with personal calls.

A cellular telephone policy should restrict cellular telephone use for business purposes and require cellular telephone use be monitored on a periodic basis. District personnel should not be allowed to use cellular telephones for personal use, even if the airtime included in the contract is not exceeded.

- 2) The district paid approximately \$300 in state and local sales taxes for cellular telephone equipment and services. Political subdivisions are exempt from paying these sales taxes.

- F. The district used Gifted Education monies to transport students to various functions which is an unallowable cost according to the Department of Elementary and Secondary Education's guidelines. The total unallowable costs for the years ended June 30, 2001 and 2000, were \$1,177 and \$1,909, respectively. The state Gifted Education program allows funding only for instructional personnel and materials. Therefore, the district owes these unallowable costs back to the state's Gifted Education program.



**WE RECOMMEND** the School Board:

- A.1. Implement a policy to address changes made to purchase orders.
- 2. Ensure that purchase orders are prepared for expenditures in accordance with district policy.
- B. Ensure that actual check amounts are compared to vendor invoices. In addition, the School Board should ensure contract payments are compared to actual contract amounts to avoid overpayments to vendors.
- C. Disallow purchases to be made from School Board members in excess of five hundred dollars, unless competitively bid, in accordance with state law.
- D. Ensure all supporting documentation is submitted before payments are made.
- E.1. Adopt a cellular telephone policy which outlines proper controls over the use of cellular telephones, such as prohibiting the use of cellular telephones for personal use.
- 2. Discontinue paying state and local sales taxes.
- F. Work with personnel in the state's Gifted Education program to determine the amount which needs to be refunded, and discontinue using Gifted Education monies to pay for student transportation.

**AUDITEE'S RESPONSE**

*The School Board indicated:*

**A. Purchase Orders**

- 1. *The district has revised policies and procedures on purchase orders. If changes are necessary to purchase orders, they are monitored and approved by the Superintendent, Business Manager or the Controller. The district is reviewing the auditor's suggestions for additional improvements.*
- 2. *The jobs noted in the auditor's report were bid and had an individual job unit price and a total bid unit price for all jobs. The additional work completed by the vendor was work completed below the total unit price. The district felt since the job unit price was below what the actual total bid unit price was, the work should be completed. Per state statute Section 177.086, RSMo, the district is only required to solicit bids for "the construction of facilities which may exceed an expenditure of \$12,500." Missouri law does not require or, even, address bidding for the purchase of goods or services for school districts (other than the City of St. Louis Public Schools). The district is in compliance with the law. The district has*

*made changes as to how any additional work is to be approved and paid and is further reviewing the auditor's suggestions.*

*The purchase of supplies and equipment are sometimes made without the use of a purchase order with the approval of the administration if the need for the item is critical. Currently, invoices and purchase order differences are thoroughly reviewed before payment is made.*

- B. Overpayments did occur on two invoices. All overpayments have been recovered and the district thanks the auditor's office for bringing that to our attention. To prevent the likelihood of this occurrence happening again, changes have been made in our accounting procedures.*
- C. Vendors and School Board members.*

  - 1. The district contracts for alarm systems were awarded to different vendors at different times for different schools based upon when the bids were completed and who was awarded the bid. The contracts were to include the installation and monitoring of the security systems. During and after the contract period, additional installation of security system equipment and monitoring were approved. Because there were several monitoring companies, the district wanted to wait for all contracts to expire when all buildings could be bid for monitoring service at one time. The individual with an apparent financial interest in the vendor selected by the Board had no proprietary interest in the vendor and received no residuals or commissions from the vendor related to Fox C-6 School District per the president of the company in a letter dated August 1, 2000. This information may also be verified through the financial disclosure information filed with the Missouri Ethics Commission by the Board member in question. The district is developing an orientation program for new Board of Education members to make them knowledgeable of conflict of interest statutes as well as other statutes that directly or indirectly affect them.*
  - 2. As a practical matter, it would have been more costly to bid the cellular phone upgrade in order to upgrade the phones. It was felt by the then administration to be more practical and cost effective to upgrade the phones rather than bid the upgrade. The district will ensure that such services, which may compromise state law, will be competitively bid.*
- D. The district has reviewed our procedures for credit card documentation and will not accept inadequate documentation for reimbursement.*
- E. The district has recently implemented a policy on cellular telephones and reviews monthly bills for accuracy and compliance with the cellular contract. The sales tax payment was subtracted from the next month's bill to recover the tax payment after discussion with the State Auditor's Office. The district is seeking additional clarification on the payment of local county and federal taxes as it relates to utilities.*

- F. *The district has corrected the unallowable cost with the Department of Elementary and Secondary Education and it has been paid.*

### **AUDITOR'S COMMENTS**

- A.2. Our comments and recommendations did not address bidding. Instead, we are recommending that purchase orders be prepared for expenditures in accordance with the district policy.

<b>6. Food Service</b>
------------------------

The school district operates its own Food Service Department consisting of approximately 90 full and part-time employees, including administrative staff, kitchen managers, cooks, cashiers, and drivers. Breakfast and lunch are served daily in each of the district's 15 cafeterias. According to district records, the Food Service Department operated at a deficit of more than \$244,000 during the year ended June 30, 2001.

Currently, the price for elementary lunches is \$1.50, while secondary students pay \$1.65. On May 16, 2000, the School Board voted to increase student lunch prices by 10 cents hoping such an increase would eliminate the need for further increases in the next few years, according to the official School Board minutes. However, even with the increase in ticket prices, the district is operating at a significant loss.

District administrators cannot explain why the program is operating at a loss but have recently begun a study to evaluate the problem. A thorough review of the Food Service program is necessary to enable the district to take appropriate action to increase the efficiency of the program and reduce the operating loss.

**WE RECOMMEND** the School Board ensure a thorough review of the Food Service program is performed and take necessary action to ensure the program operates within available resources.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

*Since June of 2001, the district has been aware of the deficit in the Food Service Department and has been reporting to the Board of Education monthly on improving the efficiency of the department. A thorough review of the program is ongoing including a review of reasonable costs of what should be charged to the food service department, longitudinal data and labor and food costs. The reason district administrators could not explain the loss is they are new to the supervision of the food service program. Food service operations have been monitored over the last few years but are now being monitored in a different way. Plans were developed this year to review the efficiency of the program.*

- A. The school district does not maintain a comprehensive record of all property owned by the district. The district requires teachers to prepare an annual inventory listing of property in their classrooms. However, the district's listing does not include all assets such as vehicles, buildings, and land.

Adequate property records are necessary to maintain adequate controls over property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district.

- B. The district does not utilize prenumbered inventory tags that identify fixed assets items as "Property of Fox C-6 School District". Prenumbered tags, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of school district assets.
- C. The district owns approximately 22 vehicles, excluding buses. The Superintendent, Transportation Supervisor, Maintenance Supervisor, three maintenance employees, and one Food Service employee are assigned vehicles which they use for commuting purposes. The Superintendent's contract allows the car assigned to him to be used for commuting purposes; however, the district does not have a policy allowing the other district-owned vehicles to be taken home. Furthermore, mileage logs are not maintained for district vehicles, and the vehicle usage is not reported as a taxable benefit on the W-2's of those individuals who use the vehicles for commuting.

Internal Revenue Service (IRS) Code reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported on the employees' W-2's if the employer does not require the submission of detailed logs which distinguish between business and personal usage.

**WE RECOMMEND** the School Board:

- A. Ensure all general fixed assets are included on the school district's fixed asset listing.
- B. Ensure prenumbered inventory tags that label each item as "Property of Fox C-6 School District" are attached to district property and equipment.
- C. Comply with IRS guidelines for reporting fringe benefits related to district-owned vehicles. In addition, the School Board should establish a written policy regarding the appropriate use of district-owned vehicles for commuting purposes and require logs to be maintained on all vehicles.

### **AUDITEE'S RESPONSE**

*The School Board indicated:*

- A. *The district has begun to include vehicles, buildings and land on fixed asset inventory.*
- B. *The district is currently reviewing tagging property within the district.*
- C. *The district is developing a regulation related to district-owned vehicles to be taken home. Currently, maintenance employees are allowed to take vehicles home if they live in the district. Twenty-nine bus drivers take their buses home due to bus routes and a lack of bus fleet parking space. Non-bus vehicles have recently begun using mileage logs. The district is reviewing guidelines for personal commuting mileage as a fringe benefit.*

This report is intended for the information of the management of the Fox C-6 School District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

FOX C-6 SCHOOL DISTRICT  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Fox C-6 School District is located in the northeastern part of Jefferson County and covers approximately 102 square miles.

The district operates two high schools (9-12), three junior high schools (7-8), and ten elementary schools (K-6). Enrollment was approximately 10,970 for the 2000-2001 school year. The district employs approximately 1,200 full and part-time employees, including 35 administrators, 665 teachers, and 500 support staff.

The Fox C-6 School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2001, and their current terms of office are:

<u>Name and Position</u>	<u>Term Expires</u>
Pete Nicholas, President (1)	April 2004
Paul Hill, Vice President (2)	April 2002
Carolyn Broach, Member (3)	April 2003
Cheryl Hermann, Member	April 2003
Ruth Ann Newman, Member (4)	April 2004
Richard Simpson, Member (5)	April 2002
Linda Tramel, Member (6)	April 2002

(1) Elected President in April 2001, replacing Carolyn Broach.

(2) Elected Vice President in June 2001, replacing Don Earl.

(3) Resigned in November 2001, a replacement has not been appointed.

(4) Elected in April 2001, replacing Ronald Counts.

(5) Elected in April 2001, replacing Ronald Clark.

(6) Appointed in July 2001, replacing Don Earl, who passed away in May 2001.

Other Principal Officials	Annual Compensation
James Chellew, Superintendent (1)	\$114,279
Robert Gruenewald, Associate Superintendent- Business Manager (2)	121,210
Vicki Hanson, Assistant Superintendent- Special Services (3)	99,598
Michael Pipkin, Assistant Superintendent- Secondary Education	95,768
Arnold Stricker, Assistant Superintendent- Human Resources (4)	99,598
Alan Emerson, Assistant to the Superintendent	64,643

- (1) Became Superintendent in March 2001, replacing Dr. Diana Bourisaw. Mr. Chellew also served as Assistant Superintendent- Elementary Education through June 2001. This position was filled by Alice Menne in July 2001.
- (2) Arnold Stricker became Assistant Superintendent- Business Manager in July 2001.
- (3) Vicki Hanson became Associate Superintendent- Special Services in July 2001.
- (4) Dianne Brown became Assistant Superintendent- Human Resources in July 2001.

Assessed valuations and tax rates for June 30, 2001 were as follows:

Assessed Valuation	\$ 510,775,905
Tax Rate(s):	
Incidental	\$ 3.0357
Capital Project	.2500
Debt Service	.2800
Total	\$ <u>3.5657</u>

\* \* \* \* \*





**DALLAS COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-23  
March 14, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dallas, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Dallas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. The Dallas County salary commission did not address this issue in 1997, but raises were approved for the associate county commissioners as well as other county officials in January 1999.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$24,700, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, raises given to other officials within their term of office should be re-evaluated for propriety.

- In November 1998, voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The alternative statutory authority for emergency services sales tax is under Section 190.335, RSMo. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

(over)

YELLOW SHEET

- Several weaknesses were noted with the Dallas County 911 Board's records and procedures. The 911 Board purchased real estate without obtaining an independent appraisal and discussed matters in closed session meetings that appear to be contrary to state law. In addition, the 911 Board did not obtain written contracts for services obtained or provided, prepare budgets in accordance with state law, properly document approval of expenditures, maintain records to account for general fixed assets, or require a mileage log be maintained for the vehicle driven by the 911 Administrator.
- Deficiencies identified in the Dallas County Health Center's records and procedures included maintaining cash funds in an unsecured location, preparing inaccurate budgets, authorizing expenditures in excess of budgeted amounts, and maintaining inadequate property records.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Prosecuting Attorney and Sheriff. The audit also suggested improvements be made in the county's budgeting procedures, tracking of federal awards, handling and accounting for general fixed assets, and establishing a written agreement with the Prosecuting Attorney for the county's share of office-related costs.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

DALLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-16
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-16
Notes to the Financial Statements .....	17-20
Schedule: .....	21-22
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	22
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	23-24

DALLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	26-43
<u>Number</u>	<u>Description</u>
1.	Budgets and Schedule of Expenditures of Federal Awards .....28
2.	County Officials' Compensation .....30
3.	County Controls and Procedures.....31
4.	Prosecuting Attorney Controls.....33
5.	Sheriff's Accounting Procedures .....34
6.	Dallas County 911 Board.....35
7.	Health Center Records and Procedures.....39
Follow-Up on Prior Audit Findings .....	44-54
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	56-61

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Dallas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dallas County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding



budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 10, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dallas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

December 10, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Jody Vernon, CPA
Audit Staff:	Ted Fugitt, CPA
	Jay Ross
	Rachel Simons



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Dallas County, Missouri

We have audited the special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dallas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dallas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Dallas County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

December 10, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DALLAS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 201,206	990,564	940,274	251,496
Special Road and Bridge	218,292	949,332	1,023,957	143,667
Assessment	7,567	159,572	156,557	10,582
Law Enforcement Training	2,979	6,901	5,361	4,519
Prosecuting Attorney Training	212	1,109	670	651
Capital Improvements Sales Tax	3,161	498,873	445,219	56,815
Law Enforcement Sales Tax	85,013	654,004	701,894	37,123
Prosecuting Attorney Bad Check	12,904	8,622	18,732	2,794
Prosecuting Attorney Tax Collection	21	0	21	0
Domestic Violence	30	475	485	20
Jury	3,254	3,635	4,317	2,572
Law Enforcement Civil Fees	13,555	14,070	26,177	1,448
Special Response Team	591	241	832	0
Emergency 911	136,914	474,419	123,279	488,054
Health Center	161,596	328,782	301,167	189,211
Record Storage	39,212	9,749	386	48,575
Circuit Clerk Interest	7,184	3,830	1,065	9,949
Associate Circuit Division Interest	5,079	1,483	629	5,933
Local Emergency Planning Committee	3,663	2,274	2,165	3,772
Law Library	1,025	6,867	6,056	1,836
Election Services	0	993	159	834
Total	\$ 903,458	4,115,795	3,759,402	1,259,851

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DALLAS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 248,690	922,588	970,072	201,206
Special Road and Bridge	255,961	901,971	939,640	218,292
Assessment	2,683	151,715	146,831	7,567
Law Enforcement Training	3,018	8,377	8,416	2,979
Prosecuting Attorney Training	232	1,369	1,389	212
Capital Improvements Sales Tax	86,306	460,942	544,087	3,161
Law Enforcement Sales Tax	67,018	696,377	678,382	85,013
Prosecuting Attorney Bad Check	593	12,511	200	12,904
Prosecuting Attorney Tax Collection	20	1	0	21
Domestic Violence	185	595	750	30
Jury	417	16,310	13,473	3,254
Law Enforcement Civil Fees	2,898	13,878	3,221	13,555
Special Response Team	0	2,253	1,662	591
Emergency 911	0	337,325	200,411	136,914
Health Center	136,678	301,157	276,239	161,596
Record Storage	30,506	10,132	1,426	39,212
Circuit Clerk Interest	2,294	5,639	749	7,184
Associate Circuit Division Interest	4,621	1,147	689	5,079
Local Emergency Planning Committee	3,567	3,367	3,271	3,663
Law Library	1,465	5,660	6,100	1,025
Total	\$ 847,152	3,853,314	3,797,008	903,458

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 3,947,326	4,100,348	153,022	3,873,717	3,842,034	(31,683)
DISBURSEMENTS	4,171,748	3,749,328	422,420	4,344,059	3,785,975	558,084
RECEIPTS OVER (UNDER) DISBURSEMENTS	(224,422)	351,020	575,442	(470,342)	56,059	526,401
CASH, JANUARY 1	882,450	886,507	4,057	839,245	842,120	2,875
CASH, DECEMBER 31	658,028	1,237,527	579,499	368,903	898,179	529,276
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	17,800	19,199	1,399	16,200	16,896	696
Sales taxes	455,000	495,193	40,193	475,000	457,191	(17,809)
Intergovernmental	167,975	138,856	(29,119)	141,000	181,127	40,127
Charges for services	237,400	289,820	52,420	320,400	233,305	(87,095)
Interest	15,000	17,829	2,829	12,000	14,086	2,086
Other	18,800	29,667	10,867	21,440	19,983	(1,457)
Transfers in	32,814	0	(32,814)	31,370	0	(31,370)
Total Receipts	944,789	990,564	45,775	1,017,410	922,588	(94,822)
DISBURSEMENTS						
County Commission	83,490	82,816	674	77,680	78,348	(668)
County Clerk	67,900	65,111	2,789	70,450	64,843	5,607
Elections	38,630	46,557	(7,927)	20,139	23,996	(3,857)
Buildings and grounds	31,800	33,484	(1,684)	46,855	35,990	10,865
Employee fringe benefits	87,775	89,777	(2,002)	86,400	85,399	1,001
County Treasurer	34,870	33,512	1,358	33,300	31,513	1,787
County Collector	84,169	82,630	1,539	82,571	80,263	2,308
Circuit Clerk	41,900	29,672	12,228	50,082	42,378	7,704
Associate Circuit Court	68,920	40,737	28,183	74,400	58,516	15,884
Court administration	31,823	21,733	10,090	111,255	20,993	90,262
Public Administrator	15,160	26,874	(11,714)	23,556	21,675	1,881
Jail	2,000	0	2,000	2,500	1,567	933
Prosecuting Attorney	87,644	87,354	290	113,284	106,894	6,390
Juvenile Officer	150,866	128,566	22,300	186,198	142,964	43,234
County Coroner	17,700	17,624	76	20,000	16,413	3,587
Insurance	11,205	13,261	(2,056)	11,205	11,205	0
University extension council	29,400	29,400	0	28,400	28,400	0
Economic development	25,000	13,067	11,933	10,000	0	10,000
Other	37,293	36,099	1,194	33,490	54,865	(21,375)
Transfers out	95,500	62,000	33,500	65,350	63,850	1,500
Emergency Fund	28,000	0	28,000	34,000	0	34,000
Total Disbursements	1,071,045	940,274	130,771	1,181,115	970,072	211,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	(126,256)	50,290	176,546	(163,705)	(47,484)	116,221
CASH, JANUARY 1	201,206	201,206	0	248,690	248,690	0
CASH, DECEMBER 31	74,950	251,496	176,546	84,985	201,206	116,221

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	253,500	270,001	16,501	225,500	240,398	14,898
Intergovernmental	626,000	641,515	15,515	611,500	615,283	3,783
Charges for services	12,000	15,315	3,315	8,500	10,557	2,057
Interest	15,000	16,513	1,513	30,000	17,209	(12,791)
Other	6,000	5,988	(12)	3,500	18,524	15,024
Total Receipts	912,500	949,332	36,832	879,000	901,971	22,971
<b>DISBURSEMENTS</b>						
Salaries	400,000	417,051	(17,051)	358,579	377,889	(19,310)
Employee fringe benefits	106,600	92,069	14,531	115,931	102,661	13,270
Supplies	107,500	141,904	(34,404)	107,500	88,244	19,256
Insurance	17,000	17,507	(507)	15,000	15,748	(748)
Road and bridge materials	330,200	236,709	93,491	316,000	229,382	86,618
Equipment repairs	95,000	83,402	11,598	95,000	90,497	4,503
Equipment purchases	28,000	19,200	8,800	24,000	17,065	6,935
Other	9,500	16,115	(6,615)	12,500	18,154	(5,654)
Transfers out	32,814	0	32,814	26,370	0	26,370
Total Disbursements	1,126,614	1,023,957	102,657	1,070,880	939,640	131,240
RECEIPTS OVER (UNDER) DISBURSEMENTS	(214,114)	(74,625)	139,489	(191,880)	(37,669)	154,211
CASH, JANUARY 1	218,292	218,292	0	255,961	255,961	0
CASH, DECEMBER 31	4,178	143,667	139,489	64,081	218,292	154,211
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	113,000	107,738	(5,262)	112,747	105,414	(7,333)
Interest	600	755	155	600	636	36
Other	800	1,079	279	1,600	815	(785)
Transfers in	50,000	50,000	0	44,850	44,850	0
Total Receipts	164,400	159,572	(4,828)	159,797	151,715	(8,082)
<b>DISBURSEMENTS</b>						
Assessor	170,274	156,557	13,717	162,475	146,831	15,644
Total Disbursements	170,274	156,557	13,717	162,475	146,831	15,644
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,874)	3,015	8,889	(2,678)	4,884	7,562
CASH, JANUARY 1	7,567	7,567	0	2,683	2,683	0
CASH, DECEMBER 31	1,693	10,582	8,889	5	7,567	7,562



## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	0	2,499	2,499	0	3,220	3,220
Charges for services	6,337	4,402	(1,935)	8,000	5,009	(2,991)
Other	0	0	0	0	148	148
Total Receipts	6,337	6,901	564	8,000	8,377	377
DISBURSEMENTS						
Sheriff	6,337	5,361	976	11,018	8,416	2,602
Total Disbursements	6,337	5,361	976	11,018	8,416	2,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,540	1,540	(3,018)	(39)	2,979
CASH, JANUARY 1	2,979	2,979	0	3,018	3,018	0
CASH, DECEMBER 31	2,979	4,519	1,540	0	2,979	2,979
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,400	1,109	(291)	1,600	1,169	(431)
Transfers in	0	0	0	0	200	200
Total Receipts	1,400	1,109	(291)	1,600	1,369	(231)
DISBURSEMENTS						
Prosecuting Attorney	1,300	670	630	725	1,389	(664)
Total Disbursements	1,300	670	630	725	1,389	(664)
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	439	339	875	(20)	(895)
CASH, JANUARY 1	212	212	0	232	232	0
CASH, DECEMBER 31	312	651	339	1,107	212	(895)
<b><u>CAPITAL IMPROVEMENTS SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	460,000	496,314	36,314	485,000	457,566	(27,434)
Interest	3,000	2,559	(441)	5,000	3,276	(1,724)
Other	0	0	0	0	100	100
Total Receipts	463,000	498,873	35,873	490,000	460,942	(29,058)
DISBURSEMENTS						
Road and bridge materials	346,000	318,968	27,032	427,000	446,029	(19,029)
Contract labor	0	12,996	(12,996)	3,000	0	3,000
Equipment purchases	90,000	63,899	26,101	90,000	81,606	8,394
Bridge construction	20,000	48,110	(28,110)	40,000	13,660	26,340
Other	3,000	1,246	1,754	2,000	2,792	(792)
Total Disbursements	459,000	445,219	13,781	562,000	544,087	17,913
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	53,654	49,654	(72,000)	(83,145)	(11,145)
CASH, JANUARY 1	3,161	3,161	0	86,306	86,306	0
CASH, DECEMBER 31	7,161	56,815	49,654	14,306	3,161	(11,145)

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	455,000	496,279	41,279	475,000	457,528	(17,472)
Intergovernmental	67,500	74,281	6,781	59,700	87,743	28,043
Charges for services	50,000	17,211	(32,789)	50,000	124,389	74,389
Interest	4,000	2,847	(1,153)	3,500	4,037	537
Other	20,500	38,032	17,532	18,500	17,180	(1,320)
Transfers in	30,500	25,354	(5,146)	5,500	5,500	0
Total Receipts	627,500	654,004	26,504	612,200	696,377	84,177
<b>DISBURSEMENTS</b>						
Salaries	463,315	426,661	36,654	436,861	432,678	4,183
Office expenditures	10,774	11,969	(1,195)	6,300	13,317	(7,017)
Equipment	27,400	78,400	(51,000)	43,000	56,588	(13,588)
Mileage and training	8,500	12,277	(3,777)	9,500	9,658	(158)
Jail operations	36,561	38,624	(2,063)	45,321	36,677	8,644
Prisoner cost	19,500	32,304	(12,804)	30,051	27,651	2,400
Jail equipment and repairs	4,950	3,900	1,050	6,050	3,844	2,206
Other	2,000	1,759	241	1,000	1,969	(969)
Debt service	96,000	96,000	0	96,000	96,000	0
Total Disbursements	669,000	701,894	(32,894)	674,083	678,382	(4,299)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,500)	(47,890)	(6,390)	(61,883)	17,995	79,878
CASH, JANUARY 1	85,013	85,013	0	67,018	67,018	0
CASH, DECEMBER 31	43,513	37,123	(6,390)	5,135	85,013	79,878
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	10,000	8,205	(1,795)	7,000	12,245	5,245
Interest	0	396	396	160	266	106
Transfers in	0	21	21	0	0	0
Total Receipts	10,000	8,622	(1,378)	7,160	12,511	5,351
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	20,000	18,732	1,268	0	0	0
Transfers out	0	0	0	5,000	200	4,800
Total Disbursements	20,000	18,732	1,268	5,000	200	4,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	(10,110)	(110)	2,160	12,311	10,151
CASH, JANUARY 1	12,904	12,904	0	593	593	0
CASH, DECEMBER 31	2,904	2,794	(110)	2,753	12,904	10,151
<b><u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	200	0	(200)	350	0	(350)
Interest	0	0	0	50	1	(49)
Total Receipts	200	0	(200)	400	1	(399)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	200	0	200	0	0	0
Transfers out	0	21	(21)	0	0	0
Total Disbursements	200	21	179	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(21)	(21)	400	1	(399)
CASH, JANUARY 1	21	21	0	20	20	0
CASH, DECEMBER 31	21	0	(21)	420	21	(399)

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	600	475	(125)	650	595	(55)
Total Receipts	600	475	(125)	650	595	(55)
DISBURSEMENTS						
Domestic violence shelter	600	485	115	835	750	85
Total Disbursements	600	485	115	835	750	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(10)	(10)	(185)	(155)	30
CASH, JANUARY 1	30	30	0	185	185	0
CASH, DECEMBER 31	30	20	(10)	0	30	30
<b><u>JURY FUND</u></b>						
RECEIPTS						
Intergovernmental	0	1,635	1,635	0	2,778	2,778
Other	0	0	0	0	32	32
Transfers in	15,000	2,000	(13,000)	15,000	13,500	(1,500)
Total Receipts	15,000	3,635	(11,365)	15,000	16,310	1,310
DISBURSEMENTS						
Jury script	15,000	4,317	10,683	15,000	13,473	1,527
Total Disbursements	15,000	4,317	10,683	15,000	13,473	1,527
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(682)	(682)	0	2,837	2,837
CASH, JANUARY 1	3,254	3,254	0	417	417	0
CASH, DECEMBER 31	3,254	2,572	(682)	417	3,254	2,837
<b><u>LAW ENFORCEMENT CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	14,000	14,070	70	13,200	13,878	678
Total Receipts	14,000	14,070	70	13,200	13,878	678
DISBURSEMENTS						
Sheriff	14,000	11,177	2,823	13,200	3,221	9,979
Transfers out	0	15,000	(15,000)	0	0	0
Total Disbursements	14,000	26,177	(12,177)	13,200	3,221	9,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(12,107)	(12,107)	0	10,657	10,657
CASH, JANUARY 1	13,555	13,555	0	2,898	2,898	0
CASH, DECEMBER 31	13,555	1,448	(12,107)	2,898	13,555	10,657
<b><u>SPECIAL RESPONSE TEAM FUND</u></b>						
RECEIPTS						
Interest	0	6	6			
Other	0	235	235			
Total Receipts	0	241	241			
DISBURSEMENTS						
Supplies	591	478	113			
Equipment	0	0	0			
Transfers out	0	354	(354)			
Total Disbursements	591	832	(241)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(591)	(591)	0			
CASH, JANUARY 1	591	591	0			
CASH, DECEMBER 31	0	0	0			

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
Sales taxes	455,000	457,355	2,355	300,000	263,421	(36,579)
Interest	2,500	17,064	14,564	0	1,904	1,904
Loan proceeds	0	0	0	75,000	72,000	(3,000)
Total Receipts	457,500	474,419	16,919	375,000	337,325	(37,675)
DISBURSEMENTS						
Salaries	47,320	35,827	11,493	14,000	18,365	(4,365)
Contractual services	108,000	30,100	77,900	130,000	57,071	72,929
Office expenditures	28,300	10,933	17,367	1,800	2,093	(293)
Equipment	38,000	15,110	22,890	22,000	3,274	18,726
Mileage and training	7,500	1,931	5,569	1,800	2,618	(818)
Building	68,000	27,268	40,732	112,000	44,884	67,116
Other	1,660	2,110	(450)	0	106	(106)
Debt service	0	0	0	75,000	72,000	3,000
Total Disbursements	298,780	123,279	175,501	356,600	200,411	156,189
RECEIPTS OVER (UNDER) DISBURSEMENTS	158,720	351,140	192,420	18,400	136,914	118,514
CASH, JANUARY 1	136,914	136,914	0	0	0	0
CASH, DECEMBER 31	295,634	488,054	192,420	18,400	136,914	118,514
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	93,000	103,584	10,584	83,000	91,745	8,745
Intergovernmental	184,000	186,380	2,380	169,000	176,739	7,739
Charges for services	28,800	9,547	(19,253)	7,500	10,154	2,654
Interest	10,000	12,192	2,192	8,000	8,420	420
Other	4,200	17,079	12,879	11,500	14,099	2,599
Total Receipts	320,000	328,782	8,782	279,000	301,157	22,157
DISBURSEMENTS						
Salaries	216,887	232,128	(15,241)	211,658	213,122	(1,464)
Office expenditures	33,470	23,153	10,317	26,620	27,040	(420)
Equipment	2,500	3,836	(1,336)	2,500	2,036	464
Mileage and training	3,500	3,268	232	2,500	2,107	393
Program expenditures	42,650	38,782	3,868	27,850	31,934	(4,084)
Total Disbursements	299,007	301,167	(2,160)	271,128	276,239	(5,111)
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,993	27,615	6,622	7,872	24,918	17,046
CASH, JANUARY 1	157,539	161,596	4,057	135,366	136,678	1,312
CASH, DECEMBER 31	178,532	189,211	10,679	143,238	161,596	18,358

## Exhibit B

## DALLAS COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORD STORAGE FUND</u></b>						
RECEIPTS						
Charges for services	8,900	7,882	(1,018)	9,000	8,833	(167)
Interest	1,200	1,867	667	1,200	1,299	99
Total Receipts	10,100	9,749	(351)	10,200	10,132	(68)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	20,000	386	19,614	20,000	1,426	18,574
Total Disbursements	20,000	386	19,614	20,000	1,426	18,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,900)	9,363	19,263	(9,800)	8,706	18,506
CASH, JANUARY 1	39,212	39,212	0	30,506	30,506	0
CASH, DECEMBER 31	29,312	48,575	19,263	20,706	39,212	18,506
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest				4,000	5,639	1,639
Total Receipts				4,000	5,639	1,639
DISBURSEMENTS						
Circuit Clerk				0	749	(749)
Total Disbursements				0	749	(749)
RECEIPTS OVER (UNDER) DISBURSEMENTS				4,000	4,890	890
CASH, JANUARY 1				2,292	2,294	2
CASH, DECEMBER 31				6,292	7,184	892
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest				1,100	1,147	47
Total Receipts				1,100	1,147	47
DISBURSEMENTS						
Associate Circuit Division				0	689	(689)
Total Disbursements				0	689	(689)
RECEIPTS OVER (UNDER) DISBURSEMENTS				1,100	458	(642)
CASH, JANUARY 1				3,060	4,621	1,561
CASH, DECEMBER 31		\$		4,160	5,079	919

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

DALLAS COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Response Team Fund	1999
Circuit Clerk Interest Fund	2000
Associate Circuit Division Interest Fund	2000
Local Emergency Planning Committee Fund	2000 and 1999
Law Library Fund	2000 and 1999
Election Services Fund	2000

In addition, for the Emergency 911 Fund and the Health Center Fund, the budgets for the year ended December 31, 2001, did not include the two previous years' actual revenues and expenditures.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	1999
Law Enforcement Sales Tax Fund	2000 and 1999
Law Enforcement Civil Fees Fund	2000
Special Response Team Fund	2000
Health Center Fund	2000 and 1999
Circuit Clerk Interest Fund	1999
Associate Circuit Division Interest Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999

In addition, for the Emergency 911 Fund, the county's published financial statement for the year ended December 31, 2000, included only those amounts that passed through the County Treasurer.



## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Emergency 911 Board's deposits at December 31, 2000 were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the Board's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

DALLAS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

DALLAS COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

DALLAS COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Dallas County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.



<b>1. Budgets and Schedule of Expenditures of Federal Awards</b>
------------------------------------------------------------------

- A. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2000	1999
Law Enforcement Sales Tax	\$32,894	\$4,299
Prosecuting Attorney Training	N/A	664
Law Enforcement Civil Fees	12,177	N/A
Special Response Team	241	N/A
Circuit Clerk Interest	N/A	749
Associate Circuit Division Interest	N/A	689

While budget progress reports are generated periodically and provided to the County Commission, it appears the county's procedures and reports are not resulting in effective monitoring of some budgets.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Budgets were not prepared for several county funds during the years ended December 31, 2000 and 1999.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission is able to more efficiently evaluate all county financial resources.

- C. The county and health center do not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2000 and 1999; however, the schedule did not include seven of the twelve programs the county was involved in during 2000 and 1999. Three of the programs omitted were handled by the Dallas County Health Center. In addition, the information presented for several of the programs administered by the Health Center did not agree with the expenditure records.

For the federal financial schedules to adequately reflect the county's federal financial assistance expenditures, it is necessary that all federal expenditures be properly reported. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds of the county.

**WE RECOMMEND:**

- A. The County Commission not authorize disbursements in excess of budgeted amounts.
- B. The County Commission ensure budgets are prepared or obtained for all county funds.
- C. The County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We believe that bills incurred on behalf of the county by any elected official of the county need to be paid. If in the future expenditures exceeding the budgeted amount are made by a particular county department, the Commission will attempt to make more timely budget revisions upon becoming aware of such over expenditures.*
- B. *We would like to ensure budgets are prepared for all county funds. However, we know no means of enforcing this on a few discretionary funds.*

*The County Clerk provided the following response:*

- C. *Monies coming through the state have not been clearly marked as federal funds. The 2001 SEFA schedule is more complete than in prior years. We will try to do a better job in the future.*

*The Health Center Administrator provided the following response:*

- C. *I have already prepared and submitted a complete SEFA schedule to the County Clerk for 2001, and intend to continue to prepare the schedule in future years.*

<b>2. County Officials' Compensation</b>
------------------------------------------

Salaries for elected county officials increased significantly in January 1999. To evaluate these changes required reviewing the county's 1995 and 1997 salary commission meeting minutes and related Prosecuting Attorney opinions. This review determined that salaries actually paid to the county officials were not always supported by salary commission actions.

Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, and including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

The Dallas County Salary Commission had not addressed the issue of mid-term raises for the associate county commissioners in 1997. However, according to an addendum to the January 1999 County Commission minutes, the Presiding Commissioner approved mid-term raises for the associate county commissioners as well as other county officials. The minutes indicated the Associate County Commissioners abstained from voting. In 1999 Dallas County's Associate County Commissioners salaries were increased approximately \$10,540 (14,160 in 2000).

Prior to authorizing the salary increases the Presiding Commissioner requested and received a written legal opinion from the Prosecuting Attorney. The opinion indicated that the Associate County Commissioner's salaries should not be increased pursuant to Section 50.333.13, RSMo, for several reasons, including the fact that the salary commission did not address the issue in their 1997 meeting. However, the opinion did indicate that increases in county officials salaries due to increases in assessed valuation would be appropriate, as this was approved by the salary commission in 1995.

The Presiding Commissioner indicated that he approved salary increases for county officials based upon increases in assessed valuations. However, by using the salary schedules from

the 1998 statutes (those changed by SB11), mid-term raises were in effect granted to those officials that had been elected in 1996.

Based on the Supreme Court decision, the raises given to the Associate County Commissioners (two elected and one appointed), totaling \$24,700 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.

### **AUDITEE'S RESPONSE**

*The Presiding Commissioner provided the following response:*

*I am pleased to see the Auditor's Office recognize that I obtained the written opinion of the Dallas County Prosecuting Attorney before authorizing salary increases in January 1999. I am also happy to see the Auditor's Office acknowledge that the Prosecutor's written opinion did indicate that increases in salaries due to increases in assessed valuation were approved by the salary commission in 1995 and would be appropriate.*

*The Supreme Court decision referenced in the audit findings in no way pertains to assessed valuation salary increases and, therefore, as I see it, is not relevant to the increases in Dallas County in 1999.*

*I believe the action taken by me in January 1999 is fully supported by the written opinion of the Prosecuting Attorney. The Prosecutor's opinion with regard to assessed valuation increases did not advise me that I should use different salary schedules for some elected officials than others. I will happily provide a complete copy of said opinion to anyone desiring one.*

<b>3. County Controls and Procedures</b>
------------------------------------------

- A. The Prosecuting Attorney maintains an office outside the county courthouse. In addition to her duties as the county Prosecuting Attorney, she operates a private law practice from this office. The county paid approximately \$3,679 and \$9,007 for office related expenses, including office supplies, postage and telephone, for the years ended December 31, 2000 and 1999, respectively. The county does not have a written agreement with the Prosecuting Attorney regarding the share of office expenses the county should pay.

Since county resources should be used for only county business, the county should enter into a written agreement with the Prosecuting Attorney outlining what the arrangements are, what rent and/or equipment will be provided by the county and

what will be provided by the private practice. The basis for the arrangements should be documented and retained.

This situation was noted in our prior report, and the County Commission indicated they would discuss the issue with the Prosecuting Attorney, but no action has been taken.

- B. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, each county official maintains a manual inventory listing of fixed assets within their office, and the County Clerk maintains an inventory listing all other fixed assets owned by the county. However, during our review of equipment purchases, we noted four of the ten items were not recorded on a fixed asset listing. Additions to the inventory listings are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk.

**WE RECOMMEND** the County Commission:

- A. Establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.
- B. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will make space available in the courthouse for the Prosecutor rather than pay any rent. We have budgeted money from the buildings and grounds fund to cover reasonable costs of office equipment. We have also budgeted money to cover rent for three months while the transition to the courthouse is being made.*
- B. *We will establish a written policy as recommended by the auditors.*

*The Prosecuting Attorney provided the following response:*

- A. *I have requested the county pay half of the rent or find separate office space. Office supplies and postage expenses for county business are kept separate from those for the private practice. The county currently pays for one telephone line which is used exclusively for criminal matters. The Prosecuting Attorney pays for the other two lines.*

<b>4. Prosecuting Attorney Controls</b>
-----------------------------------------

The Prosecuting Attorney's office collected bad check related fees in 2000 and 1999 of approximately \$8,200 and \$12,200, respectively.

Bad check fees are not transmitted to the County Treasurer timely. Transmittals are typically made only once a month, and we noted some instances in which fees were held for more than two months before being transmitted to the County Treasurer. A cash count on September 19, 2001 revealed bad check fees on hand totaling \$1,175 of which approximately \$400 had been received on August 19, 2001 or earlier. These monies were not transmitted to the County Treasurer until October 3, 2001. In addition, cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100. In addition, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.

Similar conditions were noted in a prior report.

**WE AGAIN RECOMMEND** the Prosecuting Attorney transmit bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers checks and money orders immediately upon receipt.

## **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following response:*

*The restrictive endorsements are now being applied upon receipt of cashiers check and money orders. We will transmit monies to the Treasurer monthly.*

<b>5. Sheriff's Accounting Procedures</b>
-------------------------------------------

The Sheriff's office collected criminal and civil fees in 2000 and 1999 of approximately \$65,000 annually. Our review disclosed the following concerns:

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account are not adequately segregated. The chief administrative deputy performs all these duties without supervisory reviews by the Sheriff to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of the records by another employee or the Sheriff.

A similar condition was noted in a prior report.

- B. Receipts are not always deposited timely. Civil processing fees are not deposited until the related papers are served. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B. Deposit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.

## **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *We have already implemented a procedure in which the Sheriff reviews and initials the deposits.*
- B. *We will immediately begin depositing civil processing fees upon receipt.*

<b>6. Dallas County 911 Board</b>
-----------------------------------

- A. In November 1998 voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The sales tax was imposed on April 1, 1999 and has generated more than \$1.1 million as of November 30, 2001. The alternative statutory authority for emergency services sales tax is under Section 190.335, RSMo, which provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

- B. In May 1999 the County Commission purchased a building for \$43,000 with 911 sales tax revenues with the intention of renovating the building for 911 operations. The ownership of the building was transferred to the elected 911 Board in August 2000, and in November 2000 the 911 office was moved to office space rented from the Buffalo Chamber of Commerce. The 911 Board determined the cost to remodel the building would be excessive, and in May 2001 purchased a new building for \$168,000. No appraisals were obtained by the 911 Board prior to purchasing the new building. The County Assessor has appraised the property at only \$157,100. In addition, the original building has been vacant since November 2000, and it is currently for sale.

Independent appraisals as well as documentation of the selection process and price negotiations are particularly necessary when amounts paid exceed the Assessor's appraised value to ensure the purchase price of the property is reasonable. In addition, to ensure assets are effectively utilized, the 911 Board needs to develop a plan regarding the disposition of the original building purchased in 1999.

- C. We noted instances where the 911 Board obtained or provided services without written agreements.

- 1. In November 2000 the 911 Director moved the 911 office from a building owned by the 911 Board to the Buffalo Chamber of Commerce office. The 911 Board minutes indicate the board approved for the Director to move to



the Chamber of Commerce office while the 911 building was being renovated; however, the board decided not to renovate the building.

The 911 Board did not enter into a written agreement with the Chamber of Commerce detailing the provisions of the office space, and in January 2001 the 911 Board approved paying the Chamber of Commerce \$100 per month retroactive to November 2000. A total of \$800 was paid to the Chamber of Commerce for the period November 2000 to June 2001.

The 911 Director is the president of the Buffalo Chamber of Commerce, the 911 secretary also worked part-time for the Chamber of Commerce, and the 911 Board's financial records were maintained on a computer owned by the Chamber of Commerce.

2. The 911 Board, in cooperation with the Dallas County Betterment Association, sells street address signs to residents of the county. Monies for the signs are collected by 911 and turned over to the Betterment Association.

The 911 Board did not enter into a written agreement with the Betterment Association outlining the conditions of the relationship. Further, the 911 Director is the Treasurer for the Betterment Association, and one of the 911 board members is also a member of the Betterment Association Board.

Section 432.070, RSMo 2000, requires all contracts to be in writing. Written contracts are necessary to outline the terms and arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures. Given the relationships between the 911 board members and employees and the organizations involved in these transactions, it is even more important that written contracts are used to avoid the appearance of a conflict of interest.

- D. The 911 Board discussed matters in closed session meetings that appear to be contrary to state law. Section 610.021, RSMo 2000, allows the Board to close meetings to the extent the meetings relate to certain enumerated subjects, including real estate purchases, litigation, and personnel matters. During our review of the closed session 911 Board minutes, we noted discussions regarding the 911 vehicle and the 911 Board's relationship with the Buffalo Chamber of Commerce. The 911 Board did not document how these discussions complied with statutory guidelines.

Board sessions should only be closed if discussions or business conducted include topics pursuant to state law.

- E. The 911 Board's budget prepared for the year ending December 31, 2001 did not include the two previous years' actual revenues and expenditures. The amounts shown on Exhibit B of the audited financial statements were obtained from the Board's receipts and disbursements records. Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.
- F. The 911 Board owns and maintains a vehicle which is driven by the director. A vehicle mileage log is not maintained and as a result, it is not possible to determine the number of personal miles versus the number of business miles driven. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicles.

In addition, the IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal usage. Procedures have not been established by the 911 Board to ensure personal mileage is reported to the IRS. As a result, the 911 Board may be subject to penalties and/or fines for failure to report all taxable benefits.

- G. The 911 Board does not document approval of invoices for payment, and invoices are not noted as paid or otherwise canceled upon payment. Although the board minutes make a general reference that invoices are approved for payment and invoices are available for the board to review, a listing of all disbursements approved by the board is not prepared to accompany the minutes.

Expenditures made from 911 funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the 911 operations. To adequately document the Board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official minutes. In addition, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled.

- H. General fixed asset records are not maintained and property tags are not affixed to all assets. Adequate general fixed asset records are necessary to secure better internal control over 911 property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

**WE RECOMMEND** the Dallas County 911 Board of Directors:

- A. And the Dallas County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax for 911 purposes.
- B. Ensure independent appraisals are obtained for future real estate purchases and develop a formal plan for the disposition of the original building.
- C. Ensure all future contracts are in writing.
- D. Ensure only topics pursuant to state law are discussed in closed session meetings.
- E. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law.
- F. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- G. Review and approve all expenditures of 911 funds, and ensure all invoices are canceled when goods or services have been paid to prevent reuse or repayment of the invoice. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- H. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

- A. *We are willing to listen to any suggestions the 911 Board may have, and to work with them to the best of our ability in resolving this issue.*

*The Dallas County Emergency 911 Board provided the following responses:*

- A. *We will support the County Commission in their effort to address the issue.*
- B. *Board members actions concerning all real estate matters are reflected in meeting minutes. There was no formal appraisal made of the property prior to purchase. Future real estate purchases will follow recommended guidelines.*

*The first building was sold in January 2002 for \$43,500 and the money deposited in our account.*

- C. Neither the Dallas County 911 nor the Dallas County Betterment Association benefited financially from the sale of the signs. We will obtain a formal contract with all applicable parties in the future.*
- D. In the future, the Board will comply with state law regarding topics discussed in closed session.*
- E. Our 2002 budget is complete and includes actual revenue and expenditures of the 2 previous years.*
- F. A log is now being maintained for all 911 vehicles.*
- G. We have always provided a list of invoices to the Board, and in the future we will ensure the list is signed by the Board.*
- H. We intend to comply with this recommendation by June 2002.*

<b>7. Health Center Records and Procedures</b>
------------------------------------------------

- A. The Health Center maintains a \$200 petty cash fund and a \$100 change fund. These funds along with monies collected are not kept in a secure location and access to the funds is not limited. As a result, the Health Center Administrator reported that these funds have been short by small amounts of cash on more than one occasion. In addition, the petty cash fund is not maintained on an imprest basis and records are not maintained to document all expenditures.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for, monies should be maintained in a secure location until deposited and individuals with access to the funds should be limited. Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- B. We noted the following concerns with the Health Center's budgets:
  - 1. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. The 1999 beginning and ending cash balances were understated by more than \$3,300 on the 2000 budget resulting from posting

errors in the accounting system. Also, various mathematical errors were noted in the budget documents, resulting in errors in the amounts of actual revenues and expenditures reported. In addition, the 2001 budget did not include actual revenues or expenditures for the previous two years as required by law.

For the budget documents to be of maximum assistance to the health center and to adequately inform county residents of the health center's operations and current financial position, the budget documents should be complete and accurate. Further, Section 50.590 RSMo, requires budgets to include revenue and expenditure figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

2. Actual expenditures exceeded budgeted amounts for the years ended December 31, 2000 and 1999 by \$2,160 and \$5,111, respectively. There were no formal amendments filed nor any mention in the board minutes as to why the budgeted amounts were exceeded. In addition, there is no evidence that any periodic comparison of budget to actual activity is performed.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

- C. The Board of Trustees does not review and approve the payment of expenditures prior to the disbursement being made. Although the board minutes make a general reference that invoices are approved for payment and invoices are available for the board to review, a listing of all disbursements approved by the board is not prepared to accompany the minutes.

To adequately document the board's review and approval of all disbursements, a complete listing of bills should be prepared and signed or initialed by the board to denote its approval and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the health center.

- D. The Health Center does not periodically update its property records, and number, tag, or otherwise identify property items. In addition, annual inventories of property have not been performed.

Adequate general fixed asset records and procedures are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed

asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

- E. Health center funds were not fully covered by collateral securities at times during the year. The collateral securities pledged by the health center's depository bank to cover deposits were insufficient by approximately \$7,000 at January 31, 2001. The health center does not periodically monitor collateral securities pledged against bank account balances.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure county funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

- F. Health center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services is not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal years ended September 30, 2000 and 1999, we calculated an average cost of approximately \$126 and \$135 per client excluding administrative costs, respectively.

Failure to comply with provisions of the contract could result in decreased funding of future services.

**WE RECOMMEND** the Health Center Board of Trustees:

- A. Maintain cash funds and receipts in a secure location, limit access to only authorized individuals, and maintain the petty cash fund on an imprest basis.
- B.1. Ensure the budget is prepared accurately to reflect the financial activity of the health center and includes all information as required by law.
  - 2. Not authorize expenditures in excess of budgeted amounts. Any extenuating circumstances should be fully documented in the health center's minutes, and any budget amendments should be filed with the State Auditor's Office.
- C. Review and approve all expenditures of health center funds prior to disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.

- D. Maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. In addition, an actual physical inventory of the various property items should be performed periodically.
- E. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- F. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

### **AUDITEE'S RESPONSE**

*The Dallas County Health Center Board provided the following responses:*

- A. *Cash funds are now kept in a secured location. Postage funds are now deposited directly with the post office eliminating the need for postage cash. Only authorized individuals are allowed to receive postage from the post office account. An imprest tracking system is used with this post office account. The cash fund for change is being reduced to \$20. Deposits, if cash is received, are made as the cash balance approaches \$100.*
- B.1. *Our budget process, software and personnel has been improved over the last 2 years. We are confident that our current tracking and filing system allows for accurate cash accounting and an excellent audit trail.*
- B.2. *Previous budget variances were due to new mid year items and offset by increases in revenues. Many expense items were discussed at board meetings. We apologize for our oversight of officially amending the budget appropriately and will strive to amend the budget at appropriate times. We anticipate this will be a necessity this year as we believe that substantial tobacco settlement funding will be routed to health centers.*
- C. *We will now have the board treasurer sign the expenditure ledger reviewed at each board meeting.*
- D. *The physical property records inventory was updated in August 2000. We will periodically review the inventory and add items in excess of \$250 value as we acquire them.*
- E. *We have an agreement with O'Bannon Bank effective January 29, 2002 to pledge securities for any funds in excess of \$100,000. They pledged a \$25,000 security on that date to cover anticipated fund deposits.*
- F. *Our contract with the State for Family Planning services indicates we are responsible for an independent audit of the program. We plan to comply with this and visit with the MDHSS Family Planning Program administrator to communicate that we serve over 100 clients per year in excess of our contract without reimbursement from any source.*

This report is intended for the information of the management of Dallas County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



## Follow-Up on Prior Audit Findings

DALLAS COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The County Commission authorized payments to a sheriff's employee for the purchase of radio equipment. Bids were not solicited for purchases from a concrete company owned by a commissioner's brother.
- B. The county purchased real estate without first obtaining a formal and independent appraisal.
- C. The county did not have written agreements with the Prosecuting Attorney and Assistant Prosecuting Attorney outlining exactly what office supplies and expenses would be provided by the county and what would be provided by the private practice. In addition, time sheets were not prepared by the Prosecuting Attorney's secretaries.
- D. Mileage claim forms submitted by employees of the Assessor's office, Prosecuting Attorney's office, and the County Commission did not always include the nature of business and location traveled.
- E. Fuel usage and maintenance records were not maintained for the Sheriff's vehicles.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases made from county employees and other related parties and accept the lowest and best bids.
- B. Obtain independent appraisals for all purchases of real estate.
- C. Enter into written agreements with the Prosecuting Attorney outlining the specific arrangements regarding reimbursement for office supplies and expenses. The basis for the arrangements should be documented and retained. In addition, the Prosecuting Attorney's secretaries should prepare time sheets to reflect time worked on county business.
- D. Ensure mileage reimbursement claims include the destinations and nature of business.

- E. Maintain fuel usage and maintenance logs on all patrol cars. Fuel usage should be reconciled to fuel purchases and any differences should be investigated. Maintenance expenditures should be periodically reviewed for reasonableness and to evaluate the performance of each vehicle.

Status:

A,B,  
& D. Implemented.

- C. Partially implemented. The Prosecuting Attorney's secretaries prepare time sheets reflecting time worked on county business, however, the county does not have a written agreement with the Prosecuting Attorney. See MAR No. 3.

- E. Partially implemented. Fuel usage and maintenance logs are maintained for patrol cars, however, fuel usage is not reconciled to fuel purchases. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Published Financial Statements

The county's annual published financial statements did not include the financial activity of several county funds.

Recommendation:

The County Commission ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

Partially implemented. Most of the funds noted in the prior report were published in the county's financial statements; however, the Health Center Fund, Circuit Clerk Interest Fund, Associate Circuit Division Interest Fund, and Law Library Fund were not included in the county's financial statements. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel Policies, Records, and Procedures

- A. Certain provisions in the county's personnel policy were not followed by some employees.
- B. Some employees' time sheets did not include indication of supervisory approval.

Recommendation:

The County Commission:

- A. Ensure all provisions of the written personnel policies are complied with, or make changes to the policies as applicable.
- B. Require indication of supervisory approval on all time sheets.

Status:

- A. Partially implemented. Part-time employees are no longer allowed to earn vacation and sick leave. However, the compensatory time policy set forth in the personnel manual is not always enforced. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

4. Federal Financial Assistance

- A. The Sheriff's department purchased radio equipment with federal grant monies which did not allow such purchases.
- B. Juvenile office reimbursement claims were submitted for more than actual expenditures and for unallowable expenses.

Recommendation:

The County Commission:

- A. Consult with the Sheriff and the grantor agency to resolve the questioned costs and ensure future compliance with applicable federal regulations.
- B. Consult with the Juvenile Officer and the grantor agency to resolve the questioned costs. In the future, reimbursement claims should be based on actual expenditures incurred and should be made only for allowable costs.

Status:

- A&B. Both the Sheriff and the Juvenile Officer indicate that they contacted the federal granting agencies and resolved these issues. However, neither the Sheriff nor the Juvenile Officer maintained documentation of the resolution.

5. Road and Bridge Controls

- A. Fuel usage logs were not maintained for all vehicles and fuel tanks.
- B. Maintenance and repair logs were not kept for road and bridge vehicles and equipment.
- C. All road and bridge employees had keys to the road sheds and some employees had keys to the county fuel tanks allowing unlimited access.
- D. Four road and bridge employees were allowed to use county vehicles to commute to and from work. The county had no written policies regarding the use of county vehicles for commuting purposes.
- E. The county commissioners loaned county equipment to a county resident for the benefit of a private business.

Recommendation:

The County Commission:

- A. Maintain fuel usage logs and reconcile fuel usage to the fuel purchases.
- B. Maintain vehicle and equipment maintenance logs and review these records periodically for reasonableness.
- C. Evaluate the current policies regarding employee access to the road and bridge sheds and fuel tanks. Written records of keys assigned to employees should be maintained.
- D. Establish written policies regarding commuting in county vehicles and allow commuting in county vehicles only when it is clearly beneficial to the county. In addition, IRS guidelines for the reporting of fringe benefits relating to county-provided vehicles should be followed.
- E. Discontinue the practice of loaning county property to private businesses.

Status:

- A. Partially implemented. Although fuel usage logs are maintained, there is no documented reconciliation of fuel usage to fuel purchases. Although not repeated in the current MAR, our recommendation remains as stated above.
- B,D,  
& E. Implemented.

- C. Partially implemented. The distribution of keys is controlled by one person, however, written documentation of keys assigned to each employee is not maintained. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Circuit Clerk and Ex Officio Recorder of Deeds' Procedures

- A. Recorder user fees were deposited into a fund maintained outside the county treasury.
- B. Backup disks of computer information were not stored at an off-site location by the Circuit Clerk and Ex Officio Recorder of Deeds.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Turn over custody of the Record Storage Fund to the County Treasurer as required by state law.
- B. Ensure backup disks of information are stored in a secure, off-site location.

Status:

- A. Implemented.
- B. Not implemented. Backup disks are stored in the Circuit Clerk's vault. Although not repeated in the current MAR, our recommendation remains as stated above.

7. County Assessor's Procedures and Controls

- A. Receipt slips were not issued for some monies received.
- B. Receipt slips did not always indicate the method of payment.
- C. Receipts were not transmitted to the County Treasurer timely.
- D. Receipts were not maintained in a secure location. In addition, checks and money orders were not restrictively endorsed before they were transmitted to the County Treasurer.

Recommendation:

The County Assessor:

- A. Issue receipt slips for all monies received.

- B. Indicate the method of payment on all receipt slips and reconcile total cash, checks, and money orders received to transmittals to the County Treasurer.
- C. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- D. Restrictively endorse checks and money orders immediately upon receipt, and store all receipts in a secure location until transmittal.

Status:

A,C,  
& D. Not implemented. The Assessor received only approximately \$1900 during the two years ended December 31, 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

8. Prosecuting Attorney's Procedures and Controls

- A. A complete bad check log was not maintained.
- B. Money orders were not restrictively endorsed upon receipt, receipts were not kept in a secure location, and fees were not transmitted to the County Treasurer timely.
- C. The Prosecuting Attorney did not prepare and file monthly reports of bad check fees collected.
- D. Case files were not maintained for bad checks unless charges were filed.

Recommendation:

The Prosecuting Attorney:

- A. Maintain a log of all receipts which documents dates and amounts received and dates transmitted.
- B. Restrictively endorse all money orders payable to the County Treasurer immediately upon receipt or transmit all money orders to the County Treasurer on a daily basis. In addition, all money orders should be kept in a secure location until transmittal.
- C. Prepare monthly reports of all bad check fees received as required by state law.
- D. Maintain case files for each bad check received.

Status:

A,C,  
& D. Implemented.

B. Partially implemented. Money orders are kept in a secure location, however, they are not restrictively endorsed immediately upon receipt and transmitted to the County Treasurer on a daily basis. See MAR No. 4.

9. Sheriff's Procedures and Controls

A.1. Receipts were not recorded timely. In addition, receipts were not deposited timely or intact.

2. Receipt slips issued did not always indicate the method of payment received.

3. Receipt slips were not always issued in numerical order.

B. Accounting duties were not adequately segregated.

C.1. Sheriff calendar proceeds were not deposited into a bank account or otherwise accounted for by the Sheriff.

2. Cell block phone commissions were not remitted to the County Treasurer monthly.

D. Records were not maintained to document the issuance and disposition of all uniform traffic tickets.

E. Some bank statements and prisoner board billings were not retained.

Recommendation:

The Sheriff:

A.1. Record and deposit all receipts intact daily or when accumulated receipts exceed \$100.

2. Indicate the method of payment received on all receipt slips and reconcile total cash, checks, and money orders received to bank deposits.

3. Issue receipt slips in numerical order.

B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

C. Turn over calendar monies and cell block phone commissions to the County Treasurer monthly as required by state law.



- D. Maintain a traffic ticket issuance log accounting for the issuance and ultimate disposition of all traffic tickets.
- E. Retain all records in accordance with the Secretary of State record retention guidelines.

Status:

- A.1. Partially implemented. Receipts are recorded timely and deposited intact. However, they are not deposited timely. See MAR No. 5.

A.2-3,  
C&E. Implemented.

- B. Not implemented. See MAR No. 5.

- D. Not implemented. The Sheriff's department issues less than 200 tickets per year. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Health Center

- A. Bids were not always solicited or advertised by the health center nor was bid documentation always retained for various purchases.
- B. Checks were occasionally signed in advance.
- C.1. Budgets were amended after budgeted expenditures were exceeded. In addition, public hearings were not held prior to the adoption of the budget amendments.
  - 2. Various mathematical errors were noted in the budgets.
- D.1. All donation receipts were not documented on the donation log. In addition, the donation log was not reconciled to bank deposits.
  - 2. Receipt slips were not issued for some sanitation receipts.
  - 3. Receipts were not deposited on a timely basis.
- E.1. Disbursements from the shared leave fund were not formally documented or approved by the Board of Trustees.
  - 2. Salaries and wages reported on W-2 and W-3 forms did not agree with the amounts listed on the budgets.

- F.1. Property records were not maintained in a manner that allowed beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year.
- 2. Property records were not always complete and did not include acquisition dates, serial numbers, cost, and date and method of disposal.
- 3. Property items were not always tagged or otherwise identified as health center property.
- 4. Property records did not include the cost of land and buildings.
- 5. Additions of fixed assets were not always recorded as they occurred and general fixed asset purchases were not reconciled to additions to the property records.

Recommendation:

The Health Center Board of Trustees:

- A. Solicit bids for purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the health center. If bids cannot be obtained or sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Ensure checks are not signed in advance of their preparation.
- C.1. Ensure budget amendments are made prior to incurring the actual expenditures and hold public hearings prior to adopting budget amendments as required by state law.
- 2. Prepare accurate budgets.
- D.1. Ensure all receipts are recorded on the donation log and reconcile donation receipts to bank deposits.
- 2. Ensure receipt slips are issued for all sanitation monies received and reconcile receipt slips issued to bank deposits.
- 3. Deposit receipts daily or when accumulated receipts exceed \$100.
- E.1. Ensure all disbursements from the shared leave fund are properly reviewed and approved by the board.
- 2. Verify the accuracy of W-2 and W-3 forms with the payroll amounts listed on the budget to ensure errors and irregularities are properly identified and amend W-2 and W-3 forms to ensure accurate information is reported to the IRS.

- F.1. Maintain general fixed asset records in a manner that beginning balances, addition, and deletions can be reconciled to year-end balances.
- 2. Maintain general fixed asset records with a detailed description of each item to include acquisition dates, serial numbers, cost, and date and method of disposition.
- 3. Tag or identify all general fixed asset items.
- 4. Record the cost of land, buildings, and additions on the general fixed asset records.
- 5. Record additions of general fixed assets as they occur and reconcile general fixed asset purchases to additions to the property records.

Status:

A,B,  
D.3&  
E.1-2. Implemented.

C.1-2&

F.1-5. Not implemented. See MAR No. 7.

- D.1. The Health Center no longer keeps a donations log, instead donations are counted approximately twice a week, recorded and deposited.
- D.2. Partially implemented. Receipt slips are issued for all sanitation monies received, however, sanitation receipt slips issued are not reconciled to bank deposits. Although not repeated in the current MAR, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

DALLAS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Dallas was named after George M. Dallas, a diplomat and later vice-president. Dallas County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Buffalo.

Dallas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Dallas County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 289,200	15	257,294	14
Sales taxes	495,193	26	457,191	25
Federal and state aid	780,371	40	796,410	44
Fees, interest, and other	375,132	19	313,664	17
Total	\$ 1,939,896	100	1,824,559	100

The following chart shows how Dallas County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 706,730	36	702,234	37
Public safety	233,544	12	267,838	14
Highways and roads	1,023,957	52	939,640	49
Total	\$ 1,964,231	100	1,909,712	100

In addition, Dallas County received \$498,873 and \$460,942 of revenues in the Capital Improvements Sales Tax Fund and expended \$445,219 and \$544,087 for the purpose of highways and roads in 2000 and 1999, respectively.

Dallas County also received \$654,004 and \$696,377 of revenues in the Law Enforcement Sales Tax Fund and expended \$701,894 and \$678,382 for the purpose of public safety in 2000 and 1999, respectively.

The county maintains approximately 50 county bridges and 650 miles of county roads.

The county's population was 10,054 in 1970 and 12,646 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	67.1	66.1	35.3	14.4	9.1
Personal property		25.8	24.2	8.4	6.3	4.1
Railroad and utilities		11.3	11.6	5.4	5.0	2.3
Total	\$	104.2	101.9	49.1	25.7	15.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dallas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$	.01	.01
Special Road and Bridge Fund		.26	.26
Health Center Fund		.10	.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2001	2000
State of Missouri	\$	31,661	30,554
General Revenue Fund		19,303	18,967
Special Road and Bridge Fund		273,901	264,887
Assessment Fund		36,595	37,773
Health Center Fund		104,517	101,016
School districts		3,056,267	3,142,150
Library district		104,517	101,016
Fire protection districts		51,360	51,065
Junior college district		473	476
Cities		15,717	16,419
County Clerk		1,344	1,527
County Employees' Retirement		37,373	35,451
Commissions and fees:			
General Revenue Fund		65,904	65,239
Total	\$	<u>3,798,932</u>	<u>3,866,540</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2001	2000
Real estate	90 %		90 %
Personal property	89		88
Railroad and utilities	100		100

Dallas County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Capital improvements		.0050	2004	None
Law enforcement		.0050	None	None
Emergency 911		.0050	None	None



The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Brian Ainley, Presiding Commissioner	\$	27,080	25,760
Floyd White, Associate Commissioner		25,080	23,760
Terry Kirk, Associate Commissioner		25,080	15,840
John Maddux, Associate Commissioner			5,940
Pam Louderbaugh, County Clerk		38,000	36,000
Barbara Viets, Prosecuting Attorney		45,000	43,000
Billie Rex Blair, Sheriff		39,177	
Henry Thieson, Sheriff		3,500	
Bret Viets, Sheriff		226	2,097
Mel Parks, Sheriff			37,204
Becky Schofield, County Treasurer		28,120	26,640
Bret Viets, County Coroner		11,000	10,000
Darlene Swanson, Public Administrator *		23,026	18,877
Dorotha Hill, County Collector, year ended February 28 (29),	38,000	36,000	
Jo McIntire, County Assessor **, year ended August 31,		36,900	34,900
Robert S. Shotts, County Surveyor ***		7,000	5,500

\* Includes fees received from probate cases.

\*\* Includes \$900 annual compensation received from the state.

\*\*\* Compensation on a fee basis. In addition, \$7,000 and \$5,500 was paid by the county for remonumentation services for the years ended December 31, 2000 and 1999, respectively.

State-Paid Officials:

Janice Hicks, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
Cody A. Hanna, Associate Circuit Judge		97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	2	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2	0
Prosecuting Attorney	3	0
Sheriff	18	0
County Treasurer	1	0
County Coroner	1	0
Public Administrator	0	0
County Collector	3 *	0
County Assessor	5 **	0
County Surveyor	0	0
Associate/Probate Division	2	4
Road and Bridge	18	0
Health Center	9 ***	0
Total	<u>65</u>	<u>6</u>

\* Includes two part-time employees.

\*\* Includes one part-time employee.

\*\*\* Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Dallas County's share of the Thirtieth Judicial Circuit's expenses is 15.69 percent.

In 1990, the county entered into a \$629,465 cancelable lease for the purchase of the county law enforcement center. Principal and interest payments are made from the Law Enforcement Sales Tax Fund. At December 31, 2000, the principal balance of the lease was \$162,533. If the county makes the minimum lease payments, the lease will be paid in full by 2002.



**COOPER COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-22  
March 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Cooper, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Cooper County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Our review of the Associate Division's civil and criminal procedures identified problems similar to those reported in our Eighteenth Judicial Circuit, Associate Division III, Municipal Division audit (report number 2001-67). It appears at least another \$3,189 is missing from court receipts. There was not an adequate segregation of accounting duties, deposits were not made timely although a significant portion of monies on hand were cash receipts, receipt records were not being reconciled to deposits, and monthly listings of open items (liabilities) were not being prepared. In addition, voided receipt transactions were not adequately reviewed and it appears that \$828 related to some of these transactions may not have been deposited.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Cooper County's Associate County Commissioners' salaries were each increased approximately \$2,625 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$5,250 for the two years ended December 31, 2000, should be repaid.

(over)

SHEET  
MOTLEY  
YELLOW

- A portion of the Prosecuting Attorney's salary is authorized by law because the state Department of Corrections operates a facility in Cooper County. The amount of the additional annual compensation is dependent upon the average annual inmate population of the correctional facility. Based on average inmate population obtained from Department of Corrections' records, it appears the Prosecuting Attorney received \$2,500 more than allowed by law during 2000.
- Numerous concerns were noted with the Sheriff's department payroll procedures resulting in questions regarding the accuracy of the payroll records and possible noncompliance with the Fair Labor Standards Act (FLSA). A written policy regarding overtime and compensatory time has not been adopted for the Sheriff's department. Deputies' monthly time sheets contained errors and inconsistencies, and improper compensatory time balances; and, are not being adequately reviewed by the Sheriff. Maximum compensatory time balances established by the FLSA have been exceeded. Neither the Sheriff nor the County Commission is adequately monitoring deputies' compensatory time and potential liability to the county.

Also included in the audit are recommendations related to county expenditures, budgetary and financial reporting practices, investment practices, and fixed assets records and procedures. The audit also suggested improvements in the accounting controls and procedures of the Sheriff, Prosecuting Attorney, and the Senate Bill 40 Board.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

COOPER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-17
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-17
Notes to the Financial Statements .....	18-21
Schedule: .....	22-23
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	23
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	24-25

# COOPER COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	27-48
<u>Number</u>	<u>Description</u>
1.	Budgets, Financial Statements, and Expenditures .....29
2.	Cooper County Investments .....32
3.	Associate Commissioner Salaries .....32
4.	Fixed Assets .....33
5.	Prosecuting Attorney Salary.....34
6.	Sheriff's Personnel Policies and Procedures.....35
7.	Associate Circuit Division's Accounting Controls and Procedures .....39
8.	Sheriff's Accounting Controls and Procedures.....44
9.	Prosecuting Attorney's Controls and Procedures .....46
10.	Senate Bill No. 40 Board .....47
Follow-Up on Prior Audit Findings .....	49-57
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	59-64

## FINANCIAL SECTION



## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Cooper County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Cooper County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 8, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Cooper County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

November 8, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Randal A. Schenewerk
	Shantaye Atkinson
	David Zaiser



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission  
and  
Officeholders of Cooper County, Missouri

We have audited the special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated November 8, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Cooper County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Cooper County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Cooper County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

November 8, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

COOPER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,267,341	1,779,127	1,559,414	1,487,054
Special Road and Bridge	510,360	1,045,789	1,115,534	440,615
Assessment	681	150,997	152,572	(894)
Road and Bridge Trust	161,340	608,984	580,243	190,081
Enhanced 911	276,478	386,038	316,916	345,600
Law Enforcement Center	398,968	955,899	586,152	768,715
Election Services Fund	0	4,148	0	4,148
Law Enforcement Training	4,821	13,306	7,349	10,778
Sheriff Civil Fees	34,804	40,784	63,956	11,632
Sheriff Interest	4,627	6,310	7,022	3,915
Prosecuting Attorney Training	5,332	2,615	1,756	6,191
Prosecuting Attorney Bad Check & Administrative Fee	42,949	15,813	37,986	20,776
Prosecuting Attorney Federal Forfeiture	1,720	80	1,800	0
Recorder of Deeds User Fee Account	45,393	9,455	10,254	44,594
Circuit Clerk Interest	11,851	379	0	12,230
Treasurer Adult Abuse	894	616	1,161	349
Expendable Cemetery Trust	1,833	374	0	2,207
Law Library	8,497	8,564	12,388	4,673
Overton-Wooldridge Levee District # 1	91,826	122,298	25,898	188,226
Neighborhood Improvement District # 1	15,059	5,745	0	20,804
Associate Division Interest	26,034	8,217	7,019	27,232
Probate Division Interest	639	29	0	668
Total	\$ 2,911,447	5,165,567	4,487,420	3,589,594

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

COOPER COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,172,673	1,672,187	1,577,519	1,267,341
Special Road and Bridge	246,546	1,032,292	768,478	510,360
Assessment	6,196	134,916	140,431	681
Road and Bridge Trust	199,307	550,889	588,856	161,340
Enhanced 911	423,848	344,895	492,265	276,478
Law Enforcement Center	160,199	584,571	345,802	398,968
Law Enforcement Training	2,480	11,043	8,702	4,821
Sheriff Civil Fees	32,683	43,371	41,250	34,804
Sheriff Interest	3,844	3,392	2,609	4,627
Prosecuting Attorney Training	5,402	2,131	2,201	5,332
Prosecuting Attorney Bad Check & Administrative Fee	35,467	10,664	3,182	42,949
Prosecuting Attorney Federal Forfeiture	3,939	122	2,341	1,720
Recorder of Deeds User Fee Account	40,109	9,684	4,400	45,393
Circuit Clerk Interest	10,290	1,561	0	11,851
Treasurer Adult Abuse	246	648	0	894
Expendable Cemetery Trust	2,226	407	800	1,833
Law Library	7,905	8,527	7,935	8,497
Overton-Wooldridge Levee District # 1	57,513	38,158	3,845	91,826
Neighborhood Improvement District # 1	9,395	5,664	0	15,059
Associate Division Interest	22,471	6,372	2,809	26,034
Probate Division Interest	606	33	0	639
Total	\$ 2,443,345	4,461,527	3,993,425	2,911,447

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 4,631,164	5,157,321	526,157	4,122,779	4,455,122	332,343
DISBURSEMENTS	5,710,348	4,480,401	1,229,947	5,447,102	3,990,616	1,456,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,079,184)	676,920	1,756,104	(1,324,323)	464,506	1,788,829
CASH, JANUARY 1	2,872,923	2,884,774	11,851	2,420,268	2,420,268	0
CASH, DECEMBER 31	1,793,739	3,561,694	1,767,955	1,095,945	2,884,774	1,788,829
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	325,000	302,665	(22,335)	250,000	282,070	32,070
Sales taxes	550,000	593,767	43,767	525,000	537,839	12,839
Intergovernmental	386,770	453,097	66,327	303,932	447,937	144,005
Charges for services	237,500	286,963	49,463	228,300	253,319	25,019
Interest	60,000	80,423	20,423	80,000	62,544	(17,456)
Other	40,740	50,055	9,315	30,380	28,213	(2,167)
Transfers in	8,000	12,157	4,157	60,260	60,265	5
Total Receipts	1,608,010	1,779,127	171,117	1,477,872	1,672,187	194,315
DISBURSEMENTS						
County Commission	91,751	88,185	3,566	85,980	85,110	870
County Clerk	90,644	86,211	4,433	89,624	76,782	12,842
Elections	95,110	73,959	21,151	40,050	29,460	10,590
Buildings and grounds	295,748	69,335	226,413	294,500	114,953	179,547
Employee fringe benefits	162,700	147,320	15,380	135,200	133,113	2,087
County Treasurer	31,480	31,216	264	29,999	29,110	889
County Collector	80,334	79,761	573	79,124	74,721	4,403
Circuit Clerk & Ex Officio						
Recorder of Deeds	54,360	46,400	7,960	56,794	48,957	7,837
Associate Circuit Court	20,386	17,920	2,466	20,705	14,100	6,605
Court administration	40,359	19,554	20,805	43,806	23,054	20,752
Public Administrator	33,610	35,993	(2,383)	28,360	32,632	(4,272)
Other general county government	46,000	49,853	(3,853)	43,000	46,941	(3,941)
Contract services	40,000	40,008	(8)	44,620	44,620	0
Sheriff	233,822	223,513	10,309	361,112	340,939	20,173
Jail	34,100	31,590	2,510	29,600	28,648	952
Prosecuting Attorney	108,604	107,770	834	105,796	105,494	302
Juvenile Officer	31,685	25,984	5,701	42,947	40,005	2,942
County Coroner	11,580	10,089	1,491	10,580	8,932	1,648
Child support division	88,301	84,759	3,542	81,756	79,474	2,282
Other public safety	64,830	80,129	(15,299)	73,455	68,023	5,432
Public health and welfare services	160,123	155,422	4,701	152,548	152,366	182
Debt service	0	0	0	15,500	0	15,500
Transfers out	245,890	54,443	191,447	106,000	85	105,915
Emergency Fund	61,888	0	61,888	57,000	0	57,000
Total Disbursements	2,123,305	1,559,414	563,891	2,028,056	1,577,519	450,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(515,295)	219,713	735,008	(550,184)	94,668	644,852
CASH, JANUARY 1	1,267,341	1,267,341	0	1,172,673	1,172,673	0
CASH, DECEMBER 31	752,046	1,487,054	735,008	622,489	1,267,341	644,852

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	400,475	430,081	29,606	400,000	397,708	(2,292)
Intergovernmental	538,300	560,281	21,981	530,500	538,010	7,510
Charges for services	0	0	0	7,200	0	(7,200)
Interest	19,000	30,142	11,142	17,000	21,852	4,852
Other	12,200	25,092	12,892	6,000	19,254	13,254
Transfers in	55,000	193	(54,807)	60,000	55,468	(4,532)
Total Receipts	1,024,975	1,045,789	20,814	1,020,700	1,032,292	11,592
<b>DISBURSEMENTS</b>						
Salaries	323,831	295,411	28,420	332,920	298,414	34,506
Employee fringe benefits	86,250	79,510	6,740	81,750	73,048	8,702
Supplies	117,000	106,897	10,103	117,000	81,381	35,619
Insurance	25,000	24,519	481	24,000	22,201	1,799
Road and bridge materials	184,000	197,902	(13,902)	171,000	131,691	39,309
Equipment repairs	55,000	40,228	14,772	55,000	50,561	4,439
Rentals	17,000	2,097	14,903	17,000	0	17,000
Equipment purchases	421,000	305,716	115,284	200,000	24,170	175,830
Construction, repair, and maintenance	1,500	939	561	1,500	1,305	195
Other	64,001	62,315	1,686	57,234	54,707	2,527
Transfers out	0	0	0	31,000	31,000	0
Total Disbursements	1,294,582	1,115,534	179,048	1,088,404	768,478	319,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(269,607)	(69,745)	199,862	(67,704)	263,814	331,518
CASH, JANUARY 1	510,360	510,360	0	246,546	246,546	0
CASH, DECEMBER 31	240,753	440,615	199,862	178,842	510,360	331,518
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	133,511	147,370	13,859	127,000	132,284	5,284
Charges for services	1,500	1,623	123	1,500	1,252	(248)
Interest	1,500	1,998	498	1,500	1,367	(133)
Other	0	6	6	0	13	13
Transfers in	25,890	0	(25,890)	26,000	0	(26,000)
Total Receipts	162,401	150,997	(11,404)	156,000	134,916	(21,084)
<b>DISBURSEMENTS</b>						
Assessor	162,401	152,572	9,829	152,232	140,431	11,801
Total Disbursements	162,401	152,572	9,829	152,232	140,431	11,801
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,575)	(1,575)	3,768	(5,515)	(9,283)
CASH, JANUARY 1	681	681	0	6,196	6,196	0
CASH, DECEMBER 31	681	(894)	(1,575)	9,964	681	(9,283)

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ROAD AND BRIDGE TRUST FUND</u></b>						
RECEIPTS						
Sales taxes	560,000	594,917	34,917	520,000	538,272	18,272
Intergovernmental	32,000	0	(32,000)	0	0	0
Interest	10,000	12,551	2,551	20,000	10,447	(9,553)
Other	2,000	0	(2,000)	1,000	2,170	1,170
Transfers in	0	1,516	1,516	0	0	0
Total Receipts	604,000	608,984	4,984	541,000	550,889	9,889
DISBURSEMENTS						
Construction, repair, and maintenance	640,000	571,002	68,998	640,000	509,940	130,060
Other	13,300	9,241	4,059	2,000	2,167	(167)
Transfers out	70,000	0	70,000	91,360	76,749	14,611
Total Disbursements	723,300	580,243	143,057	733,360	588,856	144,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119,300)	28,741	148,041	(192,360)	(37,967)	154,393
CASH, JANUARY 1	161,340	161,340	0	199,307	199,307	0
CASH, DECEMBER 31	42,040	190,081	148,041	6,947	161,340	154,393
<b><u>ENHANCED 911 FUND</u></b>						
RECEIPTS						
Sales taxes	260,000	297,412	37,412	260,000	269,028	9,028
Interest	7,500	12,048	4,548	10,000	15,335	5,335
Transfers in	74,460	76,460	2,000	0	60,532	60,532
Other	0	118	118	0	0	0
Total Receipts	341,960	386,038	44,078	270,000	344,895	74,895
DISBURSEMENTS						
Contract services	0	0	0	56,182	54,416	1,766
Radio equipment	20,000	14,712	5,288	215,125	230,888	(15,763)
Telephone service charges	60,000	45,250	14,750	80,000	49,742	30,258
Salary and fringe benefits	234,560	234,001	559	146,000	138,018	7,982
Other	32,021	22,953	9,068	33,200	19,201	13,999
Total Disbursements	346,581	316,916	29,665	530,507	492,265	38,242
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,621)	69,122	73,743	(260,507)	(147,370)	113,137
CASH, JANUARY 1	276,478	276,478	0	423,848	423,848	0
CASH, DECEMBER 31	271,857	345,600	73,743	163,341	276,478	113,137

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT CENTER FUND</u></b>						
RECEIPTS						
Sales taxes	560,000	593,802	33,802	525,000	560,579	35,579
Intergovernmental	60,000	87,299	27,299	36,000	7,525	(28,475)
Interest	10,000	23,267	13,267	3,000	14,762	11,762
Other	4,000	8,722	4,722	0	1,705	1,705
Transfers in	140,000	242,809	102,809	0	0	0
Total Receipts	774,000	955,899	181,899	564,000	584,571	20,571
DISBURSEMENTS						
Salary and fringe benefits	366,056	350,433	15,623	402,300	119,848	282,452
Capital improvements	0	3,430	(3,430)	0	4,929	(4,929)
Prison expenses	103,600	93,475	10,125	50,000	49,171	829
Debt service	225,408	72,284	153,124	235,000	167,252	67,748
Groceries	72,000	60,143	11,857	0	0	0
Other	7,000	6,387	613	28,600	4,602	23,998
Total Disbursements	774,064	586,152	187,912	715,900	345,802	370,098
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64)	369,747	369,811	(151,900)	238,769	390,669
CASH, JANUARY 1	398,968	398,968	0	160,199	160,199	0
CASH, DECEMBER 31	398,904	768,715	369,811	8,299	398,968	390,669
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	3,000	4,054	1,054			
Interest	0	94	94			
Total Receipts	3,000	4,148	1,148			
DISBURSEMENTS						
Staffing	2,100	0	2,100			
Training	900	0	900			
Total Disbursements	3,000	0	3,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,148	4,148			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	4,148	4,148			
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	10,500	12,946	2,446	5,950	10,714	4,764
Interest	0	360	360	50	117	67
Other	0	0	0	0	212	212
Total Receipts	10,500	13,306	2,806	6,000	11,043	5,043
DISBURSEMENTS						
Sheriff	12,500	7,349	5,151	8,000	8,702	(702)
Total Disbursements	12,500	7,349	5,151	8,000	8,702	(702)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	5,957	7,957	(2,000)	2,341	4,341
CASH, JANUARY 1	4,821	4,821	0	2,480	2,480	0
CASH, DECEMBER 31	2,821	10,778	7,957	480	4,821	4,341

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	36,000	38,815	2,815	30,000	42,230	12,230
Interest	1,000	1,969	969	900	1,141	241
Total Receipts	37,000	40,784	3,784	30,900	43,371	12,471
DISBURSEMENTS						
Equipment	63,000	63,956	(956)	50,700	41,250	9,450
Total Disbursements	63,000	63,956	(956)	50,700	41,250	9,450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,000)	(23,172)	2,828	(19,800)	2,121	21,921
CASH, JANUARY 1	34,804	34,804	0	32,683	32,683	0
CASH, DECEMBER 31	8,804	11,632	2,828	12,883	34,804	21,921
<b><u>SHERIFF INTEREST FUND</u></b>						
RECEIPTS						
Interest	7,018	6,310	(708)	0	3,392	3,392
Total Receipts	7,018	6,310	(708)	0	3,392	3,392
DISBURSEMENTS						
Sheriff	4,628	7,022	(2,394)	0	2,609	(2,609)
Transfers out	0	0	0	3,844	0	3,844
Total Disbursements	4,628	7,022	(2,394)	3,844	2,609	1,235
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,390	(712)	(3,102)	(3,844)	783	4,627
CASH, JANUARY 1	4,627	4,627	0	3,844	3,844	0
CASH, DECEMBER 31	7,017	3,915	(3,102)	0	4,627	4,627
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,000	2,221	221	1,150	1,898	748
Interest	200	326	126	225	233	8
Other	0	68	68	0	0	0
Total Receipts	2,200	2,615	415	1,375	2,131	756
DISBURSEMENTS						
Prosecuting Attorney	2,500	1,756	744	1,950	2,201	(251)
Total Disbursements	2,500	1,756	744	1,950	2,201	(251)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	859	1,159	(575)	(70)	505
CASH, JANUARY 1	5,332	5,332	0	5,402	5,402	0
CASH, DECEMBER 31	5,032	6,191	1,159	4,827	5,332	505

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK &amp; ADMINISTRATIVE FEE FUND</u></b>						
RECEIPTS						
Charges for services	15,000	14,095	(905)	14,000	8,869	(5,131)
Interest	1,000	1,718	718	1,500	1,795	295
Total Receipts	16,000	15,813	(187)	15,500	10,664	(4,836)
DISBURSEMENTS						
Prosecuting Attorney	27,008	37,986	(10,978)	15,296	3,182	12,114
Total Disbursements	27,008	37,986	(10,978)	15,296	3,182	12,114
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,008)	(22,173)	(11,165)	204	7,482	7,278
CASH, JANUARY 1	42,949	42,949	0	35,467	35,467	0
CASH, DECEMBER 31	31,941	20,776	(11,165)	35,671	42,949	7,278
<b><u>PROSECUTING ATTORNEY FEDERAL FORFEITURE FUND</u></b>						
RECEIPTS						
Interest	0	60	60	75	122	47
Other	0	20	20	0	0	0
Total Receipts	0	80	80	75	122	47
DISBURSEMENTS						
Equipment	1,642	1,800	(158)	2,850	2,341	509
Total Disbursements	1,642	1,800	(158)	2,850	2,341	509
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,642)	(1,720)	(78)	(2,775)	(2,219)	556
CASH, JANUARY 1	1,720	1,720	0	3,939	3,939	0
CASH, DECEMBER 31	78	0	(78)	1,164	1,720	556
<b><u>RECORDER OF DEEDS USER FEE ACCOUNT FUND</u></b>						
RECEIPTS						
Charges for services	8,000	6,882	(1,118)	8,500	7,714	(786)
Interest	1,500	2,573	1,073	1,800	1,970	170
Total Receipts	9,500	9,455	(45)	10,300	9,684	(616)
DISBURSEMENTS						
Recorder of Deeds	21,000	10,254	10,746	18,500	4,400	14,100
Total Disbursements	21,000	10,254	10,746	18,500	4,400	14,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	(799)	10,701	(8,200)	5,284	13,484
CASH, JANUARY 1	45,393	45,393	0	40,109	40,109	0
CASH, DECEMBER 31	33,893	44,594	10,701	31,909	45,393	13,484

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	0	379	379	3,700	1,561	(2,139)
Total Receipts	0	379	379	3,700	1,561	(2,139)
DISBURSEMENTS						
Equipment	11,800	0	11,800	10,000	0	10,000
Total Disbursements	11,800	0	11,800	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,800)	379	12,179	(6,300)	1,561	7,861
CASH, JANUARY 1	0	11,851	11,851	10,290	10,290	0
CASH, DECEMBER 31	(11,800)	12,230	24,030	3,990	11,851	7,861
<b><u>TREASURER ADULT ABUSE FUND</u></b>						
RECEIPTS						
Charges for services	600	585	(15)	685	625	(60)
Interest	20	31	11	20	23	3
Total Receipts	620	616	(4)	705	648	(57)
DISBURSEMENTS						
Domestic Violence Shelter	1,514	1,161	353	951	0	951
Total Disbursements	1,514	1,161	353	951	0	951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(894)	(545)	349	(246)	648	894
CASH, JANUARY 1	894	894	0	246	246	0
CASH, DECEMBER 31	0	349	349	0	894	894
<b><u>EXPENDABLE CEMETERY TRUST FUND</u></b>						
RECEIPTS						
Interest	280	256	(24)	272	297	25
Other	100	118	18	100	110	10
Total Receipts	380	374	(6)	372	407	35
DISBURSEMENTS						
Maintenance	400	0	400	400	800	(400)
Total Disbursements	400	0	400	400	800	(400)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20)	374	394	(28)	(393)	(365)
CASH, JANUARY 1	1,833	1,833	0	2,226	2,226	0
CASH, DECEMBER 31	1,813	2,207	394	2,198	1,833	(365)

## Exhibit B

## COOPER COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	7,700	8,564	864	7,700	8,527	827
Total Receipts	7,700	8,564	864	7,700	8,527	827
DISBURSEMENTS						
Supplies	0	231	(231)	0	0	0
Transfers out	8,797	12,157	(3,360)	7,905	7,935	(30)
Total Disbursements	8,797	12,388	(3,591)	7,905	7,935	(30)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,097)	(3,824)	(2,727)	(205)	592	797
CASH, JANUARY 1	8,497	8,497	0	7,905	7,905	0
CASH, DECEMBER 31	7,400	4,673	(2,727)	7,700	8,497	797
<b><u>OVERTON-WOOLDRIDGE LEVEE DISTRICT #1 FUND</u></b>						
RECEIPTS						
Property taxes	9,700	17,300	7,600	10,700	10,590	(110)
Intergovernmental	5,800	0	(5,800)	0	23,682	23,682
Interest	1,000	4,998	3,998	1,000	3,886	2,886
Sale of Land	0	100,000	100,000	0	0	0
Total Receipts	16,500	122,298	105,798	11,700	38,158	26,458
DISBURSEMENTS						
Levee repairs and maintenance	105,054	20,020	85,034	61,000	900	60,100
Other	3,272	5,878	(2,606)	2,972	2,945	27
Total Disbursements	108,326	25,898	82,428	63,972	3,845	60,127
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,826)	96,400	188,226	(52,272)	34,313	86,585
CASH, JANUARY 1	91,826	91,826	0	57,513	57,513	0
CASH, DECEMBER 31	0	188,226	188,226	5,241	91,826	86,585
<b><u>NEIGHBORHOOD IMPROVEMENT DISTRICT #1 FUND</u></b>						
RECEIPTS						
Interest	400	1,129	729	400	655	255
Other	5,000	4,616	(384)	4,480	5,009	529
Total Receipts	5,400	5,745	345	4,880	5,664	784
DISBURSEMENTS						
Transfers out	20,000	0	20,000	14,275	0	14,275
Total Disbursements	20,000	0	20,000	14,275	0	14,275
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,600)	5,745	20,345	(9,395)	5,664	15,059
CASH, JANUARY 1	15,059	15,059	0	9,395	9,395	0
CASH, DECEMBER 31	459	20,804	20,345	0	15,059	15,059

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

COOPER COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Division Interest Fund	2000 and 1999
Probate Division Interest Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	1999
Sheriff Civil Fees Fund	2000
Sheriff Interest Fund	2000
Prosecuting Attorney Training Fund	1999
Prosecuting Attorney Bad Check & Administrative Fee Fund	2000
Prosecuting Attorney Federal Forfeiture Fund	2000
Expendable Cemetery Trust Fund	1999
Law Library Fund	2000 and 1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Section 50.740, RSMo 2000, requires a balanced budget; however, a deficit balance was budgeted in the Circuit Clerk Interest Fund for the year ended December 31, 2000 (although the fund had sufficient cash available that was not reflected on the budget).

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Division Interest Fund	2000 and 1999
Probate Division Interest Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Schedule

COOPER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

COOPER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

COOPER COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated November 8, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Cooper County Memorial Hospital and the Cooper County Board of Sheltered Services are audited and separately reported on by other independent auditors, the related funds are not presented in the special-purpose financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Cooper County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Budgets, Financial Statements, and Expenditures</b>
-----------------------------------------------------------

- A. Actual disbursements exceeded approved budgeted amounts in several county funds for the years ended December 31, 2000 and 1999, as follows:

Fund	2000	1999
Law Enforcement Training	\$ N/A	702
Sheriff Civil Fees	956	N/A
Sheriff Interest	2,394	N/A
Prosecuting Attorney Training	N/A	251
Prosecuting Attorney Bad Check & Administrative Fee	10,978	N/A
Prosecuting Attorney Federal Forfeiture	158	N/A
Expendable Cemetery Trust	N/A	400
Law Library	3,591	30

Expenditures from these funds are primarily administered by other officials or departments, not the County Commission. Financial information of these funds is not entered into the county's computer system, so periodic reports comparing budgeted to actual receipts and disbursements are not generated. As a result, the county's overall monitoring of disbursements is not adequate.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622 RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. The county's annual published financial statements did not include any actual financial activity of several county funds. For those county funds included in the published financial statements, receipts and year end cash balances were not provided in a recapitulation. In addition, the published financial statements did not include information on the county's bonded debt. At December 31, 2000, the county had approximately \$2,600,000 in principal bonded debt. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county, and any bonded debt, should be included.

Sections 50.800 and 50.810, RSMo 2000, require financial statements to be prepared and published in a local newspaper. In addition to information regarding the county's indebtedness, assessed valuations, and property tax rates, the published financial statements must show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund for the preceding year.

- C. County budget documents present actual receipts and disbursements data for the two preceding years. Our review of the county's 2001 and 2000 budget documents showed that 1999 actual amounts were reported differently between years. There was no documentation of the reasons for the inconsistencies. The 2000 budget document appeared to present the 1999 actual amounts more accurately. In addition, several misclassifications were noted between the intergovernmental, charges for services, and other receipts categories in both years' budget documents. Adjustments have been made to the audited financial statement to correct these problems.

The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is fairly presented and to increase the effectiveness of the budgets as management tools.

- D. The County Collector collects Special Road and Bridge Fund property taxes. The county annually distributes to cities 25 percent of the tax revenues derived from property located in those cities. The county has not entered into written contracts with the cities or monitored their use of these funds. During the two years ended December 31, 2000, approximately \$92,000 in property tax monies were distributed to the cities.

The county had previously indicated the distribution is based on Section 230.255, RSMo 2000. However, the county has not taken steps to implement this statute by establishing an alternative county highway commission. Furthermore, this law does not appear to authorize the County Commission to delegate oversight of Special Road and Bridge Funds to the cities; a portion of these revenues are simply required to be expended by the county for county road purposes within cities.

There appears to be no statutory authority for the County Commission to make these distributions to other political subdivisions without some type of contractual agreement and periodic monitoring. Written agreements and a monitoring process would help ensure that monies distributed to other entities are expended in compliance with statutory provisions and as intended by the County Commission.

- E. The county has written agreements which provide for the county to perform various property tax recordkeeping and collection services for three cities in the county. The agreements outline services to be performed by the County Clerk and the County Collector. In return for these services, the agreements provide that the County Clerk and County Collector will each be personally compensated at the rate of one and one-half percent withheld from all property taxes collected. In addition, the county is

compensated for providing computer services and supplies at a rate of one percent of all property taxes collected, plus a fee of two percent for collection of delinquent taxes to be collected from the taxpayer.

Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that they normally provide to the county for additional compensation. However, our review noted the agreements were entered into in November 1991 and include language that the agreements will be automatically reviewed on an annual basis if no changes are desired by any parties to the contract. There was no documentation of any annual review or approval of the contract. In addition, the County Commissioners and County Collector that entered into the agreement originally are no longer in office. The county should annually evaluate and approve these agreements, and document those actions.

Conditions similar to A, B, and D were noted in prior reports.

**WE RECOMMEND** the County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Ensure annual published financial statements for all county funds are reported in compliance with statutory requirements.
- C. Ensure all receipts and disbursements are properly and consistently classified on the budget documents.
- D. Ensure monies are allocated to cities based upon written agreements which provide a method of monitoring expenditures of the funds.
- E. Along with the County Clerk, County Collector, and Prosecuting Attorney, review and annually approve the contracts with the cities.

**AUDITEE'S RESPONSE**

- A. *The County Commission will monitor expenditures from funds administered and managed by other county officials. The County Commission will notify officials when expenditures get close to budgeted totals.*
- B&C. *The County Commission will work closely with the county budget officer to enact procedures that will:*
  - 1) *Attempt to enlist cooperation from all county offices concerning submittal of budget statements for all county funds.*
  - 2) *Provide for an annual published financial statement that meets all statutory requirements.*

- 3) *Follow statutory guidelines on those rare occasions when budgets must be amended.*
- 4) *Make an effort to ensure consistency in the presentation of budget and actual information between budgets.*
- D. *The County Commission will continue its current practice to approve the distribution of these funds to county towns and villages to support the maintenance of streets and roads within their incorporated limits.*
- E. *The County Commission will follow the audit recommendation and annually review each collection services contract with the County Clerk, Collector, and Prosecuting Attorney at budget time.*

<b>2. Cooper County Investments</b>
-------------------------------------

Throughout the audit period, the county maintained a portion of its monies with two investment companies which invested these monies in certificates of deposit held at various banks in other states. As of December 31, 1999 and 2000, \$250,000 and \$205,000, respectively, was invested in this manner. The County Treasurer indicated the reason for investing in this manner was to obtain a better yield for the county's monies than was available through local banks. The county no longer has these certificates of deposit.

Section 110.040, RSMo 2000, provides that political subdivisions may select depositories located outside of territorial limits only if there is not a depository available within the territory or if the depositories within the territory will not accept the awards of the public funds. Additionally, Article IV, Section 15 of the State Constitution mandates that state funds be deposited in banking institutions within the state.

**WE RECOMMEND** the County Commission and County Treasurer ensure their investment of public monies complies with state law.

**AUDITEE'S RESPONSE**

*The County Commission and County Treasurer will closely monitor the investment of county funds to ensure compliance with state law.*

<b>3. Associate Commissioner Salaries</b>
-------------------------------------------

Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Cooper County's Associate County Commissioners' salaries were each increased approximately

\$2,625 yearly, according to information from the County Clerk. As of January 2001, the Associate Commissioners effected by this ruling are no longer in office.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate Commissioners, totaling approximately \$5,250 for the two years ended December 31, 2000, should be repaid. Although the County Clerk reviewed salaries paid to the Associate Commissioners during 1999 and 2000, and determined the amount of potential repayment, the County Commission has not made a decision to seek repayment.

**WE RECOMMEND** the County Commission document its decisions and develop a plan for obtaining repayment of the salary overpayments.

#### **AUDITEE'S RESPONSE**

*The Cooper County Commission approves and defends the salaries of county elected officials as provided by state statute as revised under Senate Bill No. 11, effective August 8, 1997, and dictated by the actions of the Cooper County Salary Commission. This position is subject to any official Missouri Court Judicial ruling where Cooper County or any Cooper County elected official is named.*

#### **4.**

#### **Fixed Assets**

The County Commission or its designee is responsible for examining and inspecting all county lands and buildings. In addition, each county official or their designee is responsible for performing periodic inspections and inventories of county property used by their department. Our review determined that required inventories and inspections were not performed by several county officials or their designees and no reports have been filed with the County Clerk by these officials. For example, because there is no listing of Sheriff's department assets, the county has no record of a Sheriff's department truck costing approximately \$22,000 or any other Sheriff's department items purchased. Although the Enhanced 911 department prepared a report, our review identified radio equipment costing approximately \$100,000 which was omitted from their asset listing.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are



necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Effective August 28, 1999, Section 49.093, RSMo Cumulative Supp. 1999, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

#### **AUDITEE'S RESPONSE**

*The County Commission will remind county officeholders and departments of their official responsibilities related to the inspecting and inventorying of county property as established by House Bill No. 402 in RSMo Chapter 49 effective August 28, 1999. The County Commission will request the County Clerk to maintain copies of the annual reports, required by Section 49.093.3, RSMo 2000, when they are presented for the County Clerk's signature.*

<b>5. Prosecuting Attorney Salary</b>
---------------------------------------

A state Department of Corrections' facility operates in Cooper County. As provided by Section 56.066, RSMo 2000, the Prosecuting Attorney in any county containing a facility operated by the Department of Corrections is entitled to receive additional annual compensation based on the average annual inmate population. The statute establishes four distinct tiers of inmate population ranging from 750 to in excess of 4,000 with varying amounts of additional compensation authorized for each tier.

This compensation took effect for the Prosecuting Attorney in 1999. However, the county has no procedure in place to determine the compensation allowed or how to rectify any over/underpayments resulting from fluctuations in average inmate populations. The Prosecuting Attorney received \$12,500 in additional compensation for both 1999 and 2000.

While the 1999 average inmate population according to Department of Corrections' records supported this payment, the records for 2000 showed a decline in average inmate population and only supported additional compensation of \$10,000. As a result, it appears the Prosecuting Attorney received \$2,500 in additional compensation above that allowed by statute during 2000.

**WE RECOMMEND** the County Commission review the Prosecuting Attorney's salary and related statutory provisions, and seek repayment of any excess salary payments if appropriate. In addition, the County Commission needs to establish procedures for determining the proper amount and timing of these additional salary amounts, and handling potential future over/underpayments resulting from changes in average inmate population.

### **AUDITEE'S RESPONSE**

*The County Commission has reviewed and adjusted the Prosecuting Attorney's salary effective with the 2002 budget. The County Commission will continue to monitor average annual inmate populations and make salary adjustments accordingly.*

*The Prosecuting Attorney indicated he would work with the County Commission regarding any necessary salary adjustments. His salary for 2002 has been adjusted to consider the most recent inmate population numbers. This area will be further reviewed and additional action taken if needed.*

<b>6. Sheriff's Personnel Policies and Procedures</b>
-------------------------------------------------------

Sheriff's department employees are required to prepare and submit timesheets to the County Clerk monthly. Payroll for these individuals is approved by the County Commission and the disbursements are made from the county's General Revenue Fund. We noted numerous concerns with the Sheriff's department payroll procedures which have resulted in questions regarding the accuracy of the various payroll records and possible noncompliance with the Fair Labor Standards Act (FLSA).

- A. As discussed in a prior audit report, a written policy regarding overtime and compensatory time has not been adopted for the Sheriff's department. There is such a policy in the county employee handbook, however, its provisions do not address law enforcement personnel. A written policy regarding compensatory time and overtime for Sheriff's department employees is necessary to ensure compliance with the FLSA and equitable treatment of employees.
- B. A review of various deputies' monthly time sheets identified errors and inconsistencies, and improper compensatory time balances.
  - 1) Sheriff's department personnel indicated that deputies are scheduled to work twenty-eight day cycles and any time worked in excess of 171 hours in a

twenty-eight day period is considered overtime. However, our review of the five deputies' December 2000 timesheets showed that only one timesheet used a twenty-eight day schedule to calculate overtime, while the other four used twenty-nine to thirty-one days. By including time worked for a period exceeding twenty-eight days, overtime hours calculated could be overstated. In addition, one December 2000 timesheet contained overtime calculation errors and an incorrect accrued compensatory time balance carried forward. At our request, the Sheriff's department bookkeeper reviewed these calculations and determined the errors had resulted in a compensatory time balance overstatement of approximately 200 hours.

- 2) Based on our review, it appears overtime worked by Sheriff's deputies is recorded and compensated as straight time. This may represent a violation of the FLSA, which requires that an employee is entitled to receive pay at a rate of one and one-half times his/her regular pay rate or compensatory time at a rate of one and one-half hours for each hour of overtime worked. If this is the case, the deputies' compensatory time balances may be significantly understated.
- 3) The FLSA provides that employees regularly engaged in public safety activities are allowed to accumulate a maximum of 480 hours of compensatory time. Hours in excess of this maximum are to be paid in cash or be taken off by the employee in the next pay period. According to Sheriff's department records, compensatory time balances for all deputies totaled approximately 2,880 hours as of July 15, 2001. Three of the five deputies had compensatory time balances exceeding the allowable maximum. Compensatory hours in excess of the 480 maximum multiplied by these deputies' hourly salary rate results in a significant potential liability to the county of approximately \$11,000 or 927 hours in required time off. If the balances must be adjusted to reflect the time and one-half rate or need corrections due to calculation errors, this liability could change significantly. The county should review all compensatory time balances for propriety.

The lack of a comprehensive policy regarding overtime and compensatory time may lead to errors, inconsistencies in calculation and monitoring of overtime, and the potential for large balances of accrued overtime creating a liability for the county. The County Commission needs to be more aware of deputies' compensatory time balances and work with the Sheriff to develop the necessary policies and procedures to control and monitor overtime. Clear and comprehensive policies regarding the Sheriff's Department personnel are needed to demonstrate and ensure compliance with the requirements of the FLSA.

The county should consider consulting with the U.S. Department of Labor when developing their policy.

- C.1. Sheriff's department employee time sheets are not reviewed by supervisory personnel prior to submission to the County Clerk and are not submitted in a timely manner. From our review of timesheets submitted to the County Clerk, no evidence of supervisory review was noted. Although the Sheriff did review deputy-prepared time sheets, these differ from the time sheets provided to the County Clerk as support for payroll expenditures. Additionally, there is a lag of approximately two months from the due date to when the time sheets are actually submitted to the County Clerk.

County personnel policies state that timesheets will be verified by the department head or elected official prior to submission to the County Clerk and that the timesheets will be submitted on the day of the month designated by the County Clerk. According to the County Clerk, timesheets are due during the final week of the month.

2. Information from the original time sheets submitted by the deputies is manually transferred to different time sheet forms by the Sheriff's department bookkeeper. These time sheets, rather than the originals, are transmitted to the County Clerk. We noted that the time period reflected on these time sheets differed from the deputy-prepared time sheets. As a result, it is necessary for the bookkeeper to use data from two separate time sheets. This procedure hinders timely reporting to the County Clerk. Additionally, no evidence of approval by the deputies or the Sheriff was noted on the duplicate timesheets.

The preparation of two time sheets and lack of adequate review procedures results in the duplication of effort and introduces the potential for errors and misstatements which may not be detected.

**WE RECOMMEND** the County Commission:

- A&B. Consult with the U.S. Department of Labor and work with the Sheriff to establish a comprehensive overtime and compensatory time policy which complies with provisions of the FLSA. In addition, the County Commission needs to more closely monitor Sheriff's department compensatory time to limit potential county liabilities. All current compensatory time balances should be reviewed for propriety.
- C. Ensure that Sheriff's department time sheets provide hours worked for the appropriate time period, have been subject to proper review by the Sheriff, and are submitted to the County Clerk when required. In addition, the Sheriff should develop a time sheet form to be utilized by deputies and also submitted to the County Clerk.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A&B. The County Commission has adopted a compensatory time and overtime policy specifically for the Cooper County Sheriff's department that reflects FLSA guidelines and requirements.*

*The policy reads as follows:*

*"Compensation of Sheriff Department, full time Deputies shall be based on 28 day 171 hours pay periods. Shift work schedules of Sheriff Department full time Deputies shall be assigned at a maximum of 160 hours per 28 day pay period. This will allow accrual of paid hours for situations and/or conditions when the Department head specifically authorizes work time in excess of 160 hours per pay period. When emergency situations or special circumstances arise that absolutely necessitate authorization of employee hours in excess of 171 hours in a 28 day period, compensatory time will accrue. Redemption of accrued compensatory time shall be scheduled into the next pay period. The Department shall administer work schedules so that under no circumstance shall accrued compensatory time exceed the FLSA maximum of 480 hours. All FLSA policies shall be adhered to."*

*This adopted policy has an effective date of January 1, 2002.*

- C. The County Commission will review with the Sheriff, county policy procedures for submitting timesheets. The County Commission will request that original timesheets be submitted when due and accurately reflect the work status of each deputy per stated policy.*

*The County Sheriff provided the following responses:*

- A&B. The administrator of the Cooper County Sheriff's office has been hesitant to write a policy regarding overtime because with our level of manpower we would not be able to abide by our own policy. The Cooper County Commission has revised the county policy to include law enforcement personnel. The adopted policy will also serve as our policy and will be followed if at all possible.*

*All timesheets will still be based on a 28 day period and will be closely monitored by the Sheriff. The policy of recording and compensating overtime at a time and one-half rate was implemented on October 8, 2001, but will not be applied retroactively.*

- C. Employee timesheets are and have been reviewed and signed by the Sheriff. The timesheet submitted to the County Clerk is not reviewed. Keep in mind that employees are paid the last working day of the month for the County Commission, not a 28 day period.*

*A new and easy to read time sheet was implemented on January 28, 2002. In the past, information was transferred from the original time sheets to another form before submitting them to the County Clerk in order to provide an easy to read timesheet to the County Commission.*

*The Cooper County Sheriff's department is willing to abide by the recommendations of the State Auditor's office. Most of the changes have been made and are being practiced at this time. My biggest concern is the ability to abide by the overtime policy. The policy passed by the County Commission is probably as good as any other that could be written. We will do our best to abide by the policy, but bear in mind, we will not cut or neglect services to the people of Cooper County to follow an overtime policy.*

<b>7. Associate Circuit Division's Accounting Controls and Procedures</b>
---------------------------------------------------------------------------

During March 2001, court officials identified discrepancies in the court's collection of fines and court costs on a number of municipal ticket cases. The Associate Division III Judge contacted the State Auditor's office and a separate audit was performed to review the discrepancies and more fully determine the extent of misappropriation. This audit report on the Eighteenth Judicial Circuit, Associate Division III, Municipal Division (report number 2001-67) was issued August 28, 2001, and concluded that weaknesses in the internal control system and record keeping system allowed municipal court receipts of at least \$11,387 to be misappropriated from 1999 through March 2001. Information from this audit was turned over to the Prosecuting Attorney. The former court clerk who was primarily responsible for handling municipal ticket monies was charged with, pled guilty to, and sentenced for felony stealing. Recommendations concerning internal controls of the Municipal Division were included in that report and are not repeated here.

The Associate Division collects various fees for civil, criminal, and municipal cases. Deposits for these cases totaled approximately \$464,000 and \$1,020,500, for 2000 and 1999, respectively. Essential accounting and reconciliation procedures were not being performed throughout much of the audit period. In addition, some basic recordkeeping procedures were not being performed properly or not performed at all. Our review of the Associate Division's records and procedures noted the following concerns:

- A. After completion of audit work related to the misappropriation of monies from the Municipal Division, we were made aware of other concerns and possible additional misappropriations of Associate Division funds. These problems involve criminal, civil, and municipal monies.
  - 1) The Associate Division III Judge brought to our attention seven criminal cases where it appears payments totaling \$1,203 were not recorded in the receipt records or deposited. It appears these monies may have been misappropriated. These cases were identified by the judge during a review of pending case files. For six of the cases, related to \$924 of the unrecorded

monies, defendants provided receipt slips issued by the court showing the amount paid. These receipt slips were prepared on plain paper and did not appear to be official receipts of the court.

Because of these concerns, additional follow up procedures were performed. No other questionable transactions came to our attention. In addition, the Associate Division III Judge informed us that he had reviewed all of the remaining pending files and determined no further problems.

- 2) On November 1, 2001, the Associate Division III Judge discovered that \$1,986 in cash apparently received by the court could not be located. These monies were comprised of \$105 pertaining to a municipal ticket which was receipted by the Municipal Division on October 30, 2001, and \$1,881 related to a civil case garnishment which was transmitted to the court by the Sheriff's Department late in the day on October 30, 2001. The \$1,881 was not receipted by the Associate Division and no receipt slip was provided to the Sheriff's department to verify the transmittal. The Associate Division III Judge performed an extensive search of the court offices and provided information to the Sheriff's department. He notified the State Auditor's office of the missing funds on November 5, 2001. As of December 2001, this matter is still under investigation and no monies have been recovered.

Considering the misappropriations recently experienced by the Associate Division, it is unreasonable that any monies, particularly cash, would be allowed to remain in the court offices for any length of time. The concern is even more significant given the fact that monies on hand are not held in a secure location and not always recorded in the receipts records immediately upon receipt. All of these factors increase the potential for theft, loss, or misuse of funds.

- B. Associate Court personnel are responsible for collecting monies and recording transactions to the appropriate records. Associate Court personnel are trained to collect monies for the different divisions of the court. However, each person is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting and case records for an assigned division. There is no documentation of an independent review of the work performed by each individual.

To safeguard against possible loss or misuse of funds and to ensure that receipts are properly handled, the cash custody and record-keeping functions should be segregated where possible. If it is not feasible to segregate duties further, at a minimum, there should be an independent comparison of receipt slips to bank deposits and an independent review of bank reconciliations. In addition, supervisory review procedures should be established to periodically identify and review cases that have had no recorded activity or have not been otherwise resolved for an extended period of time.

- C.1. Monies received by the Associate Division are not always deposited on a timely basis and checks are not restrictively endorsed immediately upon receipt. Deposit frequency ranged from daily to twice per month. For example, we noted criminal account receipts received on January 9, 2001, totaling approximately \$1,334 (cash) and \$825 (checks and money orders), were not deposited until January 26 and January 31, 2001 respectively. Receipts totaling approximately \$627 (cash) and \$2,607 (checks and money orders) received on January 22, 2001 were not deposited until January 31, 2001. We noted only two civil account deposits for the month of December 2000 totaling approximately \$5,600. Additionally, monies are maintained in an unlocked file cabinet until deposit.

Municipal monies are not being deposited on a timely basis. Boonville municipal monies totaling approximately \$1,287 (\$1,143 cash and \$144 checks/money orders) were on hand on November 8, 2001. This amount included monies received since November 1, 2001. The Associate Division III Judge indicated that Boonville municipal monies are deposited once per month. On November 8, 2001, Pilot Grove municipal monies on hand totaled approximately \$2,476 (\$1,420 cash and \$1,056 checks/money orders) and represented collections since April 1, 2001. The Associate Division began handling cases for the city of Pilot Grove in April 2001, and no deposits had been made as of November 2001.

2. Throughout the audit period, criminal receipts records were not reconciled to deposits and the change fund was not maintained at a constant amount. The change fund is to be maintained at \$100. A cash count performed on July 18, 2001, determined the change fund was approximately \$24 short. No explanation was provided.

To ensure all receipts are accounted for properly and safeguarded from theft, loss, or misuse, checks and money orders should be restrictively endorsed immediately upon receipt, monies should be promptly recorded in the receipts records, monies should be maintained in a secure location prior to deposit, monies should be deposited daily or when accumulated receipts exceed \$100, and details of the receipts records should be reconciled to the composition of deposits. In addition, the change fund needs to be maintained at a constant amount.

Similar conditions were noted in previous audit recommendations pertaining to the Associate Division. Again, given recent events in the court, maintaining any monies in the court offices for any length of time is unreasonable.

3. At December 31, 2000, the civil division bank account had two long outstanding checks totaling approximately \$1,391. One of these checks was nine months old while the other was seventeen months old. Old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. Various statutory provisions,



including Sections 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed monies.

- D. As discussed in prior reports, monthly listings of open items (liabilities) were not prepared for the criminal and civil accounts and, consequently, open items are not reconciled to the cash balance. The reconciled bank balances for these accounts at December 31, 2000, were approximately \$43,600 and \$3,600, respectively.

Civil account collections for the months of December 2000 through March 2001 had not been disbursed as of November 2001. Had proper listings of open items been prepared, the failure to make these month-end disbursements would have been detected. It was also noted that the civil fee pay out sheets for this same time period could not be located until November 2001. Court personnel indicate this as the major reason for not disbursing these monies.

Monthly listings of open items are necessary to ensure accountability over open cases. The periodic reconciliation of liabilities with the cash balance provides assurance the records are in balance and that sufficient cash is available to meet liabilities. Timely disbursements of court costs collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner. Retention of accounting records is essential to establishing accountability for the court's financial activity.

- E. Receipts recorded on the computer system and subsequently voided were not adequately reviewed by the Associate Division personnel. We noted twenty-nine voided transactions during the period January 1, 2001, through March 31, 2001. Twenty-two of the voided transactions were traced to re-entries and subsequent deposits ranging from the same day to three months later. For the remaining seven voided transactions no re-entry to the receipts records could be determined. Two of these were traced to a subsequent bank deposit. The remaining five voided transactions, totaling \$828, related to one defendant and were initially receipted as cash on January 11, 2001. It does not appear these monies were ever deposited. Associate Division personnel were unable to provide explanations as to the reasons for the significant number of void transactions or the inconsistent handling.

Adequate, independent reviews of void transactions should be performed to ensure they are proper. Reasons for void transactions handled in an unusual manner should be documented.

- F. Interest monies are earned on the court's various bank accounts. State law allows the interest funds to be used for expenditures of the court. However, a record of interest monies earned and spent, and the balance of these monies is not maintained. In addition, the Associate Circuit Division III Judge does not prepare a budget or provide any information to the County Commission regarding interest fund balances or the planned uses of these monies. Interest monies held by the court at

December 31, 2000, totaled approximately \$27,000. Expenditures of interest monies during 1999 and 2000 totaled approximately \$9,800. Supporting documentation for two expenditures, totaling approximately \$571, from the interest monies could not be located by court personnel. An interest ledger is necessary to track the current balance of interest monies and ensure interest income and expenditures are accounted for properly. Supporting documentation should be retained for all expenditures.

A similar condition was noted in prior reports.

- G. Passwords used to access the computerized case file system are not kept confidential. All office personnel know and use the passwords of other individuals when processing transactions on the system. Personnel can access the terminals of others by using their password allowing transactions to be recorded as being completed by that person.

Sharing passwords can significantly reduce the effectiveness of the security because confidentiality is lost. As a result, there is an increased risk of unauthorized changes to computerized records, entries are not distinguishable between parties, and the security controls of the system are not being utilized which could result in unauthorized use and tampering

Many of these concerns have been addressed in prior county audit reports and the recently issued report regarding the municipal division. The mishandled transactions and numerous control problems noted above could have been prevented or detected if adequate review and oversight had been performed and if the recommended internal controls had been established.

**WE RECOMMEND** the Associate Division III Judge ensure:

- A. Cooperation with law enforcement authorities and the Prosecuting Attorney regarding any investigation and criminal prosecution. In addition, he should work to obtain restitution of the \$3,189.
- B. Duties surrounding the handling of civil and criminal payments are segregated to the extent possible. At a minimum, there should be an independent comparison of receipts records to bank deposits and an independent review of bank reconciliations. Also, a review of cases that have had no recorded activity or have not been otherwise resolved for an extended period of time should be performed.

C.1

- &2. Checks and money orders are endorsed immediately upon receipt, monies received are promptly recorded in the receipts records, monies are maintained in a secure location prior to deposit, receipts are deposited daily or when accumulated receipts exceed \$100, and details of the receipts records are reconciled to the composition of deposits.
- 3. Old outstanding checks are reissued to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- D. Monthly listings of open items are prepared and reconciled to the cash balance. In addition, monies collected need to be disbursed timely and court records need to be maintained in an orderly fashion.
- E. Voided transactions are adequately documented and reviewed by supervisory personnel. In addition, the Associate Division III Judge needs to perform additional follow-up on the voided transactions that do not appear to have been deposited and seek restitution if appropriate.
- F. A ledger of interest receipts and disbursements is implemented and supporting documentation for all expenditures of interest monies retained.
- G. Passwords are kept confidential.

#### **AUDITEE'S RESPONSE**

- A. *The Associate Division III Judge indicated the court is cooperating with any investigative efforts and will assist in obtaining restitution as appropriate.*
- B-G. *The Associate Division III Judge indicated that with the implementation of the Banner court case management system and the recent adoption of court policies and procedures, these recommendations have been implemented.*

<b>8. Sheriff's Accounting Controls and Procedures</b>
--------------------------------------------------------

- A. The duties of cash custody and record-keeping have not been adequately segregated. The Sheriff's bookkeeper is primarily responsible for collecting, recording, depositing, and disbursing all monies. There are no documented reviews of the accounting records performed by the Sheriff or another supervisor.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and

reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The execution bank account is reconciled each month and the reconciled balance is compared to the listing of open items (liabilities). In our prior report we noted the cash balance exceeded the sheriff's identified open items and accumulated interest monies at January 31, 1998, by approximately \$4,711. This difference has increased since that time. At September 30, 2001, the reconciled cash balance of \$53,254 exceeded identified open items by approximately \$7,200. We noted the differences varied from month to month throughout the audit period. The identity of these monies is not known by office personnel.

The Sheriff should continue to attempt to determine the reasons for these differences. If proper disposition of the unidentified monies cannot be determined and the unreconciled difference remains at a constant amount, these monies should be disposed of in accordance with state law.

A similar condition was noted in prior reports.

- C. The Sheriff receives monies from the sale of advertising space on calendars featuring the Sheriff's department. According to the Sheriff the monies are collected by the calendar company and remitted to the Sheriff's Ladies Auxiliary, which then cashes the check and turns the monies over to him. These monies are not deposited into a bank account or otherwise accounted for by the Sheriff. No records pertaining to the disbursement of these funds were located for 1999 or 2000. Receipts from donations and estimated proceeds from the sale of advertising space were approximately \$1,100 - \$1,200 annually (determined by multiplying the number of calendar ads by the cost per ad and then applying the sheriff's commission rate to the total amount). The Sheriff indicated these funds were expended for such activities as office Christmas parties. Such expenditures do not appear necessary for the operation of the office and do not appear to be a prudent use of public monies.

A similar condition was noted in a prior report.

**WE RECOMMEND** the Sheriff:

- A. Segregate the accounting duties of the office to the extent possible and periodically perform and document supervisory reviews of the work.
- B. Investigate and identify cash balances in excess of those identified on the open items listing. Unidentified balances should be disposed of in accordance with state law.

- C. Turn over the monies received from calendar advertising to the County Treasury and expend these monies through the normal budgetary process, while maintaining documentation of the expenditures.

### **AUDITEE'S RESPONSE**

- A. *The Sheriff will spot check and initial the accounting records monthly. This was implemented on January 1, 2002.*
- B. *The Sheriff's office previously maintained an execution account for executions and bonds that were received. On January 1, 2002, this was changed and a new bank account for bonds was opened. Bonds received are deposited daily and disbursed daily to the courts. Excess monies in the old execution account are decreasing as old bonds are being paid to the courts or paid out to individuals.*
- C. *This has been an ongoing subject even before I took office. At one time the State Auditor's office was asked about whether it would be legal if the calendar monies were paid to the Ladies' Auxiliary and then turned over to the Sheriff's department, and it was my understanding that this would be alright. We will no longer receive any monies for the sale of Sheriff's department calendar ads either by phasing out the sales, or by refusing to accept the monies in this office and turning them over to the County Treasurer. I will make this decision.*

<b>9. Prosecuting Attorney's Controls and Procedures</b>
----------------------------------------------------------

The Prosecuting Attorney's office collects court-ordered restitution and bad check restitution and fees. The Prosecuting Attorney maintains two bank accounts; one for fees and restitution relating to bad checks which are not prosecuted, and a general account for all other fees and restitution. During our review of the Prosecuting Attorney's records, we noted the following concerns:

- A. Monies received are not always deposited on a timely basis. During the two years ended December 31, 2000, bad check account deposits were made approximately four times per month while general account deposits were made approximately three times per month. As an example, for the bad check account, we noted cash receipts from March 27 through March 31, 2000, totaling approximately \$1,353 were not deposited until April 3, 2000. To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

A similar condition was noted in a prior report.

- B. Disbursements to the County Treasurer for bad check fees collected are untimely. Bad check fees are collected by the Prosecuting Attorney and deposited into a

checking account. Subsequently, checks for the fees collected are periodically disbursed to the county treasurer for deposit into the Bad Check & Administrative Fee Fund. We noted several instances of untimely disbursements, including collections for the months of October, November, and December 1999 (totaling \$2,825) which were not disbursed until January 2000. The September and October 2000 collections (totaling \$1,615) were not disbursed until December 2000. Timely disbursements of fees collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Distribute fees collected to the county in a timely manner.

**AUDITEE'S RESPONSE**

*A&B. The Prosecuting Attorney's staff will do the best they can to be more timely with depositing and transfers to the county treasurer.*

<b>10. Senate Bill No. 40 Board</b>
-------------------------------------

The Senate Bill 40 Board (Board) received approximately \$400,000 in property taxes during the two years ended December 31, 2000. The majority of Board expenditures are to not-for-profit (NFP) corporations which provide various services to the handicapped residents of Cooper County. Our review of the Board's records noted the following concerns:

- A. Through a signed agreement, the Board made a \$70,000 loan to a NFP in June 2000 for the purpose of purchasing a building. At December 31, 2000, the outstanding principal balance on the loan totaled \$65,162. The monies were loaned at an annual fixed interest rate of 1 percent and are to be repaid in monthly installments of approximately \$860 over seven years. It is likely the Board would have earned more interest income had these monies been appropriately invested.

Although the Board may have believed the loaning of money to the NFP was in the best interest of the county, providing money in advance provides little assurance that appropriately valued services will be received and may create a situation where it is difficult or impossible to recover the amounts loaned.

This transaction represents a loan of public funds, and as such, is prohibited by the Missouri Constitution. Article VI, Sections 23 and 25 of the Missouri Constitution prohibit the loaning or granting of public funds to private corporations.

- B. The contracts with the NFPs are not adequate and do not always guarantee the provision of any specified services to residents of Cooper County. The contracts make reference to an action plan adopted in November 1985 which generally outlines the goals of the Board. Based upon the contracts the Board provided funds to the NFPs for various purposes, such as a local match of Medicaid funds, vocational and community living appreciation banquets, a grant to a vocational/community living family support program, and unspecified ancillary services. While the contracts provide for maximum funding levels, they are not specific as to goals and minimum/maximum levels of services to be provided or the number of clients to be served in exchange for Board funding. Such details would better equip the Board to assess and quantify the effectiveness of the services provided. In addition, there was no documentation that the NFPs periodically report to the Board the amount and type of services rendered, the number of clients served, or progress made in achieving the contract objectives.

The contracts with the NFPs should specify measurable units of service and set a reasonable cost for those units of service, clearly establish the responsibilities and duties of each party, outline procedures and/or penalties for failure by either party to meet contractual terms, and include the requirements of periodic reports from the NFP's.

A similar condition was noted in a prior report.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Discontinue loans of public funds.
- B. Enter into more specific contracts that clearly define the responsibilities of each party, and obtain and review periodic service reports to ensure services are provided in accordance with the contractual terms.

**AUDITEE'S RESPONSE**

*The Senate Bill 40 Board President provided the following responses:*

- A. *The Senate Bill 40 Board will discontinue loans and develop contracts in the future.*
- B. *The Senate Bill 40 Board will modify its contracts to more clearly define responsibilities and clarify the services being received.*

This report is intended for the information of the management of Cooper County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings



## COOPER COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Cooper County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Budgets, Financial Statements, and Expenditures

- A. Disbursements in excess of approved budgeted amounts were made from three county funds.
- B. Formal budgets were not prepared for various county funds.
- C. The county's annual published financial statements did not include the actual financial activity of several county funds.
- D. The county distributed to cities 25 percent of the Special Road and Bridge Fund property taxes derived from property located in those cities with no statutory or contractual authority to do so.

### Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure actual financial information for all county funds is reported in the annual published financial statements.
- D. Ensure monies are allocated to cities based upon written agreements which provide a method of monitoring expenditures of the funds.

Status:

A,C,

& D. Not implemented. See MAR finding number 1.

B. Partially implemented. The County Clerk requests budgetary information from each official. However, budgets were not provided for interest funds held by the Associate and Probate divisions. For related comments, see MAR finding number 7.

2. Neighborhood Improvement District

The county assessed estimated bond costs to property owners although these costs were never incurred. In addition, property owners were required to pay full principal and interest regardless of when their assessment was paid off.

Recommendation:

The County Commission review inclusion of estimated bond costs in the final project costs assessed to property owners and the assessment of interest through the final year of the NID regardless of the payment date, and consider making refunds to landowners who have already paid and adjusting assessments to landowners paying over the ten year period to reflect actual costs and interest incurred to date.

Status:

Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Clerk's Records and Procedures

A.1. Prenumbered receipt slips were not issued for some monies received.

2. Checks and money orders received were not restrictively endorsed immediately upon receipt.

B. The account book maintained between the County Clerk and County Collector was not complete.

C.1. Complete annual inventories of fixed assets were not performed on a timely basis.

2. The general fixed asset records were not complete.

Recommendation:

The County Clerk:

- A.1. Issue receipt slips for all monies received and account for the numerical sequence of receipt slips issued.
- 2. Restrictively endorse all checks and money orders immediately upon receipt.
- B. Maintain a complete account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.
- C.1. Perform complete physical inventories and establish procedures to ensure general fixed asset records are updated on a timely basis.
- 2. Ensure all county-owned land and buildings are included in the county's fixed asset records. In addition, maintain detailed records of all county-owned equipment purchased with federal funds.

Status:

A&B. Implemented.

C.1. Due to changes in statutory provisions regarding the performance of periodic physical inventories, it is no longer the sole responsibility of the County Clerk to perform physical inventories and maintain county fixed asset records. For related comments, see MAR finding number 4.

C.2. Not implemented. See MAR finding number 4.

4. Collector's Proposition C Calculations

The Collector used incorrect average school levies when computing Proposition C calculations for commissions and Assessment Fund withholdings on state assessed railroad and utility taxes. As a result, \$1,550 was due to the various school districts (\$200 from the General Revenue Fund and \$1,350 from the Assessment Fund). The Collector also applied incorrect Proposition C ratios to real and personal property taxes when computing commissions and withholdings, resulting in \$972 and \$566 being due to the General Revenue Fund and Assessment, respectively, from the various school districts.

Recommendation:

The Collector consider recomputing commissions related to these school districts and

making corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. In addition, the Collector needs to ensure future Proposition C commissions are computed properly.

Status:

Implemented.

5. Sheriff's Accounting Controls and Procedures

- A. Receipt records for the execution account did not indicate the method of payment.
- B. Checks were not restrictively endorsed until deposits were prepared.
- C. The execution bank account had a reconciled cash balance in excess of identified open items and accumulated interest monies.
- D. Monies from the sale of advertising space on a calendar and bank interest proceeds were maintained by and spent at the discretion of the Sheriff's Office. No records pertaining to the disbursement of the calendar monies were maintained.
- E. Bids were not always solicited or advertised by the sheriff for purchases made from interest monies.

Recommendation:

- A. The Sheriff ensure the method of payment is indicated on the execution account receipt records and reconciled to the composition of deposits.
- B. The Sheriff restrictively endorse all checks immediately upon receipt.
- C. The Sheriff continue efforts to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law. In addition, the Sheriff should establish procedures to routinely follow up on checks outstanding for more than a specified period of time, and either reissue to payees that can be located or dispose of the monies related to checks where payees cannot be located in accordance with state law.
- D. The County Commission require the Sheriff to turn over monies received from calendar advertising and interest earned to the County Treasury and expend these monies through the county's normal budgetary and expenditure procedures, and provide documentation of how these monies were spent.

- E. The Sheriff solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the Sheriff should retain documentation of these circumstances.

Status:

A&E. Implemented.

- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. See MAR finding number 8.
- D. Partially implemented. Monies received from calendar advertising are still received and held by the Sheriff. Interest monies earned are now turned over to the County Treasurer monthly and budgets are prepared for the interest fund. See MAR finding number 8.

6. Associate Circuit Division's Controls and Procedures

- A. Receipts were not always deposited timely.
- B. Checks were not restrictively endorsed until deposits were prepared.
- C. Formal bank reconciliations were not prepared for the municipal bank accounts.
- D. Monthly listings of liabilities (open items) were prepared, but the listings were not reconciled to the cash balances.
- E. A ledger of interest monies earned and spent, and the balance of the interest fund were not maintained for some interest-bearing accounts.

Recommendation:

The Associate Circuit Judge:

- A. Ensure all receipts are deposited daily or when accumulated receipts exceed \$100, and ensure the change fund is maintained at a constant amount.
- B. Ensure all checks are restrictively endorsed immediately upon receipt.
- C. Ensure formal monthly bank reconciliations are prepared for all accounts.

- D. Ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
- E. Ensure an interest ledger to record interest earned and expenditures of interest fund monies is maintained for all accounts. The ledger should be reconciled to the available cash balance monthly.

Status:

A,B,D,  
& E. Not implemented. See MAR finding number 7.

- C. See our audit report on the Eighteenth Judicial Circuit, Associate Division III, Municipal Division, Cooper County, Missouri for the period January 1, 1997 through March 31, 2001 (report number 2001-67).

7. Public Administrator Payments

Adequate supporting documentation was not maintained for all expenditures made on behalf of the wards.

Recommendation:

The Associate Circuit Judge require the Public Administrator to obtain and retain adequate supporting documentation for all disbursements made on behalf of the estates.

Status:

Implemented.

8. Prosecuting Attorney's Controls and Procedures

- A. General bank account receipt slips were not prepared immediately upon receipt of monies.
- B. Monies received were not always deposited on a timely basis.
- C. The method of payment was not indicated on the one-write ledgers.

Recommendation:

The Prosecuting Attorney:

- A. Require receipt slips be issued for all monies received at the time of receipt.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Ensure the method of payment is indicated on the receipts records and reconciled to the composition of deposits.

Status:

A&C. Implemented.

- B. Not implemented. See MAR finding number 9.

9. Assessor's Controls and Procedures

- A. Receipt slips were not issued for some monies received.
- B. Checks and money orders received were not restrictively endorsed immediately upon receipt.
- C. Receipts were not transmitted to the County Treasurer intact.
- D. The Assessor did not file monthly reports of fees with the County Commission.

Recommendation:

The Assessor:

- A. Issue receipt slips for all monies received and account for the numerical sequence of receipt slips issued.
- B. Restrictively endorse all checks and money orders immediately upon receipt.
- C. Transmit all monies received to the County Treasurer intact. The composition of checks and cash received should be reconciled to the composition of amounts turned over to the County Treasurer. In addition, if a change fund is needed it should be maintained at a constant amount.
- D. File monthly reports of fees in accordance with state law.

Status:

A-D. Implemented.

10. Senate Bill 40 Board

- A. The Senate Bill 40 Board contracted with a NFP for administrative services. The Board did not adequately monitor the NFP's work and did not approve all expenditures.
- B.1. The Board did not review supporting documentation for the expenditures throughout the year.
  - 2. The Board also provided funds for various large purchases made by the NFPs. However, bidding documentation was not maintained for some of these purchases.
- C.1 The contracts with the NFPs were not adequate and did not guarantee the provision of any specified services to residents of Cooper County.
  - 2. The Board did not always obtain written contracts for services received.
  - 3. Formal contract amendments were not prepared when the original contract amounts were exceeded.

Recommendation:

The Senate Bill 40 Board:

- A. Take a more active role in overseeing the work performed by the NFP to ensure county monies are being expended properly. In addition, all expenditures should be approved by the Board and the approval should be documented.
- B.1. Review and approve all expenditures based upon vendor-provided invoices.
  - 2. Require NFPs to solicit bids for significant purchases which are to be funded by the Board.
- C. Enter into more specific contracts that clearly define the responsibilities of each party, and obtain and review periodic service reports to ensure services are provided in accordance with the contractual terms. The board should ensure contract changes are documented in written contract amendments.

Status:

- A&B. Implemented.
- C. Not implemented. See MAR finding number 10.



## STATISTICAL SECTION

History, Organization, and  
Statistical Information

COOPER COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1818, the county of Cooper was named after Benjamin Cooper. Cooper County is a county-organized, third-class county and is part of the Eighteenth Judicial Circuit. The county seat is Boonville.

Cooper County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Cooper County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 732,746	26	679,778	25
Sales taxes	593,767	21	537,839	20
Federal and state aid	1,013,378	36	985,947	36
Fees, interest, and other	485,025	17	500,915	19
Total	\$ 2,824,916	100	2,704,479	100

The following chart shows how Cooper County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 995,580	37	906,004	38
Public safety	563,834	21	671,515	29
Highways and roads	1,115,534	42	768,478	33
Total	\$ 2,674,948	100	2,345,997	100

In addition, Cooper County has a Law Enforcement Center Fund, with receipts of approximately \$956,000 and \$585,000 in 2000 and 1999, respectively, for the purpose of public safety; and a Road and Bridge Trust Fund, with receipts of approximately \$609,000 and \$551,000 in 2000 and 1999, respectively, for the purpose of road improvements.

The county maintains approximately 84 county bridges and 558 miles of county roads.

The county's population was 14,732 in 1970 and 14,835 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	80.3	77.4	50.2	33.3	24.7
Personal property		33.2	30.7	11.7	10.1	7.1
Railroad and utilities		28.6	27.8	19.9	12.5	9.7
Total	\$	142.1	135.9	81.8	55.9	41.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Cooper County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$	0.2050	0.2100
Special Road and Bridge Fund*		0.3100	0.3100
Senate Bill 40 Board Fund		0.2000	0.2000
Hospital Maintenance Fund		0.1500	0.1500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2001	2000
State of Missouri	\$	42,582	41,352
General Revenue Fund		304,928	294,053
Special Road and Bridge Fund		436,590	423,575
Assessment Fund		78,860	74,538
Senate Bill 40 Board Fund		275,367	262,368
School districts		5,543,163	5,217,972
Library district		196,954	191,171
Ambulance district		168,511	163,443
Fire protection district		194,390	169,492
Overton-Wooldridge Levee District		7,163	13,386
Hospital Maintenance Fund		210,682	204,409
Nursing Home District		36,649	34,952
Cities		462,747	445,648
County Clerk		263	255
County Employees' Retirement		32,159	27,851
Other		47,960	52,808
Commissions and fees:			
General Revenue Fund		118,483	112,235
Total	\$	<u>8,157,451</u>	<u>7,729,507</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2001	2000
Real estate		93.9 %	91.6 %
Personal property		82.9	84.8
Railroad and utilities		98.3	98.6

Cooper County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Road and Bridge Capital Improvements		.0050	2004	None
Enhanced 911		.0025	None	None
Law Enforcement Center		.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Eddie Brickner, Presiding Commissioner	\$	27,649	26,329
Bob Brueckner, Associate Commissioner		25,649	24,329
Howard Simmons, Associate Commissioner		25,649	24,329
Darryl Kempf, County Clerk*		46,716	46,803
Douglas Abele, Prosecuting Attorney		59,807	59,807
Paul Milne, Sheriff		43,300	41,300
Stanley Serck, County Treasurer		29,600	28,330
Larry Jones, County Coroner		8,080	7,080
Wade Davis, Public Administrator **		30,927	27,784
Carol Nauman, County Collector,***			
year ended February 28 (29),	46,407	46,000	
James R. Lachner, County Assessor, ****			
year ended August 31,		39,132	39,132
* Includes \$5,492 and \$5,579 from commissions earned for performing services related to city property taxes for 2000 and 1999, respectively.			
** Includes fees received from probate cases.			
*** Includes \$4,977 and \$4,776 from commissions earned for collecting city property taxes for the years ended February 28(29), 2001 and 2000, respectively.			
**** Includes \$900 annual compensation received from the state.			
State-Paid Officials:			
Jammey Brandes, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
Kenton G. Askren, Associate Circuit Judge		97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds*	2	1
County Clerk	3	0
Prosecuting Attorney**	4	0
Sheriff*	7	0
County Collector*	2	0
County Assessor	3	0
Associate Division**	2	2
Probate Division	0	1
Road and Bridge	15	0
Nursing Service**	5	0
Child Support Division***	3	0
Enhanced 911	11	0
Law Enforcement Center	18	0
Total	<u>76</u>	<u>4</u>

\* Includes one part time employee.

\*\* Includes two part time employees.

\*\*\* The state reimburses the county for approximately 66 percent of payroll costs.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Cooper County's share of the Eighteenth Judicial Circuit's expenses is 29.51 percent.

\* \* \* \* \*



**DADE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-21  
March 12, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dade, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Dade County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Several concerns were noted related to the county budget documents, including some funds not budgeted, overspending budgeted amounts, and not including beginning and ending cash amounts. Minutes of closed meetings have not been maintained.
- Bids were not always solicited or advertised by the county nor was bid documentation always retained. As noted in a prior report, the county overpaid an engineering firm \$5,461 and has done nothing to pursue collection of the money due the county.
- The health center financial condition has declined over the last several years. Disbursements have exceeded receipts for the last four years. Numerous concerns were noted with the health center's budgets, including incorrect cash balances, receipts and disbursements.

Other recommendations include improvements needed related to the cash controls, leave records, and fixed asset records. In addition, the health center does not have a depositary agreement with its depositary bank and the board does not publish annual financial statements.

Also included in the audit are recommendations related to personnel policies and fixed assets. The audit also suggested improvements in the controls and procedures of the County Clerk, Ex Officio County Collector, Circuit Clerk, Ex Officio Recorder of Deeds, Sheriff and Prosecuting Attorney.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

DADE COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

State Auditor's Reports: ..... 2-6

Financial Statements ..... 3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 5-6

Financial Statements: ..... 7-14

Exhibit

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds

A-1Year Ended December 31, 2000 .....8

A-2Year Ended December 31, 1999 .....9

BComparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2000 and 1999 ..... 10-14

Notes to the Financial Statements ..... 15-18

Schedule: ..... 19-20

Schedule of Findings, Years Ended December 31, 2000 and 1999 .....20

Follow-Up on Prior Audit Findings for an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards* ..... 21-22

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report - State Auditor's Findings ..... 24-43

Number

County Procedures .....26

Expenditures .....28

Personnel Policies and Procedures.....30

General Fixed Assets .....31

# DADE COUNTY, MISSOURI

## TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	24-43
<u>Number</u>	<u>Description</u>
5.	County Clerk .....32
6.	Ex Officio County Collector .....34
7.	Circuit Clerk and Ex Officio Recorder of Deeds .....35
8.	Sheriff's Accounting Controls and Procedures .....36
9.	Prosecuting Attorney's Procedures and Controls .....38
10.	Health Center's Accounting Controls and Procedures .....40
Follow-Up on Prior Audit Findings .....	44-54
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	56-61

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Dade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dade County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 10, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dade County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

December 10, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	Amy Fast
Audit Staff:	Sandi OHern, CPA
	Troy Royer
	Curt Gannon



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Dade County, Missouri

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not



necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Dade County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

December 10, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A

DADE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 410,172	486,623	530,328	366,467
Special Road and Bridge	204,654	627,658	634,507	197,805
Assessment	7,841	82,777	86,186	4,432
Law Enforcement	823	426,945	427,229	539
Law Enforcement Training	1,495	1,827	1,229	2,093
Prosecuting Attorney Bad Check	3,524	7,504	5,257	5,771
Prosecuting Attorney Training	2,019	426	1,049	1,396
Health Center	46,407	205,278	235,179	16,506
Recorder User Fees	7,522	8,767	225	16,064
Law Library	339	5,679	4,619	1,399
Circuit Clerk Interest	13,437	4,022	2,823	14,636
Prosecuting Attorney Delinquent Tax	1,687	250	0	1,937
Domestic Violence	619	167	585	201
Total	\$ 700,539	1,857,923	1,929,216	629,246

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

DADE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 450,378	421,750	461,956	410,172
Special Road and Bridge	280,382	570,479	646,207	204,654
Assessment	24,343	76,874	93,376	7,841
Law Enforcement	28,318	391,748	419,243	823
Law Enforcement Training	1,569	3,083	3,157	1,495
Prosecuting Attorney Bad Check	733	5,637	2,846	3,524
Prosecuting Attorney Training	1,908	443	332	2,019
Health Center	68,259	191,916	213,768	46,407
Recorder User Fees	4,280	4,087	845	7,522
Law Library	9	3,137	2,807	339
Circuit Clerk Interest	9,265	4,334	162	13,437
Prosecuting Attorney Delinquent Tax	1,470	217	0	1,687
Domestic Violence	370	249	0	619
Total	\$ 871,284	1,673,954	1,844,699	700,539

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## DADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,119,198	1,857,506	(261,692)	1,689,617	1,656,854	(32,763)
DISBURSEMENTS	2,368,460	1,928,631	439,829	1,840,098	1,835,395	4,703
RECEIPTS OVER (UNDER) DISBURSEMENTS	(249,262)	(71,125)	178,137	(150,481)	(178,541)	(28,060)
CASH, JANUARY 1	709,687	698,233	(11,454)	851,558	855,960	4,402
CASH, DECEMBER 31	460,425	627,108	166,683	701,077	677,419	(23,658)
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	75,500	90,123	14,623	70,900	60,515	(10,385)
Sales taxes	195,000	229,901	34,901	175,000	217,113	42,113
Intergovernmental	66,874	41,038	(25,836)	60,600	38,720	(21,880)
Charges for services	68,050	79,175	11,125	73,200	72,660	(540)
Interest	12,255	27,684	15,429	25,974	22,384	(3,590)
Other	8,050	10,155	2,105	14,400	10,358	(4,042)
Transfers in	7,000	8,547	1,547	14,000	0	(14,000)
Total Receipts	432,729	486,623	53,894	434,074	421,750	(12,324)
DISBURSEMENTS						
County Commission	58,500	57,988	512	58,800	58,524	276
County Clerk	43,240	42,522	718	44,740	43,048	1,692
Elections	31,200	29,443	1,757	13,900	10,599	3,301
Buildings and grounds	154,804	66,743	88,061	41,905	72,205	(30,300)
Employee fringe benefits	29,525	25,285	4,240	26,300	27,648	(1,348)
County Treasurer and Ex-Officio Collector	46,271	46,301	(30)	48,271	47,290	981
Ex Officio Recorder of Deeds	19,715	19,748	(33)	14,698	10,648	4,050
Associate Circuit (Probate)	23,840	23,568	272	24,840	22,501	2,339
Public Administrator	6,054	9,784	(3,730)	5,600	5,432	168
Insurance	7,000	6,079	921	7,500	5,270	2,230
University extension	28,503	28,503	0	29,506	28,606	900
LEPC	10,580	11,064	(484)	10,000	12,787	(2,787)
Other	19,000	20,300	(1,300)	15,700	22,898	(7,198)
Transfers out	164,000	143,000	21,000	110,000	94,500	15,500
Emergency Fund	12,982	0	12,982	13,022	0	13,022
Total Disbursements	655,214	530,328	124,886	464,782	461,956	2,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,485)	(43,705)	178,780	(30,708)	(40,206)	(9,498)
CASH, JANUARY 1	410,172	410,172	0	450,378	450,378	0
CASH, DECEMBER 31	187,687	366,467	178,780	419,670	410,172	(9,498)

## Exhibit B

## DADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	26,394	26,395	1	25,305	10,617	(14,688)
Intergovernmental	865,618	577,081	(288,537)	545,616	535,380	(10,236)
Interest	9,564	16,656	7,092	7,792	14,642	6,850
Other	7,500	7,526	26	7,000	9,840	2,840
Total Receipts	909,076	627,658	(281,418)	585,713	570,479	(15,234)
<b>DISBURSEMENTS</b>						
Salaries	10,450	9,300	1,150	19,200	13,050	6,150
Employee fringe benefits	920	256	664	1,900	238	1,662
Supplies	2,300	1,036	1,264	2,750	1,936	814
Insurance	700	0	700	1,000	0	1,000
Road and bridge materials	151,000	112,922	38,078	145,000	204,278	(59,278)
Equipment purchases	2,500	11,743	(9,243)	25,000	1,325	23,675
Construction, repair, and maintenance	721,618	226,234	495,384	455,000	160,919	294,081
Distributions to townships and road districts	0	263,587	(263,587)	0	263,712	(263,712)
Other	1,000	781	219	1,000	749	251
Transfers out	12,000	8,648	3,352	14,000	0	14,000
Total Disbursements	902,488	634,507	267,981	664,850	646,207	18,643
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,588	(6,849)	(13,437)	(79,137)	(75,728)	3,409
CASH, JANUARY 1	204,654	204,654	0	280,382	280,382	0
CASH, DECEMBER 31	211,242	197,805	(13,437)	201,245	204,654	3,409
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	77,930	67,047	(10,883)	67,624	71,024	3,400
Charges for services	450	697	247	1,340	485	(855)
Interest	1,778	0	(1,778)	2,297	1,778	(519)
Other	500	33	(467)	439	587	148
Transfers in	6,000	15,000	9,000	0	3,000	3,000
Total Receipts	86,658	82,777	(3,881)	71,700	76,874	5,174
<b>DISBURSEMENTS</b>						
Assessor	92,180	86,186	5,994	92,180	93,376	(1,196)
Total Disbursements	92,180	86,186	5,994	92,180	93,376	(1,196)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,522)	(3,409)	2,113	(20,480)	(16,502)	3,978
CASH, JANUARY 1	7,841	7,841	0	24,343	24,343	0
CASH, DECEMBER 31	2,319	4,432	2,113	3,863	7,841	3,978

## Exhibit B

## DADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Sales taxes	210,000	205,818	(4,182)	190,000	212,042	22,042
Intergovernmental	47,500	43,884	(3,616)	48,300	48,295	(5)
Charges for services	20,600	31,691	11,091	39,100	19,879	(19,221)
Interest	0	0	0	1,327	417	(910)
Other	20,500	17,552	(2,948)	10,500	19,615	9,115
Transfers in	158,000	128,000	(30,000)	110,000	91,500	(18,500)
Total Receipts	456,600	426,945	(29,655)	399,227	391,748	(7,479)
DISBURSEMENTS						
Sheriff	328,494	309,930	18,564	294,748	294,751	(3)
Prosecuting Attorney	79,435	76,881	2,554	77,993	79,674	(1,681)
Juvenile Officer	19,140	15,499	3,641	23,605	18,880	4,725
Coroner	1,530	1,530	0	1,530	1,530	0
Fringe benefits	25,575	23,389	2,186	27,610	24,408	3,202
Total Disbursements	454,174	427,229	26,945	425,486	419,243	6,243
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,426	(284)	(2,710)	(26,259)	(27,495)	(1,236)
CASH, JANUARY 1	823	823	0	28,318	28,318	0
CASH, DECEMBER 31	3,249	539	(2,710)	2,059	823	(1,236)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,500	1,827	(673)			
Total Receipts	2,500	1,827	(673)			
DISBURSEMENTS						
Sheriff	3,000	1,229	1,771			
Total Disbursements	3,000	1,229	1,771			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	598	1,098			
CASH, JANUARY 1	1,495	1,495	0			
CASH, DECEMBER 31	995	2,093	1,098			
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	4,000	7,504	3,504			
Total Receipts	4,000	7,504	3,504			
DISBURSEMENTS						
Prosecuting Attorney	5,000	5,257	(257)			
Total Disbursements	5,000	5,257	(257)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	2,247	3,247			
CASH, JANUARY 1	3,524	3,524	0			
CASH, DECEMBER 31	2,524	5,771	3,247			

## Exhibit B

## DADE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,892	426	(1,466)			
Total Receipts	1,892	426	(1,466)			
DISBURSEMENTS						
Prosecuting Attorney	1,400	1,049	351			
Total Disbursements	1,400	1,049	351			
RECEIPTS OVER (UNDER) DISBURSEMENTS	492	(623)	(1,115)			
CASH, JANUARY 1	0	2,019	2,019			
CASH, DECEMBER 31	492	1,396	904			
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	63,149	68,272	5,123	57,000	61,912	4,912
Intergovernmental	85,690	91,512	5,822	96,945	98,213	1,268
Charges for services	5,881	5,755	(126)	5,000	5,415	415
Interest	3,554	3,262	(292)	2,500	3,404	904
Other	57,419	36,477	(20,942)	33,458	22,972	(10,486)
Total Receipts	215,693	205,278	(10,415)	194,903	191,916	(2,987)
DISBURSEMENTS						
Salaries and fringe benefits	170,820	179,515	(8,695)	153,500	175,855	(22,355)
Office expenditures	7,965	11,479	(3,514)	9,300	8,568	732
Equipment and supplies	50,769	27,035	23,734	15,000	22,454	(7,454)
Mileage and training	5,000	12,163	(7,163)	10,000	2,768	7,232
Other	6,500	4,987	1,513	5,000	4,123	877
Total Disbursements	241,054	235,179	5,875	192,800	213,768	(20,968)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,361)	(29,901)	(4,540)	2,103	(21,852)	(23,955)
CASH, JANUARY 1	73,656	46,407	(27,249)	68,137	68,259	122
CASH, DECEMBER 31	48,295	16,506	(31,789)	70,240	46,407	(23,833)
<b><u>RECORDER USER FEES FUND</u></b>						
RECEIPTS						
User fees	3,900	8,767	4,867	4,000	4,087	87
Total Receipts	3,900	8,767	4,867	4,000	4,087	87
DISBURSEMENTS						
Ex-Officio Recorder of Deeds	3,000	225	2,775	0	845	(845)
Total Disbursements	3,000	225	2,775	0	845	(845)
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	8,542	7,642	4,000	3,242	(758)
CASH, JANUARY 1	7,522	7,522	0	0	4,280	4,280
CASH, DECEMBER 31	8,422	16,064	7,642	4,000	7,522	3,522



Exhibit B

DADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	3,150	5,679	2,529			
Total Receipts	3,150	5,679	2,529			
DISBURSEMENTS						
Law library	2,900	4,619	(1,719)			
Total Disbursements	2,900	4,619	(1,719)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	1,060	810			
CASH, JANUARY 1	0	339	339			
CASH, DECEMBER 31	250	1,399	1,149			
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	3,000	4,022	1,022			
Total Receipts	3,000	4,022	1,022			
DISBURSEMENTS						
Circuit Clerk	8,050	2,823	5,227			
Total Disbursements	8,050	2,823	5,227			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,050)	1,199	6,249			
CASH, JANUARY 1	0	13,437	13,437			
CASH, DECEMBER 31	\$ (5,050)	14,636	19,686			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

DADE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	1999
Prosecuting Attorney Bad Check Fund	1999
Prosecuting Attorney Training Fund	1999
Law Library Fund	1999
Circuit Clerk Interest Fund	1999
Prosecuting Attorney Delinquent Tax Fund	2000 and 1999
Domestic Violence Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the Prosecuting Attorney Bad Check Fund and Law Library Fund in 2000 and the Assessment Fund, Health Center Fund, and the Recorder User Fees Fund in 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Section 50.740, RSMo 2000, requires a balanced budget; however, a deficit balance was budgeted in the Circuit Clerk Interest Fund for the year ended December 31, 2000 (although the fund had sufficient cash available that was not reflected on the budget).

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2000 and 1999, did not include the Health Center Fund, Law Library Fund, and Circuit Clerk Interest Fund.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

Schedule

DADE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



DADE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dade County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1. Budgets

Warrants totaling \$299,432 were issued in excess of budgeted expenditures for the Special Road and Bridge Fund.

RECOMMENDATION:

The County Commission not authorize warrants in excess of budgeted expenditures.

Status:

Partially implemented. The County Commission did not authorize warrants in excess of budgeted expenditures for the Special Road and Bridge Fund. While several county funds not controlled by the County Commission exceeded their budgeted expenditures, the amounts were significantly less than noted above. See MAR finding number 1.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

DADE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Dade County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. County Procedures</b>
-----------------------------

- A. While the county did a better job in 2000 obtaining budgets for most county funds, formal budgets were not prepared for various county funds for the two years ended December 31, 2000. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission would be able to more effectively evaluate all financial resources.
- B. Warrants were issued in excess of approved budgeted expenditures in the following funds during the two years ended December 31, 2000:

Fund	Year Ended December 31,	
	2000	1999
Assessment Fund	\$ N/A	1,196
Prosecuting Attorney Bad Check Fund	257	N/A
Health Center Fund	N/A	20,968
Recorder User Fees Fund	N/A	845
Law Library Fund	1,719	N/A

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The approved budget documents for several smaller county funds (including budgets prepared by elected officials) revealed the budgets did not always include beginning and ending cash amounts or other beginning and ending available resources.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated beginning cash balance, receipts, expenditures and ending cash balance.

- D. The County Clerk does not prepare minutes for the closed session of meetings of the County Commission. The County Commission held several closed sessions during the two years ended December 31, 2000, and while the regular minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for

the closed portion of the meeting. In addition, it is not evident that the final disposition of matters discussed in closed meetings is made public. Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires matters discussed in closed meetings to be made public upon final disposition.

Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Minutes constitute the official record of proceedings of the County Commission. Without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions relate solely to the specific allowable reason announced for closing the meetings.

- E. The County Commission does not list the specific reason for holding closed sessions on the agendas. Section 610.022, RSMo 2000, requires the county to give adequate notice of a closed meeting in addition to the specific reason for holding a closed meeting.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds as required by state law.
- B. And the Health Center not authorize warrants in excess of budgeted expenditures.
- C. Ensure all available resources are reflected in the smaller county funds, including budgets prepared by elected officials.
- D. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- E. Ensure the specific reasons for the closed sessions is noted in the meeting agendas.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *These funds are controlled by other elected officials and the County Commission will attempt to work with these officials to ensure budgets are prepared and submitted.*
- B. *We have made substantial improvements on the funds controlled by the County Commission and will work with the other officials/boards (for funds that we do not control) to adequately monitor their budgets.*

C. *We will have the County Clerk work with the various officials to ensure their budgets include all available resources.*

D&E. *We thought we were compliant with the specific requirements; however, we will review the Sunshine Law to ensure we are providing adequate documentation of all closed meetings.*

<b>2. Expenditures</b>
------------------------

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows :

Items purchased	Cost
Fuel	\$ 12,058
Concrete	28,926
Brush Cutting	6,637
Bridge Materials	8,819
Computers	7,202
Bridge Construction	6,300

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. As reported in our prior audit for the two years ended December 31, 1996, the county overpaid an engineering firm \$5,461 for engineering services for a bridge project.

The county paid the firm based on individual invoices submitted by the firm. The

overpayment went undetected because the county did not reconcile the individual invoices to the progress invoices submitted by the engineering firm.

While this overpayment was noted in our prior report, the county has done nothing to pursue collection of the money due the county. The county should immediately seek reimbursement for the \$5,461 overpayment.

- C. The county did not always issue IRS Forms 1099-MISC as required. We noted payments to a Special Prosecutor for services totaling \$2,236, engineering services totaling \$7,944, and brush cutting services totaling \$6,637 during 2000 which the county did not issue Forms 1099-MISC. Sections 6041 through 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 or more in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Immediately seek reimbursement of the \$5,461 overpayment.
- C. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have solicited bids for all major areas for calendar year 2002 and have retained the applicable documentation.*
- B. *We will pursue the collection of the overpayment including the involvement of the Prosecuting Attorney (if necessary).*
- C. *It is the county's practice to issue 1099's as required; however, these examples have apparently been missed.*



**3.****Personnel Policies and Procedures**

- A. Centralized records of leave balances and leave used and earned are not maintained. Without centralized records, the County Commission cannot ensure that employees' vacation leave, sick leave, and compensatory time balances are accurate and that all employees are treated equitably. Centralized leave records also aid in determining unused vacation leave upon termination of employment.

A similar condition was noted in prior reports.

- B. The county has a comprehensive employee manual that indicates that county positions are to be advertised. However, the policy of advertising for positions is not always followed by the county. We noted one employee of the County Clerk's office was hired without advertising the position as required by the county policy. Following the comprehensive employee manual can help ensure that management's policies are fairly and consistently applied to all current and prospective county employees.
- C. County employees from various offices with access to money are not covered by an employee bond. Properly bonding all persons with access to monies would better protect the county from risk of loss.

**WE RECOMMEND** the County Commission:

- A. Maintain centralized records of leave earned, used, and accumulated for all county employees.
- B. Follow all policies indicated in the county comprehensive employee manual.
- C. Consider obtaining adequate bond coverage for all employees with access to monies.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *All officeholders are doing a good job controlling their employee's leave records. We will request the records be forwarded to the County Clerk's office.*
- B. *We intend to follow our policy.*
- C. *We are in the process of obtaining an employee dishonesty bond for all county employees.*

**4.****General Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Our review determined that procedures are not adequate to ensure fixed assets purchases are included in the general fixed asset records.

Additions are not always recorded in the property records as they occur and fixed asset purchases per the expenditure records are not reconciled to additions to the property records. Many of the fixed assets purchased during the two years ended December 31, 2000, were not included on the fixed asset records. In addition, most new assets were not consistently numbered, tagged, or otherwise identified as county property. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories.

All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

*The County Commission indicated they plan to implement during calendar year 2002.*

- A. The County Clerk does not maintain an account book with the Ex Officio County Collector. An account book would summarize all taxes charged to the Ex Officio County Collector and township collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collectors each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

- B. Controls over property tax additions need improvement. Tax book additions are initiated by the County Assessor who assigns an assessed value. The County Clerk then prepares a tax statement of the taxes due, and the appropriate township collector or the Ex Officio County Collector collects the taxes. The additions are added to the tax books by the collectors only when the taxes are paid. As a result, additions that are not paid are not added to the tax books and the collectors are not charged with these amounts.

Sections 137.260 and 137.290, RSMo 2000, require the County Clerk to prepare any additions or corrections to the tax books and charge the collectors with the aggregate amount of taxes contained in the tax books.

In addition to being required by state law, such procedures provide additional controls over the property tax system. The County Clerk should perform his statutory duties to improve the controls in this area.

- C. The County Clerk does not ensure the township road boards financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property, which should be published in a local newspaper and filed with the County Clerk. While the townships generally prepared a financial statement and filed it with the county, many of the financial statements did not include a detailed account of the township's receipts and disbursements, as required by Section 231.280, RSMo 2000, and were not published as required by state law.
- D. The County Clerk's Office collects various fees which are held until they are transmitted to the County Treasurer. The following weaknesses were noted.

1. Receipt slips are not issued for some monies received. In addition, some receipts are not posted to the monthly fee sheet.

To ensure monies are properly accounted for and transmitted intact, pre-numbered receipt slips should be issued for all monies received and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.

2. Receipts are not transmitted to the County Treasurer on a timely basis. We noted the County Clerk's Office transmitted receipts to the County Treasurer three times in 2000. In addition, receipts from May 2000 to December 2000 were not transmitted until February 2001 and were not transmitted to the County Treasurer intact as cash was withheld for postage (\$790 collected, \$638 transmitted and \$152 used for postage).

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact monthly as required by Section 50.360, RSMo 2000. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

While the County Clerk does not collect a large amount of fees, control weaknesses such as these need to be improved.

Similar conditions to Parts A and B were noted in our prior reports.

**WE RECOMMEND** the County Clerk:

- A. Establish and maintain an account book of the Ex Officio County Collector's and township collector's transactions, and the County Commission make use of this account book to verify the Ex Officio County Collector's annual settlements.
- B. Prepare any additions to the tax books and charge the collectors with the additions at the time the additions are prepared.
- C. Prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file their detailed financial statements with the county and publish in a local newspaper in accordance with state law.
- D.1. Issue pre-numbered receipt slips for all monies received and reconcile the composition of the receipts to the composition of the transmittal to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.

2. Transmit all monies to the County Treasurer intact monthly. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

### **AUDITEE'S RESPONSE**

*The County Clerk provided the following responses:*

- A. *I will work with the County Collector to set up an account book and maintain it on a monthly basis.*
- B. *I will review this with the County Collector and determine how we can accomplish adding these amounts to the tax books.*
- C. *I agree with the recommendation and will address the requirements with each of the townships.*
- D.1. *This has been implemented.*
- D.2. *This will be implemented.*

<b>6. Ex Officio County Collector</b>
---------------------------------------

- A. The Ex Officio County Collector used an incorrect average Proposition C ratio for school collections when computing commission and assessment fund withholdings from state assessed railroad and utility taxes. As a result, approximately \$8,100 is due to the various school districts (\$6,075 from the General Revenue Fund and \$2,025 from the Assessment Fund) for the two years ended February 28 (29), 2001 and 2000.
- B. Surtax collections are to be distributed to various political subdivisions based on percentages derived from a combination of the 1984 merchants' and manufacturing taxes paid and the current assessed valuation for subclass 3 commercial property for each year compared to the 1985 valuation.

The 2000 and 1999 surtax collections were distributed by the Ex Officio County Collector using percentages calculated in 1995. The calculation has not been updated since that time and growth has not occurred in a consistent manner throughout the county.

Section 139.600.3, RSMo 2000, outlines the procedures to be followed to calculate the percentages for distributing surtax. Since significant changes have occurred in the subclass 3 commercial property assessed valuation amounts, political subdivisions have not received the proper allocation of surtax collections.

**WE RECOMMEND** the Ex Officio County Collector:

- A. Recalculate commissions and assessment withholdings related to the various school districts and making corrections for amounts improperly distributed to General Revenue Fund and Assessment Fund. In addition, the Ex Officio County Collector needs to ensure future Proposition C commissions are computed properly.
- B. Calculate the percentages which should have been used for each of the two years ended February 28 (29), 2001 and 2000, and apply these percentages to the respective surtax collections. The newly calculated distributions should be compared to the actual distributions and adjustments made to future distributions.

**AUDITEE'S RESPONSE**

*The Ex Officio County Collector provided the following responses:*

- A. *I have corrected the calculation for the current tax year and will work with the County Clerk and the County Commission in correcting the prior years.*
- B. *This will be done.*

<b>7. Circuit Clerk and Ex Officio Recorder of Deeds</b>
----------------------------------------------------------

A review of the Circuit Court, Associate Court, Probate Court and Ex Officio Recorder of Deeds' Office under the Circuit Clerk's authority disclosed the following concerns:

- A. The Circuit Clerk's office opened one consolidated bank account for the Circuit Court, Associate Division and Probate Division in March 1999. The Court maintains several old bank accounts that are no longer utilized. Monies held in these accounts should be identified and disbursed so that the accounts may be closed. The account balances at December 31, 2000, are as follows:

Circuit Division Account	\$34,398
Associate Division Account	3,362
Child Support Account	1,386

- B. Our review of the Ex Officio Recorder of Deeds' interest account found that only twenty-seven percent of the monthly interest earned is turned over to the County Treasurer.

Interest earned on the Ex Officio Recorder's account represents accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

**WE RECOMMEND** the Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Identify the monies held in the old bank accounts and disburse the monies so that the accounts can be closed.
- B. Ensure all of the interest earned on the Ex Officio Recorder of Deeds' bank account is remitted to the County Treasurer at least monthly.

**AUDITEE'S RESPONSE**

*The Circuit Clerk/Ex Officio Recorder of Deeds provided the following responses:*

- A. *I am in the process of transferring all monies (excluding interest) into the consolidated account. I am waiting for assistance from the Office of State Courts Administrator for some reconciling items on the old accounts. I will be using the old Circuit Division Account for all of my interest monies.*
- B. *The remaining interest monies have been turned over to the county and we are currently turning over all interest on a monthly basis.*

<b>8. Sheriff's Accounting Controls and Procedures</b>
--------------------------------------------------------

The Sheriff's office collected approximately \$195,000 annually in fees and bonds for the two years ended December 31, 2000.

- A. We noted the following concerns regarding receipts:
  - 1. Receipt slips are not issued for some monies received. Receipt slips are not issued for checks received through the mail, and we noted several cash bonds received for which a receipt slip was not issued.

To adequately account for all receipts, prenumbered receipt slips should be issued for all receipts, and the numerical sequence should be accounted for properly and the composition of receipt slips issued should be reconciled to the composition of deposits.
  - 2. Receipts are not deposited on a timely basis. We noted that deposits were made approximately once a week, and averaged from \$800 to \$1,000 for bonds and \$200 to \$300 for fees. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
  - 3. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made.

To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

4. Receipts are not posted to the cash control ledger on a timely basis. Receipts are posted to the cash control ledger approximately once a week. To ensure accounting records are complete and to assist in the reconciliation process, receipts should be posted to the cash control ledger on a timely basis.
- B. The Sheriff receives commissions each year from calendar sales. The current Sheriff and the former Sheriff did not deposit these monies into a bank account or otherwise account for the monies and indicated the monies were used to pay for equipment and supplies for the office. The current Sheriff received commissions totaling \$445 for the 2001 calendar and has approximately \$300 remaining.

These monies represent accountable fees and should be paid to the County Treasurer as required by Section 50.360, RSMo 2000. The Sheriff should turn over any remaining calendar monies and ensure future payments are remitted to the County Treasurer.

- C. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- D. The Sheriff's department maintains a fuel tank for patrol vehicles. Although fuel use is logged, fuel usage noted on the log is not reconciled to fuel purchased. To reduce the risk of loss, misuse, or theft, fuel usage should be reconciled to fuel purchased, and significant differences should be investigated.

**WE RECOMMEND** the Sheriff:

- A.1. Issue prenumbered receipt slips for all monies received and reconcile the composition of receipts to the composition of bank deposits.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
3. Restrictively endorse checks and money orders immediately upon receipt.



4. Post all receipts to the cash control ledger on a timely basis.
- B. Turn over calendar monies to the County Treasurer as required by state law.
- C. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, perform periodic inventories of seized property.
- D. Reconcile fuel usage to fuel purchased and investigate significant differences.

### **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *These recommendations have been implemented.*
- B. *I was not aware these monies should be turned over to the county. I asked other County Sheriffs' who told me they used the money for law enforcement purposes. I will turn over the remaining \$300 and ensure future proceeds are turned over to the county.*
- C. *I have been actively working on inventorying all items stored in the property room to ensure everything is properly logged. I am currently working with the Prosecuting Attorney to determine which cases are active and those that have been disposed. I have received destruction orders for those cases (evidence) with final disposition.*
- D. *We are currently reviewing fuel usage to fuel purchases.*

<b>9. Prosecuting Attorney's Procedures and Controls</b>
----------------------------------------------------------

The Prosecuting Attorney's office collects court-ordered restitution and bad check restitution and fees. During a previous audit, numerous concerns were noted over the accounting controls and procedures of the Prosecuting Attorney's office. While several of our recommendations have been implemented, others have yet to be addressed and are included in the following areas of concern:

- A. Receipts are not always deposited on a timely basis. Receipts are normally deposited once or twice per week with an average deposit amount of \$500 to \$1,000. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. Monthly listings of open items (liabilities) are not reconciled to the cash balance. As of December 31, 2000, the reconciled bank balance totaling \$1,385 exceeded the open items listing by \$727.

Monthly listings of liabilities should be reconciled to the cash balance to ensure accounting records are in balance and that sufficient cash is available for the payment of liabilities.

- C. The employee responsible for receiving and depositing monies is not bonded. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled.
- D. The Prosecuting Attorney's office maintains a log of bad checks turned over for collection; however, the log has not been updated in a timely manner. Our review of the bad checks on October 31, 2001, noted amounts owed for individuals that had been paid the previous week which had not been recorded on the log. In addition, the log did not list some individuals and amounts for bad checks that had been recently turned over to the Prosecutor's office for collection, although the Prosecutor's office had issued a 10 day letter seeking restitution. The Prosecutor's office should ensure all activity is promptly posted to the bad check log.

To ensure all bad checks are accounted for properly, a complete listing of all bad checks filed with the Prosecuting Attorney should be maintained and updated in a timely manner.

- E. The Prosecuting Attorney sometimes waives the bad check fee charged to the bad check writer; however, the waiver by the Prosecuting Attorney is not documented. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.

Conditions similar to Parts A, C, and D. were noted in a prior report. In addition, similar concerns to Parts A. and B. were noted in our letter to the Dade County Prosecuting Attorney dated November 28, 2000.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Ensure receipts are deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that the monthly open items listing (liabilities) is reconciled to the cash balance on a monthly basis. Unidentified differences should be investigated and resolved.
- C. Obtain bond coverage for the employees of her office.
- D. Maintain a complete listing of all bad checks filed and their disposition and ensure the listing is updated in a timely manner.
- E. Approve and document all waivers of bad check fees.

## **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *We are currently complying with the recommendation.*
- B. *A portion of the difference (at least \$238) is interest earned on our bank account during the last several years which we will turn over to the county. We will review the remaining difference and distribute according to state law.*
- C. *The county is in the process of obtaining bond coverage for county employees.*
- D. *We are complying with this recommendation. This occurred during the time period immediately following the death of our employee.*
- E. *I will document everytime a fee is waived.*

<b>10. Health Center's Accounting Controls and Procedures</b>
---------------------------------------------------------------

- A. Health Center disbursements have exceeded receipts for the four years ended December 31, 2000. As a result, the health center's financial condition has declined over the past several years. The following shows receipts, disbursements, and ending cash balances for the four years ended December 31, 2000:

	2000	1999	1998	1997
Cash balance, January 1,	46,407	68,259	87,135	106,966
Receipts	205,278	191,916	220,801	245,823
Disbursements	235,179	213,768	239,677	265,654
Cash balance, December 31,	16,506	46,407	68,259	87,135

The Board of Trustees should review discretionary disbursements to ensure efficient use of resources available to the health center and should attempt to maximize receipts from all sources. In addition, the board needs to ensure an effective system of accounting and administrative controls are in place, including an effective financial reporting system and procedures to monitor budgeted and actual activity. The recommendations contained in the remaining MAR, if implemented will help establish these controls and procedures.

- B. Budgets prepared by the health center were not accurate and complete. Incorrect cash balances have been reported to the board. The health center reported the following cash balances:

	Health Center	Audited	Difference
Cash balance, December 31, 1999	73,656	46,407	27,249
Cash balance, December 31, 2000	32,345	16,506	15,839

In addition, receipts and disbursements for 1999 and 2000 contained numerous classification errors and were not correctly stated. Receipts were overstated by approximately \$12,000 for 1999 and understated by approximately \$10,000 for 2000. Errors were also noted for disbursements during both years. The Board of Trustees did not adequately review the financial reports to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures.

C. Our review of cash controls revealed the following:

1. Receipt slips are not issued for some monies received. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slip should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits.
2. Monies received are not always deposited intact and are not deposited in a timely manner. Receipts are deposited approximately once per week and the amounts range from \$500 to \$1,000. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

D. The Health Center does not adequately monitor the vacation and sick leave balances of the employees. During our review of the health center's payroll records, we noted leave records that did not agree with the specific time sheets for some health center employees. The health center does not reconcile the leave records to the manual time sheets prepared by the employees to ensure leave is adequately recorded.

Accurate records of leave and compensatory time are necessary to ensure compliance with the Fair Labor Standards Act (FLSA) and to ensure employees are properly compensated for accumulated leave.

E. Additions of fixed asset are not always recorded as they occur and fixed asset purchases per the expenditure records are not reconciled to additions per the

inventory records. During our review of health center expenditures, we noted a computer and some computer related equipment that had not been added to the fixed asset records. Adequate general fixed asset records are necessary to safeguard the assets and to provide a basis for proper insurance coverage.

- F. The Health Center Board does not have a depositary contract with its depositary bank. A depositary agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged. No formal written depositary agreements and inadequate collateral securities leave board funds unsecured and subject to loss in the event of bank failure.
- G. The health center did not publish annual financial statements. Section 50.800 and 50.810, RSMo 2000, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the health center's financial activities, the board should publish annual financial statements of the Health Center Fund.

**WE RECOMMEND** the Health Center Board of Trustees:

- A. Take the necessary steps to improve the financial condition of the health center and develop a plan to seek additional revenue sources and reduce operating costs to maintain a balance sufficient to service health center operations.
- B. Ensure that the budget is prepared accurately to reflect the financial activity of the health center.
- C.1. Require that prenumbered receipt slips to be issued for all monies received. In addition, the method of payment should be recorded on the receipt slips and the composition of receipts should be reconciled to deposits.
  - 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Ensure accurate records of leave and compensatory time are maintained.
- E. Record all additions of fixed assets as they occur and ensure purchases are reconciled periodically to additions to the property records.
- F. Enter into a written depositary agreement with any bank which holds board monies.
- G. Publish annual information for the Health Center Fund in accordance with state law.

## **AUDITEE'S RESPONSE**

*The Health Center Board of Trustees provided the following responses:*

- A. We are always looking at additional programs to provide funding for the health center and improve benefits to the county. Our financial status at the end of 2001 has improved with a reconciled cash balance of approximately \$31,000 (at December 31, 2001). We continually monitor the financial condition of the health center.*
- B. Greater care will be taken to ensure the budget document is prepared accurately.*
- C.1. We are currently posting receipts for all monies received.*
  - 2. This will be implemented.*
- D. We are currently tracking all leave on a manual basis.*
- E. We have taken a complete inventory of all health center assets and brought our fixed asset record up-to-date.*
- F. We will obtain a depository agreement.*
- G. This will be done for calendar year 2001.*

This report is intended for the information of the management of Dade County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

DADE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dade County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The county did not solicit bids for the purchase of a patrol car from the Sheriff.
- B. The county did not always solicit bids nor was bid documentation always retained for various purchases.
- C. The county did not make the required monthly payments to the Missouri Office of Prosecuting Services (MOPS) for the retirement fund.
- D. The county overpaid an engineering firm resulting from the county not reconciling individual invoices to the progress invoice submitted by the engineering firm.
- E. The county did not deposit the monies received from the state Peace Officer Standards and Training Commission Fund in a separate Law Enforcement Training Fund.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases from county officials and accept the lowest bids.
- B. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- C. Authorize a payment of \$10,500 to the Missouri Office of Prosecution Services for amounts due as of December 31, 1997, and make monthly payments of \$375 as required by state law.
- D. Reconcile the individual paid invoices to progress invoices submitted by the engineering firm and seek reimbursement of the \$5,461 overpayment.



- E. Establish a Law Enforcement Training Fund to account for training fees received.

Status:

A, C

&E. Implemented.

B&D. Not implemented. See MAR finding number 2.

2. Budgets and Published Financial Statements

- A. Formal budgets were not prepared for various county funds and the budgets for the Health Center Fund were not filed with the State Auditor's office.
- B. Actual expenditures exceeded budgeted amounts in the Special Road and Bridge Fund in 1996 and 1995.
- C. The county's annual published financial statements did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds and filed with the State Auditor's office as required by state law.
- B. Keep expenditures within the budgetary limits. Extenuating circumstances should be fully documented and budgets properly amended in accordance with state law.
- C. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

- A. Partially implemented. The Health Center Fund was filed with the State Auditor's office; however, budgets were not prepared for various funds. See MAR finding number 1.
- B. Partially implemented. Although actual expenditures did not exceed budgeted amounts for the Special Road and Bridge Fund, actual expenditures exceeded budgeted amounts in various county funds. See MAR finding number 1.

- C. Partially implemented. All of the county funds were published except the Law Library Fund and the Circuit Clerk Interest Fund. The Health Center Board of Trustees did not publish financial statements for the health center. See MAR finding number 10.

3. Personnel Policies and Procedures

- A. Most county employees did not prepare or file time sheets with the County Clerk's office.
- B. The county had not adopted a countywide overtime policy.
- C. Centralized leave records were not maintained and the county had not adopted a countywide sick leave policy nor a vacation policy for part-time employees.

Recommendation:

The County Commission:

- A. Require all county employees to complete time sheets which reflect actual time worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Adopt an overtime policy for all nonexempt county employees in compliance with the FLSA.
- C. Maintain centralized leave records for all county employees. In addition, a formal vacation leave policy for part-time employees as well as a sick leave policy for all county employees should be adopted.

Status:

A&B. Implemented.

- C. Partially implemented. The county has adopted a formal vacation leave policy for part-time employees and a sick leave policy for all county employees; however, centralized leave records are not maintained. See MAR finding number 3.

4. Federal Financial Assistance

- A. The county had not adopted a formal policy of nondiscrimination.
- B. Deputies did not prepare time sheets to support salary reimbursements received under the Domestic Cannabis Eradication/Suppression Program.

Recommendation:

The County Commission:

- A. Establish a written nondiscrimination policy to ensure compliance with the Civil Rights Act. Civil rights policy statements should be adequately communicated.
- B. Contact the federal grantor agency to resolve the questioned costs and ensure time sheets or other documentation to support federal personal service expenditures are maintained.

Status:

- A. Implemented.
- B. The county did not continue the Domestic Cannabis Eradication/Suppression program and was not required to pay back any money.

5. County Officials' Compensation

- A. The County Clerk had not attended training but accepted the portion of his compensation that was contingent upon training. At December 31, 1994, the total amount due from the County Clerk to the General Revenue Fund was \$16,000.
- B. The County Coroner was overpaid \$1,000 because he did not attend training.
- C. The county paid a portion of the Prosecuting Attorney's official salary to an assistant prosecuting attorney.

Recommendation:

The County Commission:

- A. Seek reimbursement of \$16,000 from the County Clerk and ensure the County Clerk obtains proof of training for 1995.
- B. Seek reimbursement of \$1,000 from the County Coroner, and require the County Coroner to file a training certificate or exemption before paying the portion of his salary dependent upon training.
- C. Discontinue paying a portion of the Prosecuting Attorney's salary to an assistant prosecutor.

Status:

- A. The County Clerk obtained proof of training for 1995. A special prosecutor was appointed by the Circuit Judge in March 2000 to review a complaint filed with the circuit court by a county resident related to the salary overpayment. A settlement was reached in October 2000 that provided repayment of \$4,000. Clerk McGuire made his final payment in October 2001.

B&C. Implemented.

6. Prosecuting Attorney's Controls and Procedures

- A. The cash control ledger did not provide an accurate summary of transactions. Checks totaling \$230 were disbursed from the bank account; however, receipts identifiable to this disbursement could not be traced to specific bank deposits.
- B. Receipts were not deposited intact on a timely basis. The Prosecuting Attorney's clerk used personal money to make change.
- C. The method of payment received was not indicated on the receipt slips.
- D. Money orders received were not restrictively endorsed immediately upon receipt and were kept in an unsecured location.
- E. A complete listing of all bad checks received and their disposition was not maintained.
- F. Documentation of the monthly bank reconciliations were not maintained.
- G. Accounting duties were not adequately segregated.
- H. The employee responsible for receiving and depositing monies was not bonded.
- I. Additional compensation totaling \$1,800 was paid to employees of the Prosecuting Attorney for overtime and year-end bonuses. Time sheets were not completed to document the overtime incurred.

Recommendation:

The Prosecuting Attorney:

- A. Investigate the \$230 of undeposited receipts and take appropriate action to recover any missing amounts. A complete cash control ledger should be maintained and procedures should be established to ensure proper reconciliations of receipts, deposits, and disbursements.

- B. Deposit all monies received intact daily or when accumulated receipts exceed \$100. In addition, the Prosecuting Attorney should establish a change fund and maintain it at a constant amount if needed, and discontinue commingling personal monies with official receipts.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Restrictively endorse all money orders payable to the Prosecuting Attorney immediately upon receipt and keep them in a secure location until deposited.
- E. Maintain a complete listing of all bad checks filed and their disposition.
- F. Retain documentation of monthly bank reconciliations.
- G. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- H. Obtain bond coverage for the employees of her office.
- I. Discontinue paying bonuses to employees and ensure documentation of all overtime worked is maintained.

Status:

- A. The Prosecuting Attorney reviewed the situation and determined the payments were made directly to the victim.
- B. Partially implemented. The Prosecuting Attorney only accepts money orders; therefore, personal monies are not used to make change. Deposits are not made timely. See MAR finding number 9.

C,D,F,  
G&I. Implemented.

E&H. Not implemented. See MAR finding number 9.

7. Sheriff's Controls and Procedures

- A. Receipts totaling \$700 were not deposited into the Sheriff's bank account during the last two audits.
- B.1. Receipt slips were not issued for monies received and the method of payment (cash, check, money order, etc.) was not indicated on the receipt slips.

2. Receipts were not deposited intact on a timely basis.
  3. Checks and money orders received were not restrictively endorsed upon receipt.
  4. Some bonds were transmitted directly to various courts without obtaining receipts from the applicable court documenting their turnover. In addition, bonds were not transmitted to the applicable courts in a timely manner.
  5. The cash control ledger was not complete and receipts were not posted to the cash control ledger on a timely basis.
- C. Monies received for advertising space on the Sheriff's department calendar were retained by the Sheriff and not properly accounted for.
- D. Fees were not turned over to the County Treasurer on a monthly basis.
- E. Listings of open items (liabilities) were not prepared.
- F. Accounting duties were not adequately segregated.

Recommendation:

The Sheriff:

- A. Investigate the \$700 of undeposited receipts and take appropriate action to recover this amount.
- B.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. In addition, the Sheriff should indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
  3. Restrictively endorse checks and money orders immediately upon receipt.
  4. Deposit all bond monies into the bond account, or, if bond monies must be transmitted directly to various courts, ensure the bonds are transmitted immediately and receipt slips from the courts are retained.
  5. Post all receipts to the cash control ledger on a timely basis.
- C. Turn over calendar monies to the County Treasurer as required by state law. The Sheriff should attempt to identify monies received in 1995 and any unaccounted monies should be turned over to the county.

- D. Turn over all fees to the County Treasurer on a monthly basis as required by state law.
- E. Prepare monthly listings of open items and reconcile to the cash balances. Differences between the open items and cash balances should be investigated and resolved.
- F. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

- A. Not implemented. The former Sheriff indicated the missing monies were investigated and taken care of. We were unable to determine that any of the missing monies had been repaid or resolved by the former Sheriff. Although not repeated in our current MAR, our recommendation remains as stated above.

B.1-3,

B.5,

- &C. Not implemented. See MAR finding number 8.

B.4,D,

E&F. Implemented

8. County Clerk's Procedures

- A. The County Clerk did not maintain an account book with the Ex Officio County Collector.
- B. Additions to the tax books were made by the township collectors or the Ex Officio County Collector only when the taxes were paid. State law required the County Clerk to prepare all additions and charge these amounts to the collectors.

Recommendation:

- A. Establish and maintain an account book of the Ex Officio County Collector's and township collector's transactions, and the County Commission make use of this account book to verify the Ex Officio County Collector's annual settlements.
- B. Prepare any additions to the tax books and charge the collectors with the additions at the time the additions are prepared.

Status:

- A&B. Not implemented. See MAR finding number 5.

9. County Assessor's Controls and Procedures

- A. A monthly report of fees collected was not filed with the County Commission.
- B. Receipts were maintained in an unsecured location and were transmitted approximately every two months.
- C. Receipts were not transmitted intact to the County Treasurer.
- D. The County Assessor allowed her employees to borrow from the cash receipts.
- E. Prenumbered receipt slips were not accounted for properly.

Recommendation:

The County Assessor:

- A. Prepare monthly reports of fees as required by state law.
- B. Keep receipts in a secure location, and transmit receipts at least monthly to the County Treasurer.
- C. Transmit all receipts intact to the County Treasurer. If a petty cash fund is needed, it should be maintained at a constant amount and all reimbursements to the petty cash fund should be made by warrant requests approved by the County Commission.
- D. Discontinue the practice of allowing employees to borrow from cash receipts.
- E. Retain the carbon copies of all receipt slips and the original copies of all voided receipt slips.

Status:

- A-C,  
& E. Not implemented. The new assessor took office in September 2001 and made some improvements. Although not repeated in our current MAR, our recommendation remains as stated above.
- D. Implemented.

10. Health Center

- A. The method of payment received was not always indicated on receipt slips.
- B. Checks were occasionally signed in advance by one of the board members.



- C. The health center did not have a written depositary agreement with its depositary bank. The depositary bank did not pledge collateral securities to cover amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage.
- D. The health center's general fixed asset records were in need of improvement.

Recommendation:

The Health Center Board of Trustees:

- A. Indicate the method of payment received on all receipt slips and reconcile the composition of receipt slips issued to the composition of bank deposits.
- B. Ensure checks are not signed in advance of their preparation.
- C. Enter into written depositary contracts with all banks which hold health center monies and ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- D.1. Maintain general fixed asset records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances.
  - 2. Maintain general fixed asset records with a detailed description of each item to include acquisition dates, serial numbers, cost, and date and method of disposition.
  - 3. Record additions of general fixed assets as they occur and reconcile general fixed asset purchases to additions to the property records.

Status:

A, D.1

&D.3. Not implemented. See MAR finding number 10.

B&

D.2. Implemented.

- C. Partially implemented. The health center funds were adequately secured; however, the health center has not entered into a depositary agreement with its depositary bank. See MAR finding number 10.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

DADE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Dade was named after Francis L. Dade, a pioneer settler. Dade County is a township-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Greenfield.

Dade County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Dade County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 116,518	11	71,132	7
Sales taxes	229,901	21	217,113	22
Federal and state aid	618,119	55	574,100	58
Fees, interest, and other	149,743	13	129,884	13
Total	\$ 1,114,281	100	992,229	100

The following chart shows how Dade County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 402,328	35	370,456	34
Public safety	128,000	11	91,500	8
Highways and roads	634,507	54	646,207	58
Total	\$ 1,164,835	100	1,108,163	100

In addition, Dade County received \$298,945 and \$300,248 of revenues in the Law Enforcement Fund and expended \$299,229 and \$327,743 for the purpose of public safety in 2000 and 1999.

The county maintains approximately 115 county bridges and 586 miles of county roads.

The county's population was 6,850 in 1970 and 7,449 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	37.4	36.6	26.5	12.8	9.5
Personal property		18.7	16.4	10.6	6.1	3.8
Railroad and utilities		14.2	13.7	7.3	7.3	3.9
Total	\$	70.3	66.7	44.4	26.2	17.2

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dade County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$	.14	.13
Health Center Fund		.10	.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 20,997	20,347
General Revenue Fund	103,868	86,855
Road Funds	286,987	278,357
Assessment Fund	36,757	33,805
Health Center Fund	69,235	66,910
School districts	2,481,841	2,299,398
Library district	63,533	60,650
Ambulance district	62,078	59,648
Fire protection district	64,947	2,867
Townships	73,744	70,868
Hospital district	22	22
Nursing home district	161,045	90,726
Technical college district	16,828	15,847
Cities	19,984	19,695
County Clerk	10,405	10,756
County Employees' Retirement Fund	6,685	7,350
Commissions and fees:		
Townships	32,827	30,590
General Revenue Fund	31,852	31,665
Total	\$ <u>3,543,635</u>	<u>3,186,356</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	92.3 %	93.5 %
Personal property	92.9	91.5
Railroad and utilities	100	100

Dade County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Law enforcement	.0050	None	None
Local option use tax	Fluctuates with local sales tax rate		

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Rex A. Wilkinson, Presiding Commissioner	\$	18,800	18,800
Joe E. McGee, Associate Commissioner *		16,800	16,800
Franklin Heiskell, Associate Commissioner *		16,800	16,800
Larry W. McGuire, County Clerk		29,440	29,440
Randee Stemmons, Prosecuting Attorney		33,540	33,540
Wayne Spain, Sheriff		28,025	27,725
Mark A. White, County Coroner		1,480	1,480
Mary E. Brown, Public Administrator **		8,067	7,577
Rod O'Connor, Treasurer and Ex Officio County Collector, year ended March 31,	23,262	22,901	
Sharon Lee Williams, County Assessor ***, year ended August 31,		28,800	28,800
Clark McLemore, County Surveyor ****		N/A	
Sam L. Orr, County Surveyor *****			N/A

\* The Associate Commissioners' salary amounts included a \$3,200 (per year) mid-term salary increase given pursuant to Section 50.333.13, RSMo, which the Missouri Supreme Court held was unconstitutional. Both Associate Commissioners repaid their mid-term raise totaling \$6,400 in September 2001.

\*\* Includes fees received from probate cases.

\*\*\* Includes \$900 annual compensation received from the state.

\*\*\*\*\* Compensation on a fee basis.

State-Paid Officials:

Brenda Adams, Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
David R. Munton, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	2	3
County Clerk	2	
Prosecuting Attorney	3	
Sheriff	8	
Treasurer and Ex Officio County Collector	1	
County Assessor	2	
Health Center	13	
Total	<u>31</u>	<u>3</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Dade County's share of the Twenty-Eighth Judicial Circuit's expenses is 14.93 percent.

\* \* \* \* \*





**REVIEW OF INDEPENDENT AUDITS OF  
FIRE PROTECTION DISTRICTS  
IN GREENE COUNTY**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-20  
March 11, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

**The annual review of audits of fire protection districts in Greene County has been completed. This review covered reports for the year ended December 31, 2000 that were required to be submitted to the State Auditor's office within six months after the year end.**

---

State law requires Greene County fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year.

Eight of eleven districts in the county are required to have at least a biennial audit. The State Auditor's Office accepted all seven of the audit reports that were received for the year(s) ended December 31, 2000. In addition, the State Auditor also accepted the audit report of the Walnut Grove Fire Protection District for the two years ended December 31, 1999. That report, due June 30, 2000, was not received until December 2001. The three other districts submitted unaudited financial statements.

Untimely reporting has increased compared to the last two years with three of the seven audit reports received after the June 30, 2001 statutory deadline, as compared to the last two years, when only one report was delinquent in 1999 and in 1998.

This report includes information about the districts' revenues, expenditures, and balances, and summarizes comments made by the various districts' independent auditors including recommendations for improving accountability and management of finances.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION  
DISTRICTS IN GREENE COUNTY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-2
EXECUTIVE SUMMARY.....	3-5
SCOPE AND METHODOLOGY .....	6-8
SCHEDULES: .....	9-16

<u>Schedule</u>	<u>Description</u>	
1	Comparative Schedule of Revenues, Expenditures, and Balances, Two Years Ended December 31, 2000 .....	10
2	Schedule of General Fixed Assets, December 31, 2000 .....	11
3	Comparative Schedule of Assessed Valuations and Tax Levies Two Years Ended December 31, 2000 .....	12
4	Schedule of Fees for Audit Services Year Ended December 31, 2000 .....	13
5	Schedule of Compensation Paid to Directors by District Two Years Ended December 31, 2000 .....	14
6	Summary of Management Letter Comments Issued By Auditors in Connection with Audits of the Year(s) Ended December 31, 1999 and 2000 .....	15-16
APPENDICES: .....		17-20

<u>Appendix</u>		
A	Section 321.690, RSMo 2000 .....	18
B	CSR, Title 15 - Elected Officials Division 40 - State Auditor, Chapter 4 - Audits of Fire Protection Districts in St. Louis and Greene Counties .....	19-20



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Boards of Directors of Fire Protection  
Districts in Greene County

Fire protection districts in Greene County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in Greene County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in Greene County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and the comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report has been changed to include an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the Greene County fire protection districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 4, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
Audit Staff:	Ted Fugitt, CPA

## EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF  
FIRE PROTECTION DISTRICTS  
IN GREENE COUNTY  
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts in Greene County with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed. Based upon financial statements filed, the Ash Grove, Bois D'Arc, and West Republic Fire Protection Districts had annual revenues of less than \$50,000, therefore they were exempted from the audit requirement.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all seven of the audit reports that were received for the year(s) ended December 31, 2000. In addition, the State Auditor also accepted the audit report of the Walnut Grove Fire Protection District for the two years ended December 31, 1999.

Some instances of non-compliance were noted during our review of the fire protection districts' audit reports. The problems noted included, failure to submit an audit report to the State Auditor's office (SAO) by the required date, failure to submit engagement letters to the SAO, failure to include some required financial information in the report, and failure to include some needed comments and recommendations in management letters.

Three of the seven audit reports were received after the June 30, 2001, statutory deadline, as noted below:

<b><u>Fire Protection District</u></b>	<b><u>Date Received</u></b>
Brookline	July 16, 2001
Fair Grove	October 4, 2001
Willard	October 24, 2001

The Walnut Grove Fire Protection District audit report was the only report that was not filed timely for the year ended December 31, 1999. This audit, which should have been completed and submitted to the State Auditor by June 30, 2000, was not received until December 2001, and is included in this review.

Untimely reporting has increased compared to the last two years, when only one report was delinquent in 1999 and in 1998. While not only required by statute, timely audits also provide information to the board and the citizens on the financial status of the district and ways to

improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

We reviewed the relationship of the General Fund balance at December 31, 2000 to the year's expenditures for each of the districts receiving an audit for the year ended December 31, 2000. The financial status of the Greene County Fire Protection Districts has remained fairly consistent over the past several years. Three districts, Battlefield, Strafford, and Willard, had fund balances greater than one year's cost of operations. The Battlefield Fire Protection District steadily accumulated funds from 1996 through 1998, and then invested in a new training center and fire station in 1999. Even with Battlefield Fire Protection District's large investment in capital assets, they have accumulated a cash and investment balance at December 31, 2000 that exceeds the district's expenditures for that year. The fire districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The fire protection districts are continuing to add to their capital structure in buildings and equipment each year. In 2000, the asset balances of all districts increased by more than \$1 million. Assessed valuations for most districts continue to rise, while the tax rates have remained steady. Audit fees ranged from \$1,000 to \$5,350 per district, and compensation to directors has remained fairly consistent during 2000 and 1999.

Independent auditors made specific recommendations to improve the overall management of the fire districts. Recommendations included concerns regarding expenditures, budgets, methods of financing, accounting for a related organization, accounting records and various other policies and procedures. Each fire district should review all recommendations and the applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.



## SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF  
FIRE PROTECTION DISTRICTS  
IN GREENE COUNTY  
SCOPE AND METHODOLOGY

**Scope**

At December 31, 2000, there were eleven fire protection districts in Greene County. Eight audits and three financial statements have been received as follows:

1. The Battlefield, Ebenezer, Strafford, and Willard Fire Protection Districts obtained audits for the year ended December 31, 2000. Each of these districts previously obtained audits for the year ended December 31, 1999. The Brookline, Fair Grove, and Logan-Rogersville Fire Protection Districts obtained audits for the two years ended December 31, 2000.
2. The Walnut Grove Fire Protection District's audit for the two years ended December 31, 1999, should have been submitted to the State Auditor by June 30, 2000, but was not received until December 2001. The Walnut Grove Fire Protection District plans to obtain an audit for the two years ended December 31, 2001.
3. The Ash Grove, Bois D'Arc and West Republic Fire Protection Districts were not required to obtain audits. Information presented in this report was obtained from unaudited information provided by these districts.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year(s) ended December 31, 2000, 2) reviewed the supporting working papers of various independent auditors' reports for the year(s) ended December 31, 2000, (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained audit fees for fire districts receiving audits through inquiry of the independent auditors performing the audits, and 4) reviewed unaudited financial information provided by the Ash Grove, Bois D' Arc and West Republic Fire Protection Districts. In addition, financial data for the year ended December 31, 1999, has been presented for comparative purposes.

**Methodology**

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all operating resources. In analyzing this schedule, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are as follows. The financial statements of the Battlefield, Brookline, Ebenezer, Fair Grove, Logan-Rogersville, Strafford, and Willard Fire Protection Districts are presented on the modified accrual basis of accounting in accordance with

generally accepted accounting principles. Revenues are recognized in the fiscal period in which they become available and measurable. Expenditures are recognized in the fiscal period in which the related liability is incurred. The financial statements of the Ash Grove, Bois D'Arc, Walnut Grove and West Republic Fire Protection Districts are presented on a cash basis of accounting. The ending balances represent cash balances. Revenues are recognized when received in cash and expenditures are recognized when disbursed in cash.

- Schedule 2 presents the General Fixed Asset balances of the districts at December 31, 2000, with comparative totals of general fixed assets at December, 31 1999. Presented are only the fire protection districts that obtained an audit for 1999 or 2000 and included a schedule of General Fixed Assets.
- Schedule 3 presents the assessed valuations of the individual fire protection districts as well as tax levies as submitted by the districts to the State Auditor's office.
- Schedule 4 is a listing of the audit fees for each fire protection district receiving an audit. This information was obtained through inquiry of the independent auditors who performed the audits.
- Schedule 5 is a listing of total compensation paid to directors by each district audited. However, the listing does not include the Fair Grove and Willard fire protection districts. This information was not included in the Willard fire protection district's audit report. During our review of the supporting working papers of the Fair Grove fire protection district's audit report, we noted that the compensation paid to directors was incorrectly reported. The remaining districts' independent audit reports included the names of the principal officeholders during the year ended December 31, 2000 and 1999, and the compensation received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. The districts have three-member boards of directors, except for the Brookline and Willard Fire Protection Districts which have five-member boards. When more than three or five names were listed, it was due to a change in the officials serving on the board.
- Schedule 6 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the reports and management letters were not verified by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

## **Limitations**

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and were not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information.

## SCHEDULES

## Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND BALANCES

District	Year Ended December 31,							
	1999				2000			
	Beginning Balance	Adjustment*	Revenues	Expenditures	Ending Balance	Revenues	Expenditures	Ending Balance
Ash Grove	\$ 6,921		44,411	49,378	1,954	40,024	39,139	2,839
Battlefield	1,404,076		709,768	1,455,572	658,272	776,299	522,755	911,816
Bois D'Arc	7,118		23,556	28,649	2,025	26,121	26,953	1,193
Brookline	159,187	(18,994)	137,465	92,115	185,543	242,158	229,646	198,055
Ebenezer	74,311		94,661	85,870	83,102	151,106	142,745	91,463
Fair Grove	87,458		115,856	128,172	75,142	70,409	77,783	67,768
Logan-Rogersville	478,093		505,947	502,730	481,310	535,363	534,527	482,146
Strafford	189,359		182,023	184,310	187,072	175,321	176,004	186,389
Walnut Grove	27,739		65,443	56,214	36,968		**	
West Republic	4,692		37,879	30,751	11,820	37,817	36,970	12,667
Willard	268,658		203,429	170,310	301,777	209,082	183,907	326,952
	\$ 2,707,612	(18,994)	2,120,438	2,784,071	2,024,985	2,263,700	1,970,429	2,281,288

\* Prior period adjustment made by the CPA firm.

\*\* The Walnut Grove Fire Protection District plans to obtain an audit for the two years ended December 31, 2001.

## Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY  
SCHEDULE OF GENERAL FIXED ASSETS

District		December 31, 2000			December 31, 1999
		Land and Buildings	Furniture and Equipment	Total	Total
Battlefield	\$	1,433,332	1,283,007	2,716,339	2,585,905
Brookline		168,220	253,951	422,171	267,586
Ebenezer		140,637	325,797	466,434	393,335
Logan-Rogersville		989,858	1,317,856	2,307,714	1,526,636
Strafford		244,107	283,218	527,325	487,738
Walnut Grove				*	206,485
Willard		317,590	684,995	1,002,585	944,296
	\$	3,293,744	4,148,824	7,442,568	6,411,981

\* The Walnut Grove Fire Protection District plans to obtain an audit for the two years ended December 31, 2001.

## Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY  
 COMPARATIVE SCHEDULE OF ASSESSED VALUATIONS AND TAX LEVIES  
 YEARS ENDED DECEMBER 31, 2000 AND 1999

District	Assessed Valuation		Tax Levy Per \$100 of Assessed Valuation	
			General	
	2000	1999	2000	1999
Ash Grove	\$ 15,883,574	15,368,419	0.27	0.27
Battlefield	256,895,228	239,675,108	0.27	0.27
Bois D'Arc	12,794,282	12,044,227	0.20	0.20
Brookline	53,542,773	47,941,475	0.27	0.27
Ebenezer	60,623,686	58,686,887	0.15	0.15
Fair Grove	33,927,863	32,215,740	0.19	0.20
Logan-Rogersville	193,423,158	183,354,671	0.26	0.26
Strafford	63,018,451	61,755,213	0.26	0.26
Walnut Grove	23,433,438	21,789,700	0.30	0.30
West Republic	14,442,429	13,291,570	0.28	0.28
Willard	73,438,469	68,690,012	0.27	0.27

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY  
SCHEDULE OF FEES FOR AUDIT SERVICES  
DECEMBER 31,2000

District	Audit	
	Fees	
Battlefield	4,950	*
Brookline	2,950	**
Ebenezer	1,100	*
Fair Grove	3,600	**
Logan-Rogersville	5,350	**
Strafford	2,100	*
Walnut Grove	1,000	***
Willard	3,100	*

\* Audit was for the year ended December 31, 2000.

\*\* Audit was for the two years ended December 31, 2000.

\*\*\* Audit was for the two years ended December 31, 1999.



Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY  
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2000	1999
Battlefield	\$ 5,748	\$ 5,745
Brookline	485	131
Ebenezer	0	0
Fair Grove	*	*
Logan-Rogersville	4,700	3,290
Strafford	5,350	5,150
Walnut Grove	**	2,614
Willard	***	1,000

\* The district's auditor reported no compensation was paid; however, during our review of the independent auditor's working papers, we identified amounts paid to a director.

\*\* Walnut Grove plans to obtain an audit for the two years ended December 31, 2001.

\*\*\* The district's auditor did not include this information in the audit report for the year ended December 31, 2000.

## Schedule 6

### REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR(S) ENDED DECEMBER 31, 2000

#### Expenditures/Purchasing

- There was not a formal written bid policy.
- A clear audit trail was not maintained to distinguish between official and personal usage of a cell phone provided to a board member in lieu of payment of board fees. The Board made payments directly to the cellular telephone company rather than reimburse documented expenses of the board member.
- Checks did not require more than one signature.
- Control was lacking over invoices and expense reimbursements.
- Purchases were not monitored to ensure sales tax was not charged.

#### Budgets

- In two districts the budget did not contain all of the required components as specified by Chapter 67 RSMo.
- The budget did not include revenues and compute a projected fund balance.
- Actual expenditures exceeded budgeted expenditures.
- Annual budgets were not prepared and approved by the Board.

#### Methods of Financing

- Two districts obtained conventional bank loans to finance capital expansion when another source of financing should have been used to comply with state law.

#### Accounting for Related Organization

- There was not a proper separate accounting for the activities and assets of the fire protection district and those of a related organization.

#### Accounting Records and Procedures

- 1099's were not issued in applicable circumstances as required by federal law.
- Interim financial statements did not report cash and certificate of deposit balances.

- Accounting duties were not adequately segregated.
- Board approval for the renewal of certificates of deposit was not documented in minutes.
- Tax receipts were not direct deposited into the district's bank account to expedite processing of funds and to maximize interest revenues.
- The contract regarding the lease of land, building, and equipment from a related organization has not been updated and followed.
- All related party transactions were not fully discussed at board meetings and accurately documented.
- A running total of maintenance and repair expenses by vehicle was not maintained.

#### GASB 34

- Two Districts should become familiar and consult with their auditor regarding the requirements of Government Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments in order to assess the steps necessary to ensure successful implementation of this standard on the effective date.

## APPENDICES

*Missouri Revised Statutes*

**Chapter 321  
Fire Protection Districts  
Section 321.690**

**Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).**

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Title 15—ELECTED OFFICIALS****Division 40—State Auditor  
Chapter 4—Audits of Fire Protection  
Districts in St. Louis and Greene  
Counties****15 CSR 40-4.010 Requirements for Districts**

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.*

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

- (A) Period for which the financial statements are audited;
- (B) Purpose of the audit;
- (C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;
- (D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;
- (E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.020 Standards for Auditing and Financial Reporting**

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.*

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.030 Contents of Audit Reports**

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.*

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

- (A) A table of contents;
- (B) A report on the financial statements;
- (C) Combined financial statements and appropriate note disclosures;
- (D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;
2. Tax rates and assessed valuation;
3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and
4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

- (A) A history and organization section prepared by the district (unaudited);
- (B) Comparative financial data for one(1) or more years; and
- (C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

#### 15 CSR 40-4.040 Scope of Audit

**PURPOSE:** The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;
3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;
4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;
5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
6. Review related party transactions;
7. Review evaluate other areas as required by the district; and
8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;
2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and
3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;
2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;
3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;
4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;
5. Chapter 67, RSMo budgetary requirements;
6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;
7. Section 105.145, RSMo annual report;
8. Chapter 105, RSMo conflict of interest;
9. Chapter 108, RSMo bond issues;
10. Chapter 321, RSMo fire protection districts;
11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;
12. Applicable sections of *Code of State Regulations*; and
13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*



**VILLAGE OF NORTH LILBOURN, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-19  
March 11, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2002

The following problems were discovered as a result of an audit conducted by our office of the Village of North Lilbourn, Missouri.

---

The Village of North Lilbourn is in poor financial condition. The village had liabilities of approximately \$13,000 at June 30, 2001, including \$9,800 to the City of Lilbourn for unpaid water and sewer fees. The village's available cash balance at June 30, 2001, was only \$245.

The village has experienced significant financial loss for several years in the operation of its water, sewer, and trash collection services. The village provides services to approximately 35 customers. During the year ending June 30, 2001, disbursements for these services exceeded fees collected by approximately \$6,000.

The village is connected to the water and sewer system of the City of Lilbourn, and the city charges the village for both water and sewer usage based on the amount of water supplied to the village. The gallons of water pumped from the city to the village far exceeded the gallons billed to village customers. During the year ending June 30, 2001, the village billed its customers for only 15 percent of the total gallons billed to the village by the city. The village should investigate and correct the problems that cause the significant differences between total gallons of water billed to customers and gallons of water pumped into the village by the City of Lilbourn. If the village officials cannot make the necessary changes, they should work with the City of Lilbourn to allow the city to take over the operation of the water and sewer system.

Fee collection and shutoff procedures for water, sewer, and trash services are not adequate. As of October 23, 2001, uncollected fees totaled approximately \$2,300, which is equivalent to 2 to 3 months of total customer billings. Included in the uncollected amount is \$482 and \$167 due from village trustees, one of whom is solely responsible for disconnecting services for customers who do not pay their bills. Services are not disconnected or discontinued for non-payment of fees.

The village does not prepare annual budgets as required by state law. In addition, the village does not publish or publicly post semi-annual financial statements, and has not submitted annual financial statements to the State Auditor's Office since 1999.

(over)

YELLOW SHEETS

The Village Collector/Treasurer does not adequately record all transactions on village accounting records. Disbursements are recorded on check registers but deposits are not recorded, and the account balances are not reconciled to bank balances. Additionally, the Board of Trustees does not review and approve the payment of village expenditures. The Village Collector/Treasurer receives the invoices and prepares and signs the checks and the Board Chairman normally co-signs the checks.

The audit also includes some matters related to board meetings and minutes, duties of the Village Collector/Treasurer, and bonding of village officials, upon which the city should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

VILLAGE OF NORTH LILBOURN, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-11
<u>Number</u>	<u>Description</u>
1.	Financial Condition.....5
2.	Budgets, Minutes, and Financial Statements .....7
3.	Accounting Controls and Procedures.....8
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	12-14



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Chairman  
and  
Board of Trustees  
Village of North Lilbourn, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of North Lilbourn, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of North Lilbourn, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

December 27, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Cheryl Colter, CPA, CGFM

VILLAGE OF NORTH LILBOURN, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

The village has experienced significant financial loss for several years in the operation of its water, sewer, and trash collection services. The village provides water, sewer, and trash collection services to approximately 35 customers. During the year ending June 30, 2001, disbursements for water, sewer, and trash services exceeded fees collected for providing these services by approximately \$6,000. Our review of village operations noted the following concerns:

- A. The village is connected to the water and sewer system of the City of Lilbourn, and the city charges the village for both water and sewer usage based on the amount of water supplied to the village. The gallons of water pumped from the city to the village far exceeded the gallons billed to village customers. Amounts billed to village customers are based on meter readings for each customer, and during the year ending June 30, 2001, the village billed its customers for only 15 percent of the total gallons billed to the village by the city. Village officials and the City of Lilbourn's Water Superintendent were unable to explain the significant differences. It appears the village may be experiencing significant water loss because 85 percent of the village's water usage is not billed to village customers.

To help ensure all water and sewer usage is properly billed, the village should investigate and correct the problems that cause the significant differences between total gallons of water billed to customers and the gallons of water pumped into the village by the City of Lilbourn. While some water loss is considered normal, the Public Service Commission generally recommends investigation if water usage not billed exceeds 15 percent.

- B. Fee collection and shutoff procedures for water, sewer, and trash services are not adequate. As of October 23, 2001, uncollected water, sewer, and trash fees totaled \$2,270, which is equivalent to 2 to 3 months of total customer billings. Our review noted the following concerns:
1. Bills for these services are prepared by the Village Collector. However the Board Chairman indicated he regularly lowers the bills of customers whom he believes cannot afford to pay the full amounts owed.
  2. Services are not disconnected or discontinued for non-payment of fees, and late payment penalties are not enforced. The Village Collector's records indicate some customers have not paid their bills for several months. In addition, the Board Chairman indicated three customers refuse

to pay trash fees and are no longer billed for these fees but still receive trash collection services.

3. Included in the uncollected amount of \$2,270 is \$482 and \$167 due from village trustees, one of whom is solely responsible for disconnecting services for customers who do not pay their bills.

To ensure all customers are treated equally, all customers should be billed at the established rates. To encourage the timely payment of fees, the village should enforce its disconnection and late payment penalty policies or establish other procedures to ensure all fees are collected.

To cover the operating losses noted above, the village uses revenues legally restricted for street purposes to pay for water, sewer, and trash expenditures. During the year ending June 30, 2001, the village received and deposited \$6,534 in state motor vehicle-related revenues into the community betterment account, and transferred \$6,869 from this account to the general account to pay for water, sewer, trash and other expenditures. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related revenues apportioned by the state of Missouri be expended for street-related purposes.

The village had liabilities of approximately \$13,000 at June 30, 2001, including \$9,800 to the City of Lilbourn for unpaid water and sewer fees, \$2,700 to New Madrid County for unpaid election costs and property tax statement printing, and \$500 for customer meter deposits. The village's available cash balance at June 30, 2001, was only \$245.

The village needs to take immediate action to stop the financial losses related to the operation of its water, sewer, and trash services, and adopt a plan to eliminate its liabilities over a reasonable period of time. The village needs to work closely with the City of Lilbourn to determine the reasons for the significant differences between the amount of water purchased from the city and water billed to village customers. In addition, the village needs to ensure customers are billed for all services provided and improve procedures to collect unpaid amounts, and the village should review the water, sewer, and trash rates to ensure the rates are set to cover the costs of providing these services. If village officials cannot make the necessary changes, they should work with the City of Lilbourn to allow the city to take over the operation of these services provided to the village.

**WE RECOMMEND** the Board of Trustees review the operations of its water, sewer, and trash services and take immediate actions to stop the significant water loss, as well as the financial operating loss, currently experienced by the village, and discontinue using motor vehicle related revenues to fund these operations. The board should review the water, sewer, and trash rates to ensure the rates are set to cover all operating costs, and also improve its collection procedures. In addition, the board needs to adopt a plan to eliminate its liabilities over a reasonable period of time. If the necessary changes cannot be made to stop the losses, the board should work with the City of Lilbourn to allow the city to take over the operation of these services.

## **AUDITEE'S RESPONSE**

*Measures have been taken to try to work with the City of Lilbourn to take over the operations. The city indicated it is not interested in such an arrangement. We are currently in discussion with the New Madrid County Public Water Supply District #5 regarding taking over these operations.*

<b>2. Budgets, Minutes, and Financial Statements</b>
------------------------------------------------------

- A. The village does not prepare an annual budget. Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

Sections 67.010 to 67.080, RSMo 2000, set specific guidelines for the format, approval, and amendment of the annual operating budget. A complete and well planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of the village operations and provide a means to effectively monitor actual costs and revenues.

- B. Board meeting minutes are not signed. Board minutes should be signed by the Village Clerk as preparer and by the Chairman to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- C. The Board of Trustees does not have a regularly-scheduled meeting date. In November 1999, the board voted not to have a meeting every month, unless there is business to discuss. As a result, there is uncertainty as to when meetings will be held and who will decide when meetings are necessary. Meetings should be held on a regularly-scheduled basis to ensure the village's financial transactions are adequately monitored and concerns of village residents are communicated and addressed on a timely basis. In addition, Section 80.060, RSMo 2000, requires the Board of Trustees, by ordinance, to fix the time and place of holding their stated meetings.
- D. Financial statements are not published or posted publicly, or submitted annually to the State Auditor's office, as required by state law. Section 80.210, RSMo 2000, provides that the Board of Trustees in March and September is to prepare and publish semiannual financial statements in a local newspaper or to post semiannual financial statements in six public places within the village, and there is no documentation that this has been done for a number of years. Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's office, and the most recent report filed was for the year ended June 30, 1999.



**WE RECOMMEND** the Board of Trustees:

- A. Prepare complete and accurate annual budget documents that contain all information required by state law and/or necessary to provide a complete financial plan for the village.
- B. Ensure board meeting minutes are signed by the Village Clerk who prepares the minutes and the Board Chairman to attest to their completeness and accuracy.
- C. Adopt an ordinance fixing the time and place of regularly-scheduled board meetings.
- D. Publish or post semi-annual financial statements and submit annual financial reports to the State Auditor's office as required by state law.

**AUDITEE'S RESPONSE**

A. *We agree, but it is difficult to prepare an accurate budget because the water and sewer charges from the city fluctuate significantly.*

B&C. *We agree.*

D. *We agree to post financial statements in six areas of the village. Regarding the annual financial statements, the statement for the year ended June 30, 2000, was prepared but neglected to be mailed to the State Auditor, and we do not recall receiving a blank form for the preparation of the financial statement for the year ended June 30, 2001.*

<b>3. Accounting Controls and Procedures</b>
----------------------------------------------

- A. The Board of Trustees has not appointed separate individuals to serve as Village Collector and Village Treasurer. Presently, the Village Treasurer serves as the Village Collector. He collects receipts, maintains the village's financial records, makes bank deposits, and signs or co-signs checks.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. The statutes pertaining to villages are similar to those cited in this opinion, therefore, the opinion's conclusion appears applicable to villages also.

Also, to safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be

improved by segregating duties to the extent possible. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of accounting records, bank statements, and cancelled checks.

- B. The Village Collector/Treasurer does not adequately record all transactions on village accounting records or reconcile the accounting records to bank records. Disbursements are recorded on check registers but deposits are not recorded, and the account balances are not calculated and reconciled to bank balances. In addition, the village does not maintain a list of meter deposits received and held for customers.

All transactions should be recorded on check registers and account balances should be calculated and reconciled to bank balances to ensure records are in balance and errors are detected and corrected in a timely manner. In addition, a listing of meter deposits held should be prepared and reconciled to the applicable account balance to ensure sufficient funds are available to cover these liabilities.

- C. The Board of Trustees does not review and approve the payment of village expenditures. The Village Collector/Treasurer receives the invoices and prepares and signs the checks and the Board Chairman normally co-signs the checks. Expenditures made from village funds should be reviewed and approved by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the village. In addition, to adequately document the review and approval of all disbursements, a complete and detailed listing of bills should be prepared and signed or initialed by the trustees to denote their approval, and retained with the official minutes.

- D. The Village Collector/Treasurer is not bonded. Section 80.250, RSMo 2000, requires the Village Collector/Treasurer to be bonded in a sum not less than one thousand dollars. In addition, the Board Chairman signs checks and the Village Clerk collects property taxes, but they are not bonded. Failure to properly bond all persons with access to assets exposes the village to risk of loss.

Furthermore, village checking accounts indicate two signatures are required on checks, but some checks were issued with only the signature of the Village Collector/Treasurer. Requiring two signatures on all checks would also provide additional controls over the use of funds.

- E. While the village pays for electricity to run its water and sewer system, the village pays for additional electrical services it does not use. Although, the building formerly used as a village hall has not been open since December 2000, and the Board Chairman indicated the security light at the village hall has been unusable for several years, the village has continued to pay approximately \$28 per month for electricity for the village hall and security light.

In addition, for every month during the year ended June 30, 2001, the village paid the electric company a five-percent late payment penalty because the electric bill was not paid by the tenth of the month. During the year ending June 30, 2001, the late fees totaled \$74.

The village's residents have placed a fiduciary trust in their public officials to spend public funds in a necessary and prudent manner. The village should determine if electric services to the old village hall building and security light are still necessary, and attempt to pay its electric bills on a timely basis to avoid incurring late payment penalties.

**WE RECOMMEND** the Board of Trustees:

- A. Consider appointing separate individuals to the positions of Village Treasurer and Village Collector. If this is not possible, at a minimum, procedures for an adequate independent review of the accounting records should be established.
- B. Record account balances and all transactions on the check registers, maintain an open items listings for water meter deposits, and reconcile account balances to bank balances and the open items listing monthly.
- C. Review and approve the expenditure of village funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- D. Obtain adequate bond coverage for all persons handling village monies and require two signatures on all checks.
- E. Determine if electric services to the former village hall and security light are necessary, and avoid incurring late payment penalties on electric bills.

**AUDITEE'S RESPONSE**

A. *We will establish procedures to perform an independent review of the records.*

B,C,  
&E. *We agree.*

D. *We cannot currently afford a bond for the treasurer, but we will consider this if money becomes available. Regarding check signing, a previous trustee who was a check signer moved out of the village, so only one signature was on the checks for a period of time. Two signatures are currently required on all checks.*

This report is intended for the information of the management of the Village of North Lilbourn, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

VILLAGE OF NORTH LILBOURN, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The village of North Lilbourn was incorporated in 1954 and is located in New Madrid County. The population of the village in 2000 was 95.

The village government consists of a five-member board of trustees. The trustees are elected for two-year terms. The chairman and clerk are appointed by the board from the members. All elected and appointed officials serve without compensation and are not bonded. The board of trustees and the other principal official at June 30, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>
Leonard Thomas, Chairman	April 2002
Tammy Evans, Clerk	April 2002
James Anderson, Trustee (1)	April 2003
Bennie Greer, Trustee (1)	April 2003
Barry Martin, Trustee	April 2003

Other Principal Officials

John Richard Hughes, Collector/Treasurer,

(1) Elected in April 2001 to replace Ed White and John Richard Hughes.

The village has no employees.

Assessed valuations and tax rates for 2000 were as follows:

ASSESSED VALUATION

Real estate	\$ 88,672
Personal property	63,130
Total	<u>\$ 151,802</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>	<u>Expiration Date</u>
General	\$ 0.50	None



**COMPILATION OF 2001 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-18  
February 28, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2002

**As required by state law we compiled the 2001 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor's Office by prosecuting attorneys and the Attorney General. This compilation was limited to the presentation of information submitted.**

The State Auditor received 83 of the 116 (72%) CAFA seizure reports, required to be submitted by January 31, 2002, from prosecuting attorneys and the Attorney General for property seized in calendar year 2001. This compliance percentage is a significant increase from the prior year when only 30 of the 116 (26%) required CAFA seizure reports were submitted timely to the Department of Public Safety for property seized in calendar year 2000.

However, after receiving information from jurisdictions across the state there is reason for some concern. Even though more jurisdictions actually filed reports with the State Auditor's Office this year, many failed to report how the forfeitures they were responsible for were disposed of; resulting in less confidence as to their proper disposition.

As a result, a comparison of this year's report filings to last year shows the number of forfeitures decreased overall. While it appears a slight increase of the amount of forfeitures remitted to the state occurred, it is difficult to conclude due to requested information being withheld.

To accomplish our objective we compiled all seizure information submitted to the Director of the Missouri Department of Public Safety for calendar year 2000 so a comparison would be available.

We also mailed a letter to prosecuting attorneys and to the Attorney General, dated December 28, 2001, notifying them of the deadline for the submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607.8, RSMo. Supp. 2001, and that the report should be submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety. The letter also indicated that if a prosecutor did not have any seizures a report indicating no seizures needed to be submitted.

Due to the February 28, 2002 statutory deadline to submit this report, only seizure reports received by February 15, 2002 are included in the compilation.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

# COMPILATION OF 2001 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS .....</b>	<b>2</b>
<b>OBJECTIVES, SCOPE, AND METHODOLOGY .....</b>	<b>5</b>
<b>APPENDIXES</b>	
I. 2001 CAFA Seizures Required Information Reported .....	6
II. 2000 CAFA Seizures Required Information Reported .....	9
III. 2001 CAFA Seizures Disposition Reported .....	12
IV. 2000 CAFA Seizures Disposition Reported .....	15
V. Missouri Statute Section 513.607.8-10 .....	18





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
Jefferson City, MO 65102

As required by Section 513.607.9, RSMo Supp. 2001, we compiled the 2001 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor's Office by prosecuting attorneys and the Attorney General. A compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them.

The primary objectives of this compilation are to (1) report which prosecutors submitted reports and (2) summarize the seizure information reported.

Beginning in 2002, Section 513.607.9, RSMo Supp. 2001, requires the prosecuting attorneys and Attorney General to whom CAFA seizures were reported to report annually, by January 31, to not only the Director of the Department of Public Safety but also to the State Auditor, all seizure information for the previous calendar year. We received 72 percent of the CAFA seizure reports, required to be submitted by January 31, 2002. This compliance percentage is a significant increase from the prior year when prosecutors were required to file with the Department of Public Safety only and 26 percent of the required CAFA seizure reports were submitted timely.

Claire McCaskill  
State Auditor

February 15, 2002

The following staff contributed to this report:

Assistant Deputy:	Michelle K. Thompson, CPA
Supervisor:	Becky Webb
Analyst:	Nicki E. Russell, CPA

## **RESULTS**

### **Compliance with Submitting Criminal Activity Forfeiture Act (CAFA) Seizures Reports**

The State Auditor received 83 of the 116 (72%) CAFA seizure reports, required to be submitted by January 31, 2002, from prosecuting attorneys and the Attorney General for property seized in calendar year 2001. This compliance percentage is a significant increase from the prior year when only 30 of the 116 (26%) required CAFA seizure reports were submitted timely to the Department of Public Safety for property seized in calendar year 2000.

Beginning in 2002, Section 513.607.9, RSMo Supp. 2001<sup>1</sup>, requires the prosecuting attorneys and Attorney General to whom CAFA seizures were reported to report annually, by January 31, to both the State Auditor and to the Director of the Department of Public Safety all seizure information for the previous calendar year. Prior to this law change, the prosecutors were required to file CAFA seizure reports with the Department of Public Safety only. Table 1.1 lists the total number of CAFA seizure reports submitted for 2000 and 2001. Ninety percent (104 of 116) of the required CAFA seizure reports were submitted to the State Auditor and included in the compilation of 2001 CAFA seizures.

**Table 1.1: Summary of CAFA Seizure Reports Submitted**

Reporting Status	2000 Seizures		2001 Seizures	
By January 31	30	26%	83	72%
After January 31	57	49%	21	18%
Total Reported	87	75%	104	90%
Failed to Report	29	25%	12	10%
Total Reports Required	116	100%	116	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

The 2000 CAFA seizure information was obtained from the reports submitted by prosecuting attorneys and the Attorney General to the Department of Public Safety and are provided for comparison purposes only.

### **Reporting CAFA Seizures to Both the State Auditor and the Department of Public Safety**

Table 1.2 lists the number of 2001 CAFA seizure reports that were reported to the State Auditor and the Department of Public Safety.

---

<sup>1</sup> See Appendix V

**Table 1.2: Summary of 2001 CAFA Seizure Reports Submitted to the State Auditor and the Department of Public Safety**

Reported CAFA Seizures to	Number	Percentage
State Auditor and the Department of Public Safety	88	76%
State Auditor Only	16	14%
Department of Public Safety Only	0	0%
Failed to Report	12	10%
<b>Total</b>	<b>116</b>	<b>100%</b>

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

### **Compliance with Reporting the Required Information**

Section 513.607.8, RSMo Supp. 2001, requires the prosecuting attorneys and the Attorney General to report the following information: date, time, and place of the seizure, the property seized, the estimated value of the property seized, the criminal charges filed, and the disposition of the seizure, forfeiture, and criminal actions. Table 1.3 lists the required information for the CAFA seizure reports and the number of cases that did and did not report each required item. Some reports did not include all of the required information, therefore our compilation includes only the information reported.

**Table 1.3: Summary of Required Information**

Required Information	2000		2001	
	Reported	Not Reported	Reported	Not Reported
Total Cases Reported	2,287		2,248	
Date	2,284	3	2,247	1
Time	1,235	1,052	1,546	702
Place of Seizure	2,265	22	2,247	1
Property Seized	2,280	7	2,225	23
Estimated Value of Property Seized	949	1,338	2,233	15
Person(s) Property Seized From	2,282	5	2,245	3
Criminal Charges Filed	2,217	70	493	1,755
Disposition of Seizure	2,246	41	1,917	331
Disposition of Criminal Actions	464	1,823	1,766	482

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendixes I and II for a listing of the number of 2000 and 2001 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

## Disposition of the Seizures Reported

The disposition of the CAFA seizures reported was obtained from the reports submitted by the prosecuting attorneys and the Attorney General. Not all the seizure reports included the estimated value of the property seized and not all the reports included the disposition of the seizures reported. The compilation includes only the information reported by the prosecuting attorneys and the Attorney General. Table 1.4 lists the dollar value of the disposition of seizures reported by the prosecuting attorneys and the Attorney General.

**Table 1.4: Summary of the Disposition of All Seizures Reported**

Reported Disposition	2000 Seizures	2001 Seizures
Estimated Value of all Cases Reported	\$ 4,141,756	\$ 3,564,617
Pending	1,530,754	1,472,924
Returned	714,164	1,099,545
Transferred to Federal Agency	1,491,765	498,373
Transferred to State	115,156	224,721
Disposition Not Reported	88,733	268,754
Other	201,185	300
Total	\$ 4,141,756	\$ 3,564,617

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendixes III and IV for a listing of the CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The objectives of this compilation are to (1) report which prosecutors submitted reports and (2) summarize the seizure information reported.

### **Scope and Methodology**

To accomplish our objectives we:

- Compiled all seizure information submitted to the Director of the Missouri Department of Public Safety for calendar year 2000 so a comparison would be available.
- Mailed a letter to prosecuting attorneys and to the Attorney General, dated December 28, 2001, notifying them of the deadline for the submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607.8, RSMo. Supp. 2001, and that the report should be submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety. The letter also indicated that if a prosecutor did not have any seizures a report indicating no seizures needed to be submitted.
- Compiled all seizure information submitted to the State Auditor for calendar year 2001.
- Identified the reports that were submitted on a timely basis.
- Identified the reports that did not contain the required information.
- Compiled the dollar value of the disposition of all seizures reported.
- Contacted the Missouri Department of Public Safety to identify the 2001 CAFA seizure reports submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety or to one office.
- Faxed a second request for 2001 CAFA seizure reports to prosecutors who did not submit a report to the State Auditor by January 31, 2002.
- Due to the February 28, 2002 statutory deadline to submit this report, only seizure reports received by February 15, 2002 are included in the compilation.

# APPENDIX I

## 2001 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition of	
			Date	Time						Seizure	Criminal Actions
Adair	2	\$ 750	2	2	2	2	1	2	1	1	2
Andrew	DNF										
Atchison	0										
Attorney General	0										
Audrain	2	1,768	2		2	2	2	2	2		2
Barry	1	3,064	1	1	1	1	1	1	1	1	1
Barton	0										
Bates	0										
Benton	0										
Bollinger	0										
Boone	5	26,303	5		5	5	5	5	5	3	5
Buchanan	9	31,961	9	1	9	9	9	9	9	9	9
Butler	2	3,633	2		2	2	2	2	2	2	2
Caldwell	1	Unknown	1		1	1		1		1	1
Callaway	1	40,000	1		1	1	1	1	1	1	1
Camden	DNF										
Cape Girardeau	6	9,335	6		6	6	5	6	6	2	3
Carroll	3	5,969	3	3	3	3	3	3	2	3	3
Carter	0										
Cass	7	10,729	7		7	7	7	7	7	7	7
Cedar	DNF										
Chariton	1	1,000	1	1	1	1	1	1	1	1	1
Christian	4	19,276	4		4	4	4	4	4		1
Clark	1	5,133	1	1	1	1	1	1	1	1	1
Clay	1	12,860	1		1	1	1	1		1	1
Clinton	1	5,464	1	1	1	1	1	1	1	1	1
Cole	1	130	1		1	1	1	1	1	1	1
Cooper	9	23,850	9	9	9	9	9	9	9	9	9
Crawford	2	3,399	2	2	2	2	2	2	2	2	2
Dade	1	1,500	1		1	1	1	1	1	1	1
Dallas	DNF										
Daviess	0										
DeKalb	0										
Dent	DNF										
Douglas	0										
Dunklin	DNF										
Franklin	20	25,120	20	20	20	20	18	20	19	20	20
Gasconade	1	35,000	1		1	1	1	1	1	1	1
Gentry	0										
Greene	35	467,830	34	33	34	35	34	35	17	34	32
Grundy	2	11,600	2	2	2	2	2	2	2	2	2
Harrison	0										
Henry	0										
Hickory	0										
Holt	0										
Howard	1	4,143	1	1	1	1	1	1	1	1	1
Howell	0										
Iron	1	107,145	1	1	1	1	1	1	1	1	1
Jackson	97	523,217	97	96	97	97	97	97	65	97	97
Jasper	10	77,540	10		10	10	10	10	10	10	10
Jefferson	11	153,292	11		11	11	11	11	11	11	11
Johnson	2	1,590	2	2	2	2	2	2	2	2	2

# APPENDIX I

## 2001 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition of	
			Date	Time						Seizure	Criminal Actions
Knox	0										
Laclede	1	2,019	1	1	1	1	1	1	1	1	1
Lafayette	4	51,099	4	3	4	4	4	4	4	4	4
Lawrence	10	183,054	10	9	10	10	8	9	9	10	10
Lewis	DNF										
Lincoln	16	9,227	16		16	16	12	16	15	16	16
Linn	0										
Livingston	0										
Macon	6	15,957	6	6	6	6	6	6	6	6	6
Madison	0										
Maries	2	1,550	2		2	2	1	2	2	2	2
Marion	2	10,828	2	1	2	2	2	1	1	1	2
McDonald	0										
Mercer	0										
Miller	1	22,000	1		1	1	1	1	1	1	1
Mississippi	2	25,790	2	2	2	2	2	2	2	2	2
Moniteau	0										
Monroe	1	479	1	1	1	1	1	1	1	1	
Montgomery	2	9,390	2		2	2	2	2	2	2	2
Morgan	1	14,800	1	1	1	1	1	1	1	1	1
New Madrid	4	28,935	4	4	4	4	4	4	4	4	4
Newton	6	19,521	6		6	6	6	6	6	6	5
Nodaway	0										
Oregon	1	1,600	1		1	1	1	1	1	1	1
Osage	0										
Ozark	0										
Pemiscot	0										
Perry	DNF										
Pettis	3	300	3	2	3	3	3	3	3		3
Phelps	4	38,364	4	4	4	4	4	4	4	4	4
Pike	DNF										
Platte	5	7,339	5		5	5	5	5	3	5	5
Polk	0										
Pulaski	0										
Putnam	0										
Ralls	0										
Randolph	2	4,012	2		2	2	2	2	2	2	2
Ray	0										
Reynolds	DNF										
Ripley	0										
Saline	0										
Schuyler	0										
Scotland	0										
Scott	1	2,000	1		1	1	1	1	1	1	1
Shannon	0										
Shelby	0										
St. Charles	1	7,000	1	1	1	1	1	1	1	1	1
St. Clair	0										
St. Francois	3	9,342	3	1	3	3	3	3	3	3	3
St. Louis City	1,791	791,798	1,791	1,208	1,791	1,768	1,791	1,791	98	1,478	1,332
St. Louis County	116	565,115	116	116	116	116	116	115	115	116	104
Ste. Genevieve	0										

# APPENDIX I

## 2001 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
			Date	Time	Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition of Criminal Seizure      Actions	
Stoddard	0										
Stone	3	24,245	3		3	3	3	3	3	3	3
Sullivan	1	6,000	1	1	1	1	1	1	1	1	1
Taney	4	8,730	4		4	4	4	4	3	4	4
Texas	DNF										
Vernon	4	59,387	4		4	4	4	4	4	4	4
Warren	5	30,008	5	5	5	5	5	5	5	5	5
Washington	2	Unknown	2		2	2		2	2	2	2
Wayne	DNF										
Webster	0										
Worth	0										
Wright	4	2,127	4	4	4	4	4	4	4	4	4
Total	2,248	\$ 3,564,617	2,247	1,546	2,247	2,225	2,233	2,245	493	1,917	1,766

DNF - Did not file a 2001 CAFA seizure report with the State Auditor's Office

Unknown - Value not reported

This Appendix compiles the total number of 2001 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis and the Attorney General.



## APPENDIX II

### 2000 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of	Property	Est. Value of Property	Person(s) Property	Criminal Charges	Disposition of	
			Date	Time	Seizure	Seized	Seized	Seized From	Filed	Seizure	Criminal Actions
Adair	0										
Andrew	DNF										
Atchison	DNF										
Attorney General	0										
Audrain	2	\$ 1,472	2		2	2	2	2	2	2	2
Barry	0										
Barton	0										
Bates	1	Unknown				1		1	1		1
Benton	1	10,350	1	1	1	1	1	1		1	1
Bollinger	1	1,002	1		1	1	1	1	1	1	1
Boone	DNF										
Buchanan	13	17,771	13		13	13	13	13	13	13	13
Butler	1	39,380	1		1	1	1	1	1	1	1
Caldwell	2	250	2	2	2	2	1	2	2	2	2
Callaway	3	2,394	3		1	3	2	3	3	3	3
Camden	DNF										
Cape Girardeau	DNF										
Carroll	0										
Carter	2	1,662	2	2	2	2	2	2	2	1	2
Cass	6	2,624	6		6	6	4	6	6	2	6
Cedar	DNF										
Chariton	DNF										
Christian	0										
Clark	DNF										
Clay	DNF										
Clinton	0										
Cole	5	5,655	5	4	5	5	5	5			3
Cooper	8	12,088	8	8	8	8	8	8	8	8	8
Crawford	4	2,968	4	4	4	4	4	4	4	4	4
Dade	0										
Dallas	DNF										
Daviess	0										
DeKalb	DNF										
Dent	DNF										
Douglas	DNF										
Dunklin	DNF										
Franklin	13	54,412	13	13	13	13	13	13	12	13	13
Gasconade	0										
Gentry	0										
Greene	66	1,296,597	66	65	65	66	66	66	30	66	65
Grundy	0										
Harrison	DNF										
Henry	6	7,268	6	6	6	6	3	6	4	3	5
Hickory	0										
Holt	0										
Howard	3	4,227	3	3	3	3	3	3	2	3	3
Howell	3	14,926	3		3	3	2	3	1	3	3
Iron	0										
Jackson	93	845,641	93	88	93	93	85	93	93	91	93
Jasper	9	7,407	9		9	9	9	9	6	8	9
Jefferson	5	18,965	5		5	5	5	5			5
Johnson	3	4,240	3	3	3	3	3	3	3		3

## APPENDIX II

### 2000 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition of	
			Date	Time						Seizure	Criminal Actions
Knox	0										
Laclede	6	21,637	6	6	6	6	6	6	6	6	6
Lafayette	6	2,597	6		6	5	2	6	6	6	5
Lawrence	9	333,521	9	8	9	9	8	9	8	7	9
Lewis	0										
Lincoln	7	4,699	7			7	7	7	7	4	7
Linn	1	105,405	1			1	1	1	1	1	1
Livingston	0										
Macon	0										
Madison	DNF										
Maries	DNF										
Marion	0										
McDonald	2	500	2		2	2	2	2	2	2	2
Mercer	0										
Miller	1	806	1		1	1	1	1	1	1	1
Mississippi	0										
Moniteau	0										
Monroe	1	13,500	1	1	1	1	1	1	1	1	1
Montgomery	1	7,000	1	1	1	1	1	1	1	1	1
Morgan	DNF										
New Madrid	3	1,716	3		3	3	1		3	3	3
Newton	3	3,981	3		3	3	3	3	3	3	3
Nodaway	0										
Oregon	1	590	1			1	1	1	1	1	1
Osage	0										
Ozark	0										
Pemiscot	2	5,547	2		2	2	2	2	2	1	2
Perry	DNF										
Pettis	2	5,328	2		2	2	2	2	2	2	2
Phelps	5	54,600	5	3	5	5	3	5	5	5	5
Pike	6	Unknown	6		1			6		6	6
Platte	8	19,670	8		8	8	7	8	7	8	8
Polk	0										
Pulaski	DNF										
Putnam	DNF										
Ralls	0										
Randolph	DNF										
Ray	0										
Reynolds	DNF										
Ripley	0										
Saline	DNF										
Schuyler	0										
Scotland	0										
Scott	DNF										
Shannon	1	760	1	1	1	1	1	1	1	1	1
Shelby	0										
St. Charles	1	3,000	1	1	1	1	1	1	1	1	1
St. Clair	0										
St. Francois	4	8,347	4		4	4	4	4	2	4	2
St. Louis City	1,816	646,196	1,816	870	1,814	1,816	516	1,814	1,812	1,812	0
St. Louis County	134	530,529	134	134	134	134	134	134	134	133	134
Ste. Genevieve	0										

## APPENDIX II

### 2000 CAFA Seizures Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
			Date	Time	Place of Seizure	Property Seized	Est. Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition of Criminal Seizure Actions	
Stoddard	0										
Stone	DNF										
Sullivan	0										
Taney	6	4,362	6	3	6	6	3	6	6	6	6
Texas	DNF										
Vernon	2	866				2	2	2	2	2	2
Warren	2	1,904	2	2	2	2	2	2	2	2	2
Washington	1	840	1		1	1	1	1	1	1	1
Wayne	DNF										
Webster	0										
Worth	0										
Wright	6	12,558	6	6	6	6	4	6	6	1	6
Total	2,287	\$ 4,141,756	2,284	1,235	2,265	2,280	949	2,282	2,217	2,246	464

DNF - Did not file a 2000 CAFA seizure report with the Department of Public Safety

Unknown - Value not reported

This Appendix compiles the total number of 2000 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis and the Attorney General. Calendar year 2000 data was obtained from the seizure reports submitted to the Department of Public Safety. This information is provided for comparison purposes only.

# APPENDIX III

## 2001 CAFA Seizures Dispositions Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	\$ 750		750				
Andrew	DNF						
Atchison	0						
Attorney General	0						
Audrain	1,768					1,768	
Barry	3,064	3,064					
Barton	0						
Bates	0						
Benton	0						
Bollinger	0						
Boone	26,303	15,385				10,918	
Buchanan	31,961	25,425	1,090		5,446		
Butler	3,633			3,633			
Caldwell	Unknown						
Callaway	40,000	40,000					
Camden	DNF						
Cape Girardeau	9,335			5,306		4,029	
Carroll	5,969	3,390	1,870		709		
Carter	0						
Cass	10,729	4,378	700	5,651			
Cedar	DNF						
Chariton	1,000	1,000					
Christian	19,276					19,276	
Clark	5,133	5,133					
Clay	12,860	12,860					
Clinton	5,464	5,464					
Cole	130	130					
Cooper	23,850	11,982	268		11,600		
Crawford	3,399	3,399					
Dade	1,500	1,500					
Dallas	DNF						
Daviess	0						
DeKalb	0						
Dent	DNF						
Douglas	0						
Dunklin	DNF						
Franklin	25,120	22,512	2,608				
Gasconade	35,000		35,000				
Gentry	0						
Greene	467,830	49,537	190,533	75,000		152,760	
Grundy	11,600	11,600					
Harrison	0						
Henry	0						
Hickory	0						
Holt	0						
Howard	4,143	4,143					
Howell	0						
Iron	107,145	107,145					
Jackson	523,217	335,025	85,958	27,693	74,541		
Jasper	77,540	14,481		63,059			
Jefferson	153,292	153,292					
Johnson	1,590	1,590					

# APPENDIX III

## 2001 CAFA Seizures Dispositions Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Knox	0						
Laclede	2,019	2,019					
Lafayette	51,099	9,140		37,830	4,129		
Lawrence	183,054	95,761	80,000		7,293		
Lewis	DNF						
Lincoln	9,227	7,415	941		871		
Linn	0						
Livingston	0						
Macon	15,957	3,157	8,150		4,650		
Madison	0						
Maries	1,550	1,550					
Marion	10,828			5,000		5,828	
McDonald	0						
Mercer	0						
Miller	22,000	22,000					
Mississippi	25,790	20,576	5,214				
Moniteau	0						
Monroe	479	479					
Montgomery	9,390	9,390					
Morgan	14,800		14,800				
New Madrid	28,935	28,935					
Newton	19,521	16,769	1,860		892		
Nodaway	0						
Oregon	1,600	1,600					
Osage	0						
Ozark	0						
Pemiscot	0						
Perry	DNF						
Pettis	300						300
Phelps	38,364	35,880	2,484				
Pike	DNF						
Platte	7,339	5,062	100		2,177		
Polk	0						
Pulaski	0						
Putnam	0						
Ralls	0						
Randolph	4,012	4,012					
Ray	0						
Reynolds	DNF						
Ripley	0						
Saline	0						
Schuyler	0						
Scotland	0						
Scott	2,000	2,000					
Shannon	0						
Shelby	0						
St. Charles	7,000	7,000					
St. Clair	0						
St. Francois	9,342	9,342					
St. Louis City	791,798	6,733	483,457	159,567	67,866	74,175	
St. Louis County	565,115	286,246	155,762	96,629	26,478		
Ste. Genevieve	0						

## APPENDIX III

### 2001 CAFA Seizures Dispositions Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Stoddard	0						
Stone	24,245	6,176			18,069		
Sullivan	6,000	6,000					
Taney	8,730	8,730					
Texas	DNF						
Vernon	59,387	31,387	28,000				
Warren	30,008	11,003		19,005			
Washington	Unknown						
Wayne	DNF						
Webster	0						
Worth	0						
Wright	2,127	2,127					
Total	\$ 3,564,617	1,472,924	1,099,545	498,373	224,721	268,754	300

DNF - Did not file a 2001 CAFA seizure report with the State Auditor's Office

Unknown - Value not reported

This Appendix compiles only the information reported to the State Auditor by prosecuting attorneys and the Attorney General. Not all seizure reports included an estimated value of the property seized and not all the reports included the disposition of all seizures reported.

# APPENDIX IV

## 2000 CAFA Seizures Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	\$ 0						
Andrew	DNF						
Atchison	DNF						
Attorney General	0						
Audrain	1,472	1,472					
Barry	0						
Barton	DNF						
Bates	Unknown						
Benton	10,350	10,350					
Bollinger	1,002			1,002			
Boone	DNF						
Buchanan	17,771	16,729	681				361
Butler	39,380		1,880	37,500			
Caldwell	250	250					
Callaway	2,394	820			1,574		
Camden	DNF						
Cape Girardeau	DNF						
Carroll	0						
Carter	1,662	465				1,197	
Cass	2,624	841				1,783	
Cedar	DNF						
Chariton	DNF						
Christian	0						
Clark	DNF						
Clay	DNF						
Clinton	0						
Cole	5,655					5,655	
Cooper	12,088	8,879			3,209		
Crawford	2,968	2,968					
Dade	0						
Dallas	DNF						
Daviess	0						
DeKalb	DNF						
Dent	DNF						
Douglas	DNF						
Dunklin	DNF						
Franklin	54,412	54,227					185
Gasconade	0						
Gentry	0						
Greene	1,296,597	436,171	5,801	854,625			
Grundy	0						
Harrison	DNF						
Henry	7,268		1,538			5,730	
Hickory	0						
Holt	0						
Howard	4,227	2,497	230				1,500
Howell	14,926			14,926			
Iron	0						
Jackson	845,641	599,073	93,498		95,970	57,100	
Jasper	7,407	7,407					
Jefferson	18,965	18,965					
Johnson	4,240					4,240	

# APPENDIX IV

## 2000 CAFA Seizures Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Knox	0						
Laclede	21,637	5,387	16,250				
Lafayette	2,597	2,597					
Lawrence	333,521	28,122	89	303,810		1,500	
Lewis	0						
Lincoln	4,699	2,083	1,875				741
Linn	105,405			105,405			
Livingston	0						
Macon	0						
Madison	DNF						
Maries	DNF						
Marion	0						
McDonald	500			500			
Mercer	0						
Miller	806	806					
Mississippi	0						
Moniteau	0						
Monroe	13,500			13,500			
Montgomery	7,000	7,000					
Morgan	DNF						
New Madrid	1,716	1,716					
Newton	3,981	3,981					
Nodaway	0						
Oregon	590			590			
Osage	0						
Ozark	0						
Pemiscot	5,547						5,547
Perry	DNF						
Pettis	5,328	5,328					
Phelps	54,600	1,102		53,498			
Pike	Unknown						
Platte	19,670	19,670					
Polk	0						
Pulaski	DNF						
Putnam	DNF						
Ralls	0						
Randolph	DNF						
Ray	0						
Reynolds	DNF						
Ripley	0						
Saline	DNF						
Schuyler	0						
Scotland	0						
Scott	DNF						
Shannon	760		760				
Shelby	0						
St. Charles	3,000				3,000		
St. Clair	0						
St. Francois	8,347	2,592	5,755				
St. Louis City	646,196	20,407	417,130	16,302		779	191,578
St. Louis County	530,529	257,034	167,570	89,173	11,403		5,349
Ste. Genevieve	0						



## APPENDIX IV

### 2000 CAFA Seizures Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Stoddard	0						
Stone	DNF						
Sullivan	0						
Taney	4,362	4,362					
Texas	DNF						
Vernon	866	866					
Warren	1,904	796	1,108				
Washington	840	840					
Wayne	DNF						
Webster	0						
Worth	0						
Wright	12,558	1,030				11,528	
Total	\$ 4,141,756	1,526,832	714,164	1,490,831	115,156	89,512	205,261

DNF - Did not file a 2000 CAFA seizure report with the Department of Public Safety

Other - Forfeited (with no reference of who it was forfeited to), Destroyed, Judgment Entered, Held, Settled, and Settlement.

Unknown - Value not reported

This Appendix compiles the calendar year 2000 data that was obtained from the Department of Public Safety. Not all seizure reports included an estimated value of the property seized and not all reports included the disposition of all seizures reported. This information is provided for comparison purposes only.

**Chapter 513**  
**Executions and Exemptions**  
**Section 513.607**

Effective August 28, 2001

**Property subject to forfeiture--procedure--report required, when, contents--  
annual state auditor's report, contents--violations, penalty.**

513.607. 8. The prosecuting attorney or attorney general to whom the seizure is reported shall report annually by January thirty-first for the previous calendar year all seizures. Such report shall include the date, time, and place of seizure, the property seized, the estimated value of the property seized, the person or persons from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions. The report shall be made to the director of the Missouri department of public safety and shall be considered an open record. The prosecuting attorney or attorney general shall submit a copy of the report to the state auditor at the time the report is made to the director of the department of public safety.

9. The state auditor shall make an annual report compiling the data received from law enforcement, prosecuting attorneys and the attorney general, and shall submit the report regarding seizures for the previous calendar year to the general assembly annually by February twenty-eighth.

10. Intentional or knowing failure to comply with any reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.



**CITY OF OAK GROVE, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-17  
February 28, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2002

The following problems were discovered as a result of an audit conducted by our office of the City of Oak Grove, Missouri.

---

The Oak Grove Development Foundation (the Foundation) was established to provide financing for city capital improvement projects and to vest in the city the ownership and control of those facilities; however, there has been a deviation from this purpose and a lack of accountability to the city. During the past several years, there has been much controversy involving city officials and the Foundation, centered on the funding and control of the Davis Memorial Center, a community building built by the Foundation in 1992-1993. This has resulted in various actions and litigation involving the city and the Foundation.

Based on our review of this situation, we identified various problems with past actions of the Foundation and/or former city officials. When the Foundation revised its By-Laws in December 1989, this effectively took the Foundation and its activities away from the control of city officials. Considering the stated purpose of the Foundation, the involvement by the city in the leasing of the facilities and issuance of the related bonds, and the extent of city funds expended through the leases, it is important that the city maintain control of the Foundation and ensure that it is accountable to the city. It was also noted the Foundation has not been in compliance with some provisions of the lease agreements with the city, some information was not disclosed to bondholders, and some information in the bond documents was not accurate. In addition, various deficiencies were noted in the Foundation's records and procedures.

Because of the city's involvement with the Foundation, past city officials share in the responsibility for many of the problems reported. We determined the city was justified in taking action to address some of the concerns noted and make the Foundation accountable to the city.

This situation has been very costly to the city. As of July 2001, the city had incurred legal expenses of approximately \$200,000, paid over \$500,000 in lease payments to the Foundation (since 1992), and was owed approximately \$158,000 from the two Foundation boards. It is important that the city resolve the situation and put this matter behind it. In December 2001, a settlement agreement was entered in by the various parties involved in the litigation related to the Foundation and the Davis Memorial Center. This agreement was subsequently approved by the Circuit Judge in January 2002.

The city has a lagoon system to treat its wastewater. In recent years, the Missouri Department of Natural Resources (DNR) has identified problems with this sewage treatment system. In an effort to address the problems noted, in 1999 the city hired a

(over)

YELLOW SHEETS

consulting engineer to prepare a wastewater master plan. A bond issue to finance the plan was defeated by the city's voters in November 2000.

A recent DNR inspection concluded the overall operation and appearance of the facilities was unsatisfactory and if the city continues to grow, it would have to upgrade its facilities. As of August 2001, the DNR has prohibited new connections to the north lagoon and has limited new connections to the south lagoon. The city submitted a revised plan to DNR and put another bond issue on the November 2001 ballot to help finance this plan; however, it was also defeated.

Our review of the board's minutes disclosed formal written minutes are not prepared for all closed meetings. Currently, minutes are prepared only if a decision is made. In addition, some decisions made in closed meetings were not subsequently disclosed in the open meeting minutes.

The city allows police officers that live outside the city limits to take their city-owned patrol cars home daily at the end of their shifts. Allowing police officers living outside the city to take their patrol cars home is not a common practice, results in additional costs to the city, and any tangible benefits the city derives from this practice are not apparent. The city should review this policy.

The city allowed supervisory and professional employees to earn and accumulate a significant amount of compensatory time. At June 30, 2001, the city's liability for compensatory time totaled \$72,800 and over 75 percent of this related to hours accumulated by supervisory or professional staff. The city is not required to provide compensatory time to these employees, and by their nature, these employees should not necessarily receive overtime compensation or compensatory time if extra hours of work are required.

The city reimbursed the former City Administrator for miles driven in his personal vehicle commuting between his home and city hall. There was no documentation indicating these reimbursements were authorized and they were not properly reported as compensation for tax purposes.

Our review of police department procedures and activities disclosed various concerns. A \$500 cash bond collected by the police department is missing and it appears this money was not remitted to the municipal court. Also, the police department took various actions apparently contrary to the municipal judge's orders without getting documented approval from the judge. We noted instances in which the police department released defendants without collecting the required bond amount, reduced the bond amount established by the judge, closed a warrant issued by the judge without collecting the bond amount, or released a prisoner early from jail.

Also included in the audit are recommendations related to the calculation of sewer bills, the monitoring of sales tax collections, procurement and expenditure policies and procedures, and travel expenses. The audit also suggested improvements in the city's handling of restricted revenues, personnel matters, fixed asset records and procedures, and the municipal court.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

CITY OF OAK GROVE, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-38
<u>Number</u>	<u>Description</u>
1.	Oak Grove Development Foundation .....5
2.	Benefits Provided to Officials/Employees .....12
3.	Problems with Sewer System.....15
4.	Expenditures .....17
5.	Monitoring of Sales Tax Collections .....21
6.	Minutes and Ordinances .....21
7.	Water and Sewer Records and Procedures .....24
8.	Restricted Revenues .....26
9.	Police Department .....28
10.	Municipal Court .....31
11.	Personnel Policies .....34
12.	Fixed Assets .....35
13.	Park Department Receipts .....38
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	39-41

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Board of Aldermen  
City of Oak Grove, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Oak Grove, Missouri. The city had engaged Randall Fiene, Certified Public Accountant (CPA), to audit the city for the year ended June 30, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.



The accompanying Management Advisory Report presents our findings arising from our audit of the city of Oak Grove, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 16, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Toni M. Crabtree, CPA
Audit Staff:	Cynthia Freeman
	Keriann Ferriman

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF OAK GROVE, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Oak Grove Development Foundation</b>
-----------	-----------------------------------------

The Oak Grove Development Foundation (the Foundation) was established to provide financing for city capital improvement projects and to vest in the city the ownership and control of those facilities; however, there has been a deviation from this purpose and a lack of accountability to the city. Because of the city's involvement with the Foundation, past city officials share in the responsibility for the problems that have resulted. We determined city officials were justified in taking recent actions to address some of these concerns.

The Foundation is a not-for-profit corporation that has in past years served as a vehicle for financing various capital improvement projects for the city. The Foundation has issued revenue bonds and used the bond proceeds to construct various facilities for the city and/or to refinance previous bond issuances. The Foundation and the city have entered into lease agreements for these facilities, with the intent that the city will ultimately purchase the facilities from the Foundation through the lease payments. The lease payments have been structured to be sufficient to pay the Foundation's principal and interest payments on the bonds as they become due.

During the past several years, there has been much controversy involving city officials and the Foundation, centered on the funding and control of the Davis Memorial Center, a community building built by the Foundation in 1992-1993. This has resulted in various actions and litigation involving the city and the Foundation.

The following section provides some background information related to this situation.

**Background**

- March 1984  
A city resolution provided that if the citizens of Oak Grove approved a one-half cent transportation sales tax for street repair and maintenance, general funds of the city would be made available for financing a civic center and community swimming pool complex. In April 1984, the citizens of Oak Grove approved a one-half cent transportation sales tax.
- June 1984  
The Foundation was formed. Its Articles of Incorporation provide that the Foundation's purpose is "... to construct, improve, expand, ... or finance land, sites, buildings, facilities, furnishings, and equipment for ... the **benefit of the City** (emphasis added), ...", and the Foundation Board shall conduct the affairs of the Foundation "for the purpose of ultimately **vesting in the City the**

**ownership and operation** (emphasis added) of all land, sites, buildings, facilities, furnishings, and equipment ..."

The Board of Directors of the Foundation was to consist of seven directors, two permanent and five appointed. The permanent directors were designated as the Mayor and City Attorney, and the five appointed directors were to be nominated by the Mayor and approved by the Board of Aldermen. A member of the Board of Aldermen was to serve as one of the appointed directors. The Foundation's By-Laws provided the appointed directors were to serve one-year terms.

In September 1984, the Internal Revenue Service (IRS) recognized the Foundation as exempt from federal income tax. This status required the Foundation to meet certain federal and state laws/guidelines.

- September 1985  
The Foundation issued \$1 million in revenue bonds for the construction of the Civic Center and swimming pool complex. At the same time, the city entered into an agreement to lease the facilities from the Foundation.
- November 1989  
The Foundation issued \$1,375,000 in revenue bonds to refund the 1985 bonds and to provide additional funds for improvements to the Civic Center and for park improvements. The city entered into a new agreement to lease the facilities from the Foundation.
- December 1989  
The Foundation Board amended its By-Laws to provide that each appointed director would hold office continuously for an eight-year term. In addition, the By-Laws were amended to authorize the Foundation Board itself, rather than the city, to fill any vacancies.
- January 1991  
Mr. Devone Davis dies. Mr. Davis' trust agreement provided that the balance of his residuary estate was to go to the local Masonic lodge (the Masons) to be used for a new lodge hall. However, the trust provided that if the Masons disclaimed or renounced its interest in the estate for a new lodge hall, the residuary estate was to go to the Masons "to be used for the exclusive purpose of acquiring, constructing, erecting, equipping or furnishing a multi-purpose building which shall be used exclusively for charitable or educational purposes as a community center for the residents of the City of Oak Grove, Missouri".
- August 1991  
The Masons disclaimed/renounced their interest in the residuary estate of the Davis trust for a new lodge hall.

- December 1991  
The Masons voted 1) to accept the bequest of the Davis trust for the purpose of constructing a community center for the residents of Oak Grove and to authorize the transfer of the Davis bequest to the Foundation for that purpose; 2) to ratify the creation of the Davis Memorial Center, Inc., a corporation established to facilitate the construction, maintenance and operation of the community center; 3) to enter into a lease with the Davis Memorial Center, Inc., for the use of the center for 100 years.
  
- March 1992  
The Davis Memorial Center, Inc. was registered with the Secretary of State as a not-for-profit corporation. The Foundation entered into an agreement with the Davis Memorial Center, Inc. that gave this newly established entity control over the daily operations of the Davis Memorial Center.  
  
The Davis Memorial Center, Inc. entered into a lease with the Masons that allowed that fraternal organization to use a portion of the Davis Memorial Center for 100 years.
  
- April 1992  
The Foundation issued \$2,855,000 in revenue bonds to refund the 1989 bonds and to finance the Davis Memorial Center and the Emergency Services Building. The city entered into a new agreement to lease the facilities from the Foundation.  
  
The Foundation Board adopted a resolution accepting the residuary estate of Mr. Davis and expressing its intent that the proceeds of the estate are available to supplement payment of principal and interest on the Foundation's 1992 revenue bonds (the portion of the bonds for the Davis Memorial Center). The city and the Foundation agreed to pay 67 and 33 percent of the bond principal and interest payments, respectively.
  
- March 1998  
The Foundation issued \$3,215,000 in revenue bonds to refund the 1992 bonds. The city entered into a new agreement to lease the facilities from the Foundation.
  
- August 1999  
The Board of Aldermen voted to have the City Administrator hire an attorney to serve as special legal counsel to the City Administrator and/or Board of Aldermen and to investigate and assist with the audit of the Foundation and related entities.
  
- January 2000  
The attorney (Frank B. W. McCollum) hired to conduct the investigation/audit of the Foundation issued a preliminary report, which was subsequently followed by an updated preliminary report in June 2000. Those reports identified various problems involving the Foundation and the city's involvement with that entity. These included, but were not limited to, the following:

- 1) There was little accountability to the citizens and city regarding the expenditure of funds and operation of the Davis Memorial Center;
- 2) There was insufficient documentation to determine if the funds administered by the Foundation were appropriately expended;
- 3) Past city and Foundation officials had not properly carried out their fiduciary duties and responsibilities.

■ September 2000

The city appointed new directors for the Foundation. Previously, the city had requested the existing directors of the Foundation to resign and to turn over the Foundation's bank accounts and other records to the city. The original directors of the Foundation have refused to comply with the city's requests, have not recognized the new directors, and have retained control of the bank accounts and records.

■ January 2001

The city filed amended Articles of Incorporation for the Foundation with the Secretary of State. The permanent directors were identified as the Mayor and Chief Financial Officer of the city, and the five appointed directors shall be nominated by the Mayor and approved by the Board of Aldermen. Since the old Foundation Board refused to resign or relinquish control of its bank accounts and records, the newly-appointed board's activities have been very limited.

- During 1999 to 2001, various legal actions were taken involving the city, the Foundation, and other interested parties. This resulted in the city incurring a substantial amount of legal expenses. Currently, there is a lawsuit in the Circuit Court of Jackson County between the old directors and the newly-appointed directors of the Foundation. This suit is to determine which board represents the appropriate directors of the Foundation.

### **Problems Identified**

Based on our review of this situation, we identified various problems with past actions of the Foundation and/or former city officials as follows:

- When the Foundation revised its By-Laws in December 1989, this effectively took the Foundation and its activities away from the control of city officials. It is unclear to what extent past city officials were involved and/or aware of this action.

Considering the stated purpose of the Foundation, the involvement by the city in the leasing of the facilities and issuance of the related bonds, and the extent of city funds expended through the leases, it is important that the city maintain control of the Foundation and ensure that it is accountable to the city.

- The Foundation has not been in compliance with some provisions of the lease agreements with the city that were entered into in conjunction with the 1992 and 1998 bond issuances. In addition, some information was not disclosed to bondholders and some information in the bond documents was not accurate.

The lease agreements between the Foundation and the city provided the city was to be the sole lessee of the buildings and gave the city the right to use the buildings for "such public use" as it desired. However, the city has never had clear and unrestricted use of the Davis Memorial Center as indicated in the lease agreements. As discussed above, the Foundation entered into an agreement with the Davis Memorial Center, Inc., giving that entity exclusive control over the use and operation of that facility.

The fact that the city would not have control and use of the Davis Memorial Center was not conveyed to the bondholders. In addition, the Foundation did not disclose to the bondholders the agreement between the Foundation and the Davis Memorial Center, Inc., nor the 100-year lease between the Davis Memorial Center, Inc. and the Masons.

In addition, the bond documents contained incorrect information regarding the terms and appointment of the directors of the Foundation. Those statements indicated the directors would be nominated by the Mayor and approved by the Board of Aldermen, with appointed members serving one-year terms (as was provided in the original By-Laws of the Foundation).

Both the Foundation and the city had a responsibility to ensure the terms of the lease agreements were complied with. In addition, the Foundation and the city had an obligation to the bondholders to ensure the bond documents contained complete and accurate information.

- Since the Foundation has been given tax-exempt status by the IRS, the interest paid to bondholders has not been considered taxable income to those individuals/entities. However, because the Foundation effectively turned over control of the Davis Memorial Center to an entity (the Davis Memorial Center, Inc.) other than the city, and because a private entity (the Masons) occupies permanent space in the center, it is possible the Foundation has jeopardized its tax-exempt status and the tax-exempt status of its revenue bonds.
- In December 1992, the Foundation purchased property for \$235,000 for the local school district. The debt related to this purchase is being repaid from lease payments from the school district.

Since the purpose of the Foundation is to finance and build facilities that will vest with the city of Oak Grove, this was a questionable transaction and may be outside the scope of Foundation authorized activities.

During our audit, we requested the Foundation to provide its records for our review. We noted several additional problems based on that review. The majority of the records made available to us related to the construction of the Davis Memorial Center and the Emergency Services Building from the 1992 bond proceeds. Records of activity prior to that time could not be readily located. We noted the following deficiencies in the Foundation's records/procedures:

- The Foundation's oversight and supporting records of the construction of the Davis Memorial Center and the Emergency Services Building were not adequate, and there was not adequate evidence to assure that applicable state laws and/or good management practices were followed.

Any competitive bids obtained related to the construction of these facilities were not adequately documented. In addition, there was not adequate documentation maintained to indicate the services of the architect, surveyor, and construction manager were procured in accordance with state law. Further, written contracts were not entered into for at least some of the services procured and there was no documentation to indicate the prevailing wage rate was paid, as required.

Competitive bidding procedures for major construction projects provide a framework for the economical management of resources and help ensure that fair value is received by contracting with the lowest and best bidders. Chapter 8, RSMo, requires that contracts for architectural, engineering and land surveying services be procured on the basis of competence and qualifications and at a fair and reasonable price. In addition, Sections 290.210 to 290.340, RSMo 2000, provide that prevailing wages be paid on public projects. Written agreements are necessary to document each party's duties and responsibilities and to prevent misunderstandings.

- The Foundation records did not always include written appraisals to support the sale or purchase of property. Without proper appraisals to support real estate transactions, it is uncertain whether fair value is given or received for properties.
- The Foundation's accounting records and expenditure documentation were not complete and/or adequate and did not properly account for the monies received and disbursed.

Various deficiencies were noted including: 1) not all bank statements were available for all accounts; 2) some deposits were not recorded in the check register; 3) a balance was not maintained in the check register; 4) the bank statements were not reconciled to the check register; 5) many vendor invoices did not adequately indicate the goods and/or services provided or to which building the goods/services pertained.

Some of the problems noted above were also disclosed in the reports issued in 2000 by the attorney (McCollum) hired by the city to audit/investigate the Foundation.



### **Recent Developments**

In June 2001, the city's Board of Aldermen authorized the issuance of Certificates of Participation not to exceed \$2,500,000, and exercised its option to purchase the Civic Center/Pool Complex from the Foundation. In addition, the city canceled the lease with the Foundation regarding the Davis Memorial Center, putting the related revenue bonds in default. According to city officials, it is the city's intent to disassociate itself with the Davis Memorial Center and the Foundation.

### **Summary and Conclusions**

Considering the Foundation was established to provide financing for city capital improvement projects and to vest in the city the ownership and control of those facilities, it is apparent there has been a deviation from that purpose and there has been a lack of accountability to the city. Because of the city's involvement with the Foundation, past city officials share in the responsibility for many of the problems reported in this finding.

The city took various actions to address some of the concerns noted and make the Foundation accountable to the city; however, this situation has been very costly. As of July 2001, the city had incurred legal expenses of approximately \$200,000 (including the costs of the McCollum audit/investigation), paid over \$500,000 in lease payments to the Foundation (since 1992), and was owed approximately \$158,000 from the two Foundation boards. It is important the city resolve the current situation and put this matter behind it.

**WE RECOMMEND** the Board of Aldermen continue its efforts to resolve the current situation regarding the Foundation and the Davis Memorial Center. In the future, if the city enters into a similar financing arrangement with the Foundation or some similar entity, the city should ensure it maintains proper control and oversight over that entity and ensure any agreements or bond documents are complied with and accurately reflect the circumstances of the arrangement.

### **AUDITEE'S RESPONSE**

*The Board of Aldermen concurs and has taken appropriate action.*

### **AUDITOR'S COMMENT**

In December 2001, the various parties involved in the litigation related to the Foundation and the Davis Memorial Center entered into a settlement agreement. This agreement was subsequently approved by the Circuit Judge in early January 2002.

Among the matters included in the settlement, it was agreed the title of the Davis Memorial Center will be conveyed to the Oak Grove Senior Citizens, Inc., a not-for-profit corporation established to operate programs for senior citizens in the city, and the title of the Civic Center is to be conveyed to the city. In addition, it was agreed the city would authorize the bond trustee

to release \$2,040,000, plus accrued interest, from the Certificate of Participation proceeds for the payment of amounts due under the bond indentures. Further, the city agreed to pay an additional \$137,500 to the bond trustee to be applied to the payment of amounts due under the bond indentures. The agreement also provided that actions would be taken to dissolve the Foundation as a corporate entity.

<b>2. Benefits Provided to Officials/Employees</b>
----------------------------------------------------

- A. The city allows police officers that live outside the city limits to take their city-owned patrol cars home daily at the end of their shifts.

Since the establishment of the city's Police Department, the police officers have been allowed to drive their patrol cars home. Because the city's current personnel policy allows city employees to live outside the city limits (within ten miles of city hall), this has resulted in some police officers, who live outside city limits, driving their patrol cars to their residences daily.

While there has been much debate and controversy in the city over this issue, the Board of Aldermen has decided to allow police officers living outside the city to continue to take their patrol cars home. Some reasons cited for this decision include: 1) the relatively low pay of officers; 2) officers were advised that this was a perquisite when they were hired; 3) problems with storing un-manned patrol cars; and 4) better care and accountability for the patrol cars.

It is a common practice for municipalities to allow its police officers to drive their patrol cars home when they live within the city. It is believed the additional costs incurred by this practice are offset by the benefits of the increased visibility of law enforcement in the community and the ability of officers to respond quickly to emergency calls. However, allowing police officers living outside the city to take their patrol cars home is not a common practice, results in additional costs to the city, and any tangible benefits the city derives from this practice are not apparent.

The city should review the current policy. If police officers were hired with the understanding that they would be allowed this perquisite regardless of whether they live in the city, the board may want to apply any revised policy to future hires.

- B. The city has allowed supervisory and professional employees to earn and accumulate a significant amount of compensatory time, resulting in a significant liability to the city.

At June 30, 2001, the city's liability for compensatory time totaled approximately \$72,800, and over 75 percent of this liability related to hours accumulated by supervisory and/or professional staff. At that date, approximately \$31,250 (43 percent) of the total, representing 910 hours of compensatory time, had been

earned and accumulated by former City Administrator Frasher since July 1999. When that official resigned in August 2001, the city paid him over \$31,800 in accumulated compensatory time. All employees have been allowed to earn compensatory time at time and one-half.

The city's overtime compensation policy provides that overtime work "should be avoided" and that generally professional and supervisory positions are exempt from the requirements of the Fair Labor Standards Act (FLSA). However, the policy allows the city administrator to "occasionally" authorize overtime beyond the scope of the FLSA.

It is apparent the city has not adequately monitored the amount of compensatory time earned and accumulated by its supervisory and professional employees. As noted above, these positions are exempt from FLSA requirements and by their nature should not necessarily receive overtime compensation or compensatory time if extra hours of work are required. The city should reevaluate its overtime policy and take steps to restrict and monitor the amount of compensatory time earned by its supervisory and professional employees.

- C.1. The city reimbursed former City Administrator Frasher for miles driven in his personal vehicle commuting between his home and city hall. There was no documentation indicating these reimbursements were authorized and they were not properly reported as compensation for tax purposes. In addition, there was no indication the former City Administrator's mileage or expense reimbursement claims were reviewed and approved by an appropriate official.

Although the city paid a previous City Administrator a monthly mileage allowance, we saw no indication a mileage allowance was authorized or paid to former City Administrator Frasher. Based on the mileage logs maintained by former City Administrator Frasher, we determined he was reimbursed approximately \$975 for mileage driven between his home and city hall for personal travel between August 1999 and May 2001.

While former City Administrator Frasher indicated these reimbursements were provided in his employment contract, we determined such reimbursements were not specifically authorized in the contract. The employment contract only provided that he would receive mileage reimbursements for reasonable travel expenses. It should be noted that no other current city employee received similar mileage reimbursements.

The city should ensure any mileage allowance or mileage reimbursements to be paid to the city administrator are authorized in the employment contract. Any mileage payments/reimbursements that are personal in nature should be reported as taxable income. In addition, the city administrator's mileage or expense reimbursement claims should be reviewed and approved by the Mayor or some other appropriate official.

2. The city is not reporting the value of personal automobile (commuting) use in city vehicles as compensation, if applicable. Federal regulations require all employers to withhold payroll taxes and include the value of personal automobile (commuting) use in taxable income. The Internal Revenue Service (IRS) provides several methods to determine automobile commuting values. Certain vehicles, such as police cars and other emergency vehicles, are exempted from these requirements.

The city allows some public works employees and the park director to drive city vehicles home. It appears there may be tax consequences for these individuals. The city should ensure that commuting use in city vehicles is properly reported as taxable income and payroll taxes withheld for the applicable employees.

3. Monthly mileage allowances paid to elected city officials were not included on their W-2 forms as compensation.

The Mayor and aldermen receive monthly mileage allowances of \$30 and \$20, respectively, to offset mileage driven by those individuals to attend meetings and participate in other city business. These city officials have not been required to account for the actual miles driven on city business or document the actual expenditures incurred.

IRS Regulation Sections 1.62-2 and 31.3401(a)-4 specifically require business expenses not accounted for to be considered gross income and that payroll taxes be withheld from the undocumented payments.

**WE RECOMMEND** the Board of Aldermen:

- A. Review the policy of allowing police officers living outside the city limits to take their police cars home.
- B. Reevaluate its overtime policy and take steps to restrict and monitor the amount of compensatory time earned by its supervisory and professional employees.

- C.1. Ensure that any mileage allowance or mileage reimbursements paid to the city administrator are authorized in the employment contract. Any mileage payments/reimbursements that are personal in nature should be reported as taxable income. In addition, the city administrator's mileage or expense reimbursement claims should be reviewed and approved by the Mayor or some other appropriate official.
- 2. Ensure that commuting use in city vehicles is reported as taxable income and payroll taxes withheld for the applicable employees.
- 3. Ensure any mileage allowances paid to the city's elected officials that are not accounted for to the city be reported as gross income and payroll taxes be withheld from these payments.

### **AUDITEE'S RESPONSE**

- A. *The Board of Aldermen indicated it will take this recommendation under consideration.*
- B. *The Board of Aldermen concurs and indicated action has already been taken to implement this recommendation.*

*Former City Administrator Frasher provided the following response:*

*During the past year and a half of my administration I repeatedly recommended to the Oak Grove Mayor and Board of Aldermen, both orally and in writing, that the City revise its outdated personnel manual to clarify limitations on compensatory time accumulations. I also periodically informed the Mayor and the Board, orally and in writing, about my individual compensatory time accumulations as a contract employee.*

*The management and the elected officials of Oak Grove were informed and concerned about compensatory time accumulations and had undertaken remedial action.*

- C.1. *The Board of Aldermen concurs and indicated steps have been taken to address this matter.*

*2&3. The Board of Aldermen concurs, will investigate, and comply with any IRS requirements.*

<b>3. Problems With Sewer System</b>
--------------------------------------

The city currently has a lagoon system to treat its wastewater. For several years, the Missouri Department of Natural Resources (DNR) has identified problems with this sewage treatment system and that agency has concluded the city's sewage lagoons either need to be upgraded or replaced. Although the city has spent a considerable amount of time and money discussing and studying the problems of its sewer system, the city has

made little tangible progress toward a solution. In addition, sewer rates have not been reviewed and revised on a periodic basis.

In July 1998, the DNR conducted an inspection of the city's wastewater treatment facilities and reported problems with both the north and south lagoons. That inspection report indicated that effluent violations (the level of contaminants in the water discharged from the system) had occurred in the preceding twelve months. That inspection reported the north lagoon was approximately 25 years old and was nearing the end of its usefulness and there were indications that lagoon had reached its treatment capacity. Similar concerns were reported regarding the south lagoon.

In an effort to address these problems, in 1999 the city hired a consulting engineer to prepare a wastewater master plan. This plan proposed the construction of a mechanical treatment plant and various other upgrades, as a long-term solution to the city's sewer needs. However, an \$8.8 million bond issue to finance this plan was defeated by the city's voters in November 2000.

In January 2001, the DNR conducted another inspection of the city's sewage treatment facilities and again noted significant problems with the city's sewage lagoons. Effluent violations were again reported and that inspection concluded the overall operation and appearance of the facilities was unsatisfactory and if the city continues to grow, it would have to upgrade its facilities. As of early August 2001, the city has discussed various less expensive options; however, no decision had been made to address the sewer problems.

During our discussions with DNR officials, they indicated the city could face additional future problems. To comply with the Federal Clean Water Act, the city will have to meet even more stringent wastewater limits than are currently required. They indicated it was unlikely the current lagoon system would meet the new limits. In addition, DNR officials indicated the city has not periodically reevaluated and raised its sewer charges to properly maintain its system. Until recently (effective June 2001), the city had not raised its sewer rates since 1991. The most recent rate increase was supported by a study conducted by an engineering firm that concluded additional revenues were needed to finance improvements to the existing utility system.

As of August 2001, the DNR has prohibited new connections to the north lagoon and has limited new connections to the south lagoon. According to DNR personnel, the city needs to make a decision soon. Once a decision is made, it could take up to three years to go through the DNR's review process and to build and get a new system operational. City officials indicated the city has submitted a revised plan, which provides for a mechanical plant, to DNR for review. To help finance this plan, the city put another bond issue on the November 2001 ballot; however, it was also defeated.

**WE RECOMMEND** the Board of Aldermen continue to work with the DNR regarding the upgrading and/or replacement of the sewer system. In addition, the city should review and revise, if necessary, its sewer rates on a periodic basis to ensure sufficient revenues are generated to adequately maintain the sewer system.

## **AUDITEE'S RESPONSE**

*The Board of Aldermen concurs and indicated it will make every effort within its power to address this situation.*

<b>4. Expenditures</b>
------------------------

- A. The city's procurement and expenditure approval policies and procedures need to be improved.

A city ordinance provides that expenditures in excess of \$1,500 (except in the case of an emergency) should be based on public bids. That ordinance indicates bids are considered public if the bid solicitation is made in one newspaper of general circulation. However, the city is not following this policy. According to city officials, the city advertises for bids only in the case of very large expenditures, such as construction projects. An informal policy has been established that authorizes supervisors to approve purchases up to \$500 without quotes being solicited. For any purchases over \$500, three quotes must be obtained, if possible. Any purchases over \$500 to \$1,500 must be pre-approved by the city administrator and/or finance director; and the Board of Aldermen must approve purchases over \$1,500.

Besides the formal policy not being followed, we determined the informal policy was also not being consistently followed. Quotes were not always obtained or documented for purchases as required. Examples included expenditures for printing, totaling \$1,906; radios for city vehicles, totaling \$853; copier/fax, totaling \$858; and a computer, totaling \$1,115. In addition, the reason why a bid other than the low bid was selected was not always documented. For example, we noted purchases of office furniture and a copier costing \$18,030 and \$8,475, respectively, that were not the low bids, but the reasons for not selecting the low bids were not documented. Further, a purchase order indicating approval and/or pre-approval was not always available and we did not see board approval in the minutes for several purchases over \$1,500.

The city needs to formalize its current procurement and expenditure approval procedures and then ensure those procedures are followed. Bids or quotes should be obtained, as required and proper documentation of this should be maintained. If a bid other than the lowest bid is selected, the reason should be documented. In addition, the approval of expenditures should be properly documented.

- B. Various concerns were noted regarding the procurement and contracting of professional services.
1. The city has hired a private engineering firm to perform much of the engineering services needed by the city. Payments to this firm totaled

approximately \$164,000 and \$176,000 during the years ended June 30, 2000 and 2001, respectively. This firm has provided engineering services for many years, and according to city personnel, proposals from other firms for these engineering services have not been requested during this period.

This engineering firm has designated one of its employees to serve as the "City Engineer" for the city and provides services by other individuals as needed. The firm periodically provides the city a revised schedule of hourly rates; however, the most recent contract between the firm and the city dates back to December 1989.

In addition to general services, the firm also prepared a wastewater master plan, water and wastewater rate studies, and services related to zoning and utility mapping and wastewater sludge removal. The city did not solicit proposals for any of these engineering services.

The city should periodically reevaluate the engineering services provided to the city and solicit proposals from other engineering firms. In addition, Sections 8.285 to 8.291, RSMo 2000, provide that when obtaining engineering services, at least three highly qualified firms should be considered. The firms should be evaluated based on specified criteria and qualifications for the type of service required as well as the fees being charged.

2. According to city officials, the city requests proposals for various professional services such as accounting, legal, engineering (other than provided by the contracted city engineer), and consultants. However, instances were noted in which adequate documentation was not maintained to identify the various proposals received by the city.

During the two years ended June 30, 2001, the city hired a city attorney, prosecuting attorney, a municipal judge, special legal counsel, and consultants for various projects. Adequate documentation was not maintained to identify the various proposals received and the other individuals/firms considered for these services.

Adequate documentation should be maintained to identify any proposals received for professional services. The best proposal should be selected based on cost, experience, type of service to be provided, and any other relevant information.



3. The prior City Attorney served through June 2000; however, his most recent contract with the city dated back to 1992 and it had not been amended to reflect changes in the hourly fee being charged for his services. The contract provided for the attorney to be paid fees at a rate of \$60 per hour; however, during 2000 the city was being charged fees at a rate of \$90 per hour.

The city needs to ensure contracts for professional services are updated on a periodic basis and that any fees or payments made are in accordance with the contracts.

- C. Instances were noted where the city's policy regarding travel expenses was not complied with. In addition, some questionable expenses were reimbursed.

The city's policy provides a limit of \$24 per day for meals, except for the Missouri Municipal League meetings, for which actual expense is reimbursed. We noted a few instances where the meal allowance as provided by the personnel policy was exceeded. These instances occurred when the applicable employees traveled out-of-state for training/conferences. In addition, we noted a few instances where the cost of alcoholic beverages were claimed by employees and reimbursed by the city. The city's policy currently has no provision indicating whether such costs should be reimbursed with city funds. In the governmental sector, the payment of public funds for the purchase of alcohol is generally prohibited.

The city should review its policy regarding the reimbursement of business travel expenses. In addition, any established daily meal limits should be followed.

- D. The city has not developed a formal written policy regarding cellular phone usage. The city has nine cellular phones issued to various employees. The employees who are assigned the phones are not required to review and approve the monthly bills and identify any personal use.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy is needed regarding cellular phones. Such a policy should address which employees need a cellular phone, proper use of the phone, and a review and authorization process. The city should prohibit the personal use of the cellular phones, except in cases of emergency. In addition, proper internal controls require that expenditures are reviewed and authorized before payment.

- E. The city purchases turkeys and hams for city employees at Thanksgiving and Christmas, respectively. In calendar year 2000, the city spent over \$1,300 for these items.

These disbursements do not appear to be a necessary and prudent use of public funds.

**WE RECOMMEND** the Board of Aldermen:

- A. Review and formalize its current procurement and expenditure approval procedures and ensure those procedures are followed. Bids or quotes should be obtained, as required, and proper documentation of this should be maintained. If a bid other than the lowest bid is selected, the reason should be documented. In addition, approval of expenditures should be properly documented.
- B. Ensure proposals are solicited for professional services, including engineering services, and maintain adequate documentation of the various proposals received. The best proposal should be selected based on cost, experience, type of service to be provided, and any other relevant information. In addition, written contracts related to these services should be updated on a periodic basis and the fees charged should be in accordance with the contracts.
- C. Review and consider revising the city's policy regarding the reimbursement of business travel expenses. In addition, any established daily meal limits should be followed.
- D. Develop a formal written policy regarding the use of cellular phones, including a provision limiting their personal use. In addition, the related bills should be reviewed by the user before payment and any personal usage should be identified and reimbursed by the employee.
- E. Ensure expenditures are limited to those necessary to operate the city. The board should refrain from expending city monies in a manner that primarily benefits individuals.

**AUDITEE'S RESPONSE**

- A. *The Board of Aldermen concurs, will reevaluate the current procurement policy, and take appropriate action.*
- B-E. *The Board of Aldermen concurs and will take appropriate action.*

**5.****Monitoring of Sales Tax Collections**

The city has not reviewed and compared sales tax information available from the Department of Revenue (DOR) to city businesses on a periodic basis. As a result, when sales taxes remitted by a local business to the DOR were sent to another municipality in error, this situation was not detected on a timely basis.

From May 1997 to December 2000, a business located in the city of Oak Grove remitted sales tax collections to the DOR, which were sent in error to the village of Oak Grove (in Franklin County). The city discovered this problem in early 2001. According to city officials, after questions were raised about the amount of sales tax revenues generated at the business, the city requested available sales information from the DOR. When the information was reviewed and analyzed, city officials discovered the city was not receiving sales taxes from the business. After discussions with the DOR, it was determined the sales tax revenue had been sent to the applicable village by mistake. The city subsequently received the related sales tax revenues from the DOR in May 2001.

Sales tax collections represent a major source of revenues for the city. Considering this, and the growth occurring in the city, sales tax collections should be closely monitored. Sales tax information should be obtained from the DOR on a periodic basis and compared to businesses established in the city to ensure the city is receiving proper credit for the applicable sales taxes remitted by those businesses. According to DOR officials, various reports with local sales tax data are available at minimal or no cost to the city.

**WE RECOMMEND** the Board of Aldermen ensure that sales tax information is obtained from the DOR on a periodic basis and compared to businesses established in the city.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs and will take additional appropriate action to the extent reasonable.*

**6.****Minutes and Ordinances**

- A. The Board of Aldermen generally meets twice a month. Our review of the board minutes disclosed the following concerns:
  - 1. Formal written minutes are not prepared for all closed meetings. Currently, minutes are prepared only if a decision is made. In previous years, minutes were not generally maintained for any closed meetings. Because of this, we noted a lawsuit filed by the city in October 1999 was dismissed by the court in March 2000 because the authorization for the lawsuit was not recorded in the minutes.

Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Aldermen. Formal written minutes for closed meetings result in a better record of city transactions, proceedings, and decisions. In addition, such minutes provide evidence that any discussions or business conducted in closed meetings pertains to matters authorized by the Sunshine Law, Chapter 610, RSMo.

2. Some decisions made in closed meetings were not subsequently disclosed in the open meeting minutes. For example, we noted the decision to reinstate a police officer in May 2001 and the settlement of a lawsuit in November 2000 were not disclosed in the minutes.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues; however, the statute requires certain matters discussed in closed meetings to be made public upon final disposition. It appears the decisions noted above should have been disclosed in the open meeting minutes.

3. The board's open meeting minutes do not always include sufficient detail of matters discussed, why actions were taken, and/or disclosures made by officials. For example, the city changed its sick leave policy in March 2001. While this decision was noted in the minutes, the minutes did not include the reason(s) for the change, comments made by the various aldermen and/or an indication of the cost of the change. In addition, in January 2001, during discussions regarding a road extension, the Mayor acknowledged he owned property south of the area under consideration. This disclosure and the related discussion were not recorded in the minutes.

The minutes represent the official record of discussions held and actions taken at the meetings of the city's Board of Aldermen. Therefore, it is important the minutes are complete and accurate.

4. The board minutes prepared by the City Clerk are not always signed by both the City Clerk and Mayor. The minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

- B. The city needs to codify its ordinances. The individual ordinances maintained by the City Clerk date back to when the city was originally established. In addition, while a summary list of the ordinances is maintained, this list does not always indicate when an ordinance has been repealed or superseded by a subsequent

ordinance. As a result, it is difficult to determine which city ordinances are currently in effect.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important the city's ordinances be maintained in a complete, well-organized, and up-to-date manner.

- C. The city has not incorporated recent changes to Chapter 610, RSM0 2000, the Sunshine Law, in its ordinances. The city's current ordinance related to compliance with Chapter 610, including access to city records, has not been updated since 1988. For example, the city ordinance does not include all reasons to close meetings, records, and votes, such as confidential communications with auditors.

The city needs to update its ordinance related to the Sunshine Law to ensure compliance with state law.

**WE RECOMMEND** the Board of Aldermen:

- A.1. Ensure minutes are prepared for all closed meetings.
- 2. Ensure decisions reached in closed meetings are subsequently disclosed in the open meeting minutes.
- 3. Ensure the open meeting minutes are complete and accurate. All significant discussions, decisions by the board, and disclosures by city officials should be reflected in the minutes.
- 4. Require the City Clerk and Mayor to sign the board minutes to attest to their accuracy and completeness.
- B. Take action to ensure the city ordinances are codified.
- C. Update the city ordinance related to the Sunshine Law to ensure compliance with state law.

**AUDITEE'S RESPONSE**

*A.1-4. The Board of Aldermen concurs and indicated it will make every effort to comply with all provisions of the Sunshine Law.*

*B&C. The Board of Aldermen concurs and indicated it has already begun or taken corrective action.*

- A. In March 2001, the city approved a new rate structure and schedule of charges for water and sewer service, which became effective June 2001. We noted problems with the manner in which some sewer bills have been calculated under the new rate structure.

The new sewer rate structure for residential customers is based on the average water usage for the months of December 2000 through February 2001 (average winter consumption). The monthly sewer billings for the next 12 months are then based on this computed average, until the next average winter consumption amount is computed. During our review of some individual sewer accounts, we noted several instances in which the sewer bills were based on amounts that did not reflect actual water usage. This situation occurred because some of the usage amounts used in the calculations were based on estimates and not actual meter readings. For example, in one instance a customer's sewer charge was based on monthly water usage of 37,900 gallons, 12,280 gallons, and 5,380 gallons in December 2000 to February 2001, respectively. Based on a review of the monthly water consumption of this customer, it was apparent these amounts did not reflect the actual usage in those three months. In this, and other instances noted, it appears the sewer billings were too high.

It is not unusual for municipalities to base some utility billings on estimated readings. However, since the next 12 months of sewer billings are based on the average winter consumption of water, is important that the usage for this 3-month period is based on actual meter readings. The city should review the usage history of its various sewer customers and identify those for which the average winter consumption appears unreasonable. For those customers, the average winter consumption amount should be recalculated and the sewer billings adjusted accordingly. In the future, the city should ensure the average winter consumption calculations are based on actual usage readings.

- B. The city does not reconcile month-end customer accounts receivable listings to beginning accounts receivable, plus monthly billings, less total utility payments and adjustments. Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of these reconciliations should be retained to support conclusions and any corrections made, and to facilitate independent reviews.
- C. The Water Clerk maintains a spreadsheet that compares the total gallons of water billed to customers to the gallons of water purchased on a monthly basis. However, this comparison is not used to identify and investigate significant differences between the amount of water billed and the amount of water purchased.

Based on this spreadsheet, from July 2000 to June 2001 the total gallons of water purchased exceeded total gallons billed by over 47 million gallons, or approximately 20 percent. While some of the unbilled usage relates to water usage in non-metered city owned buildings, fire hydrants, or usage by the local fire district, the differences could be the result of significant water losses or unauthorized usage.

To help detect significant water losses on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water purchased to the total gallons of water billed on a monthly basis and investigate any significant differences. The Public Service Commission generally recommends such differences be investigated if unbilled water usage exceeds 15 percent.

- D. A report of refundable water deposits is not reconciled periodically to deposits and refunds. In addition, a general ledger liability account for utility deposits has not been established.

The city collects refundable water deposits, which are currently \$100 for residential customers and a minimum of \$100 for commercial customers. These monies are deposited in the Water and Sewer Fund and entered on the utility computerized accounting system. As of August 2001, the city was holding approximately \$72,000 in water deposits.

A report of water deposits should be generated periodically and be reconciled to deposit and refund activity during that period and to a general ledger account set up to account for this liability. Doing so will help ensure records are in balance and all water deposits are accounted for properly.

- E. The city has not established formal procedures regarding the handling of delinquent water and sewer accounts. In addition, adequate efforts have not been made to pursue the collection of delinquent accounts. As of August 2001, water and sewer accounts receivable totaled over \$52,000, with over \$15,000 of that amount (29 percent) being delinquent over 90 days. According to city officials, delinquent accounts are not routinely turned over to a collection agency.

To help maximize water and sewer revenues, the city should establish formal procedures for the handling of delinquent water and sewer accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed. In addition, the city should consider writing off those accounts that are considered uncollectable, after proper review and approval.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure the usage history of the city's various sewer customers is reviewed and any unreasonable average winter consumption amounts are identified. For those customers, the average winter consumption amount should be recalculated and the sewer billings adjusted. Also, in the future, the city should ensure the average winter consumption calculations are based on actual usage readings.
- B. Require monthly accounts receivable listings to be reconciled to beginning accounts receivable, plus billings, less collections and other adjustments.
- C. Ensure the difference between the total gallons of water purchased and the total gallons of water billed is reviewed on a monthly basis. Any significant differences should be investigated.
- D. Ensure a report of water deposits is generated periodically and reconciled to deposit and refund activity during that period and to a general ledger account set up to account for this liability.
- E. Ensure formal procedures are established for the handling of delinquent water and sewer accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed.

**AUDITEE'S RESPONSE**

- A. *The Board of Aldermen concurs and indicated it has already taken steps to correct a number of accounts. Where not corrected, the city will continue to evaluate and take corrective action.*
- B. &  
D-E. *The Board of Aldermen concurs and indicated it will take appropriate corrective action.*
- C. *The Board of Aldermen concurs and indicated action has already been taken to address this matter.*

<b>8. Restricted Revenues</b>
-------------------------------

- A. Expenditures of the Public Works Department have not been properly allocated between the funds that support that department.

The city pays wage, fringe benefit, retirement, and health insurance expenses for the public works employees from both the Water and Sewer Fund and Transportation Sales Tax Fund (streets). No documentation was available to support the method of allocation used. The city's independent auditor made a similar comment during the city's annual audit for the year ended June 30, 2000.



Bi-weekly time sheets are prepared by public works employees that document the total hours worked by those employees. However, no documentation is maintained to identify the number of hours worked by those employees related to streets, water and sewer, or other activities. According to city officials, public works employees are placed on the payroll of a designated fund based on the work activities it is believed the employee will be primarily involved in.

While we determined expense and equipment expenditures were generally charged to the appropriate fund, we noted in April 2001, the city paid approximately \$25,000 for a new vehicle for the public works director from street funds rather than allocating this cost between the street and water and sewer funds.

The proper allocation of expenses of the Public Works Department is necessary to ensure costs are paid from the fund(s) that receives the benefit.

- B.1. The city has not established a separate accounting for vehicle-related revenues received from the state, and the related disbursements. As a result, there is less assurance these revenues legally restricted for street purposes are used as intended. During the two years ended December 31, 2000, the city received approximately \$373,000 in motor vehicle-related revenues from the state. These monies were deposited to the credit of the city's General Fund.

Article IV, Section 30(a) of the Missouri Constitution, requires motor vehicle-related revenues apportioned by the state of Missouri be expended for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets.

The city needs to establish a separate accounting for the motor vehicle-related revenues and related expenditures to ensure compliance with this constitutional provision.

- 2. Law enforcement training fees collected by the city's municipal court are not accounted for separately or maintained in a separate fund. While the city tracks law enforcement training fees collected, disbursements are not accounted for separately to ensure the fees are used only for the training of law enforcement officers. During the two years ended June 30, 2001, the city received approximately \$2,100 in training fees that were deposited to the credit of the city's General Fund.

Section 488.5336, RSMo 2000, requires law enforcement training fees to be used only for the training of law enforcement officers. The city should transfer law enforcement training fees collected to a separate fund or maintain a separate accounting of these monies to ensure these fees are used in accordance with state law.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure expenditures of the Public Works Department are properly allocated between the applicable funds and the allocations are supported by adequate documentation.
- B. Establish separate funds or a separate accounting for the restricted revenues to ensure these monies are spent in accordance with applicable laws and regulations.

**AUDITEE'S RESPONSE**

- A. *The Board of Aldermen concurs and indicated it has already taken corrective action.*
- B. *The Board of Aldermen concurs and indicated it will take appropriate action.*

<b>9. Police Department</b>
-----------------------------

The police department issues tickets for violations of state laws and municipal ordinances and collects cash bonds for the city of Oak Grove and for other entities, which are then remitted to the city's municipal court. Our review of police department procedures and activities disclosed the following concerns:

- A. A \$500 cash bond collected by the police department is missing and it appears this money was not remitted to the municipal court. These missing monies were not detected on a more timely basis because no independent reviews are performed comparing the monies received and transmitted by the police department to the municipal court's receipt records.

The cash bond was recorded in the police bond ledger on March 17, 2001; however, there was no evidence indicating this money was turned over to/or received by the municipal court. The Court Clerk discovered this matter in late April 2001, when the defendant came to court. That individual presented a copy of the bond form issued by the police department (which indicated \$500 in cash had been received by the police department), and requested the bond be applied against the fines and court costs due.

The city conducted a preliminary investigation of this matter in May 2001, but subsequently requested the Missouri State Highway Patrol complete the investigation of this matter. That investigation is ongoing.

To safeguard against the possible loss or misappropriation of funds and to ensure receipts are properly recorded, an independent review should be performed periodically comparing the monies received by the police department to what is turned over to and received by the municipal court.

- B. The police department maintains a manual log of bonds collected for the municipal court and other entities; however, the log is not complete or adequately maintained to account for all bonds collected. The bond information was not always recorded on the log in a timely manner and all relevant information (such as whether the bond was in cash or was a surety bond, the amount of the bond, etc.) was not always recorded. In addition, copies of the bond forms issued were not always retained.

Without a proper accounting of the bonds collected, the police department and court cannot be assured that all bonds collected are properly submitted to the court for processing. A complete and accurate bond log should be maintained and copies of the bond forms issued should be retained to help ensure all bonds are handled properly.

- C. We noted problems regarding the handling of certain tickets issued by the police department. Instances were noted in which tickets were not turned over to the court on a timely basis and where tickets were voided in an untimely manner.

We noted that one ticket was voided after the ticket had been turned over to the municipal court. In addition, several other tickets were held by the police department and eventually voided one to two months after the tickets were issued. It is unclear why these tickets were held by the police department instead of being turned over to the court. In addition, an affidavit documenting the reason for a ticket being voided was not always completed and signed by the officer voiding the ticket, and there was no evidence these affidavits and/or the voiding of the tickets was reviewed and approved by the Director of Public Safety (the police chief).

To ensure the proper disposition of tickets issued by the Police Department, tickets should be turned over to the court on a timely basis and any voided tickets should be accounted for properly. An affidavit should be prepared for all voided tickets and the Director of Public Safety should review and approve these documents. In addition, once a ticket has been submitted to the court, only the city prosecutor and/or municipal judge should dismiss a ticket.

- D. The police department took various actions apparently contrary to the municipal judge's orders without getting documented approval from the judge. We noted instances in which the police department released defendants without collecting the required bond amount, reduced the bond amount established by the judge, closed a warrant issued by the judge without collecting the bond amount, or released a prisoner early from jail. According to police officials, the judge gave verbal permission for these actions; however, the current Municipal Judge indicated he could not recall giving his approval for such actions since he took office.

To ensure justice is administered in accordance with the court's orders and to ensure all defendants are treated fairly and equitably, the police department should only take actions consistent with the municipal judge's orders. The judge should approve any action(s) taken contrary to the court's initial instructions, and documentation of that action(s) and approval should be filed with the court.

- E. The police department does not maintain adequate records to account for tickets assigned to and issued by police officers.

Although officers sign a form for ticket books assigned, a log is not maintained to account for ticket books assigned and unassigned, and ticket books are not assigned to officers in sequential order. In addition, while a log of tickets issued is maintained, the log did not account for tickets in numerical sequence, all relevant information (including the disposition) was not always recorded on the log, and all tickets were not accounted for properly.

Without a proper accounting of the assignment and issuance of tickets, the police department and the court cannot be assured that all tickets are properly handled and submitted to the court for processing.

**WE RECOMMEND** the Board of Aldermen ensure:

- A. Independent comparisons between the police department records and the court records are performed. In addition, the municipal court and the police department should work with law enforcement authorities regarding the investigation of the missing monies.
- B. The police department establishes adequate controls over the collecting and recording of bonds. A complete and accurate bond log should be maintained and a copy of all bond forms issued by the police department should be retained.
- C. The police department turns tickets over to the court on a timely basis and ensures any voided tickets are accounted for properly. An affidavit should be prepared for all voided tickets and the Director of Public Safety should review and approve these documents. In addition, once a ticket has been submitted to the court, only the city prosecutor and/or municipal judge should dismiss a ticket.
- D. The police department takes actions consistent with the municipal judge's orders. Any action(s) taken contrary to the court's initial decision should be approved by the judge and documentation filed with the court.
- E. Ensure the police department maintains adequate records to account for the assignment, issuance, and ultimate disposition of all tickets assigned to the police officers.

## **AUDITEE'S RESPONSE**

- A-E. *The Board of Aldermen concurs and indicated it would take appropriate action, as necessary.*
- A. *The Municipal Judge concurs and indicated he will cooperate with any investigation of this matter.*

<b>10. Municipal Court</b>
----------------------------

Various problems were noted in the records and procedures of the municipal court. Adequate records were not maintained to account for amounts owed the court, fees were not turned over to the state on a timely basis, receipt slips were not issued for all monies received, checks were not always restrictively endorsed immediately upon receipt, duties were not adequately segregated, the judge did not always sign the court docket or case files, and a schedule of fines and court costs was not posted at the traffic violations bureau as required.

- A. The court allows partial payments of fines and court costs. A summary listing is currently maintained of all monies owed the court; however, the listing is not up-to-date or accurate. In addition, action has not been taken on a timely basis to pursue the collection of amounts owed.

The summary listing includes many old cases, with some dating as far back as 1987; however, warrants and/or show cause orders have not been issued related to any delinquent cases since 1999. In addition, we determined all payments received on cases have not always been properly recorded on the listing. Further, the court does not require the defendants to sign a written agreement documenting their agreement to pay the amounts owed. As of March 2001, the summary listing indicated over 100 defendants owed the court approximately \$16,000.

The court should ensure accurate and up-to-date records of amounts owed the court are maintained. In addition, appropriate actions should be taken to pursue delinquent amounts owed, by ensuring warrants and/or show cause orders are issued on a timely basis. Further, defendants unable to pay the fines and court costs at the time they are assessed should be required to sign payment agreements to aid in accounting for and collecting the amounts due the court. Also, the total amount of monies owed should be monitored on a periodic basis and the court should consider writing off those accounts that are deemed to be uncollectable, after review and approval by the Municipal Judge.

- B. The state's portion of the Crime Victims Compensation (CVC) and the Peace Officer Standards and Training Commission (POSTC) fees collected by the court has not been submitted to the state of Missouri on a monthly basis, as required.

The Court Clerk deposits the CVC and POSTC fees into the city's bank account and then prepares a monthly remittance to the city to document the fees owed to the state. The city then remits the fees to the state based on the remittance. As of April 2001, the Court Clerk had not prepared the necessary remittances since August 2000, and therefore, the city had not properly disbursed these fees to the state. After this matter was discussed with the Court Clerk, she prepared the necessary documentation, and in May 2001 the city remitted \$2,271 to the state for CVC and POSTC fees collected from August 2000 to April 2001.

Section 595.045, RSMo, requires 95 percent of the CVC fees be paid to the state, and Chapter 488, RSMo and Supreme Court Administration Rule 21 provides that the CVC and POSTC fees should be disbursed to the state on a monthly basis.

- C. Receipt slips are not issued for bond monies received through the mail. In addition, receipts slips are not always issued in numerical order. To adequately account for all receipts and to ensure all receipts are deposited intact, receipt slips should be issued for all monies received, and the numerical sequence of receipt slips should be accounted for properly.
- D. Checks received during the night of court are not restrictively endorsed until the next day, when the deposit is prepared. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- E. The duties of receiving, recording, and depositing fines, court costs, and bond monies collected by the municipal court are not adequately segregated. Currently, the Court Clerk performs all these duties. While the city's Finance Director reviews the fines and court costs deposited in the city's bank account by reconciling the amounts recorded on the one-write sheets to the deposits, there is no supervisory review of the bond records or activity.

To adequately safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If this cannot be achieved, at a minimum, there should be a documented independent review of the bond records and related activity.

- F. The Municipal Judge does not sign the court docket and/or the case file after case dispositions are recorded. To ensure the proper disposition of all cases has been entered in the court record, the Judge should sign the court docket and/or case file to indicate approval of the recorded disposition.
- G. A schedule of fines and court costs charged for designated violations is not posted at the traffic violations bureau. Supreme Court Rule 37.49 provides that a schedule of fines and costs to be imposed for each traffic offense be prominently posted at the traffic violations bureau.

Condition E. was similarly noted in our prior audit of the municipal court.

**WE RECOMMEND** the Municipal Court:

- A. Ensure accurate and up-to-date records of amounts owed the court are maintained and timely action is taken to pursue delinquent amounts owed. Defendants unable to pay the fines and court costs at the time they are assessed should be required to sign payment agreements to aid in accounting for and collecting the amounts due to the court. In addition, the total amount of monies owed should be monitored on a periodic basis and the court should consider writing off those accounts that are deemed to be uncollectable, after review and approval by the Municipal Judge.
- B. Ensure the CVC and POSTC fees are distributed to the state on a monthly basis, as required.
- C. Issue receipt slips for all monies received and account for the numerical sequence of the receipt slips.
- D. Restrictively endorse all checks immediately upon receipt.
- E. Segregate duties in the court to the extent practical. At a minimum, an independent documented review of the municipal court records should be performed, including the bond records.
- F. Ensure the Municipal Judge reviews and signs the court dockets and/or case files for propriety and approval.
- G. Ensure a schedule of fines and court costs charged for designated violations is posted at the traffic violations bureau.

**AUDITEE'S RESPONSE**

*A&B. The Municipal Judge indicated the court records have recently been computerized and the court now has the ability to readily implement these recommendations.*

*C,D,*

*&G. The Municipal Judge indicated these recommendations have already been implemented.*

*E. The Municipal Judge and the Court Clerk indicated they will work with the city in getting another city official to perform a periodic review of the bond records and related activity.*

*F. The Municipal Judge concurs.*

- A. The city has not maintained documentation of the approved employee salaries and any adjustments (e.g. starting salary, raises) in the individual personnel files. According to city officials, after the city's budget ordinance is approved each year, a list is prepared which identifies each employee's salary for the coming fiscal year. However, the approval of this list is not documented and the approved salaries are not documented in the personnel files of the employees.

The city needs to establish procedures to ensure the approval of each employee's salary and any subsequent raises are properly documented and that this information is maintained in the individual personnel files.

- B. Except for the city administrator, whose qualifications and duties/responsibilities are set by ordinance, the city has not established written job descriptions for its employees. In addition, Section 79.320, RSMo 2000, provides that the duties and term of office for the City Clerk are to be set by ordinance.

Written job descriptions are necessary to document the duties, responsibilities, and qualifications for each position, and help ensure that qualified people are hired to fill the respective positions. Written job descriptions could also help the city identify duplicate and overlapping duties, as well as provide a basis to evaluate employee job performance.

- C. The city does not require performance appraisals be prepared for its employees. Periodic performance appraisals can lead to improvement in job performance and are useful in evaluating employees for salary increases, promotion, and other personnel actions.
- D. Some requirements in the city's approved personnel policy are not consistently enforced and may be outdated. In addition, we noted inconsistencies in current city practices. The policy is in need of review and possible revision.

The city's personnel policy was developed from a personnel ordinance established in July 1994. The policy requires a drug/alcohol test be administered for all applicants for city employment. However, only 2 of 11 (18 percent) personnel files reviewed contained documentation of these tests. In addition, according to the policy all applicants are required to receive a pre-employment physical; however, city officials indicated these are not always required. Further, although not required by city policy, police officers are required to submit to drug/alcohol testing if involved in an accident with city property; however, other city employees are not required to submit to such testing under similar circumstances. We also noted that drug/alcohol test results are not maintained in a confidential medical file under the control of the city administrator as required by city policy.



The city's personnel policy should be reviewed and any provisions that are outdated or not consistent with current city practices should be revised. Once any revisions to the policy have been made, the city should ensure the provisions of the policy are followed.

**WE RECOMMEND** the Board of Aldermen ensure:

- A. Procedures are established to ensure the approval of each employee's salary and any subsequent raises are properly documented. This information should be maintained in the individual personnel files.
- B. Written job descriptions are developed for all positions, which include duties, responsibilities, and qualifications. In addition, the duties and term of office for the City Clerk should be set by ordinance as required by statute.
- C. Employees receive written performance appraisals on a periodic basis.
- D. The city's personnel policy is reviewed and revised, as needed. Once revisions to the policy have been made, the board should ensure the provisions of the policy are followed.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs, and indicated it has already made some corrections and will make any additional changes necessary after the new City Administrator starts to work for the city.*

<b>12. Fixed Assets</b>
-------------------------

Various problems were noted regarding the city's fixed assets records and related procedures. The city has not established a capitalization policy, annual physical inventories have not been performed, fixed assets records are not complete or accurate, and fixed asset acquisitions are not accounted for as they occur. In addition, adequate records are not maintained of fixed asset dispositions and the usage of vehicles is not accounted for properly.

- A.1. The city has not established a capitalization policy. The city's informal policy is to capitalize assets that cost \$500 or more and have a useful life of a year or more. However, we noted items on the fixed asset records valued as low as \$100.

The capitalization policy (dollar value threshold) for fixed assets should reflect the degree of control and accountability the city believes is necessary to safeguard its assets.

2. An annual physical inventory of the fixed assets is not performed. Annual physical inventories are necessary to ensure the accuracy of fixed asset records and to detect the loss, theft, or misuse of assets. The city should conduct annual physical inventories and reconcile the results of the inventories to the detailed fixed asset records.
3. The fixed asset records are not complete and/or accurate. Property is not tagged for specific identification; serial numbers are not always recorded; and a specific location is not identified. The property records should include a detailed description of assets including the name, make and model numbers, an asset identification number, the physical location of the assets, and the date and method of disposition, if applicable. All property items should be identified with a tag or other similar device.
4. Fixed asset acquisitions are not accounted for as they occur. No property acquisitions during fiscal year 2001 were reflected on the detailed records. Fixed assets records should be maintained on a perpetual basis, accounting for property acquisitions as they occur. In addition, equipment purchases should be reconciled to fixed asset additions on a periodic basis.

Adequate fixed asset records are necessary to secure better internal control and safeguard city assets that are susceptible to loss, theft, or misuse. In addition, fixed assets records provide information needed by the city for financial reporting and provide a basis for determining adequate insurance coverage.

- B. The city has not maintained adequate records related to the disposition of fixed asset items and formal procedures have not been established to guide city officials in the proper handling and approval of such transactions.

The city provided a list of items that were reportedly disposed of during the two years ended June 30, 2001; however, we determined this list was not complete or accurate. The records maintained did not always document the manner in which the assets were disposed of and any bids received. It appears the city did not advertise the sale of some items and board approval of the dispositions was not always documented. In addition, dispositions are not recorded in the fixed asset records. The city has not established formal procedures for the handling of fixed asset dispositions and this has contributed to this situation.

The city needs to establish formal procedures in this area to ensure the disposition of city fixed assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the city.

- C. Control over the usage of vehicles is not adequate. The city owns over 20 vehicles, but does not maintain mileage and/or usage logs for any of these

vehicles. Mileage and/or usage logs are necessary to document the appropriate use of the vehicles and are useful in evaluating fuel costs.

These logs should include the beginning and ending odometer readings, destination, and purpose of each trip. The logs should be reviewed by city management to help ensure vehicles are used for city business, are being properly utilized, and help identify any vehicles that should be replaced. In addition, the logs should be reconciled to gasoline and other maintenance charges.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure the city establishes adequate fixed asset records and procedures. This should include:
  - 1. Establishing a capitalization policy for fixed assets.
  - 2. Requiring that annual physical inventories be conducted. The physical inventories should be reconciled to the detailed fixed assets records.
  - 3. Maintaining detailed fixed assets records that include all pertinent information for each asset including tag number, description, cost, acquisition date, location, and date and method of disposition, if applicable.
  - 4. Ensuring the fixed assets records are maintained on a perpetual basis. In addition, equipment purchases should be reconciled to fixed asset additions on a periodic basis.
- B. Ensure formal procedures are established related to the handling and approval of fixed asset dispositions. Complete records should be maintained to support all dispositions and such transactions should be recorded in the detailed fixed asset records.
- C. Require complete and accurate mileage/use logs be maintained for each city vehicle. Management should periodically review the logs for completeness and reasonableness.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs and will take appropriate action.*

**13.**

**Park Department Receipts**

The controls over cash receipts collected by the Park Department are not adequate. That department collects monies for admissions and concessions at the swimming pool and for facility use and concessions at the city parks. For the years ended June 30, 2001 and 2000, park receipts totaled approximately \$73,600 and \$63,000, respectively.

The daily swimming pool receipts were being left overnight in a locked area of the swimming pool complex. The next morning, the receipts and cash register tapes were turned over to city hall personnel for reconciliation and deposit. The daily concession receipts received at the parks were being collected each night by the parks director and kept at his home overnight. Again, the receipts and cash register tapes were not turned over until the following morning to personnel at city hall for reconciliation and deposit.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, park receipts should be deposited each night in the night depository of the city's depository bank. City hall personnel can reconcile the deposit to the cash register tapes the next day.

**WE RECOMMEND** the Board of Aldermen require park receipts be deposited daily.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs.*

This report is intended for the information of the management of the city of Oak Grove and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF OAK GROVE, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Oak Grove is located in eastern Jackson County. The city was incorporated in 1881 as a fourth-class city. The population of the city in 2000 was 5,535.

The city government consists of a mayor and a six-member board of aldermen. The board members are elected for two-year terms, one from each of the three wards each year. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in a case of a tie. The Mayor, Board of Aldermen, and other principal officials at June 30, 2001 were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Actual Compensation for the Year Ended June 30, 2001</u>
Jim Dent, Mayor	April 2002	\$ 1,200
Brad Alexander, Alderman	April 2002	1,225
Shirley Johnson, Alderwoman	April 2002	1,225
Mike Johnston, Alderman	April 2002	1,175
Karen Prewitt, Alderwoman (1)	April 2003	150
John Ray, Alderman	April 2003	1,100
Greg Rector, Alderman (2)	April 2003	150
Richard Powell, Collector	April 2002	50
 <u>Other Principal Officials</u>		
David Frasher, City Administrator (3)		71,491
Cathy Smith, City Clerk		31,257
Russell Pratt, Finance Director		49,150
Tom Gentry, Public Safety Director		45,014
Ron House, Public Works Director (4)		12,976
Scott Matson, Parks Director		34,607
Heather Hagedorn, Court Clerk		31,841
Chris Williams, City Attorney		(5)
Gary Helm, Municipal Judge (6)		1,533
Ellen Greenberg, City Prosecutor (7)		1,488

The amounts presented for the Mayor and Board of Aldermen represent compensation for attending meetings. These officials receive compensation of \$25 per meeting. In addition to this compensation, the Mayor receives a \$30 monthly mileage allowance, and each alderman receives a \$20 monthly mileage allowance.

- (1) Replaced Kerry Lutjen in April 2001.
- (2) Replaced Tim Taylor in April 2001.
- (3) David Frasher resigned as City Administrator in August 2001. That position has not yet been filled.
- (4) Hired in March 2001 to this newly created position.
- (5) The law firm of Stinson, Mag and Fizzel receives a monthly payment of \$2,640 (22 hours of general service) for Chris Williams to serve as city attorney. In addition, the firm bills for general services above the 22 hours and for additional services. For fiscal year 2001, the city paid Stinson, Mag & Fizzel over \$176,000 for general and other legal services. Chris Williams replaced Clay L. Barton as city attorney in July 2000.
- (6) Replaced William Piedmonte in February 2001.
- (7) Replaced George Lehnen in March 2001.

As of June 30, 2001, the city of Oak Grove employed 33 full-time employees.

Assessed valuation and tax rate information for tax year 2000 were as follows:

#### ASSESSED VALUATION

Real estate	\$ 38,008,042
Personal property	11,731,836
Total	<u>\$ 49,739,878</u>

#### TAX RATE PER \$100 ASSESSED VALUATION

General Fund	\$.65
Debt service	.23

The city also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date
General	0.005	None
Transportation	0.005	None
Capital improvement	0.005	None

\* \* \* \* \*



**COMPLIANCE WITH AND ENFORCEMENT OF PREVAILING WAGE LAW  
REQUIREMENTS**

**From The Office Of State Auditor  
Claire McCaskill**

*The Division of Labor Standards needs to take additional steps and seek legislative changes to better enforce the state's prevailing wage law.*

**Report No. 2002-16  
February 27, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**





Office of  
Missouri State Auditor  
Claire McCaskill

February 2002

**Significant noncompliance with state prevailing wage law shows need for effective enforcement and legislative changes**

This audit reviewed how well contractors and public entities comply with the state's prevailing wage law on public works projects. Auditors tested 35 projects and found some contractors and public entities avoid the law and underpay workers, without true consequence. Auditors also found Division of Labor Standards (division) officials, charged with monitoring law compliance, could do more to increase awareness about the law and consistently refer violators for prosecution. In addition, strengthening parts of the law would improve compliance. The following items highlight our results:

**Wage law requirements unmet**

Division staff did not receive any notification for 28 of the 35 projects tested by auditors, a basic wage law requirement. Without proper notification, state officials are less likely to determine compliance. In addition, public officials responsible for projects did not always include wage law information in calls for bids or written contracts and often did not review payroll records to assure contractors paid the correct wage. (See page 3)

**Some contractors underpaid workers**

Incorrect wages went to workers in 7 of the 35 projects tested, including underpayment by \$4 to \$6 an hour on two of these projects. In two cases, school districts hired the same contractor for their energy loan projects, but neither district could show documentation proving workers received the correct wage. Auditors and division officials determined the contractor underpaid the workers as much as \$4,200 at one district. (See page 4)

**Violating contractors not penalized**

Division officials substantiated 11 of the 20 wage law complaints tested by auditors, but only penalized contractors on eight of these complaints. In one unpenalized case, a school district solicited bids to build a gym and then rejected all bids. Later, district officials hired workers as district employees supervised by a contractor. Making the workers district employees allowed the district to avoid the wage law. Division officials found the district underpaid seven workers by more than \$46,000. (See page 4)

YELLOW SHEET

### **Repeat violators not always prosecuted**

A debarment record, which lists contractors convicted of violating the wage law and notifies public entities not to contract with such businesses, only included four companies convicted in 1993 and 1997. Division records show during fiscal years 1998 through 2001, 16 contractors had at least 4 violations each, including a contractor with 13 violations. Division officials only referred five of these contractors for prosecution. (See page 6)

### **Penalties for violators not increased since 1957**

Insignificant fines of \$10 for each day a worker is underpaid do not deter noncompliance. Division officials told auditors many contractors consider this small penalty as just an additional business cost. The penalty has not changed since state law set it in 1957, while several other states have much higher fines. (See page 8)

### **State staff cannot pursue back wages for underpaid workers**

A 1997 Missouri Supreme Court ruling forced the state to stop suing violating contractors for back wages. As a result, workers can only collect back wages by filing their own civil lawsuits against their employer. Division officials found violations in fiscal year 2001 that totaled \$1.3 million in wages due workers, but about \$376,000 has gone uncollected. Auditors found at least six other states can sue contractors for back wages. (See page 8)

Other needed legislative changes include setting a minimum dollar threshold for projects allowing regulation efforts to focus on significant projects and requiring contractors to retain payroll records for more than a year. (See page 9)

***Reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)***

**COMPLIANCE WITH AND ENFORCEMENT OF PREVAILING WAGE LAW  
REQUIREMENTS**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR'S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>2</b>
1. Most Public Entities and Contractors Do Not Comply with the Prevailing Wage Law .....	2
Conclusion .....	6
Recommendations .....	7
2. The Division Needs to Seek Statutory Changes to Enhance Enforcement .....	8
Conclusion .....	10
Recommendations .....	10
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	11
II. DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS COMMENTS .....	12



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Catherine B. Leaphart, Director  
Department of Labor and Industrial Relations  
and  
Colleen Baker, Director  
Division of Labor Standards  
Jefferson City, MO 65101

The State Auditor's Office has audited compliance with the state's prevailing wage law. The purpose of the audit was to determine whether public entities and contractors are complying with the law on public works projects, and whether the Division of Labor Standards is effectively enforcing the law.

We concluded that division officials need to take additional steps and seek legislative changes to improve prevailing wage law compliance and enforcement.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

October 16, 2001 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Gary Boehmer, CPA
Audit Staff:	Kenneth Allman

## **RESULTS AND RECOMMENDATIONS**

### **1. Most Public Entities and Contractors Do Not Comply with the Prevailing Wage Law**

State prevailing wage law is often not complied with by public entities and contractors. Some of these entities or businesses are either unaware of the law, choose to ignore the law, or attempt to circumvent it. The Division of Labor Standards (division) provides information regarding the law to public entities, but can be more proactive in identifying public works projects, increasing awareness of the law's requirements, and establishing regulations regarding reporting requirements. In addition, division staff do not consistently refer violators for prosecution and debarment. Division personnel attribute budget constraints and the lack of prosecution of referred cases as the cause for not taking more aggressive action. As a result, contractors are not always penalized and continue to work on public works projects.

#### **Background information**

Sections 290.210 through 290.340, RSMo 2000, established in 1957, set the prevailing wage requirements, and the division enforces these requirements. The law applies to all public works projects. These projects include fixed works constructed for public use and funded entirely or in part by public funds. They also include work accomplished directly by any public utility company performed under the order of the Public Service Commission or other public authority. Drainage and levee district projects are not public works projects. The division's brochure and/or state law includes the following basic steps and procedures for public entities to comply with the prevailing wage law:

- Request annual wage orders from the division. The wage order lists the applicable job classifications for all workers in that locality, and establishes the hourly wage.
- Incorporate a complete copy of the most current annual wage order in all bid specifications. The public entity must also include language in the contract that the contractor and subcontractor(s) must pay at least the prevailing wage and the penalty for noncompliance.
- Submit a form that notifies the division of the project at bid time.
- Submit a list of project contractors to the division at contract award time.
- Obtain a bond from the contractor, which contains a statement that guarantees the faithful performance of the prevailing wage statement in the contract.
- Review all payroll records to ensure prevailing wage law requirements are being met during the course of the project.
- Acquire a completed affidavit of compliance form from the contractor before making final payment.

Contractors are required to:

- Pay employees prevailing wage rates.
- Post the prevailing wage information in a prominent location for public viewing during the course of the project.
- Submit certified payroll records to the public entity, which detail all employees' occupational classification, hours worked, and rate of pay.
- Submit the affidavit of compliance form to the public entity at project completion.

The division investigates complaints related to the payment of prevailing wage. Division officials routinely inspect various public works projects for prevailing wage law violations. Investigations often uncover violations that result in contractors owing wages to workers because the contractors misclassified the workers' job titles or did not pay at least the prevailing wage. Contractors must pay to the public entity a daily penalty of \$10 per worker for each instance of noncompliance.

### **Noncompliance with prevailing wage law is significant**

Auditors reviewed information and supporting documentation regarding 35 projects from public entities to determine compliance with prevailing wage law. Of the 35 projects reviewed, 28 public entities did not send the project notification form to the division as required by state law. Public entities also did not fully comply with other requirements of the law. The public entities often did not include prevailing wage information in the call for bids, the written contract, and/or the contractor's performance bond. In addition, public entity officials did not always review payroll records to determine if the contractor paid prevailing wages, or posted prevailing wage information. In some cases, public entities paid the final payment without obtaining an affidavit from the contractor. Table 1.1 shows the percent of noncompliance with the law.

**Table 1.1: Non-compliance percentage for prevailing wage law requirements**

Description of Non-compliance	Non-compliance Percentage
No statement in bond about prevailing wage	91
No statement in contract about \$10 penalty	89
No statement in contract about prevailing wage	83
Did not send project notification to the division	80
Did not check contractor's work site for posting of wage order	80
Did not review payroll records	80
No affidavit of compliance obtained before final payment	62
Did not use the applicable wage order	20
Call for bids did not include payment of prevailing wage	14
Did not keep wage records in the state for 1 year	11

Source: Records obtained from public entities and contractors on public works projects.

In two of the four energy loan projects reviewed, school districts contracted with the same out-of-state company for construction work to upgrade lighting in each district. These school districts did not maintain any documentation, including a contract, to show whether the public entity or the contractor followed the prevailing wage law. Auditors obtained employees' memos and the total amount paid for one contract from the contractor. Auditors and division wage and hour investigators determined the contractor underpaid the workers as much as \$4,200. In addition, two other school districts received energy loans and used the same contractor for projects totaling over \$176,000. These school districts also could not provide the necessary documentation to determine whether prevailing wage was paid.

### **Contractors did not pay prevailing wage**

Auditors and division investigators used 1-week's payroll records for one worker for each of the 35 projects tested. These tests showed contractors did not pay the correct wages for 7 projects (20 percent). Two of the seven contractors on two separate projects underpaid workers by \$4 to \$6 per hour. Additional noncompliance may have been discovered if payroll records for other workers on those projects had been reviewed.

Underpayments  
on 20 percent of  
projects tested

### **Enforcement of prevailing wage law could be more effective**

Our review of complaints also leads us to question the effectiveness of the enforcement of the prevailing wage law. Some public entities and contractors are either unaware of the law, choose to ignore the law, or attempt to circumvent the law. Auditors examined 20 complaints received and resolved by the division during fiscal years 2000 and 2001. The division's investigations determined nine complaints were not substantiated. Division personnel appropriately penalized public entities and contractors for eight of the complaints, but did not penalize the contractors for three complaints as shown below.

- A school district solicited bids for a domed gymnasium and rejected all bids. School district officials hired workers as school district employees and placed these workers under the direct supervision of the contractor. The workers were not paid prevailing wage because public works projects constructed by employees of public entities are not subject to the prevailing wage law. The division's investigation into this complaint revealed seven workers were underpaid a total of over \$46,000. Investigators calculated a penalty of \$3,560. The Attorney General's Office ruled that division personnel could not assess a penalty because state law requires the penalty to be remitted to the school district; however, the school district helped create the problem and was not entitled to the penalty. Since state law does not provide for the state to sue a company for back wages, the workers would have to sue the contractor.
- Two complaints concerned public entities that helped cause the violation by not including the wage order in the bid specifications. In both instances, the governing entity subsequently reimbursed the contractor for back wages, but neither had to pay a penalty for disregarding the prevailing wage law.

Officials  
circumvented  
the law

Section 290.340, RSMo 2000, provides that any public official who willfully violates and omits to comply with prevailing wage law shall be penalized for each violation with a fine not exceeding \$500, and/or by imprisonment not exceeding 6 months. This statute further provides that each day such violation or omission continues shall constitute a separate offense. Division personnel could not recall the last time they had, or if they had ever, referred information to a prosecuting attorney to file a lawsuit under this section. Division personnel further maintain that legal action seldom occurs under this statute because prosecuting attorneys are reluctant to file suit against public entity officials.

### **Projects occur without the division's knowledge**

The division receives, approximately 2,300 project notifications annually. However, as shown in Table 1.1, page 3, the division did not receive notifications for 80 percent of the projects tested. Division officials acknowledge all public works projects are not reported to the division. The division initiates investigations primarily from complaints. Division officials do not always obtain information from outside sources including construction trade publications, some state agencies, and public debt issuances; regarding the existence of potential public works projects. Funding was requested in the past for subscriptions to construction trade publications, but these requests were denied. In addition, division officials note they have a close working relationship with some state agencies, including the Missouri Department of Transportation and the Office of Administration, Division of Design and Construction and uses them as sources for identifying public works projects.

Division officials could use this information to identify pending and ongoing public works projects. A communications link with the Departments of Economic Development and Natural Resources would alert the division about projects undertaken as a result of various funding sources administered by these agencies. Once staff become aware of the existence of projects, the projects could be monitored for compliance with prevailing wage laws from the initial project notification through the final affidavit of compliance.

### **The division should increase public entity awareness of the prevailing wage law**

Division staff do not send the brochures that describe the requirements of the prevailing wage law to public entities on an annual basis. By mailing brochures to all public entities annually, public officials awareness of the law requirements could increase.

Division staff train public entity officials regarding prevailing wage law, but attendance at training sessions is often poor. The division's Internet website also offers information about the state law and code of state regulations.

State law and state regulations do not require public entities to submit the affidavit of compliance to the division showing that the contractor has complied with the requirement to pay prevailing wage. Twenty-two of the 35 projects in our audit test (62 percent) did not have affidavits before public entities made final payment to the contractor. This affidavit would be an important document because it contains a notarized statement from the contractor that he/she

Final affidavits of compliance are not submitted



paid the prevailing wage on the project. Division personnel should require this affidavit to be submitted for all public works projects.

Division personnel should also require the public entity to certify compliance before the completion of projects. These certifications should include statements declaring that the public entity:

- Received and used the correct wage order for the project.
- Ensured the contract and performance bond included the appropriate language regarding the prevailing wage law.
- Reviewed payroll records periodically during the project.
- Inspected the job site for proper posting of the prevailing wage information.

According to division personnel, the Southern District Court of Appeals ruled that the division does not have much authority to establish stringent regulations regarding public entity reporting requirements. Because of the court decision, division personnel stated they cannot require public entities to submit affidavits.

### **The debarment list has not served as an effective tool for frequent violators**

Pursuant to Section 290.330, RSMo 2000, the Secretary of State must maintain a list of contractors (debarment list) prosecuted and convicted for violating the prevailing wage law. The debarment list notifies all public entities that they are not to contract with these contractors for the construction of any public works projects for a period of 1 year from the date of the first conviction and for 3 years from the date of each subsequent violation. However, the debarment list contained only two companies convicted in 1997 and two companies convicted in 1993. According to division records, there were 16 contractors that had at least 4 violations each during fiscal years 1998 through 2001, including one contractor that had 13 violations during this time period and 5 additional violations already in fiscal year 2002. Division officials only referred five of these contractors to prosecuting attorneys for possible prosecution. As a result, contractors have repeatedly violated the prevailing wage law, and the state has not prosecuted and subsequently debarred them.

Repeat violators  
are not always  
prosecuted

According to division personnel, the division regularly requests to speak at Missouri Association of Prosecuting Attorneys' meetings and has developed and delivered a handbook to all prosecuting attorneys. However, division personnel stated less than 10 prosecutors have indicated a willingness to address prevailing wage cases. They also indicated referrals to prosecuting attorneys resulted in only an 18 percent conviction rate over the last 3 fiscal years.

### **Conclusion**

Division management has not been proactive enough to ensure compliance with the prevailing wage law. Without proper mechanisms to identify and monitor public works projects, division staff must rely on complaints to discover noncompliance.

## **Recommendations**

We recommend the Director, Division of Labor Standards:

- 1.1 Refer public officials who violate the prevailing wage law and contractors with a history of violations for possible prosecution.
- 1.2 Obtain information from other state agencies, public debt issuance publications, and construction trade publications to identify additional public works projects.
- 1.3 Mail prevailing wage law brochures to all public entities annually.
- 1.4 Adopt a state regulation that requires both the contractor and the public entity to submit final affidavits of compliance.

## **Department of Labor and Industrial Relations Comments**

- 1.1 *The Division will make these referrals regardless of comments from prosecutors about the lack of intent to pursue these cases.*
- 1.2 *The Division will explore other sources of information about public works projects immediately. However, the Division reiterates our concern that increased knowledge of projects without an increase in the current staff will not improve enforcement of the law. The division will focus on ways to more efficiently enforce the law with the limited resources it has.*
- 1.3 *We do agree additional information could be provided to all public entities, and plan to provide such. However, the Division questions whether sending automatic mailings to all public entities is a good use of resources. Many public entities go 5 or 25 years without any type of construction projects. Engineering or architect firms receive wage orders and handle compliance for many public bodies. Mailing to public bodies represented by these firms would be a waste of resources. Automatic mailings to public bodies not having requested a wage order would require mailing of incremental increases. This means an additional 10 mailings a year to each entity to provide the incremental increases to the Wage Order. The Division is concerned the proposed budget constraints may necessitate a reduction in mailing of wage orders. Entities who have not requested would be the first to be cut.*
- 1.4 *The Division does not have statutory authority to require public entities to submit an affidavit of compliance or to require them to certify compliance, to us. The Southern District Court of Appeals very clearly prohibited the Division using a regulation to require further efforts or documents from public entities when the statutory requirement only applied to the contractor. We believe these requirements would take a statutory change and we would support such a change.*

## **2. The Division Needs to Seek Statutory Changes to Enhance Enforcement**

Division management, with the support of some legislative changes, can improve compliance with the prevailing wage laws. These measures include seeking: (1) stiffer penalty provisions for violators, (2) authority to collect back wages and related interest on behalf of workers, (3) minimum dollar thresholds for public works projects, and (4) increased payroll record retention requirements. If these changes do not occur, noncompliance with the prevailing wage laws will likely continue.

### **Increased penalty provisions may improve compliance**

Penalty amounts have not been significant enough to deter noncompliance. Section 290.250, RSMo 2000, provides for penalties against contractors for \$10 for each day a worker is not paid the correct prevailing wage. The total penalty amount assessed the contractor goes to the public entity. However, the division does not refer the contractor for penalties if the public entity shared fault for the noncompliance with the prevailing wage law. In addition, according to division management many contractors feel that this small penalty amount is just an additional cost of doing business.

Penalty has not  
been increased  
since 1957

Aggressive enforcement and stiffer penalties for violations would likely result in better compliance with the state's prevailing wage law. Our review noted other states have more severe fines and penalties. The state of Washington imposes fines of not less than \$1,000 or 20 percent of the violation found. In Arkansas, a more flexible penalty ranging from a minimum of \$50 to a maximum of \$1,000 per violation can be imposed. New York's law provides for penalties, up to 25 percent of the wages and interest due. In Illinois, in addition to penalties, contractors are required to pay punitive damages to workers.

### **Other states pursue back wages and related interest on behalf of workers**

Contractors often pay workers back wages due when division staff notify them of violations that result from investigations. However, due to a 1997 Missouri Supreme Court decision, the state can no longer sue contractors on behalf of workers for recovery of back wages. As a result, workers must collect the wages due them by filing civil suits against their employers. The state has never been authorized to collect related interest charges on back wages; instead, the Attorney General can only sue contractors for penalties. The division's closed violation cases for fiscal year 2001, resulted in about \$1.3 million in wages due workers. However, contractors only paid about \$924,000, which left a difference of about \$376,000 in wages due but not collected for the workers.

Our reviews of the prevailing wage law in six other states indicated that these states can sue contractors for wages owed workers as well as enforce fines and penalties in connection with these violations. For example, New York allows for interest of up to 16 percent from the date of the underpayments to date of the restitution. Arkansas allows for a civil penalty of \$50 up to \$1,000 for each violation and not greater than 10 percent of the amount of the contract or 10

percent of the amount of unpaid wages. Washington allows for a civil penalty of \$1,000 or 20 percent of the total prevailing wage violation found on the contract, whichever is greater.

### **State law does not require a minimum dollar threshold on prevailing wage projects**

Missouri is one of 31 states that has a prevailing wage law and only 1 of 7 that has no minimum dollar threshold applying to public works projects. A minimum dollar threshold allows regulatory effort to focus on only significant public works projects. Other states' minimum thresholds range from \$1,000 to \$500,000. There are three states that have thresholds for new construction and remodeling only, and two states with thresholds for school districts and state colleges and universities only. A review of the project notifications showed Missouri had projects as low as \$100.

Table 2.1 shows the states that border Missouri, their applicability regarding prevailing wage law, and their minimum dollar threshold amounts.

**Table 2.1: Prevailing wage law for surrounding states**

<b>State</b>	<b>Prevailing Wage Law</b>	<b>Threshold Amount</b>
Arkansas	Yes	\$75,000
Illinois	Yes	None
Iowa	No	N/A
Kansas	No	N/A
Kentucky	Yes	\$250,000
Nebraska	Yes	None, except \$40,000 for public school districts
Oklahoma	No	N/A
Tennessee	Yes	\$50,000

Source: U.S. Department of Labor, Employment Standards Administration

Division management indicated that legislation introduced in past years to incorporate a dollar threshold has been unsuccessful. State law requires state and county governments to bid purchases greater than pre-established dollar amounts. State law does not require other governments, such as cities and schools, to bid purchases. It would be beneficial if the prevailing wage law was tied to various bidding requirements for the state's various political subdivisions, when applicable. However, a minimum dollar threshold would still need to be established for those entities that do not have bidding requirements.

### **Maintaining payroll records for more than a year would benefit complaint investigations**

Division staff do not investigate or track complaints on public works projects that have been completed for more than 1 year. State law only requires contractors to retain payroll records for 1 year after project completion. Other states require payroll records to be retained for 3 to 4 years following completion of a public works project. Compliance with prevailing wage laws could improve if records were required to be retained for longer periods of time.

## **Conclusion**

Various legislative changes would improve enforcement of the state's prevailing wage law.

## **Recommendations**

We recommend the Director, Division of Labor Standards seek legislation to:

- 2.1 Increase penalty provisions for violators.
- 2.2 Authorize the collection of back wages and related interest charges on behalf of workers.
- 2.3 Establish minimum dollar threshold amounts for public works projects.
- 2.4 Extend the period for retaining payroll records.

## **The Department of Labor and Industrial Relations Comments**

*The Division agrees with these recommendations for statutory changes. In addition, the Division has provided the Auditor's Office with fourteen other statutory changes that would result in better enforcement of Missouri's Prevailing Wage Law. The Division will work with any legislator in this, or any future legislative session to draft appropriate language to make the recommended changes.*

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The objectives of the audit were to determine whether public bodies and contractors are complying with prevailing wage law on public works projects, and whether the Division of Labor Standards is effectively enforcing the law.

### **Scope and Methodology**

Audit fieldwork began in June 2001 and continued through October 2001. The audit staff:

- Reviewed applicable state statutes, code of state regulations, division policies and procedures, and Attorney General's Opinions.
- Researched other states' laws, procedures, and reports prepared on prevailing wage laws.
- Reviewed the division's project notifications, complaint investigations, annual wage orders, and related correspondence.
- Solicited and reviewed information provided by 35 public entities regarding public works projects to determine compliance with the prevailing wage law. Specifically, we determined whether the public entity (1) requested and used the appropriate wage order, (2) filed a project notification with the division for the project, (3) submitted a contractor information notification to the division for the project, (4) ensured that the contractor prominently posted the wage order information at the work site, (5) obtained payroll records from the contractor or subcontractor(s) or examined the payroll records to determine the correct prevailing wages were paid to each worker, and (6) obtained a final affidavit from the contractor and/or subcontractor(s) before final payment indicating that it complied with the prevailing wage law.
- We determined whether (1) the call for bids included some requirement on payment of prevailing wage, (2) the contract included a requirement for the payment of prevailing wage, (3) the contract included the \$10 penalty for not paying the prevailing wage, (4) the performance bond provided by the contractor or subcontractor included a requirement for the payment of prevailing wage and the penalty for not paying the prevailing wage, and (5) the contractors or public entities kept payroll records in the state for at least one year.
- Interviewed knowledgeable personnel about the procedures used by the division to enforce the law.

MISSOURI DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

POST OFFICE BOX 504

JEFFERSON CITY, MISSOURI 65102-0504

PHONE: (573) 751-9691 FAX: (573) 751-4135

CATHERINE B. LEAPHEART  
DEPARTMENT DIRECTOR

BOB HOLDEN  
GOVERNOR

THOMAS J. PFEIFFER  
DEPUTY DIRECTOR

**Appendix II**

January 23, 2002

The Honorable Claire McCaskill  
Auditor of the State of Missouri  
State Capitol Building  
Jefferson City, MO 65101

JAN 24 2002  
JAN 24 2002

Dear Auditor McCaskill:

Missouri's Department of Labor & Industrial Relations is grateful for the assistance offered by the Office of the State Auditor in determining how to achieve higher levels of compliance with Missouri's prevailing wage law. The Division of Labor Standards (Division) recognizes that many of the changes recommended by the Auditor require legislative change. If supported by legislative sponsors, we will work to make the necessary statutory changes during this, or any future legislative session. Many of the other changes recommended by the Auditor require a reallocation of already limited resources in the Division. The Division will carefully examine all procedures to determine how to maximize its limited resources to improve enforcement of the prevailing wage law. The Division concurs in the report's finding that many public bodies do not comply with the prevailing wage law and will continue to work with public bodies to make them aware of the law and what they need to do to comply. The Division requests that this finding be specifically noted on the front page of the audit report, and in the letter to the Governor and the members of the General Assembly.

The Division has the following response to the issues addressed in the report:

**Most public entities and contractors do not comply with the prevailing wage law**

The report notes that many public bodies are not aware of the law or choose not to follow it and fail to file project notification reports. The Division has taken an active role in educating public bodies and contractors and has consistently attempted to learn of public works projects. To that end the Division requested funding for construction project reports in the 1998, 1999 and 2000 budget cycles. However, funding was not provided. After those cycles, due to budget constraints, we were advised to not submit any new decision items. In the Background Information on page 2, the report notes basic steps for compliance provided by the Division. The third bullet point states "Submit a form that notifies the division of the project at bid time." 290.262(10) RSMo states public entities must notify the department "prior to beginning any work". It does not state "at bid time".

The Division has a close working relationship with MODOT and OA Design and Construction, which encompasses the vast majority of state funded prevailing wage projects and receives regular reports of projects from them. We worked closely with the former Community Development Block Grant representative at the Department of Economic Development for many years. We are currently working with the new representative to help him understand the process and requirements of prevailing wage in Missouri. The Division is aware that there are public works projects by public bodies other than the state that are not reported to the Division. However, the Southern District Court of Appeals has held that the Division has limited authority to establish more stringent regulations or duties for public bodies unless the statute clearly authorizes it. Any further reporting requirements, such as requiring affidavits and certifications from public bodies and enforcement of those requirements require statutory changes.

We received an average of 2300 project notifications in the last three fiscal years. Based on the Audit Report's estimate that 80% of public entities are not submitting, there could be an average of 11,500 public works projects occurring in Missouri per year. The Division's 11 field investigators could not begin to inspect even the majority of these projects. An increase in the reporting of construction projects alone, without an increase in staff allocation for prevailing wage enforcement, will not increase compliance with the law. However, the Division will make all attempts to learn of public works projects and prioritize this information for investigative purposes no later than May 1, 2002.

### **The division should increase public entity awareness of the prevailing wage law.**

The Division is highly proactive in outreach. Each area investigator provides a one-on-one presentation on public body rights and responsibilities to a minimum of two public bodies each month. The Division obtains information from and provides information to public body and contractor association resources. However, we do plan to broaden our work with other public entities over the next four months as suggested in the Auditor's Report.

The division regularly conducts mass mailings to inform public bodies and contractors of the requirements of the prevailing wage law. This includes much more information than the brochure the audit report suggests be sent. However, the Division will attempt to do a mailing by March if work on the upcoming wage order allows (if not, the mailing will go in April). The mailing will go to all public entities with the brochure, a check off list of requirements, project notification and wage order request forms, a copy of this Audit's findings, and a letter explaining the purpose of the mailing. In addition, the Division has commenced work on developing Public Service Announcements to provide further public information. Listed below are examples of information provided in mass mailings. Please note where "Info Packet" is used, the following information was provided: prevailing wage law, all prevailing wage related regulations, request form, affidavit of compliance, contractor list, public body check off list, survey form and instructions.

June 1994 – Full info packet with final Annual Wage Order

June 1995 – Full info packet with final Annual Wage Order



- June 1996 – Full info packet with final Annual Wage Order 3.
- June 1997 – Full info packet with final Annual Wage Order 4.
- June 1998 – Full info packet with final Annual Wage Order 5.
- March 1999 – Full info packet with initial Annual Wage Order 6.
- November 1999 – Mailing to all Wage Order Requestors (approx. 3,000), plus Associated General Contractors of Missouri, Associated Builders and Contractors of Missouri, Builders Association of Missouri, all Building and Construction Trade Councils in Missouri requesting comments on wage survey information submission period change – included wage survey form and instructions.
- June 2000 – With final Annual Wage Order 7, letter indicating all CD's have all laws and rules on them, and that all laws, rules, and forms are on our website for all paper recipients.
- November 2000 – Notice to the same parties notified in November 1999 of change of submission period (now using calendar year) for wage survey information. Included full info packet.
- March 2001 – Included letter notifying public bodies of their responsibilities under Missouri's Prevailing Wage Law with Annual Wage Order 8. Emphasis on moving paper processes to electronic (all information is available on the web), and budget concerns precluded the full information regularly sent.

Every new Wage Order requestor received a full information packet, and a letter explaining their role and responsibilities under the law. Also, all 900+ parties receiving CD Rom Wage Orders get the laws, rules, all forms and instructions with every CD. The Division has just completed a mailing urging public bodies to switch from paper to CD version of the Wage Order. This switch will provide more entities with copies of the laws, rules and forms in every wage order mailing.

The Division is working with our Information Systems Unit and the Division of Employment Security to segregate and create mailing lists of employers with construction contractor SIC codes. We planned to use this list for a partial mailing late this winter (and others as future funds are available) advising contractors of their rights and responsibilities under the law, and their opportunity to participate in the wage survey process. However, based on the Audit Report recommendation to provide additional information to public bodies, we will allocate our resources for a mailing in March or April, 2002, to the 3500 public bodies on the list provided by the Auditor's Office. If funds are still available, we will go forward with the contractor mailing at a later date.

The Division is shifting to paperless systems, where possible, to save costs and maximize the availability of information to the public. We are one of a few states with a wage order on their website. In 1999 our staff posted over 3 million wage hours received by email from employers that year. The number of emailed hours increases each year as we continue to encourage wage survey submitters to submit by email. All laws, regulations and forms are on our website. This format makes information quickly available to any contractor or public body.

### **The debarment list has not served as an effective tool for frequent violators.**

The Division has, in 1996 and again in 2001, created a "Prevailing Wage Compliance" handbook for all County Prosecutors in the state. Prior to the budget constraints of the last year, the area investigator personally delivered each handbook to the prosecutors. In all counties in 1996, and almost 100 in 2001, our investigators were able to personally encourage local prosecutors or their staff to prosecute violations of the prevailing wage law. In addition, the Division regularly requests to speak at the state Prosecutor's Association meetings. However, less than 10 county prosecutors in the state have indicated they are willing to address prevailing wage cases. The Division forwards cases to prosecutors based on the statutory designation of "willful". This is interpreted to mean very egregious or repeat violations. Prosecutors have advised us they do not consider violations discovered at the same time to be "willful". Several of the cases noted in the report not forwarded to prosecutors were violations discovered at the same time. In the last three fiscal years referrals to prosecutors have resulted in only an 18% conviction rate. While only 4 debarments have occurred in the past, there are 2 new debarments as of December 17, 2001 from a case we referred to the Cass County prosecutor during the time frame of this audit. In addition, a public body was referred to a local prosecutor in August of 2001. We are not aware of any action the prosecutor has taken. We do agree there were three cases that should have been referred regardless of what action the prosecutor may have decided to take. The report notes that contractors have repeatedly violated the law and the state has not prosecuted them. The Division does not have the authority to prosecute. The Division will continue to refer cases to local prosecutors in the hope that they will be pursued.

We assume that the reference to cases that the division did not substantiate means the cases were 'no violation found' due to lack of evidence. A failure to substantiate a complaint is not an indication that the division is not actively enforcing the law, but rather it is a finding that there was no violation of the law or a lack of evidence to prove such. While there are many public bodies and contractors who do not comply with the law, there are many contractors and public bodies that do comply.

### Recommendations

- 1.1 The Division will make these referrals regardless of comments from prosecutors about the lack of intent to pursue these cases.

The Division will explore other sources of information about public works projects immediately. However, the Division reiterates our concern that increased knowledge of projects without an increase in the current staff will not improve enforcement of the law. The division will focus on ways to more efficiently enforce the law with the limited resources it has.

- 1.3 We do agree additional information could be provided to all public entities, and plan to provide such. However, the Division questions whether sending automatic mailings to all public entities is a good use of resources. Many public entities go 5 or 25 years without any type of construction projects. Engineering or

architect firms receive wage orders and handle compliance for many public bodies. Mailing to public bodies represented by these firms would be a waste of resources. Automatic mailings to public bodies not having requested a wage order would require mailing of incremental increases. This means an additional 10 mailings a year to each entity to provide the incremental increases to the Wage Order. The Division is concerned the proposed budget constraints may necessitate a reduction in mailing of wage orders. Entities who have not requested would be the first to be cut.

- 4 The Division does not have statutory authority to require public entities to submit an affidavit of compliance or to require them to certify compliance, to us. The Southern District Court of Appeals very clearly prohibited the Division using a regulation to require further efforts or documents from public entities when the statutory requirement only applied to the contractor. We believe these requirements would take a statutory change and we would support such a change.

### **The Division needs to seek statutory change to enhance enforcement**

The Division agrees that statutory changes are necessary to improve enforcement of the prevailing wage law. An increase on the penalty amount would encourage contractors and public bodies to follow the law.

The report indicates that the division does not refer the penalty against the contractor when the public body shared the fault in the noncompliance. All enforcement and collection action is done through litigation handled by the Attorney General's office. The Division refers cases to the Attorney General and decisions on how to proceed are made by that office.

The report notes \$376,000 in wages due but not collected for workers. The Division feels the report should note "due but not able to be collected for workers" since the Division's authority in this area is lacking. The Division feels we were quite successful in collecting the \$924,000 in wages owed to workers given the Division's lack of statutory authority to pursue this restitution. We are proud of our investigators' success in our efforts to assist workers. Wage collection for workers would be greatly increased with a statutory change.

### **Recommendations**

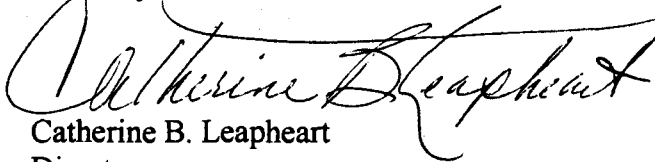
The Division agrees with these recommendations for statutory changes. In addition, the Division has provided the Auditor's Office with fourteen other statutory changes that would result in better enforcement of Missouri's Prevailing Wage Law. The Division will work with any legislator this, or any future legislative session to draft appropriate language to make the recommended changes.

### **Conclusion**

We appreciate the many suggestions provided in the report. Those recommendations within our funding and statutory limits will be implemented. For those not within our

limits, we will continue to strive to do our best with the resources we have with the goal of increasing the effectiveness of the enforcement of the prevailing wage law. We thank the Auditor's Office for its efforts in assisting us to determine where and how we can better our work processes for a more successful enforcement of Missouri's Prevailing Wage Law.

Sincerely,

A handwritten signature in black ink, reading "Catherine B. Leapheart". The signature is fluid and cursive, with a large initial "C" and a stylized "L".

Catherine B. Leapheart  
Director



**H. ROE BARTLE HALL**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-15  
February 21, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2002

**The following problems were discovered as a result of an audit conducted by our office of the H. Roe Bartle Hall.**

-----  
Since August 1996, the city's contract with its food service vendor has resulted in payments of management fees and sales incentives totaling approximately \$2.1 million. Office space and utilities are provided to the vendor in return for 100 percent of the food service vendor's net profit. The Convention and Entertainment Centers Department (CECD) did not solicit proposals for the food service contract which was signed in 1996. The contract was negotiated with the vendor with the aid of an independent consultant. Because the food service contract was not bid, convention center officials have little assurance that food services are being obtained from the most qualified vendor at the lowest and best cost.

In March 2001, the CECD allowed the food service vendor to retain approximately \$173,000 in profits owed to the city due to anticipated losses in future months. The contract with the vendor states the net profits will be remitted to the CECD within 20 days after the close of the month.

The terms of the contract with the food service vendor appear to place the full burden for any net losses incurred by the vendor on the department. The contract states that the department shall compensate the food service vendor for any net losses incurred, in addition to the management and incentive fees. Additionally, the department has not performed adequate procedures to monitor compliance with provisions in the food service contract.

The box office collects approximately \$100,000 in ticket sales monthly. The problems noted with the box office accounting include:

- Deposits are not always made on a timely basis.
- Independent verification of the box office ticket sales is not always performed at the end of the day by the box office manager.
- Access to the box office vault and safe is not adequately restricted.
- Internal audits of the box office are not performed on a timely basis nor have these audits been effective in noting areas where procedural changes or improvements were needed.

(over)

YELLOW SHEET

The CECD collects monies related to conventions and other events. These monies are held in the city treasury until the account is settled at the end of the event. Prenumbered receipts are not issued nor is an immediate record of receipts maintained and checks are not restrictively endorsed until deposits are prepared.

The Convention and Entertainment Centers Department of the city of Kansas City had over \$2.2 million in fixed assets recorded on the inventory listing based on the physical inventory performed during February 2001. Prior to February 2001, the most recent physical inventory had been performed in 1997. The detailed fixed asset records are not complete and fixed asset additions are not recorded in the fixed asset records in a timely manner. In addition fixed asset duties are not adequately segregated.

The management of the CECD has not developed criteria for determining and limiting access to the Kansas City Convention Center complex. The structure contains approximately 1.8 million square feet of space and has approximately 500 exterior doors. Many of the exterior doors to the convention center, including revolving doors and employee entrances, remain unlocked at all times. The KCCC currently has a staff of nine security officers. Only 2-3 security officers are on duty during various times of the day, including one officer who remains in the security office monitoring internal cameras. Security for events is handled through a contracted security company, but this only covers the portion of the complex where the event is being held. Security standards for granting and maintaining access to the KCCC complex should be in place to ensure that the CECD can safeguard its assets and ensure the safety of the public, its employees and clients.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

H. ROE BARTLE HALL

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-14
<u>Number</u>	<u>Description</u>
1.	Food Service Contract.....5
2.	Box Office Accounting Records and Controls .....10
3.	Trust Fund Accounting Controls and Procedures .....11
4.	General Fixed Assets .....12
5.	Security Policies and Procedures .....13
Follow-Up on Prior Audit Findings .....	15-19
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	20-23



## STATE AUDITOR'S REPORTS



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Kay Barnes, Mayor  
and  
Members of the City Council  
Kansas City, MO 64106  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
Jefferson City, MO 65102

We have audited the H. Roe Bartle Hall. The scope of this audit included, but was not necessarily limited to, the years ended April 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and expenditures made by the convention center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the Kansas City Convention and Entertainment Centers Management Advisory Authority meeting minutes, and the convention center's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed convention center and other city personnel.

As part of our audit, we assessed the convention center's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information may have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the convention center's management and was not subjected to the procedures applied in the audit of the H. Roe Bartle Hall.

The accompanying Management Advisory Report presents our findings arising from our audit of the H. Roe Bartle Hall.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

September 6, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Heather M. Thompson
Staff Auditors:	Michelle J. Holland
	Tania Williams
	Mark Heater

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

H. ROE BARTLE HALL  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Food Service Contract</b>
-----------	------------------------------

The city's Convention and Entertainment Centers Department (CECD) contracts with a food service vendor to provide catering services for clients who hold events at the convention center. Since August 1996, the city's contract with its food service vendor has resulted in payments of management fees and sales incentives totaling approximately \$2.1 million. The CECD also provides the food service vendor general office space and utilities to operate the vendor's catering business, including catering services for events held at locations other than the convention center. The office space and utilities are provided to the vendor in return for 100 percent of the food service vendor's net profits. During our review, we noted the following concerns with the food service contract:

- A. The CECD did not solicit proposals for the food service contract which was signed in 1996. According to CECD personnel, the contract was negotiated with the vendor with the aid of an independent consultant. In addition, the contract with the food service vendor expired August 31, 2001. The CECD operated without a food service contract for most of September 2001, although the same vendor was used for events and payments were made under the terms of the old contract. A new contract was signed September 28, 2001, with the same food service vendor under terms similar to the previous contract. This extension will expire April 30, 2002.

CECD officials indicated that requests for proposals for a new food service contract will be issued by February 2002. Because the food service contract and extensions of this contract were not bid, convention center officials have little assurance that food services are being obtained from the most qualified vendor at the lowest and best cost. Soliciting proposals and entering into a competitive bidding process provide the CECD a means to select the vendor best suited to provide the services required. Bidding policies and practices would provide the convention center officials with a range of possible choices that should allow for an informed decision to be made when acquiring necessary services.

- B. During March 2001, the CECD allowed the food service vendor to retain approximately \$173,000 in profits owed to the city based on an oral agreement with a CECD employee. The contract with the vendor states that net profits will be remitted to the CECD within 20 days after the close of the month. The CECD indicated they allowed the food service vendor to retain the profits because of anticipated losses in future months.

Any changes to contract terms and amounts should be supported by written contract amendments. These amendments should also be signed by each of the

parties or their agents. In addition, the CECD should require the food service vendor to distribute the profits when due to maximize revenues.

- C. The terms of the contract with the food service vendor appear to place the full burden for any net losses incurred by the vendor on the department. Such provisions do not appear to be fair and equitable to all parties. The food service vendor operated at a net loss of approximately \$15,000 during the contract year that ended August 31, 1999. The contract states that the department shall compensate the food service vendor for any net losses incurred, in addition to the management and incentive fees. Therefore, the department provided these management and incentive fees, totaling over \$500,000, to the food service vendor without receiving any compensation in return.

The CECD should review the terms of the contract and add language which would adequately protect the department from a loss in the event that the food service vendor does not show a net profit.

- D. The department has not performed adequate procedures to monitor compliance with the food service contract. During our review, the following areas of noncompliance with the contract terms were noted:

1. The CECD allowed the food service vendor to claim charges for small wares, such as utensils, in excess of the contract limitation, during the contract years ended August 31, 1999, and 2000, and the period ended April 30, 2001. The contract states that only one-half of one percent of catering sales is allowed to be charged for the replacement of small wares. Any replacements of small wares in excess of one-half of one-percent are to be paid by the food service vendor. The charges claimed in excess of the contract limitation were as follows:

	<b>Period Ended April 30, <u>2001</u></b>	<b>Contract Year Ended August 31, <u>2000</u>      <u>1999</u></b>	
Amounts claimed by vendor	\$ 89,536	114,013	29,850
Amounts allowed by contract	12,549	18,642	10,079
Excess Charges	\$ 76,987	95,371	19,771

The amounts charged by the food service vendor represented amounts reported as Kitchen and Restaurant Supplies for the years ended August 31, 1999, and 2000, and the period ended April 30, 2001, which includes only the charges for small wares. By allowing these excess charges to be claimed, the net profits of the food service vendor were reduced and, therefore, the amount of profits remitted to the CECD were also reduced. In addition, if these items had been properly charged during this time

period, the net loss charged to the CECD during the contract year that ended August 31, 1999, would have been avoided.

2. The food service vendor charges approximately \$20,000 annually for repair and maintenance of equipment. The contract states that a representative of each of the parties shall inspect the equipment at the beginning of each contract year to determine the condition of the equipment. Only the repair and maintenance deemed necessary at that time is allowable to be charged as a direct operating cost in determining net profit. A representative from the department has never inspected the equipment of the food service vendor during the term of the contract.

The CECD should review the monthly documentation received from the food service vendor to ensure its payments under the contract were proper. The CECD should also monitor the activities conducted under its contracts to ensure all provisions have been met. In addition, the CECD should seek recoveries for payments which were not in compliance with the contract.

**WE RECOMMEND** the CECD:

- A. Solicit bid proposals for all contractual and professional services.
- B. Ensure formal written amendments are prepared and approved for all changes to contract terms or amounts.
- C. Ensure provisions are added to the food service contract which adequately protect the department in the event of a loss.
- D. Adequately review and monitor the payments and activities conducted under the food service contract to ensure compliance with all provisions and seek recovery for payments made which were not in compliance with the contract.

**AUDITEE'S RESPONSE**

- A. *CECD will issue a Request for Proposal (RFP) in early 2002 for services to be rendered beginning May 1, 2002. This process will allow CECD officials to negotiate with the firms submitting proposals and to select the vendor best suited to provide the services required. A Request for Bids (RFB) does not allow the city to negotiate with the firms submitting bids. CECD does follow City contracting guidelines and City Law Department opinions when it contracts for contractual and professional services.*

*CECD disputes some of the findings contained in the report on this subject. A new contract, expiring April 30, 2002, became effective with the same food service vendor on September 1, 2001.*

*Although CECD did not solicit proposals in 1996 before the contract was finalized, proposals were solicited in 1994 before the current food service vendor was selected and a contract was signed. Due to improvements made to the facility in 1996, which were financed by tax-free bonds, the City's Bond Counsel advised the City's Law Department that the 1994 contract was in violation of IRS regulations. Consequently, a new agreement, tailored to comply with IRS regulations, was executed with same vendor, which was originally selected in 1994. The current vendor was selected through a competitive process.*

- B. Beginning immediately CECD agrees to prepare formal written amendments to contracts for all material changes to contract terms or amounts.*
- C. When the new contract for food services is crafted, CECD will, to the extent possible, protect itself against operating losses.*

*CECD disputes one of the findings in the report on this subject. The language of the current contract was written to comply with IRS regulations, as interpreted by the City's Bond Counsel and the City's Law Department. Although the "provisions do not appear to be fair and equitable to all parties" CECD has limited options on the requirements placed on the vendor by IRS regulations. CECD did provide management and incentive fees to the vendor in excess of \$500,000 for the year stated. However, included in these fees are reimbursements to the vendor for interest costs and for funds advanced by the vendor for capital improvements to the facility. These amounts were \$132,281.28 for the reimbursement of funds provided and reimbursement of interest costs of \$53,365.00. Since these are true costs of CECD and not of the operator, the net profit of the operations by the vendor is \$170,219.00 before interest and vendor reimbursement costs.*

- D. CECD currently reviews and monitors the payments and activities conducted under the food service contract.*

*CECD disputes some of the finding contained in the report on this subject. The ½ of 1% applies to "replacement" not "additional" small wares needed to service customers. Much of the costs contained in the amounts listed by the auditor for "Kitchen and Restaurant Supplies" were for additions to the inventory and not for replacement of supplies due to negligence of the operator as stated by the auditor. These purchases were made to enable the vendor to provide better service and to serve large events. It is an incorrect assumption by the auditor that the category used by the vendor to identify small ware costs was exclusively used for replacements.*

*According to the building manager, "The Maintenance Division performs an annual inspection of concession premises for defects in the operation of mechanical, fire suppression, refrigeration and electrical equipment". Repairs are made to the equipment as necessary in order to provide services to the users of the facilities. If equipment breaks down or needs repair between the annual inspections it does not seem to be practical or reasonable to wait until the next annual inspection.*



## **AUDITOR'S COMMENTS**

- A. Negotiating with the firms submitting proposals will not make this process competitive. The Request for Proposal should include the requirements of the contract and specify what the CECD expects of the food service vendor. If negotiations are necessary once the proposals are received, the CECD should consider whether a new RFP should be issued to retain the competitive aspects of the process.

Contrary to the implication of the auditee's response, the CECD did allow the contract with the food service vendor to expire at the end of August, 2001, and operated for nearly a month without a contract, until a new contract was signed on September 28, 2001.

The proposals solicited in 1994 were not available for our review, but the CECD indicated substantial changes were made to the contract between 1994 and 1996 based on recommendations from the city's law department. A new RFP was not issued in 1996 prior to selecting the current vendor, which did not allow other vendors to compete for this contract.

- C. Interest costs and capital improvements reimbursements were used in the calculations by the vendor to determine net profit or loss each year of the contract. These costs are allowed as deductions per the terms of the contract and were not unique costs during the year in question. Our point remains that the terms of the contract need to be reviewed to protect the CECD when the food service vendor has a net loss.
- D. The contract does not allow a deduction for purchases of "additional" small wares after the first year. According to the contract, only "replacement" of small wares was allowed to be charged, and the amount was limited to one-half of one percent, which was exceeded in the last three years of the contract. If "additional" small wares were needed by the vendor, the CECD should have formally modified the contract to allow for this charge.

The areas which are currently inspected annually by the building manager are the responsibility of the CECD. The building manager indicated to us during the audit that he does not inspect the food service vendor's equipment annually. While it may not seem practical or reasonable to wait until the next annual inspection to repair or replace equipment which breaks down, the terms of the contract allow only the repair and maintenance deemed necessary during the annual inspection to be charged as an operating cost. Since these annual inspections were not performed, the food service vendor should not have been allowed to charge approximately \$20,000 per year for repair and maintenance of equipment.

**2.****Box Office Accounting Records and Controls**

- A. Deposits are not always made on a timely basis. The box office collects approximately \$100,000 in ticket sales monthly. We noted several deposits made in April 2001 that contained monies which had been on hand for five to seven days. In addition, the agreement with Ticketmaster requires that monies received by the department for Ticketmaster sales be deposited at least twice weekly, but we noted instances where monies received for Ticketmaster were on hand for more than two weeks.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- B. Independent verification of the box office ticket sales is not always performed at the end of the day by the box office manager. Verification of daily ticket sale totals at day-end by the box office manager is necessary to ensure that the amount of ticket sales charged, collected, and deposited is complete and accurate.
- C. Access to the box office vault and safe is not adequately restricted. Employees of the box office are given key codes to allow them access to the box office area and the combination allowing them access to the box office safe. While these key codes provide a means to limit access to the box office area, the key codes have never been changed. In addition, while the box office manager indicated the combination to the vault was changed in April 2001, we noted an instance where the vault and the safe were unlocked and left open during the day. In another instance, we noted the safe was left open and a ticket seller's drawer was unlocked when no one was present in the box office.

To ensure proper control over box office receipts and records, employee access records should be reviewed and updated periodically to determine whether the access is compatible with the employee's job assignments and to adequately restrict access to authorized personnel. In addition, key codes should be changed periodically and the cash drawer, safe, and vault should be closed and locked at all times when not in use.

- D. Internal audits of the box office are not performed on a timely basis nor have these audits been effective in noting areas where procedural changes or improvements were needed. The department has assigned the duty of performing internal audits of the box office to one of the accounting department employees. While the department's policy states that audits of the box office records should be performed every two weeks, we noted that an internal audit of the box office had not been performed for over a month. In addition, the internal audits performed did not note any inefficient or ineffective procedures being performed in the box office.

Internal audits can be a valuable management tool by identifying inefficient or ineffective operations and ensuring that department policies and procedures are being followed, if they are performed timely and in accordance with department policy. In addition, the internal audits should include a detailed review of office procedures to ensure that ineffective procedures are detected.

**WE RECOMMEND** the CECD and the city:

- A. Deposit monies daily or when accumulated receipts exceed \$100.
- B. Ensure an independent verification of the box office ticket sales is performed on a daily basis.
- C. Ensure that the key codes allowing access to the box office area and combinations to the safe in the box office are reviewed and updated periodically. In addition, cash drawers, the vault, and safe should remain closed and locked when not in use.
- D. Ensure that thorough independent audits of the box office are performed in compliance with department policy.

**AUDITEE'S RESPONSE**

- A. *It is, and always has been, the intention of CECD to make deposits on a timely basis.*
- B. *Daily seller reports are currently prepared. If staffing allows, based upon volume of business, sales are reviewed at the close of the business day.*
- C. *Within 30 days, CECD will begin to review and periodically update the key codes, locks, and combinations to the doors, vault and safe.*
- D. *A member of the Accounting staff, the "Cash Accountant" currently audits the cash in the box office every two weeks. Within 60 days these audits will be more thorough and will review more than the cash on hand.*

<b>3. Trust Fund Accounting Controls and Procedures</b>
---------------------------------------------------------

The CECD collects monies related to conventions and other events. These monies represent initial space and service deposits, subsequent payments, and some proceeds from ticket sales that are held in the city treasury until the account is settled at the end of the event. Our review of the trust fund and the controls surrounding it disclosed the following areas in need of improvement:

- A. Records and controls related to monies received are not adequate. Prenumbered receipts are not issued when monies are received nor is an immediate record of

receipt maintained which accounts for all monies received and deposited. Adequate records and controls are necessary to ensure that all monies received are accounted for properly.

- B. Checks are not restrictively endorsed until deposits are prepared. To reduce the risk of loss or the misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the CECD and the city:

- A. Issue prenumbered receipt slips for all monies received and require an immediate record of all trust fund monies received and deposited be maintained and periodically reviewed.
- B. Restrictively endorse all checks and money orders immediately upon receipt.

**AUDITEE'S RESPONSE**

- A. *CECD agrees to this recommendation in principal. However, clients submit event deposits and invoice payments, contrary to our instructions, to various employees in the Department.*
- B. *CECD has requested additional check endorsement stamps and will begin using them when received.*

<b>4. General Fixed Assets</b>
--------------------------------

The CECD of the city of Kansas City had over \$2.2 million in fixed assets recorded on the inventory listing based on the physical inventory performed during February 2001. Our review of the department's general fixed asset records and procedures indicated the following areas where improvements are needed:

- A. Fixed asset additions are not recorded in the fixed asset records in a timely manner and are not reconciled to equipment purchases to ensure that all items are properly recorded. Fixed asset purchases are handled by the city of Kansas City. The city's policy for the recording of the fixed assets is to forward a fixed asset addition report to Bartle Hall quarterly. During our audit period, we noted numerous fixed asset additions that were not added to the general fixed asset records at Bartle Hall.

The failure to properly record and reconcile property items reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

- B. A physical inventory of the fixed assets is not performed on an annual basis. The city's policy is to perform a physical inventory every two years. The most recent inventory was performed during February 2001. Prior to this physical inventory, the most recent physical inventory had been performed in 1997. In addition, the detailed fixed asset records are not complete. We noted assets totaling over \$60,000 that were not included on the fixed asset inventory listings.

Annual physical inventories are necessary to establish proper accountability over fixed assets. If properly performed, an annual inventory could help detect items not recorded on the inventory records.

- C. Fixed asset duties are not adequately segregated. The same person performs the bi-annual inventory and maintains the records of fixed assets. To provide internal control and to adequately safeguard assets from theft or misuse, the annual physical inventory should be performed by an individual independent of the custodial and record keeping functions.

Adequate general fixed asset records and procedures are necessary to provide internal control over assets and to ensure proper valuation of assets.

**WE RECOMMEND** the CECD and the city:

- A. Ensure general fixed asset purchases are added to the fixed asset records in a timely manner and periodically reconcile fixed asset additions to records of equipment purchases.
- B. Conduct an annual physical inventory and reconcile the physical inventory to the fixed asset records.
- C. Ensure an individual independent of the record keeping function performs the physical inventory.

**AUDITEE'S RESPONSE**

*CECD currently follows City policies for Fixed Assets reporting and record keeping.*

<b>5. Security Policies and Procedures</b>
--------------------------------------------

During our review of the H. Roe Bartle Hall, we noted that the management of the CECD has not developed criteria for determining and limiting access to the eight square block Kansas City Convention Center (KCCC) complex. The structure contains approximately 1.8 million square feet of space and has approximately 500 exterior doors, although several entrance and exit sites have multiple doors. There are many of the exterior doors to the convention center, including revolving doors and employee entrances, that remain unlocked at all times.

The KCCC currently has a staff of nine security officers. However, only 2-3 security officers are on duty during various times of the day. This includes one officer who remains in the security office for the observation of internal cameras and 1-2 officers to patrol the convention center complex. Security for events held at the KCCC is handled through a contracted security company, but this only covers the portion of the complex where the event is being held. The management of the CECD indicated problems, including vagrancy and theft, have occurred in recent years. For example, during February 1998 a van assigned to the KCCC was reported stolen. The vehicle still has not been recovered.

Security standards to document the criteria to be used for granting and maintaining access to the KCCC complex should be in place to ensure that the CECD can safeguard its assets and to ensure the safety of the public, its employees and its clients. This is the first step and a key concept in the development of an adequate security architecture.

**WE RECOMMEND** the CECD and the city reevaluate the security policies in place and consider developing new security standards to document the criteria to be followed for granting, maintaining, and monitoring access to the KCCC complex.

#### **AUDITEE'S RESPONSE**

*CECD and the Citywide Security Manager are currently working to improve facility security. However, any improvements suggested by CECD and the Citywide Security Manager are subject to the City's current budgetary constraints.*

This report is intended for the information of the management of H. Roe Bartle Hall and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## FOLLOW-UP ON PRIOR AUDIT FINDINGS

## H. ROE BARTLE HALL FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by H. Roe Bartle Hall on findings in the Management Advisory Report (MAR) of our prior audit report issued for the four years ended April 30, 1994.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the convention center should consider implementing those recommendations.

### 1. State Appropriated Funds

The Missouri General Assembly had appropriated \$2 million annually to the Office of Administration (OA) to be used by the City of Kansas City for Bartle Hall. Even though the language of the appropriation bills had specified that the monies were to be used "for the Bartle Hall Convention Center expansion in Kansas City pursuant to Sections 67.638 through 67.641 RSMo...", the city had expended these state appropriated monies for general operating costs of the existing Bartle Hall.

#### Recommendation:

The City work with the OA in clarifying the language and intent of any appropriation bills related to future state funding for Bartle Hall.

#### Status:

Implemented. The state appropriation bill for fiscal year 2002 states that the state appropriations may be used for "Bartle Hall.....expansion, operations, development and operations...".

### 2. Payments to Convention and Visitor's Bureau

The City's Convention and Entertainment Centers Department had a contract with the Convention and Visitor's Bureau of Greater Kansas City (CVB) to perform functions and provide services for the city, including but not limited to tourism promotion, publicity and advertisement, media relations at local, state, and national levels, and the creation and direction of special events to attract visitor's to Kansas City. The City's Convention and Entertainment Centers Department made additional payments to the CVB in excess of the city's contractual obligation, totaling over \$38,000 for the two years ended April 30, 1994, which appeared to have been included within the scope of the original contract. Of this amount, \$31,500 was not covered by supplemental written contracts.



Recommendation:

The City reevaluate those services in which the CVB was contractually obligated to provide to the city and determine whether the additional payments made to the CVB were justified and appropriate. If it is determined that these payments represent services outside the original contract and the city believes its interests are best served by obtaining these expanded services, such arrangements should be covered by written contracts.

Status:

Implemented. The city has added a clause to the contract with the CVB allowing the city to reimburse up to \$20,000 for these joint marketing efforts between the City's Convention and Entertainment Centers Department and the CVB. The Director of Sales for the CVB must review and approve the reimbursement requests. There were no additional payments made to the CVB during the two years ended April 30, 2001.

3. Convention Center Trust Fund

The city's Convention and Entertainment Centers Department (CECD) maintained a bank account outside the city treasury to deposit monies received related to conventions or other events. Our review of the trust fund and the controls surrounding it disclosed the following areas needing improvement:

- A. Records and controls related to monies received were not adequate. Prenumbered receipt slips were not issued nor was any type of ledger maintained accounting for monies received and deposited. In addition, it appears that monies were initially received and handled by several event coordinators prior to being turned over to the trust fund custodian for deposit.
- B. The trust fund bank account had not been reconciled for some time. We subsequently determined that the convention center employees reconciled the account as of November 30, 1994; however, an examination of the bank reconciliation disclosed that five checks totaling \$1,652 had been outstanding since at least May 1993.
- C. Event deposits and subsequent payments were not made on a timely basis.
- D. Monthly listings of convention deposits held in trust were not prepared and reconciled to the book balance.
- E. The CECD had not established a formal policy or guidelines detailing event deposit requirements. While an informal deposit requirement of \$250 a day did exist, it appeared that deposits were not always required from organizations with scheduled events.

- F. The trust fund custodian frequently made cash advances from the trust fund account to the box office for purposes of making change for various events. The trust fund custodian maintained no control record documenting any amounts advanced to the box office or when these amounts were repaid.
- G. The trust fund had not been subjected to annual audits or other independent reviews by another city department.

Recommendations:

The CECD and the city take steps to improve the records and controls surrounding this bank account and the monies deposited into it. These include, but are not necessarily limited to, the following procedural changes:

- A. Ensure that the responsibility for the receipt and initial recording of monies received is vested in one individual or central function. In addition, a complete record of all monies received should be maintained and be reconciled periodically to bank deposits.
- B. Ensure bank reconciliations are prepared on a monthly basis. In addition, convention center employees should follow-up on any old outstanding checks and resolve them in a timely manner.
- C. Ensure monies received are deposited on a timely basis.
- D. Ensure formal listings of event deposits held in trust are prepared on a monthly basis and reconciled to the book balance.
- E. Ensure a formal policy is established detailing event deposit requirements. In addition, any waivers of the deposit requirements should be approved in advance by appropriate officials.
- F. Ensure the trust fund custodian maintains a control record which accounts for any amounts advanced to the box office as well as their subsequent repayment.
- G. Consider establishing independent audit or other oversight requirements for the trust fund.

Status:

- A. Not implemented. See MAR No. 3
- B&D. Implemented. The trust fund has been turned over to the city treasury. City employees perform bank reconciliations and follow-up on old outstanding checks monthly. The CECD prepares monthly listings of event deposits and these records are matched to transactions recorded by the city's Finance Department.

- C. Implemented. The advance deposits are turned over to the city treasury on a daily basis.
- E. Partially Implemented. Deposits are now required for all events. However, a formal policy still has not been established detailing the event deposit requirements. Although not repeated in the current MAR, our recommendation remains as stated above.
- F. Implemented. The trust fund no longer makes advances to the box office.
- G. Implemented. The trust fund is now adequately monitored since the monies are now maintained in the city treasury.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## H. ROE BARTLE HALL HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The H. Roe Bartle Hall is the primary exhibition and convention facility owned and operated by the city of Kansas City, Missouri. It is administered by the city's Convention and Entertainment Centers Department (CECD) to provide expanded economic impact and public relations for the city.

The original H. Roe Bartle Hall structure was dedicated July 8, 1976, at a cost of approximately \$27 million. This structure contained approximately 186,000 square feet of exhibition space. The expansion project, begun in 1990, added an additional 202,500 square feet of exhibition space plus a new 133,000 square foot Conference Center. The construction and other costs related to the project totaled approximately \$140 million. The new H. Roe Bartle Hall was formally dedicated September 24-26, 1994. In addition, the city of Kansas City has received and spent approximately \$2 million annually in state monies appropriated by the Missouri General Assembly for Bartle Hall.

The H. Roe Bartle Hall is part of the eight square block Kansas City Convention Center Complex. In addition to the H. Roe Bartle Hall, the complex includes the Municipal Auditorium featuring the Exhibition Hall (86,000 square feet), the Arena (10,500 seats), the Music Hall (2,400 seats), and the Little Theatre (5,000 square foot ballroom). The complex is connected by covered walkways to a 1,100-car covered parking garage topped by a square block outdoor park.

The city collects a convention and tourism tax comprised of 1.75 percent on food, beverage, and liquor sales from restaurants (the "restaurant tax") and 5.5 percent on gross receipts of hotel and motel room sales (the "hotel tax"). Restaurant tax receipts are restricted to capital improvements or debt service and are dedicated to paying debt service requirements on the KCMAC Bartle Hall Expansion Bonds. Hotel tax receipts are dedicated by the city to paying operating costs of the Convention Center Complex.

By state law, city ordinance, and contract, 40 percent of the hotel tax receipts are paid to the Convention and Visitor's Bureau of Greater Kansas City (CVB). According to the contract with the city, the CVB performs tourism promotion, publicity and advertisement, media relations, creation and direction of special events, establishment and direction of background information on tourist attractions, functions, and other services for the city.

Convention Center Complex rent and concession revenues were approximately \$5 million for each year during the two years ended April 30, 2001. Hall rates ranged from \$1,000 per day to the greater of \$26,250 or \$.75 per square foot used per day, depending on the type of event and hall size.

The Convention Center Complex operating expenditures ranged from \$11.8 to \$11.9 million annually during the two years ended April 30, 2001. The city has budgeted operating expenditures of approximately \$12 million for the year ended April 30, 2002. The increase is primarily due to the growing concession sales revenue and space rental charges. At the time of our review, William LaMette was the Director of the CECD. As of September 2001, the Convention Center Complex had approximately 150 full-time employees performing various administrative, operational, and event service functions.

**H. ROE BARTLE HALL**  
**SCHEDULED EVENTS**  
**YEARS ENDED APRIL 30, 2000 AND 2001**

Facility	Number of Scheduled Events	
	2000	2001
<b>Bartle Hall</b>	<b>146</b>	<b>128</b>
<b>Meeting Rooms</b>	<b>829</b>	<b>800</b>
<b>Music Hall</b>	<b>72</b>	<b>72</b>
<b>Little Theater</b>	<b>75</b>	<b>76</b>
<b>Municipal Arena</b>	<b>53</b>	<b>64</b>
<b>Exhibit Hall (at Municipal Auditorium)</b>	<b>12</b>	<b>15</b>
<b>Barney Allis Plaza</b>	<b>23</b>	<b>18</b>
<b>Conference Center Complex</b>	<b>893</b>	<b>796</b>
<b>Total</b>	<b>2,103</b>	<b>1,969</b>

\* \* \* \* \*



**REVIEW OF INDEPENDENT AUDITS OF  
FIRE PROTECTION DISTRICTS  
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-14  
February 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2002

**The annual review of audits of fire protection districts in St. Louis County has been completed. This review covered reports for the year ended December 31, 2000.**

---

Fire Protection Districts in St. Louis County are required by statute to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted twenty-two reports for the year ended December 31, 2000.

Seven of the 22 reports were received after the June 30, 2001, statutory deadline, with three districts; Black Jack, Community, and Robertson being over 100 days late. Untimely reporting has increased compared to the year ended December 31, 1999, when only 2 reports were delinquent.

In 2000, 18 of the 22 districts had increases in their General Fund balances. The aggregate General Fund balance of all districts increased by six percent in 2000. Since 1991, the General Fund balances of fire districts overall have increased between five and fifteen percent annually.

In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. For 2000, seventeen districts had fund balance to expenditure ratios greater than one which indicated the districts' fund balance was greater than one year's cost of operations. Although many districts reserved a portion of their General Fund Balance for capital improvements and future years' operation, eight still had unreserved fund balances greater than one year's cost of operations. The fire protection districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Also included in the report are specific recommendations made by the independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding revenues and expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budget, payroll and employee benefits. The individual districts should review all the recommendations and their applicability to their district.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION  
DISTRICTS IN ST. LOUIS COUNTY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
EXECUTIVE SUMMARY.....	4-9
SCOPE AND METHODOLOGY .....	10-13
SCHEDULES: .....	14-28

<u>Schedule</u>	<u>Description</u>
1	Comparative Schedule of Revenues, Expenditures, and Fund Balance - General Funds, Two Years Ended December 31, 2000 .....15
2	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Special Revenue Fund - Ambulance, Two Years Ended December 31, 2000 .....16
3	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Special Revenue Fund - Dispatching, Two Years Ended December 31, 2000 .....17
4	Comparative Schedule of Additions, Deductions, and Fund Balance - Fiduciary Funds (Pension Fund), Two Years Ended December 31, 2000 .....18
5	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Capital Project Funds, Two Years Ended December 31, 2000 .....19
6	Schedule of Bond Obligations, Year Ended December 31, 2000 .....20
7	Schedule of General Fixed Assets .....21
8	Comparative Schedule of Assessed Valuation and Tax Levies, Two Years Ended December 31, 2000 .....22

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION  
DISTRICTS IN ST. LOUIS COUNTY

TABLE OF CONTENTS

	<u>Page</u>
SCHEDULES: .....	14-28
<u>Schedule</u>	<u>Description</u>
9	Comparative Schedule of Fees for Audit Services, Two Years Ended December 31, 2000 .....23
10	Schedule of Compensation Paid to the Directors By District, Two Years Ended December 31, 2000.....24
11	Summary of Management Letter Comments Issued by Auditors in Connection with the Audits of the Year Ended December 31, 2000 .....25
APPENDICES: .....	29-32
<u>Appendix</u>	<u>Description</u>
A	Section 321.690, RSMo 2000 .....30
B	CSR, Title 15 - Elected Officials Division 40 - State Auditor, Chapter 4 - Audits of Fire Protection Districts in St. Louis and Greene Counties.....32

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Boards of Directors of Fire Protection  
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire protection districts and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report has been changed to include an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other information that may benefit those involved with the St. Louis County fire protection districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill  
State Auditor

December 14, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Michael J. Monia
Audit Staff:	Shantaye Atkinson

## EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION  
DISTRICTS IN ST. LOUIS COUNTY  
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts in St. Louis County with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based on the tax rate and assessed valuation information available, the Kinloch Fire Protection District received approximately \$17,000 in tax receipts during 2000, therefore, while it appears a biennial audit is not required, unaudited financial statements are required to be filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the year ended December 31, 2000. However, instances of non-compliance were noted in our review of the fire protection districts' audit reports. The problems noted included the failure to include some needed compliance recommendations in the management letters and the lack of complete and adequate footnote disclosures. These problems were communicated to the fire protection district auditors.

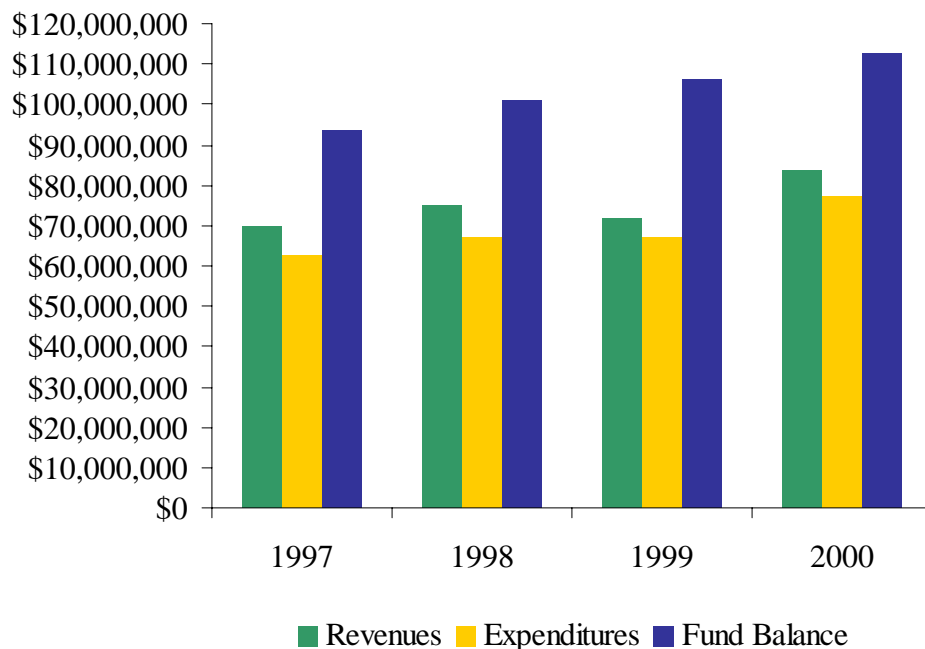
Seven of the 22 reports were received after the June 30, 2001, statutory deadline, with three districts being over 100 days late, as noted below:

<b><u>Fire Protection District</u></b>	<b><u>Date Received</u></b>
Black Jack	November 2, 2001
Community	October 19, 2001
Lemay	August 10, 2001
Mid-County	August 20, 2001
Pattonville/Bridgeton Terrace	September 26, 2001
Riverview	July 30, 2001
Robertson	December 13, 2001

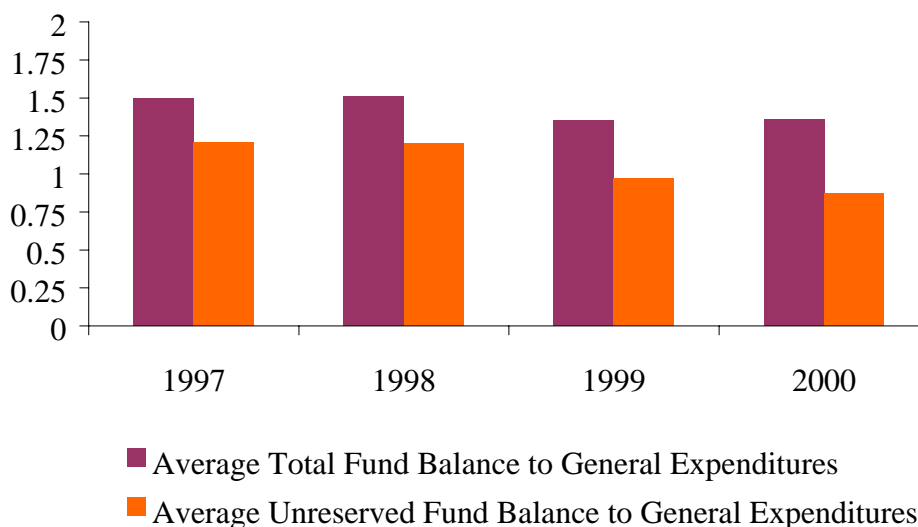
Untimely reporting has increased compared to the year ended December 31, 1999, when only two reports were delinquent. While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.



In 2000, 18 of the 22 districts had increases in their General Fund balances, and the aggregate General Fund balance of all districts increased by six percent. Since 1991, the General Fund balances of fire protection districts overall have increased between five and fifteen percent annually. The following graph shows recent years' aggregate information.



In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. The following graph shows the General Fund total fund balance to expenditures ratio as well as the unreserved fund balance to expenditures ratio.



Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances at year end to provide an adequate cash flow. Seventeen districts have ratios greater than one which indicates the fund balance is greater than one year's cost of operations. In addition, five districts have cash and investment balances at year end that exceed total expenditures for the year. The fire districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The following chart shows the total fund balance to General Fund expenditures ratio for each district for the last four years.

<b><u>District</u></b>	<b><u>Fund Balance To Expenditure Ratios</u></b>			
	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>
Affton	0.98	1.41	1.47	1.40
Black Jack	1.04	1.08	1.10	1.09
Chesterfield	1.55	1.68	1.81	1.73
Community	1.21	0.98	0.96	1.04
Creve Coeur	3.49	3.07	3.45	3.31
Eureka	0.62	0.58	0.69	0.90
Fenton	1.49	1.62	1.20	1.37
Florissant Valley	1.59	1.13	1.23	1.06
Lemay	0.63	0.51	0.49	0.56
Maryland Heights	1.92	2.52	2.59	2.23
Mehlville	1.40	1.60	1.60	1.16
Metro West	1.34	1.19	0.84	1.02
Mid-County	0.84	0.97	0.83	0.93
Moline	0.96	0.94	0.90	0.83
Normandy	1.49	1.60	1.25	1.00
Pattonville/ Bridgeton Terrace	1.12	0.78	0.70	0.87
Riverview	1.28	1.30	1.34	1.53
Robertson	1.50	2.19	1.67	1.71
Spanish Lake	1.23	1.05	1.12	1.12
Valley Park	1.68	1.08	1.54	1.64
West County EMS	1.62	1.72	1.60	1.73
West Overland	1.19	1.19	1.32	1.76

Although, a large number of districts have reserved a portion of their 2000 fund balance for new firehouses, additional equipment, future years' operations and other uses, eight still have unreserved fund balances greater than one year's cost of operations. This is reflected in the chart below.

<b><u>Unreserved Fund Balance to Expenditure Ratios</u></b>				
<b><u>District</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>
<b>Affton</b>	0.86	1.21	1.25	1.17
<b>Black Jack</b>	1.04	1.08	1.10	1.09
Chesterfield	1.55	1.68	0.65	0.75
Community	1.21	0.98	0.04	0.90
<b>Creve Coeur</b>	1.59	1.48	1.79	1.81
Eureka	0.62	0.58	0.69	0.90
<b>Fenton</b>	1.49	1.03	1.11	1.28
Florissant Valley	1.59	1.25	0.98	0.01
Lemay	0.63	0.51	0.49	0.56
<b>Maryland Heights</b>	1.92	2.49	2.34	1.06
Mehlville	1.13	1.16	1.08	0.82
Metro West	1.34	1.19	0.03	0.08
Mid-County	0.84	0.97	0.83	0.93
Moline	0.96	0.94	0.90	0.83
Normandy	1.49	1.18	1.04	0.35
Pattonville/				
Bridgeton Terrace	1.12	0.78	0.74	0.87
Riverview	1.28	1.30	0.28	0.36
<b>Robertson</b>	1.50	2.19	1.67	1.71
<b>Spanish Lake</b>	0.68	1.05	1.12	1.12
<b>Valley Park</b>	1.68	1.08	1.54	1.39
West County EMS	0.92	0.97	0.37	0.40
West Overland	1.19	1.19	1.32	0.65

Fund balances of the Special Revenue Funds have remained constant or increased only slightly. While most fund balances appear reasonable, a few fire protection districts should assess their need for large balances. In addition, Maryland Heights Fire Protection District has a negative Ambulance Fund balance.

Revenues of the Pension Funds decreased significantly in 2000, apparently as a result of significant losses in investment earnings. However, overall deductions from such funds remained constant and most balances were not greatly effected.

There are eleven districts that have Capital Projects Funds, with three districts establishing such funds with bond proceeds in 2000. In addition, one district increased their Capital Projects Fund by issuing certificates of participation. Capital Projects Funds are funded with bond proceeds and/or transfers from the other funds. The balances in these funds should be considered when analyzing the fund status of the districts. Maryland Heights Fire Protection District has

maintained a negative fund balance for two years with no activity in this fund. The district should consider the necessity of maintaining this fund.

Several districts have outstanding debt; however, when setting their debt service levies each year, the districts should ensure amounts available and to be collected are sufficient only to meet necessary obligations.

Fire protection districts are continuing to add to their capital structure in buildings and equipment each year. In 2000, the asset balances of all districts increased by \$6.6 million.

Assessed valuations for most districts continue to increase while tax levies have remained fairly steady with only a few districts increasing their General Fund levy.

Audit fees have remained consistent for most districts. The fee for the Pattonville/Bridgeton Terrace Fire Protection District in 1999 was for audit services terminated by the district. As a result, the 2000 audit fee is for a two year audit. The Robertson Fire Protection District audit fee increased in 2000 due to a change in auditors and additional work requested by the district.

Compensation to directors has increased in several districts due to a change in the statutes allowing directors additional compensation.

Independent auditors made specific recommendations to improve the overall management of fire districts. Recommendations included concerns regarding revenue and expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property and other various policies and procedures. In addition, recommendations were made concerning budgets and payroll and employee benefits. Each fire district should review all of the recommendations and their applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

## SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION  
DISTRICTS IN ST. LOUIS COUNTY  
SCOPE AND METHODOLOGY

**Scope**

At December 31, 2000, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts. The Kinloch Fire Protection District's receipts were apparently less than \$50,000, so no audit report was required.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire protection districts for the year ended December 31, 2000, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2000 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained completed questionnaires from each of the fire protection districts regarding audit and other fees paid, and 4) verified dispatching fees paid by the fire protection districts with the service contract providers. In addition, financial data for the year ended December 31, 1999, has been presented for comparative purposes.

**Methodology**

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.
- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for the Pension Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income.

- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements.
- Schedule 6 presents the operations of the Debt Service Fund for the year ended December 31, 2000, the amount of bonds outstanding, and the debt obligations of the districts for 2001. This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection districts' assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 2000, with comparative totals of general fixed assets at December 31, 1999. The schedule presents fixed assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is usually not provided on general fixed assets; however, the Black Jack Fire Protection District did provide for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 2000, was \$985,900.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports.
- Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.
- Schedule 10 is a listing of total compensation paid to the directors by each district during the year ended December 31, 2000 and 1999. The independent audit reports included the names of the principal officeholders during the year ended December 31, 2000 and 1999, and the compensation received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.
- Schedule 11 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the reports and management letters were not verified by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

### **Limitations**

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The pension fund is presented differently by the fire districts. Ten districts offer defined contribution plans and seven offer defined benefit plans. Five districts offer both types.
- 2) Some districts may have major bond issues and related capital project funds.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.
- 5) Some districts account for capital improvements and large asset purchases in the General Fund while others have a Capital Projects Fund.



## SCHEDULES

## Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -  
 GENERAL FUNDS

District	Year Ended December 31,							
	1999				2000			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 2,860,644	2,451,211	2,151,983	3,159,872	0	2,560,782	2,387,210	3,333,444
Black Jack	3,203,586	3,430,980	3,163,397	3,471,169	0	3,294,774	3,237,444	3,528,499
Chesterfield	9,228,740	7,773,172	6,046,897	10,955,015	0	8,138,903	6,992,863	12,101,055
Community	3,567,467	3,381,559	3,542,773	3,406,253	0	4,393,659	3,832,659	3,967,253
Creve Coeur	16,803,039	6,666,695	5,276,341	18,193,393	0	7,322,465	5,922,252	19,593,606
Eureka	759,954	1,377,036	1,267,203	869,787	0	1,739,465	1,373,030	1,236,222
Fenton	4,513,860	3,330,574	3,558,330	4,286,104	0	3,513,372	3,285,488	4,513,988
Florissant Valley	4,567,231	3,439,217	3,591,414	4,415,034	0	3,784,502	3,974,976	4,224,560
Lemay	706,623	1,324,122	1,364,238	666,507	(45,000)	1,375,333	1,281,587	715,253
Maryland Heights	9,176,820	4,533,323	3,818,680	9,891,463	0	4,984,086	4,606,661	10,268,888
Mehlville	13,166,057	10,340,463	9,041,680	14,464,840	(56,972)	10,812,791	11,668,953	13,551,706
Metro West	7,284,030	6,832,763	7,662,298	6,454,495	0	7,256,734	6,783,553	6,927,676
Mid-County	1,549,829	1,572,622	1,704,492	1,417,959	0	2,188,628	1,866,778	1,739,809
Moline	1,159,543	1,305,531	1,296,850	1,168,224	0	1,306,113	1,354,918	1,119,419
Normandy	2,398,419	1,710,582	1,827,345	2,281,656	0	1,759,363	2,018,215	2,022,804
Pattonville/Bridgeton Terrace	3,622,860	4,543,385	4,795,837	3,370,408	0	5,519,155	4,747,341	4,142,222
Riverview	1,865,844	1,518,286	1,446,053	1,938,077	0	1,603,517	1,402,064	2,139,530
Robertson	3,943,090	2,599,888	2,447,100	4,095,878	23,292	2,744,003	2,530,304	4,332,869
Spanish Lake	1,981,177	1,891,119	1,825,789	2,046,507	0	1,952,152	1,888,742	2,109,917
Valley Park	1,351,466	1,140,205	980,135	1,511,536	0	1,197,850	1,028,087	1,681,299
West County EMS	6,140,436	4,102,535	3,935,121	6,307,850	0	4,911,999	4,116,917	7,102,932
West Overland	1,549,162	1,321,468	1,239,541	1,631,089	0	1,457,640	1,118,373	1,970,356
Total	\$ 101,399,877	76,586,736	71,983,497	106,003,116	(78,680)	83,817,286	77,418,415	112,323,307

\* Prior period adjustments made by the CPA firms.

## Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE  
 SPECIAL REVENUE-AMBULANCE

District	Year Ended December 31,							
	1999				2000			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Aftton	\$ 746,219	824,246	746,653	823,812	0	1,000,638	604,314	1,220,136
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	5,015,716	4,484,978	4,163,817	5,336,877	0	4,708,571	4,836,676	5,208,772
Community	1,015,071	1,092,383	1,062,128	1,045,326	0	1,181,451	1,062,816	1,163,961
Creve Coeur	304,410	2,069,307	2,137,577	236,140	0	2,425,983	2,662,123	0
Eureka	794,406	637,223	707,781	723,848	0	859,455	862,001	721,302
Fenton	2,730,186	1,922,237	2,261,312	2,391,111	0	2,068,881	2,477,736	1,982,256
Florissant Valley	373,240	879,269	231,256	1,021,253	0	1,535,709	2,315,378	241,584
Lemay	410,752	526,068	506,344	430,476	(14,000)	480,530	559,479	337,527
Maryland Heights	(866,494)	968,481	1,089,077	(987,090)	0	1,179,183	1,050,468	(858,375)
Mehlville	3,874,026	3,324,812	3,344,839	3,853,999	(19,766)	3,540,001	3,653,702	3,720,532
Metro West	3,176,056	3,488,020	3,433,319	3,230,757	0	3,679,331	3,341,006	3,569,082
Mid-County	64,030	204,229	306,000	(37,741)	0	253,765	216,024	0
Moline	0	0	0	0	0	0	0	0
Normandy	467,096	581,213	544,829	503,480	0	628,374	526,377	605,477
Pattonville/Bridgeton Terrace	1,080,027	2,137,522	1,735,601	1,481,948	0	2,110,256	1,634,268	1,957,936
Riverview	0	0	0	0	0	0	0	0
Robertson	84,876	1,227,228	1,312,102	2	11,797	1,293,159	1,116,528	188,430
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	490,565	516,525	468,398	538,692	0	546,100	500,610	584,182
West County EMS	2,135,239	1,805,654	1,615,736	2,325,157	0	2,095,253	1,622,431	2,797,979
West Overland	374,858	567,366	687,770	254,454	0	661,277	625,273	290,458
Total	\$ 22,270,279	27,256,761	26,354,539	23,172,501	(21,969)	30,247,917	29,667,210	23,731,239

\* Prior period adjustments made by the CPA firms.

## Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 COMPARTIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-  
 SPECIAL REVENUE FUND-DISPATCHING

District	Year Ended December 31,							
	1999				2000			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 122,159	112,081	107,677	126,563	0	112,320	113,759	125,124
Black Jack	110,351	161,869	186,162	86,058	(86,058)	218,850	218,850	0
Chesterfield	432,608	396,413	533,430	295,591	0	423,059	319,375	399,275
Community	10	127,339	127,339	10	0	127,953	127,953	10
Creve Coeur	0	279,864	279,864	0	0	303,349	303,349	0
Eureka	0	52,964	52,964	0	0	65,917	65,917	0
Fenton	665,136	264,734	238,337	691,533	0	280,284	289,491	682,326
Florissant Valley	241,897	126,538	114,370	254,065	0	202,306	163,529	292,842
Lemay	44,706	28,980	48,087	25,599	0	32,610	51,544	6,665
Maryland Heights	0	287,527	182,703	104,824	0	282,553	188,007	199,370
Mehlville	774,354	505,209	447,076	832,487	0	385,075	489,941	727,621
Metro West	235,935	336,782	424,754	147,963	0	351,065	262,850	236,178
Mid-County	0	52,276	52,276	0	0	42,053	40,992	1,061
Moline	1	31,147	31,148	0	0	31,069	31,069	0
Normandy	0	63,038	63,038	0	0	62,614	62,614	0
Pattonville/Bridgeton Terrace	14,913	382,511	193,364	204,060	0	347,362	265,115	286,307
Riverview	0	47,410	47,410	0	0	50,025	50,025	0
Robertson	0	113,716	113,716	0	1,209	126,253	126,253	1,209
Spanish Lake	44,139	57,228	64,941	36,426	0	57,408	53,157	40,677
Valley Park	40,120	49,763	51,657	38,226	0	52,318	52,831	37,713
West County EMS	100,980	159,033	190,921	69,092	0	167,221	137,483	98,830
West Overland	59	65,516	65,516	59	0	77,678	77,678	59
Total	\$ 2,827,368	3,701,938	3,616,750	2,912,556	(84,849)	3,799,342	3,491,782	3,135,267

\* Prior period adjustments made by the CPA firms.

## Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-  
 FIDUCIARY FUNDS (PENSION FUND)

District	Year Ended December 31,							
	1999				2000			
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Adjustments *	Additions	Deductions	Ending Fund Balance
Affton	\$ 6,061,172	298,502	574,917	5,784,757	0	405,018	1,688,652	4,501,123
Black Jack	3,476,345	641,580	1,848,325	2,269,600	(66,987)	621,781	111,268	2,713,126
Chesterfield	20,571,682	5,302,073	1,236,414	24,637,341	0	(298,631)	1,139,618	23,199,092
Community	6,434,968	961,815	71,301	7,325,482	(81,213)	380,234	257,845	7,366,658
Creve Coeur	17,025,567	3,832,718	1,932,681	18,925,604	0	2,540,091	2,798,960	18,666,735
Eureka	2,014,077	307,596	33,827	2,287,846	0	389,545	40,047	2,637,344
Fenton	14,128,651	1,699,684	1,833,652	13,994,683	0	1,531,828	373,697	15,152,814
Florissant Valley	4,285,493	849,149	411,915	4,722,727	0	905,006	506,011	5,121,722
Lemay	131,085	133,833	123,372	141,546	0	134,430	124,591	151,385
Maryland Heights	8,224,244	2,176,373	66,129	10,334,488	0	7,407	807,628	9,534,267
Mehlville	32,978,982	3,157,209	1,520,796	34,615,395	0	3,486,892	1,564,462	36,537,825
Metro West	13,150,537	4,598,532	298,787	17,450,282	0	953,538	451,308	17,952,512
Mid-County	1,569,016	339,033	763,775	1,144,274	0	6,079	61,825	1,088,528
Moline	2,838,171	297,671	65,792	3,070,050	0	338,379	10,729	3,397,700
Normandy	1,663,055	312,279	1,777,995	197,339	0	157,834	189,773	165,400
Pattonville/Bridgeton Terrace	8,116,387	3,091,779	180,095	11,028,071	0	1,148,188	1,214,442	10,961,817
Riverview	2,236,125	438,601	36,999	2,637,727	0	263,572	852,249	2,049,050
Robertson	4,449,640	1,390,312	372,674	5,467,278	6,050	225,028	979,639	4,718,717
Spanish Lake	4,292,675	1,392,387	8,587	5,676,475	0	(118,877)	9,571	5,548,027
Valley Park	1,376,134	191,044	450,850	1,116,328	0	221,568	122,588	1,215,308
West County EMS	1,604,414	572,125	484,902	1,691,637	0	686,771	606,986	1,771,422
West Overland	4,826,822	858,217	656,423	5,028,616	0	310,829	218,454	5,120,991
Total	\$ 161,455,242	32,842,512	14,750,208	179,547,546	(142,150)	14,296,510	14,130,343	179,571,563

\* Prior period adjustments made by the CPA firms.

## Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND FUND BALANCE-  
 CAPITAL PROJECT FUNDS

		Year Ended December 31,						
		1999				2000		
District		Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance
Affton	\$	0	0	0	0	0	0	0
Black Jack		309,705	92,501	0	402,206	35,647	0	437,853
Chesterfield		34,356	447,369	152,855	328,870	365,361	681,493	12,738
Community		0	0	0	0	0	0	0
Creve Coeur		0	0	0	0	0	0	0
Eureka		373,792	3,840,254	457,597	3,756,449	190,304	1,901,353	2,045,400
Fenton		0	0	0	0	0	0	0
Florissant Valley		0	0	0	0	0	0	0
Lemay		0	0	0	0	0	0	0
Maryland Heights		(65,374)	0	0	(65,374)	0	0	(65,374)
Mehlville		271,479	13,563	1,600	283,442	4,099,967	2,347,128	2,036,281
Metro West		1,065,069	2,459,384	1,903,635	1,620,818	1,231,775	1,026,457	1,826,136
Mid-County		0	0	0	0	0	0	0
Moline		61,841	1,225	11,093	51,973	1,053	5,392	47,634
Normandy		13,595	0	13,595	0	0	0	0
Pattonville/Bridgeton Terrace		0	1,018,791	16,725	1,002,066	64,930	722,963	344,033
Riverview		0	0	0	0	998,898	23,603	975,295
Robertson		0	0	0	0	3,669,893	598,077	3,071,816
Spanish Lake		0	0	0	0	2,989,069	156,302	2,832,767
Valley Park		0	0	0	0	0	0	0
West County EMS		0	0	0	0	0	0	0
West Overland		0	0	0	0	0	0	0
Total	\$	2,064,463	7,873,087	2,557,100	7,380,450	13,646,897	7,462,768	13,564,579

## Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 SCHEDULE OF BOND OBLIGATIONS  
 YEAR ENDED DECEMBER 31, 2000

District	Fund Balance December 31, 1999	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 2000	2001 Obligations	Outstanding Bonds at December 31, 2000
Affton	\$ 0	0	0	0	0	0
Black Jack	0	0	0	0	0	0
Chesterfield	907,567	442,780	415,067	935,280	300,000	2,725,000
Community	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0
Eureka	425,357	335,730	454,018	307,069	120,000	3,385,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0
Lemay	309,186	172,639	150,727	331,098	120,071	785,000
Maryland Heights	523,092	345,827	272,728	596,191	255,000	525,000
Mehlville	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	15,429	63	15,492	0	0	0
Moline	121,474	75,102	63,658	132,918	60,000	120,000
Normandy	102,027	48,297	70,238	80,086	45,000	275,000
Pattonville/Bridgeton Terrace	267,922	219,294	132,810	354,406	50,000	575,000
Riverview	0	3,657	0	3,657	0	1,000,000
Robertson	0	435,696	0	435,696	50,000	3,500,000
Spanish Lake	0	275,525	0	275,525	75,000	3,000,000
Valley Park	116,979	72,335	68,871	120,443	45,000	420,000
West County EMS	0	0	0	0	0	0
West Overland	0	0	0	0	0	0
Total	\$ 2,789,033	2,426,945	1,643,609	3,572,369	1,120,071	16,310,000

## Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
SCHEDULE OF GENERAL FIXED ASSETS

		December 31, 2000			December 31, 1999
District		Land and Building	Furniture and Equipment	Total	Total
Affton	\$	406,082	1,351,347	1,757,429	1,750,778
Black Jack		794,505	1,381,206	2,175,711	2,148,715
Chesterfield		10,194,939	4,930,071	15,125,010	13,508,276
Community		276,870	1,574,034	1,850,904	1,730,973
Creve Coeur		3,483,309	3,635,316	7,118,625	6,079,290
Eureka		3,094,642	2,299,398	5,394,040	3,456,169
Fenton		3,719,955	2,510,042	6,229,997	5,220,565
Florissant Valley		1,464,850	2,477,186	3,942,036	2,776,280
Lemay		1,776,720	787,280	2,564,000	2,526,983
Maryland Heights		3,514,263	2,995,321	6,509,584	6,261,146
Mehlville		6,750,357	7,037,217	13,787,574	10,997,423
Metro West		5,899,779	4,174,585	10,074,364	15,263,186
Mid-County		759,220	983,650	1,742,870	1,705,476
Moline		184,247	658,411	842,658	836,013
Normandy		767,266	1,577,080	2,344,346	2,064,433
Pattonville/Bridgeton Terrace		3,396,392	3,023,497	6,419,889	5,674,223
Riverview		1,125,710	714,011	1,839,721	1,824,261
Robertson		1,548,965	2,052,325	3,601,290	2,995,843
Spanish Lake		738,231	831,047	1,569,278	1,434,597
Valley Park		1,083,884	1,234,372	2,318,256	2,296,397
West County EMS		1,539,428	2,689,412	4,228,840	4,306,412
West Overland		220,944	1,140,634	1,361,578	1,303,975
Total	\$	52,740,558	50,057,442	102,798,000	96,161,414



## Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
 SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES  
 YEARS ENDED DECEMBER 31, 2000 AND 1999

District	Assessed Valuation		Tax Levy per \$100 of Assessed Valuation											
			Total		General		Pension		Dispatching		Ambulance		Debt Service	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Affton	\$ 348,255,412	339,024,117	0.9400	0.9400	0.6400	0.6400	0.0700	0.0700	0.0300	0.0300	0.2000	0.2000	0.0000	0.0000
Black Jack	441,112,375	428,213,108	0.8900	0.8900	0.7500	0.7500	0.1000	0.1000	0.0400	0.0400	0.0000	0.0000	0.0000	0.0000
Chesterfield	1,371,312,470	1,278,056,771	1.0190	1.0200	0.5390	0.5300	0.1000	0.1000	0.0300	0.0300	0.3200	0.3200	0.0300	0.0400
Community	446,595,247	432,164,759	1.3800	1.1300	1.0000	0.7500	0.1000	0.1000	0.0300	0.0300	0.2500	0.2500	0.0000	0.0000
Creve Coeur	987,642,410	927,501,400	1.0100	1.0100	0.6100	0.6100	0.1500	0.1500	0.0300	0.0300	0.2200	0.2200	0.0000	0.0000
Eureka	208,407,327	197,153,982	1.3230	1.2900	0.7440	0.7200	0.1000	0.1000	0.0300	0.0300	0.2990	0.2900	0.1500	0.1500
Fenton	761,550,991	743,468,719	0.7400	0.7400	0.3800	0.3800	0.1000	0.1000	0.0300	0.0300	0.2300	0.2300	0.0000	0.0000
Florissant Valley	637,318,003	567,092,293	0.8300	0.8200	0.5500	0.5500	0.1000	0.1000	0.0300	0.0200	0.1500	0.1500	0.0000	0.0000
Lemay	131,660,642	131,537,245	1.4400	1.4800	0.9900	0.9900	0.1000	0.1000	0.0200	0.0200	0.2300	0.2300	0.1000	0.1400
Maryland Heights	534,037,686	521,420,613	1.1500	1.1500	0.8000	0.8000	0.1300	0.1300	0.0500	0.0500	0.1100	0.1100	0.0600	0.0600
Mehlville	1,562,968,054	1,506,468,492	0.9200	0.9200	0.5900	0.5800	0.1000	0.1000	0.0200	0.0300	0.2100	0.2100	0.0000	0.0000
Metro West	1,157,078,875	1,029,590,800	1.0210	1.0300	0.5810	0.5900	0.1100	0.1100	0.0300	0.0300	0.3000	0.3000	0.0000	0.0000
Mid-County	122,426,529	119,553,938	1.6300	1.2800	1.3500	1.0000	0.1000	0.1000	0.0300	0.0300	0.1500	0.1500	0.0000	0.0000
Moline	104,431,181	102,363,101	1.5000	1.5000	1.2500	1.2500	0.1500	0.1500	0.0300	0.0300	0.0000	0.0000	0.0700	0.0700
Normandy	168,245,394	164,035,767	1.4700	1.4500	1.0000	0.9800	0.1000	0.1000	0.0400	0.0400	0.3000	0.3000	0.0300	0.0300
Pattonville/Bridgeton Terrace	622,508,792	579,571,493	1.2060	1.2200	0.7320	0.7500	0.1500	0.1500	0.0500	0.0400	0.2440	0.2500	0.0300	0.0300
Riverview	121,763,354	120,459,676	1.4000	1.4000	1.2500	1.2500	0.1100	0.1100	0.0400	0.0400	0.0000	0.0000	0.0000	0.0000
Robertson	309,501,376	175,037,160	1.5500	1.4000	0.7700	0.7700	0.2000	0.2000	0.0400	0.0400	0.3900	0.3900	0.1500	0.0000
Spanish Lake	146,206,107	143,433,436	1.6590	1.4400	1.2500	1.2500	0.1500	0.1500	0.0400	0.0400	0.0000	0.0000	0.2190	0.0000
Valley Park	169,319,389	162,269,126	1.1200	1.1200	0.6500	0.6500	0.1000	0.1000	0.0300	0.0300	0.3000	0.3000	0.0400	0.0400
West County EMS	519,833,005	508,433,526	0.7400	0.6200	0.4600	0.3800	0.0600	0.0500	0.0300	0.0300	0.1900	0.1600	0.0000	0.0000
West Overland	169,364,022	168,044,850	1.1400	1.1200	0.7000	0.6900	0.1500	0.1500	0.0400	0.0400	0.2500	0.2400	0.0000	0.0000

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2000 Audit Fees	1999 Audit Fees	Independent Auditor
Affton	\$ 6,600	5,400	Same
Black Jack	6,000	6,900	Different
Chesterfield	10,500	9,000	Same
Community	6,000	4,100	Different
Creve Coeur	13,250	12,500	Same
Eureka	4,490	3,925	Same
Fenton	6,600	6,400	Same
Florissant Valley	4,975	4,600	Same
Lemay	3,550	3,450	Same
Maryland Heights	4,865	4,865	Same
Mehlville	9,500	8,900	Same
Metro West	12,282	12,235	Same
Mid-County	4,750	4,000	Different
Moline	4,095	3,875	Same
Normandy	4,525	6,451	Same
Pattonville/Bridgeton Terrace	15,000	4,000	Different
Riverview	2,100	2,100	Different
Robertson	19,800	4,733	Different
Spanish Lake	7,500	5,000	Same
Valley Park	6,400	5,475	Same
West County EMS	6,500	5,000	Same
West Overland	4,475	4,035	Same

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY  
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2000	1999
Affton	\$ 8,300	7,950
Black Jack	9,100	10,250
Chesterfield	18,849	15,250
Community	23,200	17,883
Creve Coeur	20,800	17,600
Eureka	6,900	7,000
Fenton	11,100	10,800
Florissant Valley	25,383	17,400
Lemay	8,567	9,400
Maryland Heights	14,017	13,877
Mehlville	16,296	16,775
Metro West	13,450	13,050
Mid-County	26,076	17,657
Moline	29,600	20,300
Normandy	13,366	11,458
Pattonville/Bridgeton Terrace	16,633	17,850
Riverview	17,596	17,612
Robertson	20,383	14,450
Spanish Lake	18,200	17,600
Valley Park	11,750	11,208
West County EMS	16,675	18,200
West Overland	21,209	17,614

## Schedule 11

### REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2000

#### Revenues/Receipts

- The number of badges and patches sold were not reconciled to the cash collected.
- Three districts did not itemize tax revenue according to prior, current, and future years based on the monthly county revenues statements. Receivables should only be the current collections during the first sixty days of the next fiscal year; the remaining amount of potential revenue should be deferred and an amount should be estimated for the potential uncollectible portion.

#### Expenditures/Purchasing

- Clothing allowances were not included on the Form W-2 each year.
- Voided checks were not properly mutilated.

#### Accounting Records and Procedures

- The accounting records service provider did not provide financial information, including journals, general ledgers, bank reconciliations and monthly financial statements in a timely manner.
- Several monthly board reports were manually prepared, including a total analysis of actual activity compared to the budget. Having reports generated from the same processing system that maintains all financial activity assures reports are accurately prepared, and are completed on a more efficient basis. Additionally, a budget report that details, on a monthly basis, differences between budget and actual for each budget line item, expenditures as well as revenue, is information that management should be receiving on a monthly basis.
- There was a lack of segregation of duties.
- The accountant did not reconcile all bank accounts nor were the accounts reconciled to the month end financial statements.
- The board did not review the bank reconciliations prepared by the district accountant on a periodic basis.

- The general ledger was in balance but the individual funds were not.
- There was not adequate documentation relating to certain journal entries impacting the general ledger, and there was a deficient audit trail concerning cash receipts and other miscellaneous postings on the accounting system used by the outside accountant.
- Accounts were not analyzed and reconciled to the general ledger on a frequent basis.
- An accrual for future interest payable was recorded in the general long term debt account group.
- A detailed schedule of activity running through the districts accounts was not maintained and reconciled to the general ledger periodically.
- Three districts did not have a written accounting procedures manual.
- Two districts did not have a formal written conflict of interest policy.

#### Investments and Pensions

- Investment earnings were not maximized by two districts.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Pension valuation reports were not prepared timely.

#### Fixed Assets

- A detailed permanent record of fixed assets was not maintained in eleven districts.
- Three districts did not have a formal policy for capitalizing fixed assets.
- Capital leases were not added to the fixed asset listing when the lease agreement was executed.
- A district should consider the appropriateness of continuing to maintain a capital projects fund in light of current plans for the acquisition of major fixed assets.

#### Budgets

- Four districts' budget documents did not contain all of the required components as specified by Chapter 67 RSMo.

- The budget did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund.
- Nine of the districts' expenditures exceeded the budgetary appropriations in various funds.
- A budget was not prepared for the Capital Projects Fund.
- Budget amendments were not adequately documented and approved by the Board of Directors.
- A budget was not prepared displaying actual and budget comparative amounts from the preceding years figures.

#### Payroll and Employee Benefits

- The vacation policy did not clearly document how vacation time can be earned or if vacation time can be carried forward into the following year.
- Two districts did not record the defined benefit and Section 457 plans in the general ledger.
- Two districts did not reconcile the schedule of accrued sick leave to the amount recorded in the general long-term debt account group.
- Employee loans through the defined contribution plan should be recorded separately on the general ledger to properly reflect plan activity. Also, loans not repaid, but reported as taxable income to the employee, should also be recorded as benefit expense on the general ledger.

#### Pledged Securities

- Component units of two districts had bank deposits that were uninsured or uncollateralized.

#### Unclaimed Property

- Several checks outstanding for over one year were written off, but had not been turned over to the state under the Unclaimed Property law.

#### GASB 34

- It was recommended that in ten districts that they plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.

### Fund Balances

- The unreserved fund balance accumulated in the General Fund equaled approximately 70 percent of the annual expenditures of that fund.
- The Ambulance Fund had a cumulative fund deficit at December 31, 2000.

## APPENDICES



# ***Missouri Revised Statutes***

## **Chapter 321 Fire Protection Districts Section 321.690**

### **Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).**

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

## Appendix B

### Title 15—ELECTED OFFICIALS Division 40—State Auditor Chapter 4—Audits of Fire Protection Districts in St. Louis and Greene Counties

#### 15 CSR 40-4.010 Requirements for Districts

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.*

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

#### 15 CSR 40-4.020 Standards for Auditing and Financial Reporting

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.*

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

#### 15 CSR 40-4.030 Contents of Audit Reports

*PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.*

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

## Appendix B

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*

### 15 CSR 40-4.040 Scope of Audit

**PURPOSE:** *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.*

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). \* Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

*\*Original authority 1977, amended 1981, 1986, 1991, 1993.*



**AUDIT OF  
MISSOURI VOCATIONAL ENTERPRISES**

**From The Office Of State Auditor  
Claire McCaskill**

*The long-term viability of this program may be at risk if current financial trends continue.*

**Report No. 2002-13  
February 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

February 2002

**Financial stability of prisoner job program may be at risk if current trends continue**

This audit reviewed the Department of Correction's vocational enterprises program (the program), which employs inmates in jobs that teach skills they can use after release from prison. The inmates produce goods (such as office furniture) and offer services (such as dry cleaning) purchased by state agencies or political subdivisions. The following highlights the audit's findings:

**Program lost \$5 million in 2001 due to state budgetary changes**

In fiscal year 2001, state budget and department officials for the first time charged the program \$2.5 million in building usage rent. Officials imposed the rent by moving a like amount of fuel and utility costs from the department's General Revenue Fund budget to the program's budget. In addition, the program paid \$2.3 million in salary costs for department teachers, correctional officers and clerks with duties unrelated to the program. Continued responsibility for these unnecessary costs could put the program's future at risk. (See page 2)

**\$1.4 million lost in waste tire recycling operation**

The waste tire operation has lost \$1.4 million since 1995 after accepting many jobs at below operation costs and underestimating some job costs. Auditors found the average site clean-up costs the program \$217 per ton, but the program only charged \$100 to \$150 per ton for its work.

In addition, the program pays a private trucking firm up to \$5,000 annually to haul away the shredded tire byproduct resulting from the clean-up projects. The program discards most byproduct material because state law restricts the program from selling its products on the open market and government operations rarely need this material. The ability to sell all byproduct material to private companies could produce up to \$75,000 a year in extra revenue and save the disposal expenses. (See page 5)

**Program ineffective in mission to improve prisoner work opportunities**

More than half the inmates have long-term sentences and may never use their new job skills in an outside workplace, which is inconsistent with the program's mandated mission to increase prisoner work opportunities upon release. Auditors found 55 percent of participating inmates are serving life-sentences or have more than 10 years left in prison. This situation occurs partly because the factories are primarily located at prisons

YELLOW SHEET

with higher populations of long-term prisoners. (See page 15)

**\$1 million in lost sales when some state agencies had program bid for business**

Three state agencies requested or required the program to submit bids with private sector vendors for some agency purchases. As a result, the program lost more than \$1 million in sales. Agency officials justified the bidding practice because they received better prices from private sector businesses; however, state law requires state agencies to purchase program products without requiring bidding. (See page 8)

***Reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)***

**AUDIT OF  
MISSOURI VOCATIONAL ENTERPRISES**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>2</b>
1. Budgetary Changes Resulted in Program Losses .....	2
Conclusions .....	6
Recommendations .....	6
2. State Agencies Materially Complied with State Purchasing Laws, but Some Changes are Needed.....	8
Conclusions .....	10
Recommendations .....	11
3. Some Management Practices Need Improvement .....	12
Conclusions .....	19
Recommendations .....	19
 <b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE AND METHODOLOGY .....	21
II. BACKGROUND.....	22
III. INCOME STATEMENT - FIVE YEARS ENDED JUNE 30, 2001 .....	23
IV. BALANCE SHEET - FIVE YEARS ENDED JUNE 30, 2001.....	24
V. NATIONAL PRISON INDUSTRY STATISTICS 1999 .....	25
VI. STATE AGENCY RESPONSES TO FACTS IN THE REPORT .....	26



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Gary B. Kempker, Director, Department of Corrections  
and  
Wilbur Gooch, Administrator, Missouri Vocational Enterprises  
Jefferson City, MO 65102

The State Auditor's Office audited the Missouri vocational enterprises program. This program, mandated by state law, employs state correctional facility inmates in jobs that teach skills they can use upon release. These jobs in turn produce goods and services purchased by state and local governments.

The objectives of this audit were to evaluate (1) whether the vocational enterprises program fulfills its statutory mandate, (2) state agency compliance with the state's purchasing laws related to the program, (3) state agency satisfaction with the program's goods and services, (4) the program's financial condition and management practices, and (5) how Missouri's program compared to similar programs in other states.

We made several conclusions including: the long-term viability of the program may be at risk if the program's operating budget continues to pay for unrelated Department of Corrections costs; state agencies generally complied with the requirement to purchase the program's applicable goods and services and were satisfied with the products; some management practices need improvement; and the majority of participating inmates have long-term sentences with little chance for outside employment, which is inconsistent with the program's mandated mission.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

August 24, 2001 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Tom Franklin



## **RESULTS AND RECOMMENDATIONS**

### **1. Budgetary Changes Resulted in Program Losses**

The Missouri vocational enterprises program lost approximately \$5 million during fiscal year 2001 when state budget and Department of Corrections officials had the program pay for costs unrelated to the program's operation. Also, the Department of Corrections has not paid \$1.7 million to the program for goods and services received in fiscal years 1999 and 2000. Continuing financial losses in this program threaten its viability and could drive up the price of goods and services provided to the program's primary customers (state agencies and elected officials). Costs unnecessarily charged to the program included:

- ✓ \$2.5 million for building usage.
- ✓ \$1.5 million for salaries for all vocational education teachers (33 positions).
- ✓ \$600,000 for salaries of 17 correctional officers and 3 clerks.
- ✓ \$180,000 for correctional officers and academic teachers salaries charged in error.

The program has also incurred \$1.4 million in losses related to the state's waste tire recycling program. While the vocational enterprises program operation is in good financial condition now, this situation may not be the case if these costs continue to be incurred.

*(See Appendixes III and IV, pages 23 and 24 for the program's income statement and balance sheet for the 5 years ended June 30, 2001.)*

### **Background**

Program operations are accounted for in the Working Capital Revolving Fund. This fund is part of the budget for the Department of Corrections and the department Director oversees these operations. The program receives guidance from an Advisory Board established under Section 217.555, Revised Missouri Statutes (RSMo) 2000, and the Joint Legislative Committee on Corrections.

### **Building usage charge imposed**

For fiscal year 2001 state budget and department officials shifted responsibility for \$2,573,502 in prison fuel and utilities costs from the General Revenue Fund portion of the Department of Corrections budget to the vocational enterprises program. Budget officials used a \$6 per square foot rental figure to estimate the rental cost to vocational enterprises for using department facilities. This rental charge was imposed by assigning a like amount of department fuel and utility costs to the program's budget. These costs were in addition to the \$358,000 in fuel and utility costs the program already pays for based on an

**\$2.5 million in  
costs never  
imposed before**

agreement with the department. Essentially the state is now requiring the program to pay rent for space previously provided without charge.

The statutes are not clear, however, whether such a space rental charge can be imposed. Under Section 217.565, RSMo 2000, the Department of Corrections is to purchase, lease, or otherwise provide suitable plants, machinery, equipment and materials to put the vocational enterprises program into effect. Under Section 217.595, RSMo 2000, none of the earnings of the vocational enterprises program shall be transferred to the General Revenue Fund. Based on past practices, until fiscal year 2001, the statutes were interpreted as not requiring such a building usage charge.

For fiscal year 2002, program officials were able to negotiate the building usage/fuel and utility charge down to \$1 million. The program is restricted from selling products in the private sector and does not have the ability to move operations if the “building charge” is considered excessive or unreasonable. Because vocational enterprises cannot expand sales markets to cover these cost increases, it does not seem reasonable to impose such a charge on the program.

If there are concerns by state officials that the program is not paying an equitable share of building fuel and utility costs or other costs incurred related to program operations, then a reasonable allocation method needs to be developed and consistently applied.

#### **Vocational enterprises paid salaries of some Department of Corrections employees**

During fiscal year 2001, the vocational enterprises program paid approximately \$2.3 million in salary costs for various Department of Corrections teachers, correctional officers and clerks whose duties are not directly related to program operations. Some of these costs have been imposed for years.

\$2.3 million in  
costs to the  
program

#### **Vocational education**

The vocational enterprises program was required to assume \$1.5 million in teacher salary and benefit costs in fiscal year 2001.

The Department of Corrections justified this change in the department’s budget documents by stating the department is "transitioning to a work-based approach to skills training that connects offender training to interview and placement in department job assignments in (vocational enterprises) industries and services."

The relationship between the vocational education program and vocational enterprises program is tenuous. Only 155 of 1,169 (13 percent) vocational education students enrolled in classes in fiscal year 2000 participated in one of the three training courses designed to train inmates for jobs in the vocational enterprises program. During March 2001, only 11 of these 155 students were working in a vocational enterprises program job related to their training. Department of Corrections officials have indicated they will propose shifting the costs of the vocational education program back to the General Revenue Fund for fiscal year 2003.

### **Correctional officers and clerks**

Since the early 1980s, the vocational enterprises program has paid for salary and benefit costs of 17 correctional officers and 3 clerks of the department (\$600,000 in fiscal year 2001). Department officials decided program factories needed extra correctional officers to protect civilian staff and limit theft; and extra clerks to process inmate payroll and department payment for program goods.

However, vocational enterprises and Department of Corrections staff stated the correctional officers charged to the program provide general security throughout the prison and not just in the factories. In addition, the vocational enterprises program did not require clerical work beyond the duties clerks already handled.

### **Payroll overcharge**

Table 1.1 identifies payroll amounts erroneously charged.

**Table 1.1: Payroll Costs Incorrectly Charged to the Vocational Enterprises Program**

Salary and Benefits	Error Period	Amount
Eight correctional officers	June 2000 - January 2001	\$ 125,764
Six academic teachers	July 2000 - April 2001	54,507 <sup>1</sup>
Total		\$ <u>180,271</u>

Source: Department of Corrections payroll records

<sup>1</sup> The full error totaled \$137,755. Department of Corrections officials corrected \$83,248 of the error prior to the end of the fiscal year.

Department of Corrections personnel requested adjustments for the errors from the Office of Administration but the request was denied and the errors have not been corrected. The denial occurred because the request was received after the deadline for making adjustments to fiscal year 2001 payroll records.

### **Product prices have not been adjusted**

The vocational enterprises program management is not including the additional \$4 million in costs (\$2.5 million for fuel and utilities charges and \$1.5 million for vocational education staff) in product pricing decisions. If similar costs continue to be imposed, these costs will have to be included in those pricing decisions or losses could continue. Ultimately, the program's primary customers, state agencies and elected officials, will pay more for goods and services. Our analysis indicated fiscal year 2001 prices for most goods and services would have been about 13 percent higher if the additional costs had been factored into pricing decisions. In effect, other state agencies would be forced to support some operating costs of the Department of Corrections because of the higher prices that would have to be charged to these agencies for goods and services.

Product prices  
would increase  
by 13 percent

## **Department of Corrections did not pay bills on time**

The Department of Corrections has not paid the vocational enterprises program for some goods and services received over the last 3 years. At April 2001, the department had unpaid bills of \$1.7 million for transactions that took place in fiscal years 1999 and 2000. Payment of other department bills was put as a priority over the program's bills. Delayed payment deprives the program of necessary operating capital.

## **Waste tire recycling program losses**

Since the inception of the program in 1995, losses in the waste tire recycling program have exceeded \$1.4 million as the result of:

- Department of Corrections officials requiring the vocational enterprises program to participate in this program and accept many clean up projects at below operation costs.
- The vocational enterprises program not adequately estimating job costs on some projects.

Department of Corrections officials view the program as a public relations opportunity. The program uses inmate workers to clean up illegal waste tire dumps that are identified by the Department of Natural Resources and ruled as such by courts. Department of Corrections officials have publicized the success of the program in press releases and in the *Official Manual of the State of Missouri*.

Vocational enterprises officials did not adequately use historical job costs when establishing contract prices for waste tire recycling clean up projects. Audit tests determined the historical cost to be \$217 per ton. The majority of the sites were cleaned up for prices ranging from \$100 to \$150 per ton resulting in a shortfall between program costs and revenues.

State's tire  
recycling effort  
being subsidized

The vocational enterprises program has subsidized the statewide waste tire cleanup effort. During our audit, vocational enterprises and Department of Natural Resources personnel began negotiations to increase the compensation for future services.

## **Waste tire byproduct becomes an expense for the program**

Restrictions on the sale of the shredded waste tire byproduct harm the program. At times, the vocational enterprises program has hired private trucking firms (paying up to \$5,000 annually) to haul away the excess byproduct. This practice occurs because state law does not allow the vocational enterprises program to sell products on the open market. The University of Missouri - Columbia campus power plant is the only government-owned utility using the byproduct, but the plant only consumes about 20 percent of the annual byproduct output. Four private companies in the state use this material and could possibly purchase this byproduct if open market sales were allowed. Vocational enterprises officials estimated sales of the byproduct material could produce up to \$75,000 in annual revenue.

## Conclusions

The vocational enterprises program is currently in a relatively strong financial position. However, continued imposition of costs unrelated to operations, participation in unprofitable industries, and excessive delays in payments for goods and services will put the long-term viability of the program at risk.

## Recommendations

We recommend the Director, Department of Corrections:

- 1.1 Coordinate with state budget officials to evaluate having the vocational enterprises program pay for building occupancy charges, vocational education program expenses, and correctional officer and clerical position costs.
- 1.2 Develop additional controls over the allocation of payroll costs to ensure the vocational enterprises program is charged for only authorized budgeted positions.
- 1.3 Reimburse the program \$180,271 for the payroll allocation errors that remain uncorrected.
- 1.4 Improve bill-paying practices to ensure obligations to vocational enterprises do not remain unpaid for an excessive period of time.
- 1.5 Evaluate waste tire recycling job costs on a regular basis and negotiate with Department of Natural Resources officials to adjust project compensation as needed to at least recover costs.
- 1.6 Seek authorization from the General Assembly for vocational enterprises to sell the waste tire byproduct on the open market.

## Department of Corrections Comments:

- 1.1 *The Department notes the recommendation. The FY2003 budget request submitted to Office of Administration – Budget and Planning contained General Revenue funding for vocational education program personal services and expense and equipment.*
- 1.2 *The Department concurs and has dedicated resources within our Information Systems section to develop computerized reports that provide breakdowns of payroll by appropriation for each pay cycle from Statewide Advantage for Missouri II - Human Resources. MVE has established a review of each payroll period expenditures to ensure that only budgeted positions are charged to the Working Capital Revolving Fund.*
- 1.3 *The Department concurs with this recommendation. Upon being made aware of the errors, the Department expedited the appropriate documents to the Office of*

*Administration indicating that their processing was necessary to correct the errors. The Office of Administration denied this request because it was received after the deadline for prior period adjustments. The Department will again request Office of Administration approval to process the documents to correct these errors.*

- 1.4 The Department concurs with this recommendation as it pertains to prudent business practices. Efforts have been undertaken to improve the Department's turnaround time in facilitating payment of current obligations. According to recent statistics published by the Office of Administration, the Department of Corrections averages 16 days turnaround from the date of receipt of a vendor invoice to check date. The state average is 18 days. The department will continue to monitor and evaluate available resources in an effort to pay down the past due payables to MVE.*
- 1.5 The Department of Corrections (DOC) and the Department of Natural Resources (DNR) met on July 31, 2001 to address issues associated with continuation of the cooperative relationship for the clean-up of illegal tire dumps. The results of the meeting were: 1. DOC and DNR agreed to create separate agreements for each individual illegal tire dump rather than operating from an overall pricing agreement. 2. DOC and DNR agreed that each illegal tire dump clean up would be priced based upon the difficulty of the project. 3. DOC and DNR agreed that MVE's minimum charge for the clean up of each illegally dumped tire would be \$2.11.*
- 1.6 The Department notes the recommendation, but disagrees. The Department will not seek sponsorship of legislation to expand MVE's authorization to sell its products or services on the open market. Expanding the sale of MVE products and services has been extremely controversial.*

## **2. State Agencies Materially Complied with State Purchasing Laws, but Some Changes are Needed**

Review of compliance with state purchasing laws related to the vocational enterprises program indicates:

- ✓ State agencies are generally complying with the requirements to purchase goods and services from vocational enterprises.
- ✓ Three state entities failed to comply with state purchasing laws by requesting or requiring the vocational enterprises program to submit bids on proposed purchases, which cost the vocational enterprises program sales in excess of \$1 million.
- ✓ The centralized statewide accounting system is not designed to be user friendly for the vocational enterprises program, which has meant wasted employee effort in some cases.
- ✓ Outdated or unused statutory provisions related to purchasing requirements, which result in some sales losses.

### **Background**

Under Section 217.575, RSMo 2000, state agencies and elected officials are required to purchase available goods and services from the vocational enterprises program unless the program grants the agency a waiver. The only statutorily authorized reasons for granting waivers are that the program cannot provide the specific good or service required or the program cannot provide the good or service within 90 days. Under the statewide accounting system, certain purchase orders based on the transaction's commodity code are flagged for vocational enterprises waiver evaluation. A vocational enterprises program employee must evaluate these transactions for waiver.

### **Agencies generally complied with purchasing laws**

Auditors scanned thousands of state transaction records on the statewide accounting system and performed a detailed review of 36 transactions to conclude agencies generally purchased applicable goods and services from the vocational enterprises program.

### **Three agencies imposed restrictions on purchases from vocational enterprises**

The Department of Transportation, Office of the State Public Defender, and the Lottery Commission requested or required the vocational enterprises program to submit bids along with private sector vendors to obtain the agencies' business for some transactions. The vocational enterprises program did not win the bids and lost more than \$1 million in sales as shown in Table 2.1.

**Table 2.1: Sales Lost Due to Bidding**

<b>Agency</b>	<b>Goods Purchased</b>	<b>Approximate Sales Lost</b>
Department of Transportation	Aluminum sign blanks	\$ 550,000
Lottery Commission <sup>1</sup>	Office cubicles	417,000
Office of the State Public Defender	Various items	70,000
Total		<u>\$ 1,037,000</u>

Source: Statewide accounting system and discussion with agency officials

<sup>1</sup>Requested vocational enterprises bid on the cubicle project. The request to bid was accepted by program staff.

Agency representatives justified their practices by stating they received better prices for the products purchased. However, Section 217.575, RSMo 2000, clearly requires purchases to be made from vocational enterprises without bidding being necessary. As a result, the agency personnel should not be seeking bids if the program can supply the good or service since vocational enterprises purchases are exempt from bidding requirements. This non-compliance, if left uncorrected, will result in continuing sales losses for the program and lost training opportunities for inmates.

The vocational enterprises program employees have not used a similar review of data from the statewide accounting system to identify transactions and agencies that may not have complied with state purchasing law regarding purchase of items from the program. These agencies could be contacted to evaluate products or other issues impacting sales. In addition, the review could be used to identify commodity codes that should also be flagged for transaction waiver review and others that may need to be removed from the process.

### **Some transactions were unnecessarily waived**

Vocational enterprises staff are waiving some transactions for which the program could have produced the products. Audit tests showed waivers were granted for other than statutorily authorized reasons for 10 of the 36 transactions (27 percent) tested. These waivers were for items such as office furniture for the Office of the State Public Defender and the Department of Transportation, retirement plaques for the Department of Transportation and vehicle inspection stickers for the Highway Patrol totaling \$125,074.

### **The statewide accounting system transaction processing needs some changes to enhance the waiver process**

The waiver system would run smoother if program employees did not have to review such a high number of transactions. For example, state agencies will often purchase small quantities of items that are not practical or cost effective for the vocational enterprises program to supply. If minimum thresholds were set in the statewide accounting system, these small transactions could be waived automatically and not require explicit waiver approval from program officials. Similar efficiencies could be created if purchases being made by state agencies from the vocational enterprises program were not flagged for waiver evaluation.



## Many purchasing related statutes are outdated or not used

The following statute sections were noted that are either outdated or not used:

<u>Statute section</u> <u>RSMo 2000</u>	<u>Statutory requirement</u>	<u>Issue</u>
217.575 (2)	Requires state agencies and vocational enterprises to retain paper copies of purchase waivers granted.	Under the current statewide accounting system the waiver process is electronic.
217.575 (5)	Establishes an arbitration process state agencies and vocational enterprises can use to resolve disputes over price, quality, design, etc.	The arbitration process has never been used.
217.580	Officials and agencies are required to report to vocational enterprises estimates for the ensuing year of the amount of supplies of different kinds or types of services required to be purchased by them that can or may be furnished by the program.	Most officials and agencies fail to provide the data. For those agencies that do provide the data it is too vague to be of any use.
217.590	Any person who knowingly refuses or neglects to comply with the provisions of Sections 217.575 and 217.580 shall upon conviction be guilty of a Class A misdemeanor.	The penalty has not been enforced.
301.290	Vocational enterprises is mandated to purchase, erect and maintain all of the machinery and equipment necessary for the manufacture of signs used by the state transportation department. The Department of Transportation is also mandated to procure all signs from vocational enterprises.	Compliance with these provisions is no longer practical. See Issue 3, page 14 for more details.

Many of these laws have been in place for decades and new state procedures have made them obsolete or not practical.

## Conclusions

State agencies and elected officials are generally complying with the purchasing requirements related to vocational enterprises goods and services; however, some noncompliance was noted. The state's purchase waiver system needs some improvements. State statutes relating to the purchasing requirements and the waiver process need to be updated to reflect new processes.

## Recommendations

We recommend the Director, Department of Corrections:

- 2.1 Coordinate with the Office of Administration to ensure agency purchasing officials are aware items purchased from the program are exempt from the state's bidding laws.
- 2.2 Improve procedures for granting waivers to ensure waivers are not granted for products the program can supply within 90 days.
- 2.3 Coordinate with the Office of Administration to set minimum dollar thresholds so that low dollar transactions bypass the vocational enterprises waiver approval process and remove purchases being made from the program from waiver review.
- 2.4 Use data from the statewide accounting system to identify transactions and agencies that may not have complied with state purchasing laws regarding purchase of applicable items from the program and evaluate the commodity codes being flagged.
- 2.5 Seek from the General Assembly revision to the various state statutes related to the vocational enterprises program that are outdated.

## Department of Corrections Comments:

- 2.1 *The Department concurs with the recommendation and has initiated contact with the Director of Office of Administration – Division of Purchasing and Materials Management to begin developing a plan for ensuring that agency purchasing officials are aware of applicable statutes regarding MVE.*
- 2.2 *MVE has been granting waivers when an agency could demonstrate that they could purchase a similar product at a cheaper price from an outside vendor. The Department notes the recommendation and will amend its manner of granting waivers to ensure that the practice is consistent with this recommendation. The Department has initiated contact with the Director of the Office of Administration – Division of Purchasing and Materials Management to begin developing a plan for ensuring that agency purchasing officials are aware of applicable statutes governing MVE products and waivers.*
- 2.3&
- 2.4 *The Department has initiated contact with the Director of Office of Administration – Division of Purchasing and Materials Management and acquired a commitment from the Office of Administration to explore the viability of this recommendation with MVE.*
- 2.5 *The Department notes the recommendation and will consider the specific statute sections cited within this report when developing future legislative packages.*

### **3. Some Management Practices Need Improvement**

Better management practices are needed to ensure program resources are used effectively. Audit tests noted a variety of program issues that need to be resolved including:

- ✓ Inventory management.
- ✓ Accounts receivable collections.
- ✓ Factory management.
- ✓ Business planning.
- ✓ Marketing and customer satisfaction.

These conditions resulted from breakdowns in management controls and oversight. If not corrected, the vocational enterprises program could lose financial resources, product sales and one of its industries.

#### **Background**

Vocational enterprises operates as a semi-autonomous entity under the Division of Offender Rehabilitation of the Department of Corrections. The Director of the Department of Corrections in conjunction with a statutorily created Advisory Board has general supervision over the planning, establishment and management of the program and determines the locations of the various industries within the prison system. Within the program, there is a multi-layered management structure. An administrator is responsible for the program's day-to-day activities.

#### **Stronger controls over inventory levels are needed**

Excessive inventory levels exist at several vocational enterprises program factories. Excess inventory may be as much as \$8 million. Since 1997, approximately half of the program's factories have received software that computes inventory reorder points and economic reorder quantity information. However, factory managers seldom use these tools to make inventory purchasing decisions.

Excess inventory  
may be as much  
as \$8 million

We performed an analysis of the inventory values as of June 30 for the years 1997 through 2001. We used the following formula to estimate the number of days of inventory on hand at the end of each fiscal year:

$$\frac{\text{Cost of Goods-Materials}}{365 \text{ days}} = \text{Material cost per day}$$
$$\frac{\text{Inventory Value}^1}{\text{Material cost per day}} = \text{Number of days of inventory on hand}$$

<sup>1</sup> This value includes raw materials, work-in process and finished goods.

Table 3.1 indicates our results:

**Table 3.1: Estimates of Annual Fiscal Year-End Inventory Levels for All Factories**

<b>Calculations Data</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Total Inventory Value (in millions)	\$ 7.47	8.17	11.59	12.21	11.80
Total Cost of Goods Sold - Material (in millions) <sup>1</sup>	\$ 18.03	18.22	15.06	15.01	12.64
Estimated Days of Inventory	151	164	281	297	341

Source: Vocational enterprises program financial statements

<sup>1</sup>Includes annual physical inventory adjustment

Examples of some of the estimated days of inventory at specific factories at June 30, 2000, are noted in Table 3.2 (similar data for the year ended June 30, 2001, was not available until after fieldwork completion and not obtained):

**Table 3.2: Estimated Days of Inventory at Specific Factories**

<b>Factory</b>	<b>Location</b>	<b>Number of Days of Inventory</b>
Clothing	Jefferson City Correctional Center	1,029
Office Cubicle	Jefferson City Correctional Center	669
Furniture	Crossroads Correctional Center	546
Metal Production	Moberly Correctional Center	443

Source: SAO computation based on factory inventory records

Vocational enterprises officials stated some reasons for holding excess inventory were:

- To take advantage of lower than normal commodity prices and quantity discounts.
- To prepare for the needs of the two new correctional facilities. The delayed opening of these facilities impacted the inventory levels.

Only 3 of 21 factories had less than 100 days of inventory. One hundred days of inventory should be sufficient in almost all instances to meet the program's needs given the time it takes to develop bid documents to order supplies, analyze the results of the bids and receive shipment of raw materials without impacting normal production. As shown in Table 3.1 above, the total inventory value at June 30, 2001 was nearly \$12 million and represented over a 300 days supply. Reducing inventory levels to 100 days in inventory on average would result in a reduction of up to \$8 million in the total value of the inventory (2/3rds of current inventory levels). These monies could be put to other uses by the program.

## Collection procedures for accounts receivable need to be enhanced

Vocational enterprises program personnel have not always effectively collected payment on old outstanding receivables. At March 20, 2001, the Departments of Revenue and Transportation owed a total of \$1.4 million for 120 or more days.

Audit staff contacted representatives from these agencies to determine why the payments had not been made. Within a few days, the disputes or misunderstandings had been resolved for the majority of the transactions making up this balance. These results are shown in Table 3.3:

**Table 3.3: Change in 120-Day Past Due Accounts Receivable**

Agency	March 20, 2001	April 13, 2001	Decrease Amount	Percentage Decrease
	120 Days Past Due	120 Days Past Due		
Department of Revenue	\$ 1,278,502	\$ 261,915	\$ 1,016,587	80
Department of Transportation	<u>125,906</u>	<u>71,504</u>	<u>54,502</u>	43
Total	\$ <u>1,404,408</u>	\$ <u>333,419</u>	\$ <u>1,071,089</u>	76

Source: Vocational enterprises program aged accounts receivable reports

The normal procedure for following-up on past due accounts requires accounts receivable staff at vocational enterprises to inquire about the overdue bill. Vocational enterprises officials indicated both departments discussed in the above table generally paid bills timely. As a result, the delay of payment should have prompted officials to determine what was wrong. In instances in which the purchasing agency continues to delay payment, the delinquency should be reported to higher-level officials for action.

## Sign shop future in question

The vocational enterprises program has not improved the technological capability of the sign shop and risks losing the limited amount of sales currently made to county and city highway departments and state agencies.

As noted in Issue 2, page 10, state law requires the Department of Transportation to purchase all signs from vocational enterprises. However, the Department of Transportation has established a sign shop with state-of-the-art equipment, which manufactures high visibility signs that meet pending federal highway sign guidelines. The vocational enterprises sign shop cannot currently produce products that will meet the new federal standards. Signs produced by the Department of Transportation have a useful life expectancy of 10 years while those produced by the vocational enterprises sign shop have an expected life of about 3 years. Over time, the Department of Transportation reduced purchases of signs made by the vocational enterprises program due to pricing, quality and other issues.

It will cost about \$150,000 to purchase new equipment necessary to allow the vocational enterprises program to produce signs that will comply with the new federal standards. To meet the quantity demand of the Department of Transportation, the sign shop would have to expand or possibly relocate to another prison. Therefore, while the law states that vocational enterprises

should be producing all signs, it would not be practical for this to occur. The Department of Transportation would have to substantially curtail the activity of the department's production facility while at the same time the vocational enterprises program would have to invest in new equipment and arrange for better facilities. However, it might be feasible for the vocational enterprises program to update the existing production facility so that it is capable of producing signs required by other state agencies and local governments and produce at least some of the sign needs of the Department of Transportation.

### **Factory operations are primarily at prisons with inmates having long-term sentences**

At March 2001, 844 of 1,528 (55 percent) inmates employed at vocational enterprises had either life sentences or more than 10 years remaining on their sentences. This results from:

- Factory managers primarily preferring employment of inmates with longer sentences.
- Most factories being based at higher security level prisons with fewer short-term inmates.

One of the mandates for the vocational enterprises program is to employ inmates in positions that teach job skills and work ethics, which could lead to improved job opportunities after release from prison.

According to vocational enterprises officials, employing inmates with longer sentences keeps them occupied while in prison and leads to improved product quality by allowing development of more advanced job skills. Because inmates with long-term sentences fill most of the vocational enterprises program jobs, there are fewer opportunities for inmates with 5 years or less remaining on their sentences to develop job skills prior to release. This situation could partially be resolved if Department of Corrections officials placed future prison industry facilities at lower security prisons, moved current operations where practical and gave priority to hiring inmates with less time on their sentences. Allowing more opportunities for the short-term prisoners could result in less repeat incarcerations, which is one of the goals of the vocational enterprises program.

Jobs go to  
prisoners with  
long-term  
sentences

### **Long-range business plan not developed**

The vocational enterprises program has not developed a long-range business plan. In June 1999, program officials volunteered to give the program's Advisory Board a 5-year business plan for strategic planning purposes. Vocational enterprises officials indicated that the significant changes related to the opening and pending opening of new prisons has delayed the formulation of this plan. Such a plan is necessary to help ensure the factories remain modernized, operations remain efficient and the program fulfills its mission.

## More civilian employees per inmate than most other states

The most current nationwide data from calendar year 1999<sup>2</sup> indicated that Missouri's prison industry ratio of the number of inmates employed to civilians employed, at 6.84 to 1, ranked 40<sup>th</sup> in the nation.

$$\frac{1,362 \text{ Inmates}}{199 \text{ Civilian manufacturing and administrative staff}} = 6.84$$

For this period, Missouri's prison industry program:

- Ranked 12<sup>th</sup> in gross sales at \$31.2 million.
- Ranked 33<sup>rd</sup> with 5.4 percent of all state prison inmates employed.

*(See Appendix V, page 25 for some statistics for all states.)*

The actual number of inmates employed is dependent upon the level of production considered necessary to fulfill sales demand. In April 2001, the program employed 1,552 inmates and 220 civilians. The ratio of inmates to civilian employees had improved to 7.05 to 1, but is still low. The program's civilian employees include management, supervisory, and support staff positions. The ratio for Missouri's program indicates a need to evaluate the duties and responsibilities for the various management levels and support staff.

Workforce has  
more civilians  
than most states

## Recycled cartridge program

The vocational enterprises' recycled cartridge program remains underutilized by state agencies because:

- State agency personnel were concerned about product quality due to many problems when the program started in the mid 1990s.
- The vocational enterprises product catalog (until recently) did not include this program as an available service.
- State agency personnel attributed most cartridge failures to vocational enterprises products even though many failures came from other sources.
- Agency success with the program has not been adequately marketed. For example the Department of Social Services estimates annual savings of \$200,000 using vocational enterprises cartridges.

---

<sup>2</sup> Obtained from 2000 Correctional Industries Association Directory published by the Correctional Industries Association, Inc.

At our suggestion, cartridge program personnel assigned identification stickers to the program's products and tracked cartridge failure rates. For the period November 2000 to February 2001, the product failure rate was 1.3 percent. These initiatives should help resolve the concerns of the state agency personnel. Vocational enterprises could promote the program by reporting the results of the cartridge failure study along with potential savings to state purchasing agents.

### **Customers are not regularly surveyed**

Vocational enterprises management relies primarily on feedback from complaints received on an individual basis to assess product concerns and other customer issues. Formal customer surveys have not been done. In order to evaluate customer satisfaction with program products and services, we sent a questionnaire to 29 purchasing agents of state agencies and elected officials since these customers represent approximately 75 percent of program sales. Twenty-four agents responded. The survey asked agents to:

- Rate the program on a scale of 1 (low) to 10 (high) for various issues.
- Rate product quality.
- Provide reasons (more than one possible) why agents chose other vendors.
- Rank the ability to obtain a waiver to purchase from other vendors.

Table 3.4 shows the average rating, based on a scale of 10, given by the respondents.

**Table 3.4: Agency Rating for Various Issues**

<b>Issue</b>	<b>Average Rating</b>
Vendor warranty of goods	7.8
Accuracy of invoices and monthly billing statements	7.6
Quality of goods and services	7.4
Adequacy of the selection of goods	7.0
Completeness and ease of use of product catalog	6.7
Complexity of the administrative process required to make a purchase	6.6
Regular contact by the vendor sales representative	6.4
Price of goods and services	6.2
Delivery time from date of order	6.1
<b>Overall rating as a vendor</b>	<b>7.1</b>

Source: Agency survey responses

These results indicate general satisfaction (ranging from 60 to almost 80 percent) with the vocational enterprises operations and the products offered. While there is room for improvement in customer satisfaction, these results could serve as a baseline for vocational enterprises to set goals and measures, and to conduct future surveys for comparison purposes.



Table 3.5 shows the summary results of reasons for not purchasing from vocational enterprises provided by the 24 purchasing agents who responded to the survey.

**Table 3.5: Reason Other Vendors Were Used**

<b>Reason</b>	<b>Number Citing Reason</b>	<b>Percent</b>
Delivery time	17	70.9
Price	11	45.9
Product quality	7	29.2
Minimum order quantity too large	3	12.5
Product selection	2	8.4

Source: Agency survey responses

These results emphasize the value of customer satisfaction surveys. The responses clearly show that delivery time is a concern to the agencies. Vocational enterprises management can use such surveys to pinpoint problems and develop remedies. Resolving the problems could lead to increased sales.

Twenty-nine percent of the respondents cited product quality as a reason for using other vendors. Table 3.6 summarizes the views of the respondents who chose to rate product quality. The responses show general satisfaction with the quality of most products.

**Table 3.6: Agency Assessment of Program Products**

<b>Product Line</b>	<b>Agencies Using Product Line</b>	<b><u>Agencies Rating Products As</u></b>	
		<b>Good</b>	<b>Needs Improvement</b>
Wood Furniture	22	12	5
Chairs and Seating	22	15	4
Printing Services	22	10	3
Metal Furniture and Files	20	7	6
Modular Office Systems	18	6	3
Engraved Products and Frames	17	5	0
Furniture Restoration	14	5	1
Decals, Stickers, Labels	13	4	1
Signs	12	3	1
Chemical Products	7	1	3
Recycled Printer Cartridges	6	3	3
Clothing and Bedding	5	0	1
Data Entry Services	4	1	0
Waste Tire Recycling	2	0	0

Source: Agency survey responses

Fourteen of 21 (66 percent) responding agents indicated it was not difficult, easy, or very easy to obtain a waiver from vocational enterprises to allow the agents to purchase from other vendors. Vocational enterprises officials have received the survey results.

## **Conclusions**

Vocational enterprises officials may increase program sales by making the improvements noted. A business plan and periodic customer satisfaction surveys would give them tools to evaluate program performance and identify areas needing management attention.

## **Recommendations**

We recommend the Director, Department of Corrections:

- 3.1 Develop additional controls over vocational enterprises factory inventory levels to limit program assets being used in this area.
- 3.2 Initiate additional collection procedures in instances where program accounts receivables are outstanding a significant period of time.
- 3.3 Consider modernization of the sign shop and work with the Department of Transportation to supply at least some of the sign needs of the department.
- 3.4 Continue to identify industries that could be placed in or moved to institutions housing inmates with less time on their sentences so those inmates receive more opportunities to participate in the program.
- 3.5 Prepare a 5-year vocational enterprises program business plan for strategic planning purposes.
- 3.6 Evaluate the number of civilian employees on the vocational enterprises staff and make any changes considered necessary.
- 3.7 Enhance the marketing efforts for the toner cartridge recycling program.
- 3.8 Conduct periodic vocational enterprises customer surveys and incorporate the results of those surveys into long-term business planning.

## **Department of Corrections Comments:**

- 3.1 *The Department concurs with this recommendation. MVE has developed a plan to reduce its raw materials inventory by approximately \$2,000,000 through the production of finished goods. Additional controls will be developed to provide additional oversight of raw material inventory.*
- 3.2 *The Department concurs with the recommendation. MVE currently tracks aged accounts with the J.D. Edwards software that is used for their accounting purposes. MVE will establish a system of review of accounts receivables on a scheduled basis and notify customers of delinquent payments.*

- 3.3 *The Department notes the recommendation, but MVE's current financial position restricts significant investments in additional production equipment. We note that the Department of Transportation has already invested in this technology. MVE will initiate contact with the Department of Transportation to identify areas where MVE might serve their needs more effectively.*
- 3.4 *The Department concurs with the recommendation and acknowledges the need to provide additional vocational skill development opportunities for low custody and short term sentenced offenders. MVE moved its shoe manufacturing industry from the high custody level Jefferson City Correctional Center to the lower custody level Central Missouri Correctional Center on September 4, 2001. The department is presently examining additional opportunities for relocation of existing industries and services to newer and lower custody correctional centers.*
- 3.5 *The Department notes this recommendation and is in the process of evaluating the location and type of services and industries located at each of its correctional centers. The department has opened a new facility each of the last two years, and has plans to replace one facility and open another within the next three years. The change in available industry space, offender custody level by facility, and specific time frame for additional facilities will be included in this review.*
- 3.6 *The Department notes this recommendation. The Department continually evaluates each vacancy that occurs to determine whether filling the position is necessary to the effective and efficient operation of the Department.*

*The Department would like to point out that it is difficult to compare the staffing pattern of civilian employees in any specific state's Prison Industry to any other specific state's staffing pattern. The number of civilian custody and production staff employed varies based upon: the number of industries or services provided, the number of institutions at which industries or services operate, the composition of the inmate work force employed, and the architecture of the buildings in which industries or services are provided.*

- 3.7 *The Department notes the annual cost savings gained by Department of Social Services through the use of vocational enterprise cartridges. This information will be incorporated in future marketing of this product.*
- 3.8 *The Department notes this finding. MVE is currently exploring the possibility of adding a customer satisfaction form to their CD catalog and web site. This would allow agencies to comment on service, delivery and product quality at any time during the calendar year and not only when they receive a product.*

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The objectives of this audit were to evaluate (1) whether the vocational enterprises program fulfills its statutory mandate, (2) state agency compliance with the state's purchasing laws related to the program, (3) state agency satisfaction with the program's goods and services, (4) the program's financial condition and management practices and (5) how Missouri's program compared to similar programs in other states.

### **Scope and Methodology**

Auditors conducted work between January and August 2001. The audit included:

- Review of applicable state statutes and policies and procedures related to the vocational enterprises program and state purchasing laws.
- Discussion with officials of the program, the Department of Corrections, the Office of Administration, the Attorney General's Office, and various other state agencies and local governments regarding state purchasing law and purchasing practices.
- Discussion with program officials in several other states.
- A survey of purchasing agents for state agencies and elected officials.
- Review of inmate data from the Department of Corrections inmate tracking system related to vocational education and employment in the program.
- Review of state agency expenditure and purchase order records from the state's centralized accounting system.
- Review of records in the statewide personnel reporting systems.
- Review of financial records of the vocational enterprises program.
- Review of the 2000 Correctional Industries Association Directory which included various state fiscal year 1999 financial and program information for the prison industry programs for all states.

**BACKGROUND**

Established under Sections 217.550 through 217.595, RSMo 2000, the Missouri vocational enterprises program employs inmates within the state's prison system. The program is under the oversight of the Director of the Department of Corrections. The program receives guidance from an Advisory Board and the Joint Legislative Committee on Corrections. The primary goals of the program are to increase the work and training opportunities of inmates and to manufacture or provide such goods or services as are, or may be, needed and used by state departments, agencies, institutions or political subdivisions; any state employee; or any not-for-profit public or private agency.

The program's financial activity is accounted for exclusively through the state's Working Capital Revolving Fund. Until 1982, legislation required a portion of the program's earnings to be transferred to the General Revenue Fund. Since 1982, all earnings are now to remain in the Working Capital Revolving Fund. The profits from the sales of goods and services are to be used to develop new products and create expanded vocational training opportunities. In fiscal year 1994, the program began supporting some expenses of the Department of Corrections vocational training program and in fiscal year 2001 began paying the salaries and benefits of the vocational training staff.

Vocational enterprises program products include wooden office furniture, modular office systems, chairs, license plates, signs, clothing, chemical products and metal office and institutional furniture. The program also provides laundry, dry cleaning, data entry, printing, printer cartridge recycling, waste tire recycling and furniture restoration services. Approximately 75 percent of sales are to state agencies. Many cities, counties, school districts, state colleges and other political subdivisions also purchase some goods from the program. In 1994, the program received the authority to sell its products and services to non-profit organizations, state employees, and to private sector contractors leasing buildings to state agencies.

# APPENDIX III

## MISSOURI VOCATIONAL ENTERPRISES INCOME STATEMENT FIVE YEARS ENDED JUNE 30, 2001

		2001	2000	1999	1998	1997
<b>Revenue</b>						
Sales-Regular	\$	25,608,995	29,184,122	28,440,278	34,557,950	33,973,874
Sales-Interdepartmental		1,463,604	1,542,929	2,219,156	1,208,294	1,167,384
Other		759,173	771,618	543,999	501,790	414,687
Total Revenue		27,831,772	31,498,669	31,203,433	36,268,034	35,555,945
<b>Cost of Goods Sold</b>						
Material		12,888,188	14,351,349	15,271,754	18,287,475	18,330,080
Inmate Labor		1,342,693	1,435,541	1,286,946	1,352,543	1,219,387
Manufacturing Overhead		2,938,629	2,048,578	1,703,571	948,786	391,701
Freight		(20,950)	35,877	55,173	43,392	32,257
Subtotal		17,148,560	17,871,345	18,317,444	20,632,196	19,973,425
Physical Inventory Adjustment		(250,289)	663,722	(206,788)	(71,539)	(303,370)
Adjustment of Standard to Actual Costing		(2,820,612)	(2,385,831)	(1,757,918)	(945,551)	(332,183)
Total Cost of Goods Sold		14,077,659	16,149,236	16,352,738	19,615,106	19,337,872
<b>Gross Profit Margin</b>		13,754,113	15,349,433	14,850,695	16,652,928	16,218,073
<b>Expenses</b>						
Salaries and Wages		8,100,158	6,153,236	5,681,703	5,292,203	4,785,280
Benefits		2,513,393	1,769,104	1,609,967	1,356,198	1,254,173
Other		8,200,607	5,608,670	5,857,992	4,966,917	4,688,452
Total Expenses		18,814,158	13,531,010	13,149,662	11,615,318	10,727,905
<b>Net Profit (Loss)</b>	\$	(5,060,045)	1,818,423	1,701,033	5,037,610	5,490,168

Source: Vocational enterprises, JD Edwards cost accounting system

# APPENDIX IV

## MISSOURI VOCATIONAL ENTERPRISES BALANCE SHEET FIVE YEARS ENDED JUNE 30, 2001

	2001	2000	1999	1998	1997
<b>Assets</b>					
Current Assets					
Cash	\$ 7,998,419	5,533,667	9,639,253	13,972,619	9,548,177
Accounts Receivable	3,071,832	10,811,829	7,696,550	7,668,527	9,951,562
Inventory	11,796,596	12,206,481	11,592,637	8,169,007	7,467,236
Total Current Assets	22,866,847	28,551,977	28,928,440	29,810,153	26,966,975
Fixed Assets					
Land and Improvements	102,953	102,953	102,953	102,953	102,953
Buildings	6,399,037	6,074,550	5,864,607	2,818,548	2,003,797
Accumulated Depreciation	(1,281,939)	(1,048,946)	(823,893)	(530,410)	(458,498)
Vehicles	3,219,979	3,194,329	2,973,055	2,326,044	1,901,776
Accumulated Depreciation	(2,681,662)	(2,358,784)	(2,026,484)	(1,389,875)	(1,205,496)
Office Equipment	3,371,489	2,910,413	2,643,199	2,075,167	1,817,228
Accumulated Depreciation	(2,158,784)	(1,749,123)	(1,386,337)	(1,218,741)	(1,021,619)
Technical Equipment	14,591,795	12,475,096	11,344,225	11,128,022	10,250,101
Accumulated Depreciation	(11,738,699)	(9,734,515)	(8,940,959)	(7,168,281)	(6,165,062)
Total Fixed Assets	9,824,169	9,865,972	9,750,366	8,143,428	7,225,180
Total Assets	\$ 32,691,016	38,417,949	38,678,806	37,953,581	34,192,155
<b>Liabilities and Fund Equity</b>					
Liabilities					
Accounts payable (net)	11,941	760,179	2,941,055	1,864,591	2,936,852
Accrued Payroll	585,207	192,340	126,711	133,579	114,762
Due to Component Units	338	(1,379)	954	564	3,117
Compensated Absences	449,598	449,598	449,598	449,598	449,598
Total Liabilities	1,047,084	1,400,738	3,518,318	2,448,332	3,504,329
Obligations Lease/Purchase	92,400	138,600	0	0	0
Equity					
Retained Earnings-Beginning	36,878,611	35,160,488	35,505,249	30,687,826	25,448,620
Prior Period Restatement	(267,034)	(100,300)	(2,045,794)	(220,187)	(250,962)
Retained Earnings-Ending	36,611,577	35,060,188	33,459,455	30,467,639	25,197,658
Net income (loss)	(5,060,045)	1,818,423	1,701,033	5,037,610	5,490,168
Total Equity	31,551,532	36,878,611	35,160,488	35,505,249	30,687,826
Total Liabilities & Equity	\$ 32,691,016	38,417,949	38,678,806	37,953,581	34,192,155

Source: Vocational enterprises, JD Edwards cost accounting system

# APPENDIX V

## MISSOURI VOCATIONAL ENTERPRISES NATIONAL PRISON INDUSTRY STATISTICS 1999 STATE FISCAL YEAR 1999

STATE	NUMBER OF		% OF	RANK	NUMBER OF		GROSS		GROSS		RATIO OF	
	CORRECTIONAL	INMATES	INMATE		CIVILIAN	GROSS	RANK	SALES PER	RANK	TO CIVILIANS	RANK	
	POPULATION	EMPLOYED	POPULATION		STAFF	SALES		EMPLOYEE		EMPLOYED		
Alabama	25,153	635	2.5%	48	98	\$ 14,000,000	27	\$ 142,857	35	6.48	42	
Alaska	2,641	169	6.4%	26	18	3,337,442	42	185,413	18	9.39	26	
Arizona	25,782	1,473	5.7%	28	79	16,898,580	24	213,906	10	18.65	2	
Arkansas	12,200	560	4.6%	36	54	5,851,910	35	108,369	43	10.37	20	
California**	168,973	6,771	4.0%	40	690	153,858,550	1	222,983	7	9.81	23	
Colorado	15,640	1,230	7.9%	18	160	30,053,565	14	187,835	15	7.69	34	
Connecticut	Not Provided	432	*	*	33	6,279,164	33	190,278	14	13.09	13	
Delaware	5,800	174	3.0%	46	15	789,220	48	52,615	48	11.60	17	
Florida	68,599	2,534	3.7%	41	351	81,220,000	3	231,396	2	7.22	39	
Georgia	37,951	1,400	3.7%	42	170	30,500,000	13	179,412	19	8.24	31	
Hawaii	3,531	400	11.3%	9	27	6,096,715	34	225,804	5	14.81	8	
Idaho	4,000	413	10.3%	10	40	6,860,740	32	171,519	24	10.33	21	
Illinois	44,910	1,582	3.5%	44	215	52,489,000	6	244,135	1	7.36	38	
Indiana	19,214	1,536	8.0%	17	190	29,373,546	16	154,598	31	8.08	32	
Iowa	7,520	420	5.6%	31	84	15,000,000	25	178,571	21	5.00	47	
Kansas	8,707	675	7.8%	21	67	10,628,640	31	158,636	28	10.07	22	
Kentucky	8,825	721	8.2%	16	74	12,400,000	28	167,568	25	9.74	24	
Louisiana	18,714	820	4.4%	38	95	21,061,190	19	221,697	8	8.63	28	
Maine	1,656	127	7.7%	22	17	1,309,001	47	77,000	47	7.47	37	
Maryland	22,918	1,309	5.7%	29	157	35,750,429	8	227,710	4	8.34	29	
Massachusetts	10,100	482	4.8%	35	63	11,764,820	30	186,743	16	7.65	35	
Michigan	42,844	1,362	3.2%	45	165	34,352,837	11	208,199	11	8.25	30	
Minnesota	5,927	853	14.4%	5	157	18,469,399	22	117,639	41	5.43	46	
Mississippi	17,908	325	1.8%	49	29	4,117,796	40	141,993	36	11.21	18	
Missouri	25,368	1,362	5.4%	33	199	31,203,432	12	156,801	29	6.84	40	
Montana***	2,070	310	15.0%	4	41	5,500,000	37	134,146	38	7.56	36	
Nebraska	4,112	535	13.0%	6	41	Not Provided	*	*	*	13.05	14	
Nevada	9,500	389	4.1%	39	21	3,920,000	41	186,667	17	18.52	3	
New Hampshire	2,342	376	16.1%	2	23	2,500,000	45	108,696	42	16.35	6	
New Jersey	31,268	2,704	8.6%	15	174	17,057,233	23	98,030	46	15.54	7	
New Mexico	5,204	491	9.4%	13	36	5,018,170	39	139,394	37	13.64	11	
New York	71,736	2,597	3.6%	43	397	71,054,000	5	178,977	20	6.54	41	
North Carolina	31,517	2,278	7.2%	24	390	74,322,549	4	190,571	13	5.84	44	
North Dakota	980	124	12.7%	7	28	2,906,596	43	103,807	45	4.43	50	
Ohio	46,500	3,000	6.5%	25	235	38,500,000	7	163,830	26	12.77	16	
Oklahoma	22,170	1,350	6.1%	27	100	14,415,000	26	144,150	34	13.50	12	
Oregon	9,388	731	7.8%	20	94	21,612,957	18	229,925	3	7.78	33	
Pennsylvania	35,980	1,831	5.1%	34	169	34,392,914	10	203,508	12	10.83	19	
Rhode Island	3,420	350	10.2%	11	24	5,400,000	38	225,000	6	14.58	9	
South Carolina	20,830	1,922	9.2%	14	113	19,986,784	21	176,874	22	17.01	5	
South Dakota***	2,385	230	9.6%	12	13	2,000,000	46	153,846	32	17.69	4	
Tennessee	16,871	906	5.4%	32	145	22,500,000	17	155,172	30	6.25	43	
Texas	148,900	6,657	4.5%	37	520	83,548,000	2	160,669	27	12.80	15	
Utah	5,600	868	15.5%	3	92	12,323,141	29	133,947	39	9.43	25	
Vermont	1,640	120	7.3%	23	22	2,698,800	44	122,673	40	5.45	45	
Virginia	25,000	1,400	5.6%	30	158	34,753,108	9	219,956	9	8.86	27	
Washington	13,222	2,358	17.8%	1	171	29,990,000	15	175,380	23	13.79	10	
West Virginia	3,016	236	7.8%	19	53	5,597,109	36	105,606	44	4.45	49	
Wisconsin	19,832	594	3.0%	47	132	20,260,377	20	153,488	33	4.50	48	
Wyoming	920	105	11.4%	8	5	Not Provided	*	*	*	21.00	1	
National average	23,251	1,205	7.5%		129	\$ 24,248,390		\$ 167,041		10.28		

\* Could not be computed

\*\* Includes California Joint Ventures and California Youth Authority

\*\*\* Gross sales 1998

Source: 2000 Correctional Industries Association Directory



**STATE AGENCY RESPONSES TO FACTS IN THE REPORT**

Although the recommendations were directed to the Department of Corrections, the Office of the State Public Defender and the State Lottery Commission provided the following responses addressing the facts presented in the report.

**Office of the State Public Defender**

*Thank you for the opportunity to respond to your audit comments regarding the Missouri Vocational Enterprise program. The Office of the State Public Defender supports complete compliance with RSMo 217.575. This statute allows the vocational enterprises program to fix its prices for goods and services and provides, in part, “The cost shall not be fixed at more than the market price for like goods and services.” (RSMo 217.575.4)*

*When we have found the price fixed by vocational enterprises violates RSMo 217.575.4, we have given them the opportunity to comply with the statute. Bidding in the open market gives them this opportunity without the inherent delays of arbitration. When the vocational enterprises program brought their prices into statutory compliance, either by successful bid or voluntary reduction, we purchased their goods. When they do not, we secure the best goods at the best price.*

*The legislature surely intended departments to secure the best goods at the best price, or it would not have included the above-cited language. Otherwise, departments of state government could end up subsidizing the excesses or inefficiencies of vocational enterprises. Tax dollars would be wasted as departments spent more than necessary for goods or services. Private businesses could not compete, even if they had superior products at better prices. Had the legislature intended departments to buy vocational enterprises products regardless of price, it would have said so.*

*In the future, our department will address our differences with the vocational enterprises program in the manner called for in the statute. We will avail ourselves to the arbitration provisions of RSMo 217.575.5 when necessary. Of course, if the prices fixed are in statutory compliance, it won’t be necessary.*

**State Lottery Commission**

*Missouri Vocational Enterprises (MVE) agreed to submit a bid on office cubicle systems without any coercion or ultimatums of any sort from the Missouri Lottery (ML). The issue of MVE bidding on office cubicle systems came up in a planning meeting. Their representatives said they had a quality product that they would be happy to bid in an open procurement with private vendors.*

## APPENDIX VI

*In addition, the Lottery has an Attorney General's letter indicating that the ML did not have to use MVE based on specific statutory requirements in its enabling legislation. RSM. Rev. Statutes 1994, Section 313.270.*

*Lastly, the ML has utilized MVE on 31 occasions since fiscal year 1999 and has not requested MVE to submit bids on these purchases or any other purchases since the office system procurement.*



**STONE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-12  
February 8, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Stone, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Stone County was a financial and compliance audit of various county operating funds. The following concerns were noted as part of the audit:

The county's overall planning, monitoring and record keeping procedures for the Black Oak Mountain Resort and Edgewater Village Neighborhood Improvement Districts (NID) were inadequate. Our review identified:

- Several companies receiving payments totaling more than \$430,000 from NID funds appear to be related and have the appearance of a conflict of interest. Further, documentation to support transactions with these related companies was inadequate and questionable.
- A total of \$445,844 was spent to pave the roads within the Black Oak Mountain Resort NID. The proposal for this project totaled only \$240,700. There were no change orders to support the additional amount paid, and the invoices were not sufficient to document what services were provided. Further, included in the \$445,844 was approximately \$32,000 for paving of a parking lot on private property. The County Commission is uncertain if the NID was properly reimbursed the \$32,000.
- Adequate documentation was not maintained for several expenditures, and duplicate payments appear to have been made on more than one occasion.
- The County Commission did not approve or review documentation of expenditures totaling approximately \$1,656,500 from the Edgewater Village NID. In addition, the County Commission did not review bids for work performed by a construction company owned by the developer of the Edgewater Village NID.

(over)

YELLOW SHEET

The county is ultimately responsible for the repayment of the more than \$5 million in the NID limited general obligation bonds. It is unclear why officials took such a “hands off” approach to these NIDs, as such officials still have a fiduciary responsibility to properly monitor the NID funds.

The county does not have adequate procedures to ensure budgets are prepared for all county funds. As a result, disbursements totaling more than \$4.3 million and \$7.5 million in 2000 and 1999, respectively, were not budgeted. The lack of budgetary information for the various county funds, especially the NID fund, is a significant omission from the county's financial statements.

The County Commission responded that they agree that an annual budget should be prepared by it as a governing body of each NID, and will do so. However, the County Commission provided a similar response to our prior audit, but no budgets were prepared.

The Stone County Emergency 911 Board did not effectively monitor the general contractor and ensure bids were competitively solicited for the construction of the 911 building costing approximately \$400,000. Additionally, improvement is needed in the 911 Board's expenditure procedures, budgetary procedures, and personnel procedures.

The audit also includes some matters related to budgets, federal awards, county expenditures, county property, officials' salaries, personnel records, and Health Center Board procedures upon which the county should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

STONE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-17
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-17
Notes to the Financial Statements .....	18-22
Schedule: .....	23-41
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	24-41
<u>Number</u>	
00-1.	Omission of Budgetary Information .....24
00-2.	Neighborhood Improvement Districts .....25
00-3.	Emergency 911 Building.....40
Follow-Up on Prior Audit Findings .....	42-43
<hr/> <b>SECTION ON OTHER MATTERS</b> <hr/>	
Letter on Other Matters .....	45-47

## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Stone County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Stone County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Stone County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Stone County.

As more fully described in Note 1 to the financial statements, the county's financial statements do not include statements of receipts, disbursements, and changes in cash - budget and actual for various funds totaling \$6,365,784 and \$5,338,705 in receipts, and \$4,359,666 and \$7,576,789 in disbursements for the years ended December 31, 2000 and 1999, respectively. Statements of receipts, disbursements, and changes in cash - budget and actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Stone County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 25, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

October 25, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Sharon Eagleburger
Audit Staff:	Sandi Ohern, CPA
	Michael Brumley



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Stone County, Missouri

We have audited the special-purpose financial statements of various funds of Stone County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 25, 2001. That report expressed a qualified opinion on the special-purpose financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Stone County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 00-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Stone County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings as finding numbers 00-1 through 00-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider finding numbers 00-1 through 00-3 to be material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Stone County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

October 25, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

STONE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 729,097	4,266,487	3,985,052	1,010,532
Special Road and Bridge	404,025	4,332,624	4,137,553	599,096
Assessment	2,178	361,628	386,453	(22,647)
Law Enforcement Training	1,236	5,596	5,280	1,552
Prosecuting Attorney Training	876	897	1,445	328
Capital Improvement	170,924	11,166	74,504	107,586
Special Road and Bridge Projects	(3,030)	82,222	90,302	(11,110)
Special Road and Bridge Capital Improvement	233,338	287,055	24,815	495,578
Recorder User Fee	73,001	40,631	48,064	65,568
Children's Trust/Abuse Victims	2	2,018	0	2,020
Seized Property	3,141	13	2,841	313
Election Services	0	2,154	0	2,154
DARE	3,104	11,100	9,230	4,974
Prosecuting Attorney Bad Check	8,172	11,697	9,570	10,299
Prosecuting Attorney Delinquent Tax	754	1,768	0	2,522
Law Enforcement Civil Fees	2,337	41,030	40,541	2,826
Health Center	536,363	506,232	485,970	556,625
Senior Citizens Service	93,230	149,649	131,982	110,897
Emergency 911	534,338	837,093	1,029,760	341,671
Circuit Clerk Interest	8,354	6,616	5,369	9,601
Law Library	15,534	9,703	9,635	15,602
Neighborhood Improvement Districts	749,806	6,359,846	4,358,235	2,751,417
Community Development Block Grant	0	3,983	0	3,983
Associate Circuit Division Interest	6,686	1,400	1,431	6,655
Probate Division Interest	916	555	0	1,471
Total	\$ 3,574,382	17,333,163	14,838,032	6,069,513

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STONE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 644,683	3,678,508	3,594,094	729,097
Special Road and Bridge	822,994	4,040,525	4,459,494	404,025
Assessment	15,237	377,003	390,062	2,178
Law Enforcement Training	0	3,302	2,066	1,236
Prosecuting Attorney Training	1,172	1,177	1,473	876
Capital Improvement	150,173	131,258	110,507	170,924
Special Road and Bridge Projects	(4,846)	140,506	138,690	(3,030)
Special Road and Bridge Capital Improvement	77,487	155,851	0	233,338
Recorder User Fee	77,733	35,800	40,532	73,001
Children's Trust/Abuse Victims	120	3,092	3,210	2
Seized Property	808	17,808	15,475	3,141
DARE	2,119	3,171	2,186	3,104
Prosecuting Attorney Bad Check	8,285	8,273	8,386	8,172
Prosecuting Attorney Delinquent Tax	4,973	2,610	6,829	754
Law Enforcement Civil Fees	386	36,700	34,749	2,337
Health Center	535,129	476,623	475,389	536,363
Senior Citizens Service	125,592	137,582	169,944	93,230
Emergency 911	324,770	1,358,690	1,149,122	534,338
Circuit Clerk Interest	645	17,033	9,324	8,354
Law Library	14,081	9,375	7,922	15,534
Neighborhood Improvement Districts	2,991,943	5,288,358	7,530,495	749,806
Associate Circuit Division Interest	5,598	2,061	973	6,686
Probate Division Interest	774	142	0	916
Total	\$ 5,799,856	15,925,448	18,150,922	3,574,382

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

		Year Ended December 31,					
		2000			1999		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>							
RECEIPTS		10,497,713	10,967,379	469,666	10,008,056	10,584,133	576,077
DISBURSEMENTS		11,620,550	10,478,366	1,142,184	11,121,221	10,567,304	553,917
RECEIPTS OVER (UNDER) DISBURSEMENTS		(1,122,837)	489,013	1,611,850	(1,113,165)	16,829	1,129,994
CASH, JANUARY 1		2,814,063	2,816,974	2,911	2,785,257	2,785,778	521
CASH, DECEMBER 31		1,691,226	3,305,987	1,614,761	1,672,092	2,802,607	1,130,515
<b><u>GENERAL REVENUE FUND</u></b>							
RECEIPTS							
Property taxes	\$	354,000	388,045	34,045	357,830	351,972	(5,858)
Sales taxes		2,436,288	2,462,740	26,452	2,010,000	2,180,781	170,781
Intergovernmental		420,059	660,773	240,714	439,932	492,411	52,479
Charges for services		571,600	631,491	59,891	555,100	554,576	(524)
Interest		43,200	61,685	18,485	51,500	42,524	(8,976)
Other		51,740	59,591	7,851	220,240	52,382	(167,858)
Transfers in		2,812	2,162	(650)	3,655	3,862	207
Total Receipts		3,879,699	4,266,487	386,788	3,638,257	3,678,508	40,251
DISBURSEMENTS							
County Commission		104,990	104,075	915	102,040	102,334	(294)
County Clerk		93,904	90,784	3,120	89,050	82,003	7,047
Elections		163,688	162,660	1,028	118,582	102,277	16,305
Buildings and grounds		236,704	236,117	587	205,624	202,791	2,833
Employee fringe benefits		315,000	337,403	(22,403)	288,906	272,836	16,070
County Treasurer		58,854	58,148	706	53,200	52,239	961
County Collector		141,129	147,237	(6,108)	121,007	127,071	(6,064)
Ex Officio Recorder of Deeds		90,689	80,307	10,382	84,868	82,115	2,753
Circuit Clerk		19,850	15,236	4,614	23,599	20,812	2,787
Associate Circuit Court		30,170	26,160	4,010	43,494	30,847	12,647
Court administration		101,937	80,332	21,605	107,267	186,396	(79,129)
Sheriff		927,834	928,136	(302)	735,237	816,173	(80,936)
Jail		286,602	345,910	(59,308)	267,278	269,545	(2,267)
Prosecuting Attorney		295,748	285,920	9,828	256,311	256,618	(307)
Juvenile Officer		38,009	37,771	238	87,546	52,457	35,089
County Coroner		17,470	16,584	886	16,320	18,452	(2,132)
Public Administrator		47,650	45,508	2,142	58,740	46,525	12,215
Insurance and bonds		42,000	45,702	(3,702)	56,000	37,054	18,946
Publications		4,000	6,782	(2,782)	4,000	3,120	880
Surveyor		3,000	2,636	364	1,240	488	752
Extension office		37,400	37,400	0	37,400	37,400	0
Emergency Management		13,307	12,308	999	14,920	13,168	1,752
Computer		24,000	21,436	2,564	32,750	34,244	(1,494)
Planning and Zoning		113,058	106,790	6,268	115,375	108,032	7,343
Enhancement		0	93,430	(93,430)	109,018	83,921	25,097
Debt service		236,000	277,057	(41,057)	277,000	277,257	(257)
Other		223,840	66,578	157,262	58,940	57,919	1,021
Transfers out		310,069	312,132	(2,063)	220,000	220,000	0
Emergency Fund		5,000	4,513	487	5,000	0	5,000
Total Disbursements		3,981,902	3,985,052	(3,150)	3,590,712	3,594,094	(3,382)
RECEIPTS OVER (UNDER) DISBURSEMENTS		(102,203)	281,435	383,638	47,545	84,414	36,869
CASH, JANUARY 1		729,097	729,097	0	644,683	644,683	0
CASH, DECEMBER 31	\$	626,894	1,010,532	383,638	692,228	729,097	36,869



## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	\$ 3,000	4,659	1,659	3,500	3,379	(121)
Sales taxes	2,552,077	2,626,714	74,637	2,340,000	2,479,688	139,688
Intergovernmental	1,390,500	1,644,931	254,431	1,499,000	1,485,655	(13,345)
Interest	30,000	37,860	7,860	30,000	34,640	4,640
Other	25,900	18,460	(7,440)	5,000	37,163	32,163
Total Receipts	4,001,477	4,332,624	331,147	3,877,500	4,040,525	163,025
<b>DISBURSEMENTS</b>						
Salaries	776,736	783,541	(6,805)	769,664	743,456	26,208
Employee fringe benefits	168,500	161,861	6,639	166,960	143,570	23,390
Supplies	149,500	179,882	(30,382)	145,500	151,812	(6,312)
Insurance	30,000	29,781	219	40,000	21,212	18,788
Road and bridge materials	1,570,000	1,399,323	170,677	1,840,000	1,695,219	144,781
Equipment repairs	151,000	132,718	18,282	118,000	151,041	(33,041)
Rentals	2,500	2,050	450	5,000	5,000	0
Equipment purchases	500,000	495,667	4,333	500,000	501,645	(1,645)
Construction, repair, and maintenance	82,500	68,584	13,916	84,000	82,823	1,177
Payments to cities	38,050	38,050	0	38,050	38,050	0
Debt service	805,000	803,500	1,500	808,000	802,906	5,094
Other	30,000	42,596	(12,596)	31,000	22,760	8,240
Emergency	25,000	0	25,000	25,000	0	25,000
Transfers out	3,029	0	3,029	100,000	100,000	0
Total Disbursements	4,331,815	4,137,553	194,262	4,671,174	4,459,494	211,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(330,338)	195,071	525,409	(793,674)	(418,969)	374,705
CASH, JANUARY 1	404,025	404,025	0	822,994	822,994	0
CASH, DECEMBER 31	\$ 73,687	599,096	525,409	29,320	404,025	374,705
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	\$ 327,647	292,912	(34,735)	303,260	289,444	(13,816)
Interest	0	314	314	0	207	207
Other	22,000	8,333	(13,667)	22,701	17,352	(5,349)
Transfers in	60,069	60,069	0	70,000	70,000	0
Total Receipts	409,716	361,628	(48,088)	395,961	377,003	(18,958)
<b>DISBURSEMENTS</b>						
Assessor	409,716	386,453	23,263	411,198	390,062	21,136
Total Disbursements	409,716	386,453	23,263	411,198	390,062	21,136
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(24,825)	(24,825)	(15,237)	(13,059)	2,178
CASH, JANUARY 1	2,178	2,178	0	15,237	15,237	0
CASH, DECEMBER 31	\$ 2,178	(22,647)	(24,825)	0	2,178	2,178

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	2,098	2,098	2,237	2,001	(236)
Charges for services	5,000	3,498	(1,502)	1,500	1,301	(199)
Total Receipts	5,000	5,596	596	3,737	3,302	(435)
DISBURSEMENTS						
Sheriff	5,000	5,280	(280)	3,737	2,066	1,671
Total Disbursements	5,000	5,280	(280)	3,737	2,066	1,671
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	316	316	0	1,236	1,236
CASH, JANUARY 1	1,236	1,236	0	0	0	0
CASH, DECEMBER 31	\$ 1,236	1,552	316	0	1,236	1,236
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,100	897	(203)	1,050	1,026	(24)
Other	\$ 0	0	0	0	151	151
Total Receipts	1,100	897	(203)	1,050	1,177	127
DISBURSEMENTS						
Prosecuting Attorney	1,800	1,445	355	2,222	1,473	749
Total Disbursements	1,800	1,445	355	2,222	1,473	749
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(548)	152	(1,172)	(296)	876
CASH, JANUARY 1	876	876	0	1,172	1,172	0
CASH, DECEMBER 31	\$ 176	328	152	0	876	876
<b><u>CAPITAL IMPROVEMENT FUND</u></b>						
RECEIPTS						
Interest	\$ 4,000	6,083	2,083	0	9,733	9,733
Other	0	5,083	5,083	0	21,525	21,525
Transfers in	0	0	0	100,000	100,000	0
Total Receipts	4,000	11,166	7,166	100,000	131,258	31,258
DISBURSEMENTS						
Capital improvements	74,924	74,504	420	250,000	110,507	139,493
Total Disbursements	74,924	74,504	420	250,000	110,507	139,493
RECEIPTS OVER (UNDER) DISBURSEMENTS	(70,924)	(63,338)	7,586	(150,000)	20,751	170,751
CASH, JANUARY 1	170,924	170,924	0	150,173	150,173	0
CASH, DECEMBER 31	\$ 100,000	107,586	7,586	173	170,924	170,751

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b><u>SPECIAL ROAD AND BRIDGE PROJECTS FUND</u></b>						
RECEIPTS						
Charges for services	150,000	82,222	(67,778)	104,846	140,506	35,660
Transfers in	\$ 3,030	0	(3,030)	0	0	0
Total Receipts	153,030	82,222	(70,808)	104,846	140,506	35,660
DISBURSEMENTS						
Special road and bridge projects	150,000	90,302	59,698	100,000	138,690	(38,690)
Total Disbursements	150,000	90,302	59,698	100,000	138,690	(38,690)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,030	(8,080)	(11,110)	4,846	1,816	(3,030)
CASH, JANUARY 1	(3,030)	(3,030)	0	(4,846)	(4,846)	0
CASH, DECEMBER 31	\$ 0	(11,110)	(11,110)	0	(3,030)	(3,030)
<b><u>SPECIAL ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 209,000	24,815	(184,185)	0	0	0
Interest	7,000	12,240	5,240	4,000	5,851	1,851
Transfers in	250,000	250,000	0	150,000	150,000	0
Total Receipts	466,000	287,055	(178,945)	154,000	155,851	1,851
DISBURSEMENTS						
Capital improvements	699,338	24,815	674,523	40,000	0	40,000
Total Disbursements	699,338	24,815	674,523	40,000	0	40,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(233,338)	262,240	495,578	114,000	155,851	41,851
CASH, JANUARY 1	233,338	233,338	0	77,487	77,487	0
CASH, DECEMBER 31	\$ 0	495,578	495,578	191,487	233,338	41,851
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	\$ 35,000	37,874	2,874	35,000	32,244	(2,756)
Interest	0	2,757	2,757	4,000	3,556	(444)
Total Receipts	35,000	40,631	5,631	39,000	35,800	(3,200)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	50,650	48,064	2,586	37,387	40,532	(3,145)
Total Disbursements	50,650	48,064	2,586	37,387	40,532	(3,145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,650)	(7,433)	8,217	1,613	(4,732)	(6,345)
CASH, JANUARY 1	73,001	73,001	0	77,733	77,733	0
CASH, DECEMBER 31	\$ 57,351	65,568	8,217	79,346	73,001	(6,345)

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b><u>CHILDREN'S TRUST/ABUSE VICTIMS FUND</u></b>						
RECEIPTS						
Charges for services	\$ 3,200	2,018	(1,182)	3,000	3,092	92
Total Receipts	3,200	2,018	(1,182)	3,000	3,092	92
DISBURSEMENTS						
Abuse victims' services	3,202	0	3,202	3,120	3,210	(90)
Total Disbursements	3,202	0	3,202	3,120	3,210	(90)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2)	2,018	2,020	(120)	(118)	2
CASH, JANUARY 1	2	2	0	120	120	0
CASH, DECEMBER 31	\$ 0	2,020	2,020	0	2	2
<b><u>SEIZED PROPERTY FUND</u></b>						
RECEIPTS						
Intergovernmental	\$ 0	0	0	17,537	17,537	0
Interest	0	13	13	178	271	93
Total Receipts	0	13	13	17,715	17,808	93
DISBURSEMENTS						
Sheriff	3,130	2,841	289	18,523	15,475	3,048
Total Disbursements	3,130	2,841	289	18,523	15,475	3,048
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,130)	(2,828)	302	(808)	2,333	3,141
CASH, JANUARY 1	3,141	3,141	0	808	808	0
CASH, DECEMBER 31	\$ 11	313	302	0	3,141	3,141
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	2,000	2,154	154			
Total Receipts	2,000	2,154	154			
DISBURSEMENTS						
Election services	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	2,154	154			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 2,000	2,154	154			
<b><u>DARE FUND</u></b>						
RECEIPTS						
Other	5,000	11,100	6,100			
Total Receipts	5,000	11,100	6,100			
DISBURSEMENTS						
Sheriff	5,100	9,230	(4,130)			
Total Disbursements	5,100	9,230	(4,130)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	1,870	1,970			
CASH, JANUARY 1	3,104	3,104	0			
CASH, DECEMBER 31	\$ 3,004	4,974	1,970			

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	\$ 7,500	11,697	4,197			
Total Receipts	7,500	11,697	4,197			
DISBURSEMENTS						
Prosecuting Attorney	15,490	8,680	6,810			
Transfers out	0	890	(890)			
Total Disbursements	15,490	9,570	5,920			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,990)	2,127	10,117			
CASH, JANUARY 1	8,172	8,172	0			
CASH, DECEMBER 31	\$ 182	10,299	10,117			
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	2,000	1,763	(237)			
Interest	0	5	5			
Total Receipts	2,000	1,768	(232)			
DISBURSEMENTS						
Other	2,500	0	2,500			
Total Disbursements	2,500	0	2,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,768	2,268			
CASH, JANUARY 1	754	754	0			
CASH, DECEMBER 31	\$ 254	2,522	2,268			
<b><u>LAW ENFORCEMENT CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	\$ 35,000	38,170	3,170			
Interest	0	566	566			
Transfers in	0	2,294	2,294			
Total Receipts	35,000	41,030	6,030			
DISBURSEMENTS						
Sheriff	35,000	39,269	(4,269)			
Transfers out	0	1,272	(1,272)			
Total Disbursements	35,000	40,541	(5,541)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	489	489			
CASH, JANUARY 1	2,487	2,337	(150)			
CASH, DECEMBER 31	\$ 2,487	2,826	339			

## Exhibit B

## STONE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	\$ 227,777	234,328	6,551	215,730	214,203	(1,527)
Intergovernmental	194,571	166,517	(28,054)	200,129	181,254	(18,875)
Charges for services	47,500	56,371	8,871	39,500	49,857	10,357
Interest	24,500	35,740	11,240	24,000	20,227	(3,773)
Other	17,500	13,276	(4,224)	19,000	11,082	(7,918)
Total Receipts	511,848	506,232	(5,616)	498,359	476,623	(21,736)
DISBURSEMENTS						
Salaries and fringe benefits	400,242	391,369	8,873	377,495	370,336	7,159
Office expenditures	60,700	43,483	17,217	63,000	51,894	11,106
Equipment	13,000	10,087	2,913	18,000	8,889	9,111
Mileage and training	12,500	10,862	1,638	15,000	11,779	3,221
Other	41,200	30,169	11,031	42,300	32,491	9,809
Total Disbursements	527,642	485,970	41,672	515,795	475,389	40,406
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,794)	20,262	36,056	(17,436)	1,234	18,670
CASH, JANUARY 1	534,835	536,363	1,528	534,608	535,129	521
CASH, DECEMBER 31	\$ 519,041	556,625	37,584	517,172	536,363	19,191
<b><u>SENIOR CITIZENS SERVICE FUND</u></b>						
RECEIPTS						
Property taxes	\$ 136,638	142,556	5,918	134,831	131,188	(3,643)
Intergovernmental	1,500	1,462	(38)	2,000	389	(1,611)
Interest	3,000	5,185	2,185	3,000	5,554	2,554
Other	600	446	(154)	0	451	451
Total Receipts	141,738	149,649	7,911	139,831	137,582	(2,249)
DISBURSEMENTS						
Contract services	180,869	128,939	51,930	205,288	163,677	41,611
Office expenditures	800	1,095	(295)	800	706	94
Mileage	800	589	211	800	684	116
Transportation	2,500	1,359	1,141	8,535	4,877	3,658
Total Disbursements	184,969	131,982	52,987	215,423	169,944	45,479
RECEIPTS OVER (UNDER) DISBURSEMENTS	(43,231)	17,667	60,898	(75,592)	(32,362)	43,230
CASH, JANUARY 1	93,230	93,230	0	125,592	125,592	0
CASH, DECEMBER 31	\$ 49,999	110,897	60,898	50,000	93,230	43,230

## Exhibit B

STONE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>EMERGENCY 911 FUND</u></b>						
RECEIPTS						
Sales taxes	\$ 790,000	807,672	17,672	588,200	644,959	56,759
Charges for services	0	9,250	9,250	0	0	0
Lease purchase proceeds	2,000	0	(2,000)	425,000	690,000	265,000
Interest	14,000	19,223	5,223	9,000	23,454	14,454
Other	12,000	948	(11,052)	2,000	277	(1,723)
Total Receipts	818,000	837,093	19,093	1,024,200	1,358,690	334,490
DISBURSEMENTS						
Salaries and fringe benefits	515,000	487,596	27,404	263,742	150,543	113,199
Office expenditures	13,894	13,243	651	12,700	10,926	1,774
Building and equipment	255,240	233,558	21,682	769,573	890,543	(120,970)
Mileage and training	31,500	24,884	6,616	30,000	4,643	25,357
Professional fees	50,000	39,606	10,394	2,500	10,869	(8,369)
Lease payments	108,903	108,903	0	0	36,661	(36,661)
Telephone	65,000	58,291	6,709	120,000	5,582	114,418
Other	82,335	63,679	18,656	54,000	39,355	14,645
Total Disbursements	1,121,872	1,029,760	92,112	1,252,515	1,149,122	103,393
RECEIPTS OVER (UNDER) DISBURSEMENTS	(303,872)	(192,667)	111,205	(228,315)	209,568	437,883
CASH, JANUARY 1	534,338	534,338	0	324,770	324,770	0
CASH, DECEMBER 31	\$ 230,466	341,671	111,205	96,455	534,338	437,883
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	8,000	6,616	(1,384)	2,800	17,033	14,233
Total Receipts	8,000	6,616	(1,384)	2,800	17,033	14,233
DISBURSEMENTS						
Circuit Clerk	8,500	5,369	3,131	2,000	9,324	(7,324)
Total Disbursements	8,500	5,369	3,131	2,000	9,324	(7,324)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,247	1,747	800	7,709	6,909
CASH, JANUARY 1	7,271	8,354	1,083	645	645	0
CASH, DECEMBER 31	\$ 6,771	9,601	2,830	1,445	8,354	6,909
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	\$ 8,000	9,249	1,249	7,800	8,930	1,130
Interest	405	454	49	0	445	445
Total Receipts	8,405	9,703	1,298	7,800	9,375	1,575
DISBURSEMENTS						
Law Library	8,000	9,635	(1,635)	7,415	7,922	(507)
Total Disbursements	8,000	9,635	(1,635)	7,415	7,922	(507)
RECEIPTS OVER (UNDER) DISBURSEMENTS	405	68	(337)	385	1,453	1,068
CASH, JANUARY 1	15,084	15,534	450	14,081	14,081	0
CASH, DECEMBER 31	\$ 15,489	15,602	113	14,466	15,534	1,068

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements



STONE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Stone County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senior Citizens Service Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
DARE Fund	1999
Prosecuting Attorney Bad Check Fund	1999
Law Enforcement Civil Fees Fund	1999
Neighborhood Improvement District Fund	2000 and 1999
Community Development Block Grant Fund	2000
Associate Circuit Division Interest Fund	2000 and 1999
Probate Division Interest Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2000 and 1999
Law Enforcement Training Fund	2000
Special Road and Bridge Projects Fund	1999
Recorder User Fee Fund	1999
Children's Trust/Abuse Victims Fund	1999
DARE Fund	2000
Law Enforcement Civil Fees Fund	2000
Circuit Clerk Interest Fund	1999
Law Library Fund	2000 and 1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Emergency 911 Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999
Community Development Block	

Grant Fund	2000
Associate Circuit Division Interest Fund	2000 and 1999
Probate Division Interest	2000 and 1999

However, for the Neighborhood Improvement Districts, the county's published financial statements for the years ended December 31, 2000, included only those amounts that passed through the County Treasurer.

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The deposits of the Health Center Board and Senior Citizens Service Board at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the custodial banks in the name of the respective board.

The Emergency 911 Board's deposits at December 31, 2000 were entirely covered by federal depositary insurance or by collateral securities held by the custodial banks in the name of the board.

Of the Emergency 911 Board's bank balance at December 31, 1999, \$624,163 was covered by federal depositary insurance or by collateral securities held by the Emergency 911 Board's custodial bank in the Emergency 911 Board's name, and \$3,042 was uninsured and under collateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Emergency 911 Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Subsequent Event

In 2001 lawsuits were filed regarding the Black Oak Mountain Resort Neighborhood Improvement District. Several issues, including the quality of the utility system and the computation of the annual assessments are pending. The potential liability to the county cannot be determined at this time.

Schedule

STONE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>00-1.</b>	<b>Omission of Budgetary Information</b>
--------------	------------------------------------------

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the two years ended December 31, 2000. The lack of budgetary information for these funds, especially the Neighborhood Improvement Districts (NID) Fund, is a significant omission from the county's financial statements. The County Commission responded in the prior audit that they would require each entity handling NID funds to annually provide a budget and financial statement for each NID; however, no budgets were prepared. Considering the lack of adequate control over the use of NID funds by the County Commission noted in finding #00-2, the preparation and periodic monitoring of the NID funds through budgets is necessary.

Receipts which were not budgeted totaled more than \$6.3 million and \$5.3 million in 2000 and 1999, respectively. Disbursements which were not budgeted totaled more than \$4.3 million and \$7.5 million for 2000 and 1999, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

A similar condition was also noted in our prior report.

**WE RECOMMEND** the County Commission and other applicable officials ensure budgets are prepared for all county funds as required by state law.

**AUDITEES RESPONSE**

*The County Clerk as the County's ex officio budget officer, has no responsibility to prepare a NID budget, to process a NID's requisitions, or to issue or process warrants for payment under a requisition.*

*Ever sensitive to public perceptions, the County Commission is loathe to include NID funds in its budget and financial statement, since it will appear to the public that the County's budget is larger than it truly is.*

*The County Commission agrees that the public should be able to inspect the budget and finances of each NID. The County Commission agrees that an annual budget should be prepared by it as governing body of each NID, and will do so.*

**00-2.**

**Neighborhood Improvement Districts**

The Stone County Commission established three Neighborhood Improvement Districts (NIDs): Black Oak, Edgewater, and Stonebridge. The NIDs were established to develop roads and construct water and sewage systems in the districts. Our review identified a lack of control by the County Commission resulting in questionable transactions, possible conflicts of interest, a lack of bidding, and improper withholdings from assessments.

Two NID's, the Black Oak Mountain Resort and the Edgewater Village had special obligation, special assessment bonds issued by the County Commission for \$2,973,000 and \$2,225,000 in June 2000 and December 2000, respectively to retire temporary construction notes. Our review of these two projects revealed numerous concerns with regard to the county's planning and monitoring process and record keeping procedures.

- A. As the County Commission did not maintain adequate control of the Black Oak Mountain Resort NID project, numerous problems such as potential conflicts of interest and improperly documented transactions existed.
1. Two individuals, Vernon Stump and Joe Schomaker were involved in managing the Black Oak Mountain Resort project and approving transactions without proper supervision by the County Commission. Several of the companies receiving payment from NID funds appear to be related and have the appearance of a conflict of interest as follows:
    - S.V. Holding, Inc. is a nonprofit corporation that owned and operated the utility company within the NID. Joe Schomaker and Sally Stump are officers of the corporation.
    - Centrust Capital Corporation was paid \$153,272 and Northern Investment Group, Inc. was paid \$121,199 from NID funds. The position of these two companies is unclear. Requisitions provided by the county indicate they acted as financial advisors, construction managers, utility managers, as well as project managers. Vernon Stump was a corporate officer of both of these corporations.
    - Ozark Shores Water Company was paid \$20,646 as utility inspector of the project. Vernon Stump was on the Board of Directors of this corporation.

- Trenchless Services, Inc submitted a bill to the NID for \$136,500 for road boring on the NID project. Vernon Stump and Joe Schomaker are officers of this corporation. According to documentation provided by the county, \$136,500 was manually added to the total of one of the utility system contractor's invoice and paid to the contractor. The County Commission indicated that the contractor subsequently paid the \$136,500 to Trenchless Services.

These relationships impair the independence of those in a position to influence the distribution and use of NID funds, reduce the effectiveness of controls and decision making, and harm public confidence. In addition, the NID Agreement states, "S. V. Holding shall not be permitted to bid on or perform any of the actual construction on the Public Improvements while acting as the Construction Managers nor shall any construction firm which controls, is controlled by, or shares common ownership or control with S. V. Holding be allowed to bid on or perform work on such Public Improvements."

2. Our review of transactions involving the companies identified in part A1. as having potential conflicts of interest revealed several concerns. There was no written contract with Centrust Capital Corporation or Northern Investment Group and invoices submitted for payment by these two corporations were not adequately detailed. Both companies received a fee of five percent of project costs for their services; however, some instances were noted where their own fee was added to the project cost to compute the five percent fee, resulting in excess billings. In addition, the invoice submitted by Trenchless Services provided no detail on the services performed.

Written agreements are necessary to clearly outline the expectations and responsibilities of each party. Without entering into written agreements or requiring adequately detailed documentation of expenditures, the County Commission cannot ensure the validity and propriety of the expenditures.

3. In 1995 bids were received for road improvements within the NID; however, none of the bids were accepted, as the actual work was not performed at that time. In 1998 the county contacted the company that was awarded the county bid for paving roads and received a proposal of \$240,700. However, \$445,844 was paid to this company. There were no written change orders or other documentation to support the additional amount paid. In addition, invoices were not of sufficient detail. Most invoices simply indicated "value of work complete to date". Details such as the specific roads paved, and the materials used (chip and seal or asphalt) were not provided on the invoices. As a result, it is questionable whether or not the NID received the services that were to be provided.



Included in the \$445,844 was approximately \$32,000 for paving of a parking lot and entrance road to an amphitheatre. The paving was on private property and was to be reimbursed to the NID by the amphitheatre owner; however, the NID received only \$5,000 from the owner. The County Commission indicated that the balance was paid to the utility company within the NID, since the NID owed money to the utility company. The county did not have supporting documentation to substantiate that this money was paid to the utility company, or that the payment was applied to reduce an amount owed by the utility company. However, in March 2001 the road improvement contractor paid \$27,000 to the NID. The County Commission does not have any documentation to indicate what these funds represent and as a result, the County Commission is uncertain if the NID was properly reimbursed.

Further, there was no formal plan detailing the road construction to be performed. While the Development and Joint Cooperation Agreement for the NID indicated that the project included overlaying the existing streets with asphalt, many of the roads were paved with chip and seal. In addition, numerous new utility system manholes in the NID were covered with asphalt or chip and seal when the road work was performed. These manholes will have to be uncovered, which will represent an additional cost to the NID. The County Commission verbally indicated they originally planned to do a combination of asphalt and chip and seal, with the amount of asphalt depending on the money left over after the utility system was complete.

The county's overall control and documentation related to the road improvements was inadequate. To properly control a project such as this, it is important that detailed plans are prepared and followed, bids are solicited, and expenditures are supported by adequate documentation. In addition, the County Commission should ensure the NID is reimbursed for the paving of the amphitheatre property and review the situation regarding the utility system manholes to ensure appropriate measures are taken to remedy the problem.

4. Adequate supporting documentation was not maintained for some additional expenditures. There were several instances where there was no documentation or insufficient detail to support the expenditure. For example no invoice was retained for \$79,270 paid on a water tower.

In addition, duplicate payments appear to have been made on more than one occasion. For example, the utility system contractor billed and was paid \$11,200 in both February and March 1999 for four grinder pumps. The March 1999 contractor invoice was accompanied by supporting documentation from the vendor supplying the grinder pumps; however, the February 1999 contractor invoice did not contain any documentation to support the \$11,200 charge. According to the engineer only four grinder

pumps were installed in the utility system. Additionally, \$1,131 for base rock appears to also have been paid to the utility system contractor on two separate billings.

Without obtaining and properly reviewing adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures, and ensure that duplicate payments are not made.

5. In December 1998 a bid of \$1,000,000 was accepted for the construction of the sewer system, and a change order in January 1999 reduced the total contract price to \$991,950. However, approximately \$1,019,000 was paid to the utility system contractor. While the County Commission indicated that there were other change orders, nothing was produced or made available.

Complete documentation regarding the reasons for change orders, change order copies themselves, and any other relevant information should be retained by the county in order to minimize possible misunderstandings and provide adequate support for the related expenditures.

The county's overall planning, monitoring, and record keeping procedures for the Black Oak Mountain Resort NID was inadequate. As a result, numerous residents of the NID have serious concerns with the manner in which funds were expended and the quality of the services provided. Of the more than \$2.9 million project only approximately 75 percent was spent on actual construction costs. Litigation is currently pending on the Black Oak Mountain Resort NID involving several issues, such as the quality of the utility system and the computation of the annual assessments.

- B. The County Commission did not approve expenditures of the Edgewater Village NID as well as some bids for construction of the NID.

1. The County Commission did not approve or review documentation of expenditures totaling approximately \$1,656,500. All requisitions were approved solely by the developer for payment. The County Commission recently requested documentation of all expenditures; however, since the project is complete, this review will be performed too late to prevent the possibility of inappropriate payments.

Good business practices require all disbursements to be closely scrutinized and properly authorized prior to the disbursement being made. The County Commission's failure to properly review and approve all invoices, requisitions, and other supporting documentation increases the possibility of inappropriate disbursements occurring.

2. The County Commission did not review some of the bids for work performed by a construction company owned by the developer. In addition to management fees paid to the developer, approximately \$16,800 was paid to the developer's construction company. While the County Commission indicated that the developer's construction company was required to submit a sealed bid like other companies, the County Commission did not review or approve bids to ensure that this procedure was followed. As noted in Part B.1., the developer was the only individual approving expenditures. Further, documentation supporting the \$16,800 paid to the construction company owned by the developer was not adequately detailed. To avoid an appearance of a conflict of interest, the County Commission should have participated in the bid process and reviewed and approved documentation of all expenditures.
- C. The county began collecting the special assessments for the Stonebridge and Black Oak NIDs in 1997 and 2000; respectively. The County Commission authorized the County Collector to withhold one percent assessment fund monies from the special assessment collections. As a result, since 1997, the County Collector has withheld approximately \$21,300 and \$4,000 from the special assessment collections of Stonebridge and Black Oak for distribution to the Assessment Fund.

We could find no express statutory authority for these withholdings. In *Zahner v. City of Perryville*, 813 S.W.2d 855, 859 (Mo. banc 1991), the Missouri Supreme Court ruled that special assessments are not taxes. Therefore, it appears there is no authority for the county to make assessment fund withholdings from the special assessments. While costs actually incurred by the county can be charged in the proportionate assessments on property benefited, the county provided no documentation of out-of-pocket costs actually incurred from the Assessment Fund related to the projects. Moreover, it does not appear reasonable to continue to charge undocumented "assessment" costs annually over the life of the financing for assessments that are required to be fixed after construction is complete.

A similar condition was noted in our prior report.

- D. As noted in the prior audit, the county received administrative fees totaling \$17,000 and \$12,500 in 1998 and 1997, respectively from the Edgewater and Black Oak NIDs. The administrative costs represent seven-tenths of one percent of actual construction and estimated bond costs; and are not based on actual administrative costs incurred by the county. Although costs for work done for services performed by the county in the administration and supervision of the improvement are allowed by Section 67.453, RSMo 2000, these costs should be based on actual work performed and should be documented.

State law does allow the county to recoup administrative costs related to the NIDs. However, basing the recoupment solely on a percentage of actual construction and

estimated bond costs provides the county no assurance that the amounts received from the NIDs approximate the actual administrative costs incurred by the county. The county does not have any written documentation to support administrative cost expenditures. The County Commission should review the administrative costs and collect additional amounts from the landowners or refund any excess amounts received, as applicable.

A similar condition was noted in our prior report.

**WE RECOMMEND** the County Commission:

- A1. Review the related party transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest, and ensure steps are taken to eliminate conflicts.
  2. Enter into written agreements and require detailed invoices to support services performed.
  3. Obtain detailed plans, solicit bids, and maintain adequate supporting documentation of expenditures for all future projects. In addition, ensure reimbursement is received for paving the entrance road and parking lot of the amphitheatre, and review the situation regarding the utility system manholes to ensure appropriate measures are taken to remedy the problem.
  4. Ensure adequate supporting documentation is obtained and reviewed for all expenditures. In addition, review the duplicate payments made for the grinder pumps and base rock and seek reimbursement.
  5. Ensure change orders are prepared, signed and approved by all parties prior to the initiation of the related work, and retained in the county's files. In addition, research the amount paid to the utility system contractor to ascertain if approved change orders make up the excess of the amount paid over the contract amount. If change orders do not make up the difference, seek reimbursement of the overpayment.
- B.1. Review and approve the expenditure of NID funds prior to the disbursements being made.
  2. Review transactions involving the construction company owned by the developer to ensure bids were obtained. In addition, consult with legal council regarding the possible conflict of interest.

- C. Discontinue withholding assessment funding from special assessment collections and consider refunding those amounts already withheld. If actual incremental assessment costs were incurred related to applicable NID projects, it may be appropriate to include those costs in the special assessments apportioned to the landowners.
- D. Document the administrative costs incurred by the county and charged to the NIDs. Any additional unreimbursed costs should be collected from the landowners. Any excess amounts collected should be refunded to landowners who have already paid their assessments, and assessments to landowners paying over the twenty-year period should be adjusted to reflect actual costs.

### **AUDITEES RESPONSE**

*Missouri statutes provide that when a county forms a Neighborhood Improvement District, the County Commission acts as the governing body of the district. The County Commission's role is one of its legislative functions, similar to that of the Missouri General Assembly. In a major public improvement project, the County Commission's role is to provide appropriate funding and oversight mechanisms, not to design, construct, or supervise.*

*It is a well-founded principle that governmental officers and entities may delegate their responsibilities to others. When the United States government builds a military base in a remote region, it is not superintended by the Congress, the Secretary of Defense, or even the Joint Chiefs of Staff. Rather, the government relies on employees and independent contractors to properly perform the work, and then relies on others to inspect and report on the work and materials.*

*Even the State Auditor does not perform all of her constitutional and statutory duties herself. She delegates these responsibilities to her deputies, assistants, and staff members, and even contracts with independent outside auditing firms to discharge her duties.*

*The County Commission did set up adequate safeguards in its contracts with the project's two developers, S. V. Holding, Inc. (the owner and operator of the sanitary sewer collection and treatment system in the Swiss Villa subdivision) and Quannah Corporation (the owner of record of two-thirds by area of all real property located within the proposed NID), ("the Developers"). Apparently, the Developers authorized two representatives to act in their behalf for day-to-day operations, Schomaker and Stump.*

*Since the County does not employ architects, engineers, or staff capable of constructing major public improvements such as sewer system construction, water system construction, and road preparation and paving, the County Commission required that contracts with others provide those services.*

*The Developers were required to direct and oversee design and construction and requisitions for funds. The County Commission thereafter ensured that the Developers' independent professional engineer would be obligated to the County Commission as an additional 'employer', and that the engineer would provide full-time inspection and frequent reports. The County Commission also*

*ensured that the Developers had employed a project manager who had come highly recommended by the Department of Natural Resources.*

*The County Commission held frequent meetings concerning the NID project, and required and relied upon consultations, reports and certifications from the Developers, the engineer, and the project manager at all stages of the project.*

*No requisition for funds was approved by the Commission unless it had first been certified by the contractor requesting payment, both developers, and the engineer.*

*The County Commission had a right to rely on the Developers, the project manager, and the engineer, and it did so.*

*The County Commission did ensure competitive bidding as is required by statute.*

*Substandard materials, defective design or installation, inappropriateness of costs requisitioned for payment, and conflicts of interest should have been discovered by the project developers, the engineer, and the project manager.*

*If those to whom responsibility is legally delegated are guilty of misfeasance or malfeasance, there is a legal remedy.*

A. *Control of the project:*

*There is no way the County Commission could have foreseen that the Developers, project manager, engineer, and contractors might not perform their duties properly.*

*The County Commission did not retain Centrust Capital Corporation or Northern Investment Group. They were retained by the Developers before the County Commission was requested to form the NID.*

*The County Commission did not retain Ozark Shores Water Company. It was retained by the Developers before the County Commission was requested to form the NID, and the services for which it was paid were rendered in determining the extent of the proposed project and the amount of financing necessary to plan and construct the public improvements.*

*Trenchless Services was O.K. Utilities' subcontractor. The County Commission was not aware that Stump and Schomaker were principals of Trenchless until after processing the requisition to which Trenchless' invoice was attached.*

*The Commission agrees that these relationships impaired the 'checks and balances' the Commission put in place, and allowed those in positions of trust to influence the distribution of NID funds and reduce the effectiveness of controls and decision making. However, the Commission could not have foreseen those conflicts of interest, nor could the Commission have foreseen that S. V. Holding and Quanah would violate their contracts with the County.*

*The County Commission is concerned with the apparent problems and conflicts of interest mentioned by the State Auditor, and has filed a lawsuit against S. V. Holding, Inc. and Quannah Corporation.*

*Conflicts in Interest:*

*The County Commission did not retain Centrust Capital Corporation or Northern Investment Group. They were retained by the Developers before the County Commission was requested to form the NID.*

*The County Commission did not retain Ozark Shores Water Company. It was retained by the Developers before the County Commission was requested to form the NID, and the services for which it was paid were rendered in determining the extent of the proposed project and the amount of financing necessary to plan and construct the public improvements.*

*Trenchless Services was O.K. Utilities' subcontractor. The County Commission was not aware that Stump and Schomaker were principals of Trenchless until after processing the requisition to which Trenchless' invoice was attached.*

*The County relied upon its bond counsel concerning the appropriateness of payments to Centrust Capital Corporation and Northern Investment Group.*

*If the audit has revealed miscalculation of the fees for Centrust Capital Corporation and Northern Investment Group, the County will take appropriate steps to recover the excess fees paid.*

*The County Commission is concerned with the apparent problems and conflicts of interest mentioned by the State Auditor, and has filed a lawsuit against S. V. Holding, Inc. and Quannah Corporation.*

*Roads:*

*Because the water and sewer construction project would likely damage or destroy part of the existing roads and because the engineering plans and specifications would likely require that the developer restore damaged roads, the County Commission anticipated that it would be necessary to include at least a limited road restoration and improvement project.*

*The Developers and the County Commission decided at an early stage that if sufficient funds were available toward the end of the project, all of the roads in the NID would be paved with asphalt surface.*

*The County Commission's order dated March 18, 1997 provided that the road improvements would consist of the Main Road improvements commencing at Missouri Route H and extending into the developed area of Swiss Villa subdivision, including all of the streets within the subdivision.*

*The main road leading to the subdivision, and all of the main streets of the subdivision, were overlaid with new asphalt surface. All of the remaining streets of the subdivision were improved and resurfaced with ‘chip and seal’ material.*

*The Developer Agreement reflected the Developers’ and the County Commission’s hopes to be able to afford providing asphalt surface to all roads in the NID. However, at each public hearing representatives of the Developers and the County Commission announced that rather than increase the ultimate cost of the project, they would if necessary hold down costs by reducing the scope of the road project.*

*The County Commission balanced the need for road improvements against the ultimate cost of the project, which the County Commission believed would be quite expensive even if inflation and necessary change orders did not increase the project’s costs.*

*At an early planning stage of the project, the Developers and the County Commission asked the project engineer to estimate the cost for preparing full plans and specifications for the road improvement portion of the project.*

*The project engineer advised the Developers and the County Commission that it would cost \$25,000.00 to prepare engineering plans and specifications for the road improvement portion of the project.*

*The Developers and the County Commission believed that, to surface all roads in the NID with asphalt paving in accordance with engineer-prepared plans and specifications, would cost substantially more than the NID project could afford. In addition, the County Commission believed that even a ‘firm bid’ would include mobilization expenses, and would be open-ended because of a rock clause; a base removal and/or replacement clause; because applied pavement depth often varies drastically from an original estimate; and because of variables due to ditching, culvert, drainage, and the difficulties encountered with road construction over gray and yellow clay that prevails in the Swiss Villa area.*

*The Developers and the County Commission decided to construct road improvements in such scope and magnitude as were possible with the funds remaining after being satisfied that the sewer and water improvements could be completed.*

*Toward the end of the project, the Developers and the County Commission decided to asphalt-surface some of the roads in the NID and provide chip-and-seal surface to others.*

*The road improvement project’s actual cost was derivative of the number of tons of asphalt used, the amount of ‘chip and seal’ surfacing used, the cost of excavating and constructing the base, the cost of ‘wedging’ the road base before the top surface could be installed, and the cost for ditching, culverts, and drainage.*



*After they were resurfaced, some of the roads in the NID were damaged when the roadway was ‘dug up’ for inspection of underlying water and sewer pipes, for reconstruction, and for repairs. The County Commission intends that those roads be satisfactorily repaired.*

*Much ado has been made of a complaint that ‘the original estimate’ for asphalt-surfacing all roads in the NID was \$240,700.00 but that \$445,843.77 was actually spent and yet not all roads were asphalt-surfaced. This complaint is deceptive for the following reasons:*

- a. ‘the original estimate’ referred to is that dated December 2, 1998, from Leo Journagan Construction Co., Inc. (“Journagan”) for brooming, tack, and overlay, and which estimated 10,000 tons of asphalt at the County’s existing fixed-rate bid of \$24.07 per ton, resulting in an extension of \$240,700. but which did not include costs for excavation and soft subgrade work, ditching, installing culverts, grading road shoulders or adding base rock as needed;*
- b. the condition of the old road necessitated a considerable amount of excavation of gray and yellow clay, replacement of the clay with stable material, grading road shoulders, adding base rock, and wedging the road base;*
- c. ‘the original estimate’ was not a ‘firm bid’ from a paving contractor;*
- d. preparing full engineering plans and specifications from which a ‘firm bid’ could be solicited, would have added \$25,000 to the project cost.*
- e. a paving contractor’s ‘firm bid’ would still be open-ended because it would have included mobilization expenses that were avoided by ‘piggybacking’ the paving portion of the improvements upon the County’s existing paving bids;*
- f. a paving contractor’s ‘firm bid’ would have still been open-ended, because it would have included a standard rock clause; a standard base removal and/or base replacement clause; and provide for variable costs resulting from ditching, culverts, drainage modifications; and the difficulties encountered with road construction over yellow clay that prevails in the Swiss Villa area;*
- g. a paving contractor’s ‘firm bid’ would still have been open-ended, since it would provide for variable costs resulting from pavement depth (which often varies actual cost drastically from an original estimate) and for payment for the number of tons of asphalt actually used;*
- h. If the NID had constructed roads pursuant to engineer-prepared plans and specifications and a ‘firm bid’, the road improvement project would have required more than the amounts actually paid.*

*The Developers and the County Commission decided to construct the road improvements in the NID by the same method and under the same bids that the Stone County Highway Commission constructs road improvements in other areas of the County.*

*The Stone County Highway Commission appropriated and expended \$37,500 to 'co-op' part of the cost incurred to resurface the first mile of the access road leading to the NID, and adopted the first mile of road into the County's highway system. This is a great benefit to property owners in the NID.*

*The reconstruction of the main road required that an alternate temporary route be used.*

*Without consulting the County Commission, the Developers determined that, instead of building and maintaining an alternate temporary roadway:*

- a. it was in the property owners' best interest to improve the Quanah road so it could be available as an alternate route in the future if repairs or emergencies necessitated an alternate route, and*
- b. the best alternate route available was over an existing road on Quanah's property ("the amphitheater road") that was not within the NID boundaries.*

*Without the knowledge of the County Commission, the Developers caused the amphitheater road to be improved and asphalt-surfaced, and used it during reconstruction of the main road.*

*After learning that the Developers had expended NID funds on the amphitheater road outside the NID boundaries, the County Commission required that Journagan calculate the cost that the NID would have had to pay to build and maintain an alternate route other than the amphitheater road.*

*Journagan calculated the cost of building and maintaining an alternate route at approximately \$6,000.*

*The County Commission thereafter allotted \$6,000 of NID funds for the improvement and use of the amphitheater road as an alternate route during the main road reconstruction project, and required that Quanah pay Journagan for the rest of the cost of improving and paving the amphitheater road.*

*Amount of interest and financing charges paid:*

*After the NID was formed, due to the length of the construction project, the temporary notes had to be "rolled over". The first issue of temporary notes was made on September 3, 1997. The project went to permanent financing on June 30, 2000, and there was a rush to get the paperwork finalized by that date to avoid another "rollover".*

*The actual interest and "soft costs of issuance" for the project were (approximately):*

<i>Interest on temporary notes</i>	<i>\$323,726</i>
<i>Cost of issuance, discounts, underwriting fees</i>	<i><u>442,252</u></i>
	<i>\$765,978</i>

*If the project could have gone to permanent financing without "rollovers", the soft interest and costs of issuance would have been (approximately):*

<i>Interest on temporary notes</i>	<i>\$113,525</i>
<i>Cost of issuance, discounts, underwriting fees</i>	<i><u>208,000</u></i>
	<i>\$321,525</i>

*The costs attributable to passage of time and length of the project is:*

<i>Interest on temporary notes</i>	<i>\$210,201</i>
<i>Cost of issuance, discounts, underwriting fees</i>	<i><u>234,252</u></i>
	<i>\$444,453</i>

**B. Edgewater Village NID**

- 1. Apparently, bond counsel omitted from the specimen requisition form the customary provision for approval by the County Commission as governing body of the NID. Thus, requisitions for payment were not submitted to the County Commission for approval.*

*After learning that the trustee had disbursed NID funds without the County Commission's approval, the County Commission held a hearing with the developer and its attorney, bond counsel, and the trustee and its attorney. The County Commission will hold further hearings to determine whether all expenditures made by the trustee were proper.*

- 2. The County Commission will hold further hearings to determine whether management fees paid to the developer were appropriate.*

**C. Assessment fund monies withheld from special assessment collections**

*The County Commission received advice from its bond counsel that the one percent Assessment Fund fee could be collected on NID revenues, and the County Commission relied upon the expectation in collecting those assessment fees and in setting the County's administrative fee, discussed below.*

*The Assessor's and Collector's expenses have been paid in part from the County Assessment Fund. The County Commission and the County Assessor believe that the one percent fee is reasonable and is supported by the County's actual ongoing costs.*

*The County Assessor and Collector have regular and ongoing expenses in assessing and collecting the special assessments, and in administering the NID special assessment districts. The services provided to the NIDs by the Assessor and Collector are:*

- (a) Maintaining records of property transfers within each NID. This is important since some property owners make “up front” lump-sum payment of special assessments, and some property owners have elected to make annual payments over a 20-year period.*
- (b) Maintaining a special NID file to track assessments and payments, allowing the County to make a special “tax book” for each NID that shows payments and delinquencies, necessitating new data input and calculations each year.*
- (c) Paying for computer software programming to set up the computer to generate the special assessments, and to fine-tune and monitor the computer system in this regard. This cost approximately \$4,500 in 1999 for Stonebridge. These are not one-time costs, but are recurring and ongoing expenses to the Assessor and Collector. For example, the County is now acquiring a new tax assessment and collection computer system and program that is significantly more expensive (and efficient) than its predecessor. The County Commission believes that the NIDs’ respective costs should be recouped over the twenty-year life of the NIDs’ special assessments.*

*Unless the one percent assessment fee is collected, the County’s taxpayers will bear part of the cost of the NIDs. The County Commission does not believe the County’s taxpayers should be required to do so.*

*In many instances, special assessments are calculated as ad valorem levies either of the County or by a taxing authority within the County. Under the method of assessments for the County’s NIDs, the amount of each parcel’s assessments does not vary depending upon the assessment valuation of the parcel. Thus, the assessments are not true ad valorem taxes. However, since the method of collecting the special assessments is done in the same tax bill as ad valorem tax collections, since the assessments are billed and collected in the same manner as ad valorem taxes, and since the amount of assessment per NID parcel varies from year to year, the county’s bond counsel and the County Commission believe that the method set out in Section 137.720 (percentage of ad valorem property tax collection to be deducted for deposit in county assessment fund) should apply to the special assessments.*

*The County Commission believes that the Collector of Revenue is authorized and perhaps even mandated, to withhold the one percent assessment fund monies on these assessments. The County Commission fears that, if the Collector of Revenue fails to collect the one percent fee under Section 137.720, the Collector may be derelict in her duties and/or liable on her official bond.*

D. County's Administrative Fee

*In each NID, the County received administrative fees of seven hundredths of one percent. These amounts are modest and justified. A review of the County's administrative fees that are or will be generated by the three respective NIDs indicates that the County's costs are not fully reimbursed by the administrative fee.*

*In no year thus far has the County's estimated personnel costs, expenses, and legal services attributable to the NIDs been as low as \$3,000. Even with Stonebridge and Black Oak Mountain Resort NIDs in permanent financing, the County Commission, the County Clerk, and County Counselor have frequent and ongoing responsibilities to deal with its status and relationship with the County.*

*Even after reviewing the State Auditor's recommendation and comment, the County Commission believes that it has acted reasonably in predicting the County's administrative costs, and in recouping them from the NIDs.*

*The County Commission believes that the administrative work performed by the County for the NIDS, and the employees, equipment and supplies provided by the County to the NIDs, should not be borne by the taxpayers from the County's general revenue fund. Upon inquiry, the County Commission was advised by its bond counsel that it was entitled to an administration fee from each NID.*

*Considering that the NID administrative duties will continue for up to twenty-years for each NID, the County Commission followed the suggestion of its bond counsel and inquired about the appropriate range for such fees. Thereafter, the County Commission determined that seventh-tenths of one percent of actual construction and estimated bond costs was a reasonable amount and would compensate the County for discharging the administrative duties attendant to the NIDs.*

*Section 67.453 does not require that the costs and actual work performed be tracked, recorded, reported, and allocated. The County Commission believes that it has complied with the requirements of the statute:*

**Section 67.453 (3):** "Cost", all costs incurred in connection with an improvement, including, but not limited to, costs incurred for the preparation of preliminary reports, the preparation of plans and specifications, the preparation and publication of notices of hearings, resolutions, ordinances and other proceedings, fees and expenses of consultants, interest accrued on borrowed money during the period of construction, underwriting costs and other costs incurred in connection with the issuance of bonds or notes, establishment of reasonable required reserve funds for bond or notes, the cost of land, materials, labor and other lawful expenses incurred in planning, acquiring and doing any improvement, reasonable construction contingencies, and work done or services performed by the city or county in the administration and supervision of the improvement.

*Having the ability to track, record, report, and allocate the actual costs and actual work performed would be ideal. However, the County Commission believes that the cost of instituting and maintaining such an accounting system would be an inefficient and improvident use of County resources, since little efficiency would be gained in the County's day-to-day operations. The County Commission believes it would be imprudent to institute such a system for this purpose.*

### **AUDITOR'S COMMENTS**

- A&B. It is disappointing that the County Commission is not taking any responsibility for these problems. The county is ultimately responsible for the repayment of the more than \$5 million in limited general obligation bonds. It is unclear why officials took such a "hands off" approach to these NIDS, as such officials still have a fiduciary responsibility to properly monitor the NID funds.
- D. The County Commissioner's response indicates, "the county's costs are not fully reimbursed by the administrative fee." Considering the county's lack of monitoring of the NIDs, it is possible that future legal costs may be incurred. However, without documentation of what costs the county has incurred, it is impossible to determine if amounts received from the NIDs approximates the actual administrative costs incurred by the county.

**00-3.**

#### **Emergency 911 Building**

The Stone County Emergency 911 Board expended approximately \$400,000 to construct a building to house 911 administrative offices and dispatchers. The 911 Board contracted with a general contractor in September 1998 for the project. The board's lack of oversight and approval of expenditures resulted in a lack of bidding and questionable transactions.

The 911 Board did not effectively monitor the general contractor and ensure bids were competitively solicited. According to the written agreement, the general contractor was paid \$25,000 and was responsible for overseeing the project, obtaining bids on the various phases of construction, and submitting them to the 911 Board for approval. The agreement also included a clause that allowed the general contractor to perform any portion of the work on the same terms as the lowest and best bid received. The general contractor performed work related to the electrical, carpentry, roofing, site prep, trenching and footing, fill dirt, finish and clean-up, and water main portions of the project and was paid approximately \$160,000. Bids were not obtained or documented for several of the project areas performed by the general contractor, and in instances where bids were obtained, only one proposal was documented for the work performed.

Adequate supporting documentation was not maintained for some expenditures. Of the \$160,000 paid to the general contractor, invoices totaling more than \$88,000 were not adequately detailed to document the work performed. Additionally, invoices totaling \$52,000 paid to other vendors were not sufficiently detailed.

The manner in which the procurement of this project was handled prevented the solicitation of competitive bids by allowing the general contractor to both solicit bids and elect to perform the work himself on the terms of the lowest bid. As a result, the 911 board did not assure itself that it received the lowest and best price on the completed project. In addition, by allowing the general contractor to subcontract to himself, quality control was diminished as he was responsible for overseeing his own work. Furthermore, by not obtaining adequate documentation of all construction expenditures, it is not clear if the 911 Board received the services for which they were billed.

It should be noted that the work performed by the general contractor was not completed to the satisfaction of the 911 board, and the board has not paid the general contractor for some of the construction work performed. This resulted in legal action brought against the 911 Board by the general contractor, and a counterclaim filed by the 911 Board against the general contractor. Had the procurement process been handled differently, these difficulties may have been avoided.

**WE RECOMMEND** the Emergency 911 Board ensure all future construction projects are competitively bid, adequate documentation is obtained for all expenditures, and the work is properly monitored.

#### **AUDITEES RESPONSE**

*The Stone County Emergency Services (E-9-1-1) Board concurs with the audit review.*

## Follow-Up on Prior Audit Findings



STONE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Stone County, Missouri, on a certain finding in our prior audit report issued for the two years ended December 31, 1998. The finding is the one that *Government Auditing Standards* requires to be reported for an audit of financial statements.

98-1. Omission of Budgetary Information

Budgets were not prepared for various county funds.

Recommendation:

The County Commission and other applicable officials and boards ensure budgets are prepared for all county funds as required by state law.

Status:

Not implemented. See finding number 00-1.

## SECTION ON OTHER MATTERS

STONE COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Stone County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 25, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Stone County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgetary and Financial Reporting Procedures

Actual expenditure amounts exceeded approved budget amounts in some funds for each of the years ended December 31, 2000 and 1999. In addition, the published financial statements of the county did not include the financial activity of various county funds, as required by state law.

2. Schedule of Expenditures of Federal Awards

The county is required by OMB Circular A-133 to prepare a schedule of expenditures of federal awards (SEFA). The SEFA schedule is used to determine the single audit requirements of the county. The county's SEFA contained numerous errors and omissions for each of the years ended December 31, 2000 and 1999. The SEFA should be accurately prepared to ensure all federal awards are properly reported.

3. County Expenditures

The county did not always advertise and solicit bids, nor was bid documentation always retained for several purchases. In addition, the county paid \$6,482 in 2000 to a company owned by the wife of the Chief Deputy in the Sheriff's Department for computers, monitors, and a computer program. No bids were solicited.

4. Property Records and Procedures

The County officials or their designees do not maintain adequate general fixed assets records or perform annual physical inventories in accordance with Section 49.093 RSMo 2000. Adequate general fixed asset records and inventory procedures are necessary to meet

statutory requirements, safeguard county assets, and provide a basis for determining proper insurance coverage. In addition, property tags are not attached to some assets designating the items as county property.

5. Associate Commissioner Salaries

Section 50.333.13, RSMo enacted in 1997, allowed county salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Stone County's Associate County Commissioners salaries were each increased approximately \$7,390 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of the statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,780 for the two years ended December 31, 2000, should be repaid.

6. Prosecuting Attorney's Salary

The Prosecuting Attorney did not receive compensation equal to the compensation of an Associate Circuit Judge as required by section 56.265, RSMo 2000 for a full-time prosecutor. The county failed to adjust the Prosecuting Attorney's salary annually with the Associate Circuit Judge's salary, resulting in the Prosecuting Attorney receiving \$10,147 less than the Associate Circuit Judge.

The County Commission and the County Clerk do not understand how the Prosecuting Attorney's salaries may be adjusted each year pursuant to Section 476.405 and not contravene Article VII, Section 13 of the Missouri Constitution, but that the Associate County Commissioners' salary increase violates that provision.

7. Personnel Records

Time sheets or other records of actual time worked as well as leave records are not maintained for the jail administrator, maintenance supervisor, chief deputy, and planning and zoning administrator. In addition, the county employs numerous individuals who are related to each other, but does not have a policy regarding the employment and supervision of related employees.

8. Health Center

Adequate records were not maintained to allow for reconciliations of receipts to deposits. Receipts are not deposited intact daily or when accumulated receipts exceed \$100. Some monies are withheld from deposits for use as a change fund; however, the change fund is not maintained at a set amount.

The health center's checks require two signatures, a board member's, the administrators, or the assistant administrators; however, checks are occasionally signed in advance.

The Health Center Administrator does not sign time sheets to document approval of payroll expenditures. In addition, the Health Center did not always issue Form 1099 to applicable businesses or individuals.

Because bank reconciliations were not prepared as of December 31, the cash balance reported on the cash reconciliation portion of the Health Center's budget was inaccurate.

9. Emergency 911 Board

The board's review and approval of expenditures is not adequately documented. Although the board minutes make a general reference that the listing of bills is approved for payment, the listings are not signed or initialed by the board members and retained with the official board minutes. In addition, checks are not always issued in numerical sequence, and expenditure documentation did not always indicate receipt of goods or services.

Payments totaling \$1,400 were made to a former employee for expenses; however, no documentation was maintained. In addition, these payments were not subjected to payroll withholdings, or reported on the employees' W-2 form.

The cash balance reported on the budget prepared by the Emergency 911 Board did not include interest earned on all certificates of deposits. In addition, the amount of collateral securities pledged by the Emergency 911 Board's depository banks at December 31, 1999 and during January 2000 were insufficient to cover monies in the custody of the Emergency 911 Board.

Time records were not signed by supervisors to document approval of payroll expenditures. In addition, the Emergency 911 Board did not always issue Form 1099 to applicable businesses or individuals.

This Letter on Other Matters is intended for the information of the management of Stone County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.



**OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT  
STATE AGENCY FOR SURPLUS PROPERTY**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-11  
February 6, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**The following problems were discovered as a result of an audit conducted by our office of the Office of Administration, Division of Purchasing and Materials Management, State Agency For Surplus Property.**

---

The State Agency for Surplus Property (SASP) handles state and federal surplus property. State Agencies dispose of property to the SASP who distributes the surplus property to eligible donees (purchasers of property) for a nominal service charge or sells the property to the general public by auction or sealed bid. Since most of the state surplus items are of low value, the SASP could significantly reduce the time currently used to report and track surplus property if the SASP would use the current \$1,000 threshold specified by the State Auditor in the Code of State Regulations.

The SASP does not maintain perpetual inventory records to account for state surplus property received and disposed of. Adequate inventory records are necessary to properly account for surplus property items.

The SASP has not established standard policies and procedures regarding the handling and collection of past-due accounts. As of June 30, 2001, past-due accounts totaled more than \$23,000. Failure to maintain and follow standard procedures increases the likelihood that past-due amounts will not be collected.

Some donees have a credit balance as a result of property returns, overpayments, or duplicate payments. The SASP should mail credit balance statements to donees periodically and return the funds to the donee if necessary.

The SASP maintains a 300 gallon diesel fuel tank and a 300 gallon gasoline fuel tank. All employees have access to the tanks. Logs are not maintained to record fuel usage or to identify the vehicles and machinery filled with fuel. Without fuel usage logs, a reconciliation cannot be performed between fuel purchased, fuel used, and fuel on hand.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT  
STATE AGENCY FOR SURPLUS PROPERTY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-12

<u>Number</u>	<u>Description</u>	
1.	Internal Controls for Receivables .....	5
2.	Computer Applications .....	7
3.	State Surplus Property Procedures .....	7
4.	Federal Surplus Property On Hand .....	10
5.	Donee Visits .....	11
6.	Fuel Tanks .....	12
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....		13-18

Appendix

A	Comparative Statement of Revenues, Expenses, and Net Income – Federal Surplus Property Fund, Years Ended June 30, 2001 and 2000 .....	16
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash – Proceeds of Surplus Property Fund, Years Ended June 30, 2001 and 2000 .....	17
C	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2001 and 2000 .....	18



## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
and  
Jim Miluski, Director  
Division of Purchasing and Materials Management  
and  
Marilyn Steffen, Manager  
State Agency for Surplus Property  
Jefferson City, MO 65102

We have audited the Office of Administration, Division of Purchasing and Materials Management, State Agency for Surplus Property. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policy.
2. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the agency's receipts, expenditures, policies, rules and regulations, contracts, statutes, and other pertinent procedures and documents, and interviewed agency personnel.

As part of our audit, we assessed the agency's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in our audit of the Office of Administration, Division of Purchasing and Materials Management, State Agency for Surplus Property.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Administration, Division of Purchasing and Materials Management, State Agency for Surplus Property.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

October 12, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Norma Payne
	Paul Rozycki

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT  
STATE AGENCY FOR SURPLUS PROPERTY  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Internal Controls for Receivables</b>
-----------	------------------------------------------

During our review of internal controls over receivables, we noted the following concerns:

- A. The Missouri State Agency for Surplus Property (SASP), which distributes state and federal surplus property to eligible donees for a nominal service charge, has not established standard policies and procedures regarding the handling and collection of past-due accounts. The SASP monitors past-due accounts using a monthly aging schedule. Past-due accounts as of June 30, 2001, were \$2,674 over 90 days, \$2,187 over 120 days, and \$18,627 over 150 days. At 120 days past-due, the SASP may send a letter requesting payment. At 150 days past-due, the SASP may call the donee to further pursue collection. The SASP may flag the past-due account, which prohibits the donee from acquiring additional surplus property until the past-due account is paid in full. The SASP reviews each past-due account independently to determine what collection activity to pursue.

We noted one donee with a past-due balance of \$9,511. The last payment made on this account was in February 1999 and the donee recently filed for bankruptcy. Although the account was over 150 days past-due in August 1998, the SASP did not flag the account to prohibit future purchases. As a result, the donee acquired property totaling over \$5,600 in August 1998 without paying the past-due balance.

Standard policies and procedures for handling past-due accounts would help ensure uniformity among the donees. Failure to maintain and follow standard procedures increases the likelihood that past-due amounts will not be collected.

- B. Some donees have a credit balance as a result of property returns, overpayments, or duplicate payments. The SASP mails monthly accounts receivable statements to donees with a debit balance, but not to donees with a credit balance. As a result, donees may not realize they have a credit balance.

We noted several instances where donees overpaid their outstanding balance or made duplicate payments. It appears the overpayments and duplicate payments may occur because the SASP does not post receipts to the accounts receivable records in a timely manner. Some delays of up to one month were noted. It appears many donees submitted a payment based on the sales invoice, then submitted a second payment based on the monthly statement distributed by the SASP. Recently, the SASP began contacting donees when payments are received

on accounts with credit balances to inquire if the payment should be returned or held for future purchases. If the SASP had an integrated software program, separate entries to update accounts receivable records would not be necessary and accounts receivable records could be updated in a more timely manner (see MAR 2).

Of the 305 donees in the accounts receivable ledger at June 30, 2001, there were 122 donees (40 percent) with a credit balance. At June 30, 2001, credit balances totaled \$20,900 and debit balances totaled \$100,344. We reviewed twenty-one accounts with outstanding credit balances in excess of \$200 and noted that several had existed for more than a year. Examples of accounts with credit balances include the following:

- 1) A duplicate payment of \$1,424 was made by the Boone Retirement Center in August 1999, increasing its credit balance to \$1,485. This credit balance has remained with no account activity since May 2000.
- 2) The Dakota Center has had a credit balance of \$500 since 1995.
- 3) The Moberly #81 School District received a credit of \$3,100 in 1992. This credit balance decreased between 1992 and 1994 to \$1,900. The donee acquired and paid for some property in 1999. Although the donee had a \$1,900 credit balance, it was not applied to the purchases made in 1999.
- 4) The City of Owensville has had a credit balance of \$735 since 1996. The city has made several acquisitions since then but the credit balance was not applied toward those purchases.
- 5) The City of Poplar Bluff has had a credit balance of \$900 since 1998. The city has made several acquisitions since then but the credit balance was not applied toward those purchases.
- 6) The Secretary of State's office has had a credit balance of \$222 since 1993. Several purchases and subsequent payments have been made since then but the credit balance was not applied towards those purchases.
- 7) An overpayment of \$3,378 in September 1994 resulted in a credit balance for the St. Louis Special School District. The school has made several purchase since 1994 and part of the credit balance was applied; however, as of June 30, 2001, a credit of \$2,512 remained.
- 8) The City of West Plains has had a credit balance of \$800 since 1994. The city made subsequent purchases in 1999 but the credit balance was not applied toward those purchases.

The SASP should periodically investigate large credit balances and return the funds to the donee if necessary.

**WE RECOMMEND** the SASP:

- A. Establish standard policies and procedures for the collection of past-due accounts.
- B. Post payments to the accounts receivable records in a timely manner. In addition, the SASP should prepare monthly credit balance statements and periodically investigate and resolve account credit balances.

**AUDITEE'S RESPONSE**

- A. *The SASP agrees. Our existing policy will be documented in writing and issued to all donees.*
- B. *The SASP agrees.*

<b>2. Computer Applications</b>
---------------------------------

The SASP maintains its perpetual inventory, sales, cash receipts, and accounts receivable records on computer spreadsheets. The various spreadsheets are not designed to interface and update each other. For example, a sales transaction must be entered on three separate spreadsheets: the sales record, the perpetual inventory record, and the accounts receivable record. In addition, a cash receipt must be entered on two separate spreadsheets: the cash receipts record and the accounts receivable record.

Entering the same transaction more than once onto separate spreadsheets results in a duplication of work and can increase the risk of errors and inconsistent recordings.

**WE RECOMMEND** the SASP reevaluate its data processing needs and obtain or develop software that maintains inventory, sales, and cash receipts accounting and control information without duplication of data entry.

**AUDITEE'S RESPONSE**

*The SASP agrees. However, system costs limit our ability to obtain a data system meeting our needs. The SASP will continue to investigate cost effective solutions.*

<b>3. State Surplus Property Procedures</b>
---------------------------------------------

- A. Section 34.140, RSM0 2000, gives the SASP the authority to distribute state owned surplus or unneeded supplies and property to other state agencies and to donees eligible under the federal surplus property program. In addition, the SASP

can sell surplus or unneeded supplies or property to the general public by auction or sealed bid.

A state agency that wants to dispose of property completes a Report of State Owned Surplus Property (Form SS-1) and submits the form to the SASP. The SASP gives the agency authorization to deliver the property items to the SASP location, or in some cases the SASP gives the agency authorization for local disposal. State agencies are not suppose to transport surplus property to the SASP without prior authorization from the SASP. The state agency has to store the property until the SASP provides disposition instructions. As a result, state agencies frequently have to hold unneeded property awaiting the SASP's authorization.

When the surplus property is delivered, the SASP compares the Form SS-1 to the property delivered to ensure the accuracy of the Form SS-1 and to verify that all items are received. Based on discussions with SASP personnel and our observations, this verification takes considerable time and effort especially when initial comparisons do not agree. The SASP receives about 3,000 Forms SS-1 in a year. Most of the items received by the SASP are of low value. SASP personnel indicated that over 80% of the proceeds from the sale of state surplus property are from selling vehicles. During fiscal year 2001, total sale receipts were \$1.5 million, so about \$1.2 million was from vehicles. Therefore, only \$300,000 was received for the remaining numerous items handled by the SASP.

In 15 CSR 40-2.031 Control of Fixed Assets, the State Auditor specifies a threshold of \$1,000 for an item of equipment to be accounted for as a fixed asset. Equipment items that cost less than \$1,000 do not have to be accounted for as fixed assets. The SASP could significantly reduce the time currently used to report and track surplus property if the SASP would use the current \$1,000 threshold specified by the State Auditor. The SASP could have less stringent accounting procedures and records for items with an original cost under \$1,000, but have more stringent procedures and records for items with an original cost of \$1,000 or more and certain property items under \$1,000 but considered sensitive (attractive or easily pilfered).

With this time reduction, the SASP should be able to maintain complete and accurate perpetual inventory records for the significant items (over \$1,000 and sensitive). The time reduction should also allow state agencies to deliver unneeded property without prior authorization from the SASP, which could eliminate the need for temporary storage facilities at state agencies.

- B. The SASP does not maintain perpetual inventory records to account for property received and disposed of. Instead, the SASP uses the Forms SS-1 to account for state surplus property on hand. Property is assigned an inventory number which consists of the month of property transfer, the sequential Form SS-1 number, and an item number which corresponds with the line number on the Form SS-1.



When property is redistributed to other state agencies, sold by redistribution to eligible donees, or sold to individuals by auction or sealed bid, the inventory number is used to identify the property and to record the property redistribution or sale.

Property on hand can only be determined through comparisons of the Forms SS-1 and the property redistribution or sale documentation, and physical inventory counts are not conducted of state-owned surplus property. Adequate inventory records are necessary to properly account for surplus property items.

- C. State agencies may request local disposal authorization from SASP on items which have little or no transfer or sale value. Items that may be considered for local disposal include condemned wood furniture; broken, torn or wet stuffed couches and chairs; mattresses; potentially hazardous material; used tires; batteries; and condemned appliances. When requesting local disposal, state agencies complete the required Form SS-1 and indicate local disposal is requested. For all requests approved by the SASP, a local disposal authorization form is distributed by the SASP to the state agency.

Local disposal may be made by soliciting bids for the property or through abandonment and distribution of the property. The SASP requires the state agencies to document the method of disposal on the local disposal authorization form and to return the completed form to the SASP. The SASP does not have procedures in place to ensure that all local disposal authorization forms are completed and returned to the SASP. To safeguard against possible theft or misuse of state property, the SASP needs to ensure that all state agencies granted local disposal authority return the completed local disposal authorization form. The SASP should then review the form to ensure it adequately documents the appropriate local disposal process.

**WE RECOMMEND** the SASP:

- A. Consider alternative procedures and records for surplus property items under \$1,000 to reduce the time and effort required to account for these items. In addition, the SASP should allow state agencies to drop off unneeded property as necessary to limit the need for state agencies to store property awaiting disposal.
- B. Implement a perpetual inventory system for state surplus property and periodically compare the perpetual inventory to physical inventory counts.
- C. Establish procedures to ensure all local disposal authorization forms are appropriately completed and returned to the SASP.

## **AUDITEE'S RESPONSE**

- A. *The SASP agrees to consider alternative procedures and records for surplus property items under \$1,000. The SASP has significantly reduced the necessity for state agencies to store property awaiting disposal through local disposal, sealed bids and off-site auctions. The SASP is not aware of issues regarding storage of property awaiting disposal by agencies.*
- B. *The SASP agrees. However, system costs limit our ability to obtain a data system meeting our needs. The SASP will continue to investigate cost effective solutions.*
- C. *The SASP agrees.*

<b>4. Federal Surplus Property On Hand</b>
--------------------------------------------

The General Services Administration (GSA) requires the SASP to maintain adequate inventory procedures and records to account for and control surplus property when requested, received, stored, and distributed. The SASP maintains two types of inventory records, line items and F-items. Line items are accounted for by each item and consist of the larger, more expensive items such as vehicles and heavy equipment. F-items are the less costly items which are accounted for in broad groupings and valued at an average unit cost. There are about fifty F-item groupings. Examples of F-items include plumbing supplies, hand tools, office supplies, furniture, tires, and metals. The inventory records account for property in quantities, such as number of items or by weight, and by the federal government's original acquisition cost.

We reviewed the supply of federal surplus property on hand counted by the SASP personnel during September 2001, and noted several items which exceeded a six month's supply. Examples of these items include the following:

<b>Description</b>	<b>Quantity On Hand</b>	<b>Issued during the year ended June 30, 2001</b>	<b>Months Supply On Hand</b>
Medical equipment - supplies	24,600	3,252	91
Metals (pounds)	322,636	56,093	69
Hand tools	88,666	18,853	56
Clothing	74,443	17,519	51
Shelving (pounds)	138,225	32,248	51

We also noted quantities of other F-items that appear to exceed the current needs of donees as follows:

<u>Description</u>	<u>Quantity on Hand</u>	<u>Acquisition Cost</u>
Aluminum, copper, brass, etc. (pounds)	54,331	\$ 230,979
Hardware (pounds)	25,162	364,194
Hardware and abrasives	23,582	316,193
Luggage and bags	8,623	138,088
Textile fabrics, tents, yarn, thread, flags	7,852	589,347
Footwear	7,833	438,779

The above information illustrates inventory items in excess of current needs. Excess inventories causes an unnecessary burden on staff to maintain the property and inventory records. The SASP should only acquire items in quantities that donees will purchase in a reasonable time.

**WE RECOMMEND** the SASP obtain surplus property in quantities to meet the current needs of donees and reduce inventory levels.

#### **AUDITEE'S RESPONSE**

*The SASP has and will continue its efforts to reduce inventory.*

#### **5.**

#### **Donee Visits**

The SASP is responsible for enforcing donee compliance with federal program guidelines. The State Plan of Operations requires the SASP to perform a physical inspection or requires the donee to submit a written utilization report during the restriction period, which is either one year or eighteen months as explained in the following paragraph.

Section 101-44.2, Federal Property Management Regulation, requires that surplus property be used only for its approved purpose, placed in use within one year, and used for one year by the eligible donee. If the item has an original acquisition cost of \$5,000 or more, or is a passenger motor vehicle, the utilization period is eighteen months instead of one year. The donee is not allowed to sell, trade, cannibalize, or otherwise dispose of the property within the utilization period without prior approval from the SASP or the GSA. If the donee cannot meet these requirements, the donee is required to return the property to the SASP at the donee's expense. If the property is disposed without SASP or GSA approval, the donee may be required to pay the fair market value of the property. When the restriction period expires, the SASP and the GSA are no longer responsible to monitor donee compliance. Rather, the property is subject to the local laws and policies of the donee.

As part of the audit, we selected seven donees to visit based on such factors as volume and frequency of purchases and unusual items purchased. We reviewed distribution documents and utilization reports and performed our donee visits in September 2001.

We noted one instance of noncompliance regarding property utilization during our donee visits. One item could not be found, and the donee was unable to provide documentation to support disposition. The State Fair Community College acquired a Royal Master Grinder that had an original acquisition cost of \$15,737 for a service charge of \$1,000 on May 25, 2000. The donee indicated that in September 2001, the grinder had been traded to a private individual at no cost to either party. This trade occurred two months prior to the end of the utilization period, which violated program regulations.

**WE RECOMMEND** the SASP contact the donee and take appropriate action to resolve the instance of noncompliance.

### **AUDITEE'S RESPONSE**

*The SASP agrees and will take appropriate action.*

<b>6. Fuel Tanks</b>
----------------------

The SASP maintains a 300 gallon diesel fuel tank and a 300 gallon gasoline fuel tank. All employees have access to the tanks. Logs are not maintained to record fuel usage or to identify the vehicles and machinery filled with fuel. Since the SASP does not maintain fuel usage logs, a reconciliation cannot be performed between fuel purchased, fuel used, and fuel on hand.

Access to fuel tanks should be limited to authorized individuals. In addition, usage logs should be maintained and reviewed by supervisory personnel to ensure the logs are complete and accurate. Fuel purchases should be reconciled to fuel usage and significant differences should be investigated.

**WE RECOMMEND** the SASP limit access to the fuel tanks, maintain complete and accurate fuel logs, and reconcile fuel usage to fuel purchases.

### **AUDITEE'S RESPONSE**

*The SASP agrees and has implemented a log on fuel tanks in August, 2001. This log includes who fuels and what vehicle the fuel is used in. Usage is reconciled when tanks are filled.*

This report is intended for the information of the management of the State Agency for Surplus Property and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT  
STATE AGENCY FOR SURPLUS PROPERTY  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Agency for Surplus Property (SASP) is authorized by Sections 37.075 through 37.090, RSMo 2000. Since July 1, 1974, the SASP has been under the Division of Purchasing and Materials Management within the Office of Administration.

The federal General Services Administration oversees the SASP management of federal property. The SASP screens this property and, after approval by the General Services Administration, receives the property for distribution to eligible donees. Eligible donees include public agencies, not-for-profit educational and public health activities, agencies that primarily serve the homeless, agencies that provide assistance to the needy, and agencies that receive funds from the Older Americans Act.

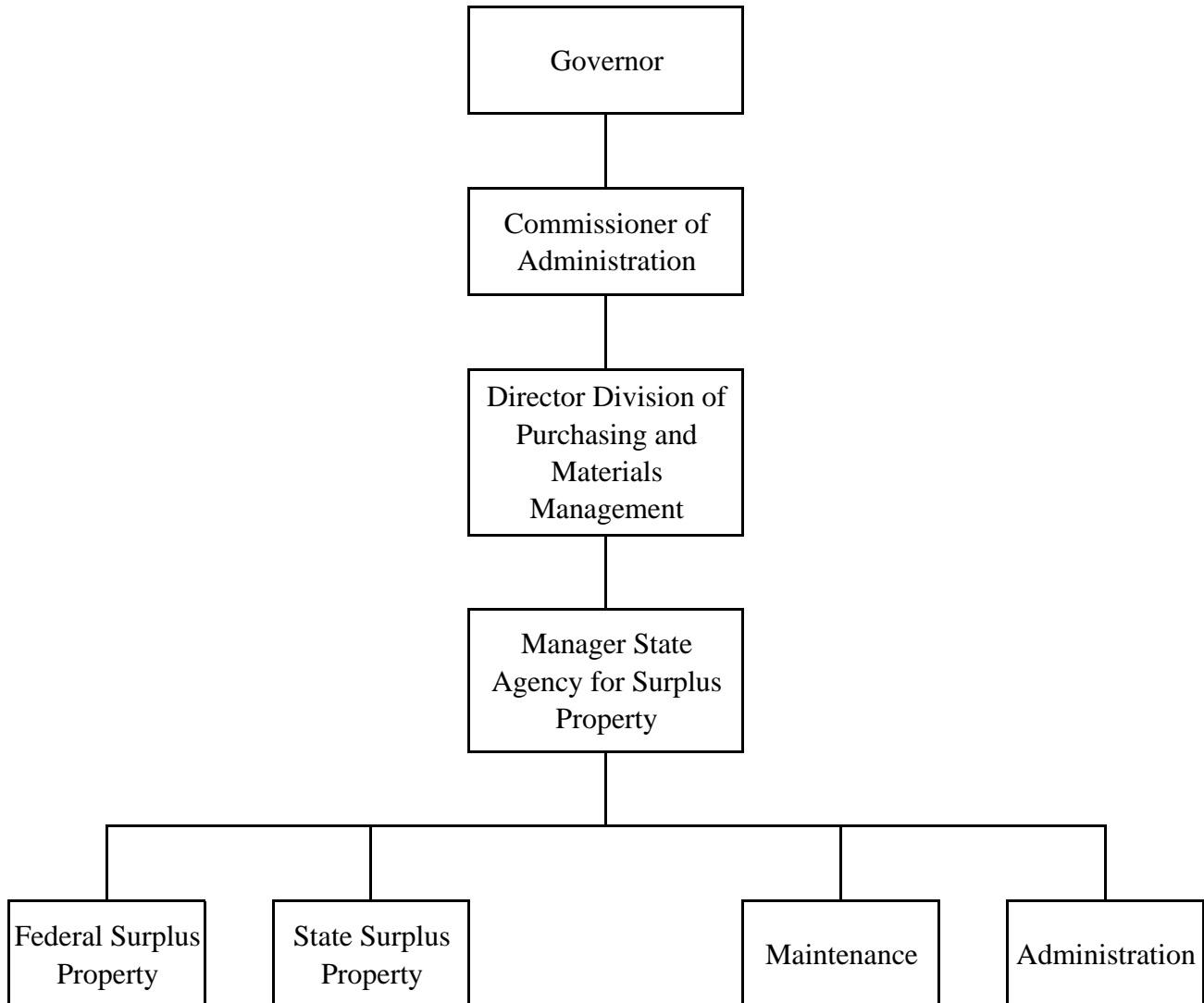
In addition to the federal donation program, SASP operates the state surplus property program. State agencies transfer their surplus property to the SASP. The SASP allows eligible donees to obtain the state surplus property. The SASP may also sell state surplus property to the general public by auction or sealed bid.

The SASP is designed to be self-sustaining. Eligible donees pay a nominal service charge to obtain property. In addition, the SASP retains a percentage of the proceeds from sales to the public by sealed bid or auction.

Marilyn Steffen has served as Manager of the State Agency for Surplus Property since January 1, 1998. On June 30, 2001, the agency employed twenty-two full time employees, one part-time employee, and also uses inmate labor in its operations.

The organization chart follows.

OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT  
STATE AGENCY FOR SURPLUS PROPERTY  
ORGANIZATION CHART  
JUNE 30, 2001



Appendix A

STATE AGENCY FOR SURPLUS PROPERTY  
FEDERAL SURPLUS PROPERTY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND NET INCOME

	Year Ended June 30,	
	2001	2000
REVENUES		
Sales	\$ 2,190,424	1,925,607
Federal Reimbursements	30,016	43,448
Total Revenues	2,220,440	1,969,055
Less: Sales Returns and Allowances	48,015	49,074
Net Operating Revenue	2,172,425	1,919,981
COST OF GOODS ACQUIRED		
Transportation Expenses	482,708	475,208
Material Preparation Expenses	18,817	20,934
Cost of Goods - Automobiles	902,781	703,447
Total Cost of Merchandise	1,404,306	1,199,589
GROSS PROFIT	768,119	720,392
OPERATING EXPENSES		
Personal Services	788,103	710,446
Travel and Vehicle Expense	24,047	25,074
Office Expense	16,741	18,322
Communication Expense	15,431	16,766
Institutional and Physical Plant Expense	38,421	61,112
Data Processing Expense and Equipment	1,303	2,506
Professional Services	9,418	13,095
Other Expenses	66,879	59,239
Total Operating Expenses	960,343	906,560
NET OPERATING INCOME (LOSS)	(192,224)	(186,168)
OTHER INCOME / EXPENSE		
Interest Income	102,018	101,589
Recycling Income	37,003	17,311
Recycling Expense	(19,261)	(12,967)
Miscellaneous Income	902	63
Loss on Disposition of Assets	(13,019)	(906)
Total Other Income (Loss)	107,643	105,090
NET INCOME (LOSS)	\$ (84,581)	(81,078)



## Appendix B

### STATE AGENCY FOR SURPLUS PROPERTY PROCEEDS OF SURPLUS PROPERTY FUND COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH

	Year Ended June 30,	
	2001	2000
RECEIPTS		
Cost Reimbursements	\$ 947	0
Equipment Sales	1,462,734	1,220,519
Total Receipts	<u>1,463,681</u>	<u>1,220,519</u>
DISBURSEMENTS		
Personal Services	730	1,265
Administrative Supplies	27	54
Administrative Operating Supplies	5,333	9,907
Business Services	39,842	26,419
Professional Services	6,175	7,440
Transportation Maintenance and Repair Services	802	186
Building and Equipment Rentals	830	480
Other Miscellaneous Expenses	2,800	3,600
Refunds	1,070	1,548
Program Distributions	<u>1,204,923</u>	<u>1,263,978</u>
Total Disbursements	<u>1,262,532</u>	<u>1,314,877</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	201,149	(94,358)
OTHER FINANCING SOURCES (USES)		
Non Appropriated Transfers	44	44
Transfers for Fringe Benefits	(196)	(319)
Transfer for Hancock Refund	<u>(4,535)</u>	<u>(10,864)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	196,462	(105,497)
CASH BALANCE, JULY 1	308,197	413,694
CASH BALANCE, JUNE 30	<u>\$ 504,659</u>	<u>308,197</u>

Appendix C

STATE AGENCY FOR SURPLUS PROPERTY  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
FEDERAL SURPLUS PROPERTY FUND						
Fixed Price Vehicle Program	\$ 763,000	720,828	42,172	916,000	907,634	8,366
Personal Service	671,017	598,673	72,344	641,770	574,193	67,577
Expense and Equipment	752,884	518,236	234,648	752,884	570,448	182,436
Recycling Program	20,000	19,121	879	13,000	12,967	33
Division of Accounting - Personal Service	39,018	39,003	15	37,459	35,561	1,898
Total Federal Surplus Property Fund	2,245,919	1,895,861	350,058	2,361,113	2,100,803	260,310
PROCEEDS OF SURPLUS PROPERTY FUND						
Distribution of Sale Proceeds	1,090,000	999,957	90,043	1,465,555	1,462,569	2,986
Total Proceeds of Surplus Property Fund	1,090,000	999,957	90,043	1,465,555	1,462,569	2,986
Total All Funds	\$ 3,335,919	2,895,818	440,101	3,826,668	3,563,372	263,296

\* \* \* \* \*



## CONSULTING AND OTHER SERVICES CONTRACTS

**From The Office Of State Auditor  
Claire McCaskill**

*State agencies are generally receiving and using the services contracted for; however, some weaknesses were noted.*

Report No. 2002-10  
February 6, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

PERFORMANCE AUDIT



Office of  
Missouri State Auditor  
Claire McCaskill

February 2002

**Most state contracts with outside consultants and other service providers met requirements and filled needs; however, some weaknesses were noted**

Auditors reviewed various contracts with outside consultants and other service providers to determine if state agencies sought necessary services, received completed work, used the products and properly procured the contracts. Audit tests included reviewing 63 judgmentally selected contracts from 31 state agencies. Test results showed no problems with 53 contracts, but weaknesses in 10 contracts. The following highlights some of the weaknesses noted by auditors:

**Intended outcome did not materialize** - Two contracts reviewed did not produce the results intended, causing the state to pay for some services not received or used. One contractor developed a bench guide for circuit court judges. The agency spent \$8,295 on the guide, which went undistributed and unused. (See page 4)

**Competitive bids not sought** - Agencies involved in two of the contracts tested did not solicit competitive bids or proposals for the services. In one \$103,176 contract to create a training program for local court officials, the agency did not solicit bids, despite an internal policy requiring bids for purchases above \$3,000. (See page 5)

**Payments to contractors not tied to work performed** - In four contracts tested, the contract payment provisions authorized the contractors to receive 50 percent of the contract price when the contracts were signed, rather than tying payments to work performed. The initial payments ranged from \$6,865 to \$4.1 million. In addition, the contractors started their work and incurred costs before the contracts were signed. (See page 5)

**Conflicting pricing provisions** - One contract had conflicting pricing provisions. The contract stated the price would stay the same upon renewal, but the contract also included a pricing page allowing an increase during the first renewal period. As a result, when the contract was renewed, the contractor increased the price by \$12,245, as noted on the pricing page. (See page 6)

These weaknesses indicate not all contracts complied with established policies and procedures. Improving awareness of these policies and procedures would help prevent future problems.

**Reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW SHEET

# CONSULTING AND OTHER SERVICES CONTRACTS

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS</b>	
State Agencies Generally Received Contracted Services; but Some Weaknesses Existed .....	2
Conclusion .....	7
<b>APPENDIXES</b>	
I. OBJECTIVES, SCOPE, AND METHODOLOGY .....	9
II. CONTRACTING LAWS AND PROCEDURES.....	11



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
Jefferson City, MO 65102

The State Auditor's Office audited various consulting and other services contracts in effect between July 1, 1998 and June 30, 2000. The primary objectives of the audit were to determine whether state agencies received the contracted services and used the resulting products/deliverables as intended. We also determined if the contracts were properly procured and had adequate provisions.

We reviewed 63 contracts and concluded the contracted services were generally properly received and used by the applicable agencies. However, two agencies either did not receive and/or use the contracted services. Procurement weaknesses and questionable provisions were noted with some contracts.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

August 3, 2001 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Charles R. Van Loo, CPA
Audit Staff:	Jeffrey Wilson
	Susan Kirchner

## **RESULTS**

### **State Agencies Generally Received Contracted Services; but Some Weaknesses Existed**

We reviewed 63 consulting and other services contracts awarded by 31 state agencies and determined that contracted services were generally received. However, we identified weaknesses in 10 contracts, or 16 percent, awarded by 6 agencies. Two agencies' contracts, totaling \$188,535 did not result in the intended outcome. Four other agencies had weaknesses such as noncompetitive procurement or questionable contract provisions and procedures. While varying factors contributed to these weaknesses, improved awareness of established policies would help alleviate them.

#### **Background**

All state agencies, except the Legislative Branch, Judicial Branch, Lottery Commission, and the Department of Transportation (except data processing, telecommunications, and printing) are governed by Chapter 34 of the Missouri Revised Statutes, for the purchase of products and services. Exempted agencies have established their own policies or follow the guidance in Chapter 34. That chapter requires the Commissioner of Administration to purchase all supplies (including contractual services) for all applicable departments. However, the Commissioner has granted local purchase authority to agencies, which may delegate all or part of this authority to their sub-agencies. *(See Appendix II, page 11, for additional background.)*

#### **Audit methodology**

State agencies identified approximately 1,500 consulting and other services contracts in effect between July 1, 1998 and June 30, 2000. We judgmentally selected 63 contracts to review. When selecting the contracts, we considered the cost of the contract, the nature of the services, and the size of the agency. *(See Appendix I, page 9, for additional information.)*

#### **Most contracts resulted in the intended outcome**

State agencies received the contracted services, and the product was used in 61 of the 63 contracts reviewed. In addition, state agency officials generally complied with established purchasing regulations and policies and the contract provisions were proper.

#### **Two contracts did not provide the outcome intended**

The Department of Health and Office of State Courts Administrator had contracts that did not result in the intended outcome. As a result, the state paid for services that were not received and/or used.

#### **Department of Health**

In June 1998, the Department of Health's Office of Minority Health contracted to pay Lincoln University an amount not to exceed \$210,000 to enhance the department's ability

to serve Missouri's minority population. The contract required the university to complete various studies, conduct a training seminar, and establish and sustain a Missouri Center on Minority Health and Aging. The studies to be conducted focused on improving the health status of minorities in three targeted communities: St. Louis, Kansas City, and southeast Missouri. However, university officials did not perform or complete all the services in the contract. Although department officials agreed with reducing the contracted services, they made the changes informally with no written documentation or formal contract amendment(s). Even though the contractual services were reduced substantially, department officials still paid the university \$180,240.

While the department contracted for nine focus group interviews and a comprehensive final report, department data showed university officials only conducted five focus group interviews and did not submit a final report. Further, department officials told us they did not use the information obtained from the focus group interviews that were conducted. They also stated they had directed the university to only conduct six interviews and did not require a final report.

The contractor also did not analyze the impact the Mobile Health Van Program had on local health department clinics in Pemiscot, Dunklin, and southern New Madrid counties as required in the contract. Department officials decided the Mobile Van Program assessment did not need to be completed because they were restructuring the program.

A department official acknowledged there were deficiencies in the design of the contract. That official indicated the department did not require all the research components of the contract be completed; however, she indicated many of the agreed upon goals for establishing the center were met, even though they were not documented in the contract. As a result, the department did not further reduce the money paid to the university. To correct this issue, this department official indicated the Office of Minority Health continues to receive technical assistance from the department's administrative offices to draft contracts that are more reflective of the intent and required outcomes of other contractual agreements.

### **Office of State Courts Administrator**

In March 1999, the Office of State Courts Administrator (the Courts Administrator) contracted with Phelps County and an Associate Circuit Judge in that county to publish an Associate Court Bench Guide for Traffic, Conservation, and Water Patrol cases.<sup>1</sup> Although the Courts Administrator paid for developing the bench guide, no funding was made available to market and distribute the guide. As a result, the guide went undistributed and unused, even though state officials paid Phelps County \$8,295 for

Contracted  
product was  
never used

---

<sup>1</sup> The bench guide detailed a statewide fine schedule authorized by the Missouri Legislature in 1996. The guide's release was intended to coincide with the new Fines Collection Center. Associate Court Judges that chose not to use the new Fines Collection Center could use the guide.



the product. The Associate Circuit Judge said the state also lost additional fine revenues due to this situation.

The reasons for not distributing the guide stem from an incomplete contract and differing understandings about who should fund that part of the project. Court Administrator officials believed funds for distribution should have come from other sources, adding that the Phelps County contract did not cover distribution of the guide. The judge had said he was not able to obtain any additional money to distribute the bench guide from other sources or from the Courts Administrator. However, Courts Administrator officials indicated that the 2001 update to the bench guide is being prepared and they will ensure it is distributed to the applicable parties.

### **Three contracts had procurement weaknesses**

State agency officials responsible for three contracts did not comply with established purchasing regulations and policies. One contract (Missouri Veterans Commission) circumvented the Office of Administration's purchasing requirements, and two other contracts (Supreme Court and Office of State Courts Administrator) were not competitively bid.

#### **Missouri Veterans Commission**

The Missouri Veterans Commission contracted in May 1997 for a Quality Management Review of various state veterans homes, which cost \$73,459 in fiscal year 1999 and \$57,890 in fiscal year 2000. While this agency solicited bids for these services, the contract amounts exceeded the \$25,000 local purchase threshold as delegated by the Office of Administration. Therefore, by procuring these services through the local purchase contract delegation of authority, the Missouri Veterans Commission circumvented the state's purchasing requirements.

Purchasing  
requirements  
circumvented

Missouri Veterans Commission officials indicated that while its central office handled the procurement of the services, each home entered into its own contract. Each home had the choice to accept or reject the contracted services. A commission official stated the local purchase contract threshold was not violated because each home could choose whether to use the services and no home paid over \$25,000 per year for the services. However, Office of Administration officials stated the purchase should have been referred to its staff for procurement since the total expenditures exceeded \$25,000 and the central office handled the procurement of these services for all the homes.

#### **Missouri Supreme Court**

In November 1999, the Missouri Supreme Court did not solicit bids or proposals before awarding an 8-month, \$10,000 contract to a consultant for cleaning and maintaining offices. Although the Supreme Court is not governed by the state purchasing law, the Court Clerk stated the court follows state practices in the absence of having internal

Proposals not  
solicited before  
awarding contract

purchasing guidelines. However, in this instance, court staff did not follow state practices. In addition, there was no evidence that staff checked into other possible service providers.

The Court Clerk stated the contractor had unique qualifications to perform the contract's functions and added that a bid process would not have identified a comparable qualified consultant. The Court Clerk also indicated he needed the contractor to immediately begin assessing the agency's needs before the maintenance supervisor retired. As such, the court decided to enter into the contract without seeking competitive proposals.

The agreement required the contractor to consult with court officials regarding office maintenance and cleaning, train designated staff and employees in proper cleaning techniques, and evaluate this staff.

### **Office of State Courts Administrator**

In June 2000, the Office of State Courts Administrator did not solicit bids before contracting with two consultants to design a training program for local court officials. Although the Courts Administrator is not governed by state purchasing laws, internal procedures require that bids be solicited for items or services of \$3,000 or more. Expenditures related to this contract totaled \$103,176.

A Courts Administrator official indicated these consultants were selected based on their knowledge and ability to develop and deliver the project within a strict timeframe and allotted budget. However, in September 2001, other Courts Administrator officials indicated they agreed competitive proposals should be solicited and used as a basis in selecting consultants or contractors. They indicated there have been several policy and organizational changes since this contract. A Contracts and Grants Coordinator is now responsible for ensuring procurement policies and procedures are followed. In addition, the fiscal policies and procedures have been evaluated and updated, and the Contracts and Grants Coordinator must approve all sole source contracts.

### **Five contracts showed weaknesses in certain contract provisions**

Four Department of Elementary and Secondary Education contracts involved questionable payment provisions, and a Department of Social Services contract procured by the Office of Administration had conflicting pricing provisions.

### **Department of Elementary and Secondary Education**

Four Department of Elementary and Secondary Education (education) contracts had questionable payment provisions. These payment provisions authorized the contractor to receive 50 percent of the contract amount once the contract had been signed. The initial payments on these contracts ranged from \$6,865 to \$4,128,309. In addition, education officials also authorized the contractors to start work and incur costs before the contracts were signed. For the four contracts reviewed, contractors started working from 1 to 4

months prior to a finalized contract.

An education official indicated such payment provisions were standard in department contracts of this nature. She said these payment provisions occurred because it often took the agency 4 to 6 months to obtain all necessary signatures (particularly contracts involving colleges or universities). Education officials defended paying half of the amount upon a signed contract because the contractor had generally already worked on the project for an extended time period.

Office of Administration officials stated that contract provisions authorizing large initial payments are not a good practice and are discouraged. The payment provisions of contracts should tie payments to the work performed or the progress toward a completed contract. While an education official indicated program staff work closely with the contractor and ensure any payments made to the contractor correlate to the work performed, no documentation existed to support this practice, nor did the contracts require it. In addition, authorizing work to start before a contract is signed places unnecessary risk on the state. Liabilities could result if disputes arise related to a contract that has not been formally approved and signed.

Poor business practices place state at risk

### **Office of Administration**

In 1998, the Office of Administration, Division of Purchasing and Materials Management hired a consultant for the Department of Social Services to review service quality of health maintenance organizations operating in the state. This contract contained conflicting, or contradictory, pricing provisions. The contract began February 1998 and cost \$477,434 the first year.

A provision within the contract gave the Division of Purchasing and Materials Management the right to renew the contract for four additional 1-year periods. A provision in the contract stated: "In the event the Division of Purchasing and Materials Management exercises such right (to renew the contract), all terms and conditions, requirements and specifications of the contract, including prices, shall remain the same and apply during the renewal periods." Although the contract included this provision, the state buyer's bid invitation included a pricing page specifying a price increase during the first renewal period. As a result, the contractor increased the amount by \$12,245, as noted on the pricing page, upon renewing the contract.

Price increase contradicts contract

A Division of Purchasing and Materials Management official, responding to this situation, indicated he regretted the inconsistent language between the contract provision and the pricing page. However, he explained the pricing page would override the contract language and allow the increase. He indicated it was a general practice to allow for a slight price increase on renewal options and that contract language prohibiting such increases is unusual.

## Conclusion

For those contracts reviewed, state agencies generally received and used the contracted services; however, some weaknesses were noted. Our analysis indicated that established policies and procedures did not ensure proper handling of consulting and other services contracts.

The policies did not ensure agencies received and used the contracted services, or that agencies properly procured such services. The local purchase delegation of authority regulations did not ensure the Office of Administration handled all applicable procurements as required. In addition, agencies did not solicit competitive bids or proposals to the extent possible.

The policies also did not ensure adequate payment or pricing provisions. Some payment provisions were not contingent on the amount of work performed or progress made toward a completed contract. Contractors should not be authorized to start work prior to a final and signed contract. In addition, we noted inconsistent and contradictory pricing provisions. Care should be taken to ensure such contractual provisions, including pricing provisions, are clear and consistent.

Each weakness demonstrates that consulting and other services contracts did not always comply with established policies and procedures. The weaknesses occurred across several state agencies with little assurance they would not occur again. Improving the awareness of established policies and appropriate practices would help accomplish these ends.

### Office of Administration comments:

*The Office of Administration appreciates the opportunity to offer the following comments regarding the Consulting and Other Services Contracts audit report.*

*The Division of Purchasing and Materials Management and the state agencies that fall under Chapter 34 authority have a shared responsibility for ensuring that consulting and other services contracts comply with established policies and procedures. The Division of Purchasing and Materials Management is primarily responsible for the establishment of the contracts except when a delegation of authority exists. The state agency is primarily responsible for monitoring the contract to ensure that the services are received and used in accordance with the contract. However in both the establishment of and the administration of the contract there is need for considerable collaborative effort between the Division of Purchasing and Materials Management and the state agency in order to obtain the intended outcome.*

*The Office of Administration agrees that improving the awareness of established policies and appropriate practices would help to ensure the proper handling of consulting and other services contracts. The Division of Purchasing and Materials Management attempts to do this by issuing a Delegation of Authority to a department only upon the signature of the department director acknowledging that the department will adhere to the requirements stated within the document. The Division of Purchasing and Materials Management further attempts to ensure that the department is following the procurement requirements by providing an on-site review of the procurement practices of those agencies that have been issued a Delegation of Authority in order*

*to assist them in their procurement activities and by providing procurement training to them. Since the Division of Purchasing and Materials Management has limited resources available for this activity, it is possible to do on-site reviews for only a few of the agencies each year. The Division of Purchasing and Materials Management also holds bimonthly agency meetings to share information regarding procurement policies and other related information with the state agencies. While the Division of Purchasing and Materials Management has no authority over those agencies that are exempt from Chapter 34 requirements, it does provide assistance to those agencies upon their request. The Division of Purchasing and Materials Management will continue to try and improve the awareness of and implementation of appropriate procurement policies and procedures throughout the state agencies.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The primary objectives of the audit were to determine whether state agencies received the contracted services and used the resulting products/deliverables as intended. We also determined if the contracts were properly procured and had adequate provisions.

**Scope and Methodology**

The State Auditor's Office audited various consulting and other services contracts in effect between July 1, 1998 and June 30, 2000. We considered a consulting or other services contract as a contract in which a firm or individual was hired to provide professional, technical, or other personal services to the applicable agency while not in an employment capacity.

To obtain a population of such contracts, we surveyed various state agencies and requested a listing of the contracts meeting this criteria. We obtained the following information: contractor name, contract number, nature of the contract, product or deliverables that resulted from the contract, and estimated expenditures incurred during the period under review.

The listings provided by the various agencies included approximately 1,500 contracts. Because the state does not maintain a centralized database of all consulting and other services contracts entered into by the various state agencies, we could not determine, or ensure, that the listings provided by the state agencies were complete and included the entire population of contracts that were requested. We judgmentally selected 63 contracts for review based on the following factors:

- 1) The nature of the contract. Contracts of an unusual nature were more likely to be selected.
- 2) The cost of the contract. Contracts involving large expenditure amounts were more likely to be selected.
- 3) We ensured several contracts were selected involving the larger state agencies.

The audit staff obtained copies of the contracts selected and reviewed them to determine whether:

- Services were received by the agency.
- The agency used the resulting product or deliverables.
- Services were procured in accordance with established purchasing regulations or policies.
- Contract provisions were proper.

## **APPENDIX I**

During the course of the audit, the audit staff:

- Interviewed individuals in the Office of Administration, Division of Purchasing and Materials Management to gain an understanding of that agency's role in the procurement of consulting and other services contracts.
- Reviewed procurement regulations and state statutes, and various agencies' internal purchasing policies and procedures, when applicable, to gain an understanding of the requirements surrounding the procurement of these services.
- Contacted officials at various state agencies to discuss the selected contracts.

### **CONTRACTING LAWS AND PROCEDURES**

This appendix describes the applicable Missouri statutes authorizing state agencies to enter into consulting and other services contracts, and the Office of Administration, Division of Purchasing and Materials Management oversight responsibilities.

All state agencies, with the exception of the Legislative Branch, Judicial Branch, Lottery Commission, and the Department of Transportation (except data processing, telecommunications, and printing services) are governed by Chapter 34 of the Missouri Revised Statutes. That chapter outlines state purchasing requirements for those agencies to which it applies.

The Commissioner of Administration should purchase all supplies, including materials, equipment, and contractual services, for all departments of the state, except as otherwise provided.<sup>1</sup> All purchases in excess of \$3,000 should be based on competitive bids. For any expenditure estimated to be \$25,000 or more, the Commissioner of Administration should perform certain procurement procedures including advertising, posting, and soliciting by mail for bids from prospective vendors.<sup>2</sup>

The purchasing laws address when the competitive bidding requirement may be waived. If the Commissioner of Administration determines the use of competitive bidding is either not practicable or not advantageous to the state, supplies or services may be procured by competitive proposals.<sup>3</sup> The Commissioner may waive the requirement of competitive bids or proposals for supplies when he has determined in writing that there is only a single feasible source for the supplies. In addition, the Commissioner may waive the requirement of competitive bids or proposals for supplies in cases of emergency or a threat to public safety or welfare.<sup>4</sup>

The Office of Administration, Division of Purchasing and Materials Management has granted local purchase authority to those agencies governed by Chapter 34. This delegation of local purchase authority allows state agencies, through competitive bidding, to make local purchases or to enter into purchase contracts with a total value less than \$25,000 for an initial contract period not-to-exceed 12 months. The agencies may include renewal options in such contracts; however, each renewal should not exceed 12 months and must be less than \$25,000.

Local purchase authority cannot be used for the procurement of: 1) supplies that are available on current agency, statewide, or blanket contracts, 2) vehicles, 3) supplies for which a series of payments to the same vendor will have an aggregate value of \$25,000 or more within the same fiscal year, 4) supplies which will utilize lease/purchase financing, 5) supplies which will utilize a competitive negotiation process, or 6) single feasible source supplies in excess of \$3,000. All such procurements must be referred to the Office of Administration, Division of Purchasing and

---

<sup>1</sup> Section 34.030, RSMo 2000.

<sup>2</sup> Section 34.040, RSMo 2000.

<sup>3</sup> Section 34.042, RSMo 2000.

<sup>4</sup> Sections 34.044 and 34.045, RSMo 2000.



## **APPENDIX II**

Materials Management for processing. A state agency may delegate all or part of its local procurement authority to its sub-agencies.

For the state agencies that are not governed by Chapter 34, RSMo 2000, we determined whether any purchasing policies or procedures had been established by those agencies and reviewed them for compliance.



**PERRY COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-09  
January 30, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Perry County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Perry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- In December 2000 and 1999, the County Commission amended various county budgets to reflect increased expenditures made during the year. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Perry County's Associate County Commissioners' salaries were each increased approximately \$4,100 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,200 for the two years ended December 21, 2000, should be repaid.

- The Prosecuting Attorney's office needs to improve controls over the processing of cash receipts and subsequent disbursements related to bad check and court ordered restitutions.

(over)

YELLOW SHEET

- The county needs to establish billing rates appropriate for housing inmates in the county jail, solicit bids for meals provided to inmates and enter into written contracts for all such services.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

PERRY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FINANCIAL SECTION</b> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-18
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-18
Notes to the Financial Statements .....	19-22
Schedule: .....	23-24
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	24
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	25-26

PERRY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	28-35
<u>Number</u>	<u>Description</u>
1.	Budgetary Practices.....30
2.	Officials' Salaries.....30
3.	Housing of Prisoners.....31
4.	Prosecuting Attorney's Controls and Procedures .....32
Follow-Up on Prior Audit Findings .....	36-42
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	44-50

## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Perry County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Perry County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 27, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Perry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

September 27, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas P. Robinson
Audit Staff:	Carl E. Zilch, Jr.
	Kate Petschonek
	Chris Vetter



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Perry County, Missouri

We have audited the special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Perry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Perry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Perry County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

September 27, 2001

## Financial Statements

Exhibit A

PERRY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 503,917	2,047,768	2,034,822	516,863
Special Road and Bridge	552,915	1,265,460	1,434,716	383,659
Assessment	28,273	183,292	183,564	28,001
Law Enforcement Training	3,795	5,191	7,803	1,183
Prosecuting Attorney Training	5,245	1,249	85	6,409
Health Center	217,873	719,143	683,180	253,836
Mental Health	146,971	205,196	134,060	218,107
Landfill/Transfer Station	27,689	567,169	462,556	132,302
911 Emergency	214,779	189,271	141,473	262,577
Prosecuting Attorney Bad Check	4,992	15,012	16,464	3,540
Senate Bill 40	153,504	203,252	234,576	122,180
Law Library	1,231	9,278	6,769	3,740
Recorder's User Fees	19,852	9,174	14,935	14,091
Associate Circuit Division Interest	3,425	1,683	0	5,108
Circuit Division Interest	2,218	1,922	18	4,122
Sheriff's Reserve	2,304	50	99	2,255
Commissary	5,962	10,263	9,678	6,547
Sheriff's Civil Fees	36,214	27,017	34,747	28,484
Local Park Sales Tax	531,274	951,726	914,505	568,495
Perry County Health Center Building	2,768	36,792	36,675	2,885
FEMA 404 Buyout	3,787	0	3,787	0
Election Services	0	1,380	0	1,380
Total	\$ 2,468,988	6,451,288	6,354,512	2,565,764

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

PERRY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 347,061	1,951,712	1,794,856	503,917
Special Road and Bridge	432,237	1,286,621	1,165,943	552,915
Assessment	17,005	174,026	162,758	28,273
Law Enforcement Training	3,217	4,832	4,254	3,795
Prosecuting Attorney Training	4,263	1,033	51	5,245
Health Center	171,630	682,255	636,012	217,873
Mental Health	67,608	196,697	117,334	146,971
Landfill/Transfer Station	(14,632)	562,543	520,222	27,689
911 Emergency	117,864	177,038	80,123	214,779
Prosecuting Attorney Bad Check	17,578	12,642	25,228	4,992
Senate Bill 40	103,258	195,633	145,387	153,504
Law Library	1,583	9,265	9,617	1,231
Recorder's User Fees	14,147	10,339	4,634	19,852
Associate Circuit Division Interest	2,684	741	0	3,425
Circuit Division Interest	958	1,349	89	2,218
Sheriff's Reserve	2,568	2,300	2,564	2,304
Commissary	5,909	8,524	8,471	5,962
Sheriff's Civil Fees	27,808	23,638	15,232	36,214
Local Park Sales Tax	547,489	911,165	927,380	531,274
Perry County Health Center Building	2,693	36,750	36,675	2,768
Multi-Purpose Building	0	652,307	652,307	0
CDBG Buyout	23,725	1,280	25,005	0
FEMA 404 Buyout	3,787	0	0	3,787
Total	\$ 1,900,440	6,902,690	6,334,142	2,468,988

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 6,453,822	6,451,288	(2,534)	6,493,866	6,901,410	407,544
DISBURSEMENTS	6,797,999	6,350,725	447,274	6,652,837	6,309,137	343,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(344,177)	100,563	444,740	(158,971)	592,273	751,244
CASH, JANUARY 1	2,465,001	2,465,201	200	1,872,728	1,872,928	200
CASH, DECEMBER 31	2,120,824	2,565,764	444,940	1,713,757	2,465,201	751,444
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	404,000	388,869	(15,131)	383,000	402,528	19,528
Sales taxes	900,000	971,394	71,394	835,000	892,624	57,624
Intergovernmental	170,900	203,525	32,625	207,397	200,649	(6,748)
Charges for services	278,523	245,821	(32,702)	252,500	261,788	9,288
Interest	20,000	37,084	17,084	15,000	31,654	16,654
Other	140,350	166,075	25,725	155,000	129,469	(25,531)
Transfers in	35,000	35,000	0	33,000	33,000	0
Total Receipts	1,948,773	2,047,768	98,995	1,880,897	1,951,712	70,815
DISBURSEMENTS						
County Commission	81,425	82,286	(861)	77,610	77,745	(135)
County Clerk	83,632	81,884	1,748	77,633	75,268	2,365
Elections	53,700	41,686	12,014	25,000	1,123	23,877
Buildings and grounds	146,561	145,107	1,454	135,475	132,706	2,769
Employee fringe benefits	230,500	221,898	8,602	215,100	199,808	15,292
County Treasurer	30,176	29,705	471	28,821	28,766	55
County Collector	67,582	67,627	(45)	63,314	62,667	647
Circuit Clerk	58,030	53,474	4,556	56,333	56,742	(409)
Associate Circuit Court	5,500	5,336	164	6,000	4,576	1,424
Court administration	38,737	28,772	9,965	34,300	32,029	2,271
Public Administrator	13,700	14,423	(723)	12,750	13,632	(882)
Sheriff	357,000	353,343	3,657	276,948	287,909	(10,961)
Jail	182,780	198,737	(15,957)	166,316	170,352	(4,036)
Prosecuting Attorney	93,791	95,611	(1,820)	87,520	87,501	19
Juvenile Officer	69,480	69,480	0	108,333	92,145	16,188
County Coroner	16,275	16,107	168	14,875	10,465	4,410
Dispatch Operations	128,301	126,590	1,711	118,686	117,618	1,068
University Extension Service	31,388	32,478	(1,090)	31,386	31,103	283
Perry County IDA	47,500	36,000	11,500	46,000	46,000	0
Debt service	38,962	38,962	0	38,962	38,962	0
Other	286,986	266,610	20,376	226,761	205,470	21,291
Emergency Fund	58,500	28,706	29,794	56,500	22,269	34,231
Total Disbursements	2,120,506	2,034,822	85,684	1,904,623	1,794,856	109,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(171,733)	12,946	184,679	(23,726)	156,856	180,582
CASH, JANUARY 1	503,917	503,917	0	347,061	347,061	0
CASH, DECEMBER 31	332,184	516,863	184,679	323,335	503,917	180,582



## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	612,000	599,276	(12,724)	513,000	604,305	91,305
Intergovernmental	729,000	551,991	(177,009)	522,960	551,750	28,790
Charges for services	50,000	62,695	12,695	40,000	63,850	23,850
Interest	25,000	42,931	17,931	30,000	30,431	431
Other	21,825	8,567	(13,258)	17,325	36,285	18,960
Total Receipts	1,437,825	1,265,460	(172,365)	1,123,285	1,286,621	163,336
DISBURSEMENTS						
Salaries	330,000	326,658	3,342	298,000	284,264	13,736
Employee fringe benefits	96,500	90,572	5,928	89,000	79,207	9,793
Supplies	82,500	85,090	(2,590)	74,000	72,242	1,758
Insurance	16,000	12,596	3,404	15,000	15,209	(209)
Road and bridge materials	40,000	32,204	7,796	31,000	38,719	(7,719)
Equipment repairs	101,500	123,385	(21,885)	91,000	83,561	7,439
Rentals	500	0	500	500	0	500
Equipment purchases	201,000	207,060	(6,060)	101,000	71,886	29,114
Construction, repair, and maintenance	546,500	325,158	221,342	412,100	404,216	7,884
Debt service	56,000	46,692	9,308	0	0	0
Other	93,000	150,301	(57,301)	77,350	83,639	(6,289)
Transfers out	35,000	35,000	0	33,000	33,000	0
Total Disbursements	1,598,500	1,434,716	163,784	1,221,950	1,165,943	56,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(160,675)	(169,256)	(8,581)	(98,665)	120,678	219,343
CASH, JANUARY 1	552,915	552,915	0	432,237	432,237	0
CASH, DECEMBER 31	392,240	383,659	(8,581)	333,572	552,915	219,343
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	220,596	175,487	(45,109)	158,462	168,200	9,738
Interest	3,000	4,385	1,385	2,500	2,796	296
Other	3,000	3,420	420	2,500	3,030	530
Total Receipts	226,596	183,292	(43,304)	163,462	174,026	10,564
DISBURSEMENTS						
Assessor	249,391	183,564	65,827	163,462	162,758	704
Total Disbursements	249,391	183,564	65,827	163,462	162,758	704
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,795)	(272)	22,523	0	11,268	11,268
CASH, JANUARY 1	28,273	28,273	0	17,005	17,005	0
CASH, DECEMBER 31	5,478	28,001	22,523	17,005	28,273	11,268

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	1,600	1,524	(76)	2,000	1,561	(439)
Charges for services	3,300	3,521	221	3,300	3,134	(166)
Interest	100	146	46	120	137	17
Total Receipts	5,000	5,191	191	5,420	4,832	(588)
DISBURSEMENTS						
Sheriff	7,700	7,803	(103)	5,100	4,254	846
Total Disbursements	7,700	7,803	(103)	5,100	4,254	846
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	(2,612)	88	320	578	258
CASH, JANUARY 1	3,795	3,795	0	3,217	3,217	0
CASH, DECEMBER 31	1,095	1,183	88	3,537	3,795	258
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	850	891	41	750	802	52
Interest	250	358	108	150	231	81
Total Receipts	1,100	1,249	149	900	1,033	133
DISBURSEMENTS						
Prosecuting Attorney	250	85	165	600	51	549
Total Disbursements	250	85	165	600	51	549
RECEIPTS OVER (UNDER) DISBURSEMENTS	850	1,164	314	300	982	682
CASH, JANUARY 1	5,245	5,245	0	4,263	4,263	0
CASH, DECEMBER 31	6,095	6,409	314	4,563	5,245	682
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property Tax	346,000	369,364	23,364	344,000	368,913	24,913
Intergovernmental	291,000	287,093	(3,907)	231,650	255,026	23,376
Charges for services	35,000	42,904	7,904	25,000	39,584	14,584
Interest	10,000	17,411	7,411	10,000	14,569	4,569
Other	1,000	2,371	1,371	350	4,163	3,813
Total Receipts	683,000	719,143	36,143	611,000	682,255	71,255
DISBURSEMENTS						
Salaries	427,000	420,882	6,118	394,000	400,015	(6,015)
Employee fringe Benefits	94,200	97,961	(3,761)	89,000	84,606	4,394
Office expenditures	17,000	20,280	(3,280)	16,500	15,468	1,032
Equipment purchases	9,000	13,647	(4,647)	6,000	5,001	999
Mileage and training	24,000	19,967	4,033	21,000	22,193	(1,193)
Contract services	33,000	38,797	(5,797)	34,700	31,672	3,028
Other	57,800	50,638	7,162	54,500	56,049	(1,549)
Transfers out	21,000	21,008	(8)	21,100	21,008	92
Total Disbursements	683,000	683,180	(180)	636,800	636,012	788
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	35,963	35,963	(25,800)	46,243	72,043
CASH, JANUARY 1	217,673	217,873	200	171,430	171,630	200
CASH, DECEMBER 31	217,673	253,836	36,163	145,630	217,873	72,243

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MENTAL HEALTH FUND</u></b>						
RECEIPTS						
Property Tax	188,000	188,416	416	170,000	187,778	17,778
Intergovernmental	1,200	591	(609)	1,500	1,206	(294)
Interest	5,000	16,116	11,116	2,500	7,645	5,145
Other	1,000	73	(927)	500	68	(432)
Total Receipts	195,200	205,196	9,996	174,500	196,697	22,197
DISBURSEMENTS						
Contract services	90,000	83,800	6,200	83,800	83,854	(54)
Office expenditures	21,750	15,792	5,958	21,750	13,532	8,218
Equipment purchases	20,000	11,995	8,005	20,000	514	19,486
Other	20,000	6,805	13,195	17,000	3,766	13,234
Transfers out	16,000	15,668	332	16,000	15,668	332
Total Disbursements	167,750	134,060	33,690	158,550	117,334	41,216
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,450	71,136	43,686	15,950	79,363	63,413
CASH, JANUARY 1	146,971	146,971	0	67,608	67,608	0
CASH, DECEMBER 31	174,421	218,107	43,686	83,558	146,971	63,413
<b><u>LANDFILL/TRANSFER STATION FUND</u></b>						
RECEIPTS						
Intergovernmental	0	4,724	4,724	13,219	0	(13,219)
Charges for services	575,000	543,474	(31,526)	500,000	560,280	60,280
Interest	2,000	5,430	3,430	1,000	1,524	524
Other	1,000	3,541	2,541	27,512	739	(26,773)
Transfers in	0	10,000	10,000	11,781	0	(11,781)
Total Receipts	578,000	567,169	(10,831)	553,512	562,543	9,031
DISBURSEMENTS						
Salaries	26,693	26,968	(275)	24,000	24,770	(770)
Employee fringe benefits	8,075	7,373	702	7,500	7,309	191
Office expenditures	2,425	2,550	(125)	2,475	2,037	438
Equipment purchases	13,015	6,916	6,099	13,015	15,931	(2,916)
Methane migration buyout	37,500	2,640	34,860	65,000	72,088	(7,088)
Sanitation	413,800	404,848	8,952	423,300	396,588	26,712
Recycling Center	0	9,761	(9,761)	0	0	0
Other	1,500	1,500	0	1,510	1,499	11
Total Disbursements	503,008	462,556	40,452	536,800	520,222	16,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	74,992	104,613	29,621	16,712	42,321	25,609
CASH, JANUARY 1	27,689	27,689	0	(14,632)	(14,632)	0
CASH, DECEMBER 31	102,681	132,302	29,621	2,080	27,689	25,609

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 EMERGENCY FUND</u></b>						
RECEIPTS						
Charges for services	175,000	174,059	(941)	163,000	168,484	5,484
Interest	8,000	14,970	6,970	5,000	7,573	2,573
Other	500	242	(258)	500	981	481
Total Receipts	183,500	189,271	5,771	168,500	177,038	8,538
DISBURSEMENTS						
Salaries	29,070	28,889	181	26,720	26,640	80
Employee fringe benefits	6,150	6,500	(350)	6,500	5,699	801
Office expenditures	6,350	5,551	799	7,500	2,717	4,783
Equipment purchases	75,000	50,901	24,099	52,000	42,862	9,138
Mileage and training	3,000	4,370	(1,370)	5,300	1,935	3,365
Capital improvements	44,250	44,009	241	0	0	0
Other	1,750	1,253	497	41,200	270	40,930
Total Disbursements	165,570	141,473	24,097	139,220	80,123	59,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,930	47,798	29,868	29,280	96,915	67,635
CASH, JANUARY 1	214,779	214,779	0	117,864	117,864	0
CASH, DECEMBER 31	232,709	262,577	29,868	147,144	214,779	67,635
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	14,000	14,890	890	13,750	12,178	(1,572)
Interest	550	122	(428)	500	464	(36)
Other	0	0	0	250	0	(250)
Total Receipts	14,550	15,012	462	14,500	12,642	(1,858)
DISBURSEMENTS						
Prosecuting Attorney	19,092	16,464	2,628	25,392	25,228	164
Total Disbursements	19,092	16,464	2,628	25,392	25,228	164
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,542)	(1,452)	3,090	(10,892)	(12,586)	(1,694)
CASH, JANUARY 1	4,992	4,992	0	17,578	17,578	0
CASH, DECEMBER 31	450	3,540	3,090	6,686	4,992	(1,694)
<b><u>SENATE BILL 40</u></b>						
RECEIPTS						
Property Tax	157,500	188,416	30,916	168,000	187,778	19,778
Intergovernmental	1,215	603	(612)	2,000	1,161	(839)
Interest	6,500	14,233	7,733	7,000	6,694	(306)
Total Receipts	165,215	203,252	38,037	177,000	195,633	18,633
DISBURSEMENTS						
Contract services	150,000	228,360	(78,360)	180,000	108,991	71,009
Equipment purchases	0	795	(795)	0	0	0
Land Acquisition	0	0	0	0	36,024	(36,024)
Other	500	5,421	(4,921)	0	372	(372)
Total Disbursements	150,500	234,576	(84,076)	180,000	145,387	34,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,715	(31,324)	(46,039)	(3,000)	50,246	53,246
CASH, JANUARY 1	153,504	153,504	0	103,258	103,258	0
CASH, DECEMBER 31	168,219	122,180	(46,039)	100,258	153,504	53,246

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	9,200	9,240	40	7,700	9,240	1,540
Interest	20	38	18	50	25	(25)
Total Receipts	9,220	9,278	58	7,750	9,265	1,515
DISBURSEMENTS						
Publications	10,000	6,769	3,231	9,000	9,617	(617)
Total Disbursements	10,000	6,769	3,231	9,000	9,617	(617)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(780)	2,509	3,289	(1,250)	(352)	898
CASH, JANUARY 1	1,231	1,231	0	1,583	1,583	0
CASH, DECEMBER 31	451	3,740	3,289	333	1,231	898
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	10,000	8,216	(1,784)	10,000	9,520	(480)
Interest	750	958	208	700	819	119
Total Receipts	10,750	9,174	(1,576)	10,700	10,339	(361)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	21,000	14,935	6,065	15,000	4,634	10,366
Total Disbursements	21,000	14,935	6,065	15,000	4,634	10,366
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,250)	(5,761)	4,489	(4,300)	5,705	10,005
CASH, JANUARY 1	19,852	19,852	0	14,147	14,147	0
CASH, DECEMBER 31	9,602	14,091	4,489	9,847	19,852	10,005
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	700	1,683	983	800	741	(59)
Total Receipts	700	1,683	983	800	741	(59)
DISBURSEMENTS						
Supplies and equipment	2,500	0	2,500	2,500	0	2,500
Total Disbursements	2,500	0	2,500	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	1,683	3,483	(1,700)	741	2,441
CASH, JANUARY 1	3,425	3,425	0	2,684	2,684	0
CASH, DECEMBER 31	1,625	5,108	3,483	984	3,425	2,441

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT DIVISION INTEREST FUND</u></b>						
RECEIPTS						
Interest	1,300	1,922	622	900	1,349	449
Total Receipts	1,300	1,922	622	900	1,349	449
DISBURSEMENTS						
Supplies and equipment	2,200	18	2,182	1,200	89	1,111
Total Disbursements	2,200	18	2,182	1,200	89	1,111
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	1,904	2,804	(300)	1,260	1,560
CASH, JANUARY 1	2,218	2,218	0	958	958	0
CASH, DECEMBER 31	1,318	4,122	2,804	658	2,218	1,560
<b><u>SHERIFF'S RESERVE FUND</u></b>						
RECEIPTS						
Other	2,300	50	(2,250)	2,250	2,300	50
Total Receipts	2,300	50	(2,250)	2,250	2,300	50
DISBURSEMENTS						
Sheriff	2,650	99	2,551	3,000	2,564	436
Total Disbursements	2,650	99	2,551	3,000	2,564	436
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(49)	301	(750)	(264)	486
CASH, JANUARY 1	2,304	2,304	0	2,568	2,568	0
CASH, DECEMBER 31	1,954	2,255	301	1,818	2,304	486
<b><u>COMMISSARY FUND</u></b>						
RECEIPTS						
Charges for services	8,585	10,263	1,678	10,490	8,524	(1,966)
Total Receipts	8,585	10,263	1,678	10,490	8,524	(1,966)
DISBURSEMENTS						
Sheriff	10,300	9,678	622	11,140	8,471	2,669
Total Disbursements	10,300	9,678	622	11,140	8,471	2,669
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,715)	585	2,300	(650)	53	703
CASH, JANUARY 1	5,962	5,962	0	5,909	5,909	0
CASH, DECEMBER 31	4,247	6,547	2,300	5,259	5,962	703
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for services	22,300	25,309	3,009	19,700	21,979	2,279
Interest	1,000	1,708	708	1,300	1,659	359
Total Receipts	23,300	27,017	3,717	21,000	23,638	2,638
DISBURSEMENTS						
Sheriff	45,407	34,747	10,660	31,500	15,232	16,268
Total Disbursements	45,407	34,747	10,660	31,500	15,232	16,268
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,107)	(7,730)	14,377	(10,500)	8,406	18,906
CASH, JANUARY 1	36,214	36,214	0	27,808	27,808	0
CASH, DECEMBER 31	14,107	28,484	14,377	17,308	36,214	18,906

## Exhibit B

## PERRY COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL PARK SALES TAX FUND</u></b>						
RECEIPTS						
Sales Tax	895,130	919,744	24,614	850,000	886,141	36,141
Interest	25,000	31,982	6,982	25,000	25,024	24
Total Receipts	920,130	951,726	31,596	875,000	911,165	36,165
DISBURSEMENTS						
City of Perryville	250,000	229,937	20,063	200,000	144,575	55,425
Debt service	750,000	684,568	65,432	500,000	576,405	(76,405)
Transfers out	0	0	0	215,000	206,400	8,600
Total Disbursements	1,000,000	914,505	85,495	915,000	927,380	(12,380)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,870)	37,221	117,091	(40,000)	(16,215)	23,785
CASH, JANUARY 1	531,274	531,274	0	547,489	547,489	0
CASH, DECEMBER 31	451,404	568,495	117,091	507,489	531,274	23,785
<b><u>PERRY COUNTY HEALTH CENTER BUILDING FUND</u></b>						
RECEIPTS						
Interest	78	117	39	0	75	75
Transfers in	36,675	36,675	0	37,000	36,675	(325)
Total Receipts	36,753	36,792	39	37,000	36,750	(250)
DISBURSEMENTS						
Debt Service	36,675	36,675	0	37,000	36,675	325
Total Disbursements	36,675	36,675	0	37,000	36,675	325
RECEIPTS OVER (UNDER) DISBURSEMENTS	78	117	39	0	75	75
CASH, JANUARY 1	2,768	2,768	0	2,693	2,693	0
CASH, DECEMBER 31	2,846	2,885	39	2,693	2,768	75

Exhibit B

PERRY COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	2,000	1,315	(685)			
Interest	25	65	40			
Total Receipts	2,025	1,380	(645)			
DISBURSEMENTS						
Elections	2,000	0	2,000			
Total Disbursements	2,000	0	2,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	1,380	1,355			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	25	1,380	1,355			
<b><u>MULTI-PURPOSE BUILDING FUND</u></b>						
RECEIPTS						
Interest				0	3,407	3,407
Other				655,000	442,500	(212,500)
Transfers In				0	206,400	206,400
Total Receipts				655,000	652,307	(2,693)
DISBURSEMENTS						
Construction				468,000	465,307	2,693
City of Perryville				187,000	187,000	0
Total Disbursements				655,000	652,307	2,693
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

PERRY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, the Mental Health Center Board, or the Sanitary Landfill Committee. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Federal Emergency Management Agency 404 Buyout Fund for the years ended December 31, 2000 and 1999, and for the Community Development Block Grant Buyout Fund for the year ended December 31, 1999.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2000
Health Center Fund	2000
Senate Bill 40 Fund	2000
Law Library Fund	1999
Local Park Sales Tax Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2000 and 1999, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the bank balance at December 31, 2000, \$2,812,830 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name and \$7,107,323 was covered by collateral pledged by the depositary bank and held by an independent bank but not in the County's name.

The county's deposits at December 31, 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board and Senate Bill 40 Board's deposits at December 2000 and 1999 were entirely covered by federal depositary insurance.

Schedule

PERRY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

PERRY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Perry County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1    Budgetary Procedures

Formal budgets were not prepared for some county funds.

Recommendation:

The County Clerk implement procedures to ensure budgets are prepared for all funds, including those funds controlled by other county officials.

Status:

Implemented.



## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

PERRY COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 27, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Perry County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Perry County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Budgetary Practices</b>
-------------------------------

On December 18, 2000 and December 16, 1999, the County Commission amended various county budgets to reflect increased expenditures made during the year. Prior to the amendment of these budgets, expenditures had already exceeded the original budget. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

It was ruled in *State ex rel Strong v. Cribb* 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted.

To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

**WE RECOMMEND** the County Commission ensure budget amendments are made prior to incurring the actual expenditures.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The County Commission will ensure that future budget amendments are made prior to incurring the actual expenditures.*

<b>2. Officials' Salaries</b>
-------------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Perry County's Associate County Commissioners' salaries were each increased approximately \$4,100 yearly, according to the information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute

violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,200 for the two years December 31, 2000, should be repaid.

**WE RECOMMEND** the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The County Commission along with the Prosecuting Attorney feel that the raises given to Associate Commissioners in mid-term were authorized by Section 50.333.13 and approved by the Perry County Salary Commission. In light of the Missouri Supreme Court decision handed down May 15, 2001, the County Commission and the Perry County Salary Commission will not offer or approve mid-term salary increases for county officials.*

### **3.**

### **Housing of Prisoners**

- A. The county houses prisoners for various political subdivisions but only has a written contract with the United States Department of Justice. The county received approximately \$166,000 and \$143,000 for housing prisoners during the years ended December 31, 2000 and 1999, respectively. Currently, the Sheriff's department charges the Department of Justice, Military Agencies, and the City of St. Louis \$45 a day; however, the City of Perryville is charged \$20 a day, and the county of Cape Girardeau is charged \$35 a day, per inmate. The Sheriff indicated the various rates are established depending on whether the county has to transport the prisoners; however, the rates and the justification for the rate variances were not documented. The County Commission and Sheriff should develop written contracts with those entities regarding inmate housing and related fees. The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail.
- B. No written contract exists with the local restaurant which provides meals to inmates in the county jail. The county paid approximately \$47,000 and \$40,200 in food costs for inmates for the years ended December 31, 2000 and 1999, respectively. In addition, the county has not obtained bids for this service in several years. While a verbal agreement has been in place for several years, it is imperative the County solicits bids and enters into a written contract for the meals to be provided.

Section 432.070, RSMo 1994, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party. Bidding procedures provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder.

**WE RECOMMEND** the County Commission and Sheriff establish a billing rate appropriate for housing inmates in the County jail, solicits bids for the services of providing meals to the inmates, and enter into written contracts as required by law.

#### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The County Commission will work with the Sheriff to establish a billing rate appropriate for housing inmates in the County jail and also solicit bids for the services of providing meals to the inmates. They will enter into written contracts with the providers of these services.*

<b>4. Prosecuting Attorney's Controls and Procedures</b>
----------------------------------------------------------

The Prosecuting Attorney's office collects fees and restitution on bad checks and court-ordered restitution monies. The Prosecuting Attorney's office policy requires bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to the county for the administrative fee. A bank account is maintained for depositing court-ordered restitution payments. During our review of these activities and the related records and accounting controls, we noted the following concerns:

- A. Money orders for bad check administrative fees and court-ordered restitution monies are not transmitted or deposited timely. The County Treasurer's records indicate the administrative fees are transmitted approximately twice a month. On November 15, 2000, \$1,075 in bad check administrative fees was transmitted to the County Treasurer which included monies collected for a two-week period. During December 2000, three deposits were made into the court ordered restitution account equaling \$600, \$236, and \$478 on December 1, 8, and 22, respectively.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer or deposited intact daily or when accumulated receipts exceed \$100.

- B. Receipt slips issued by the Prosecuting Attorney's office for the receipt of restitution monies are not pre-numbered. The clerks number the receipt slips consecutively as they are written.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.

- C. Money orders received for court-ordered restitution are not restrictively endorsed immediately upon receipt. Endorsements are applied when the monies are deposited; however, as stated above, deposits are not made on a timely basis. To adequately safeguard receipts, all money orders should be restrictively endorsed immediately upon receipt.

- D. The office procedure is to accumulate partial payments on restitution cases until significant amounts have been received and then distribute the funds to the victims. As of December 31, 2000, the reconciled cash balance of the court ordered restitution account was approximately \$25,500. This money has been collected on behalf of the victims and by order of the court to pay restitution. As of December 31, 2000, one account had been credited with five payments, accumulating a balance of approximately \$1,300 since the last distribution to the victims, and another account had been credited with eight payments, accumulating a balance of approximately \$800 with no distribution being made to the victims. We noted several accounts that had undistributed balances of over \$100.

To expedite the distribution of restitution to victims and to reduce the amount of open items necessary to be accounted for, the Prosecuting Attorney's office should consider distributing restitution payments to the victims on a more timely basis.

- E. The court-ordered restitution account's reconciled cash balance as of December 31, 2001, included several outstanding checks. Outstanding checks totaling approximately \$580 have remained in the account, dating from May 1997 through April 1999. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Chapter 447 RSMo 2000, which relates to unclaimed property, should be used to disburse these monies.

Conditions A, B, C, and D were mentioned in our prior report. Although the Prosecuting Attorney then indicated our recommendations had been or would be implemented, our current review indicates they have not yet been implemented.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Transmit/deposit administrative fees and court-ordered restitution monies daily or when accumulated receipts exceed \$100.
- B. Issue prenumbered receipt slips for all monies received.
- C. Restrictively endorse all money orders immediately upon receipt.
- D. Consider distributing restitution payments to victims on a more timely basis.
- E. Periodically investigate outstanding checks. In addition, the Prosecuting attorney should attempt to identify to whom the \$580 belongs, and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *Deposits or transmittals are now being made for Court ordered restitution and administrative fees (bad check account) on a weekly basis. Deposits or transmittals are made each Friday; however, in the event a large amount of money is received a deposit will be made immediately.*
- B. *This office is investigating the availability of prenumbered receipt slips and is running into a few problems as follows: We keep track of the restitution open items accounts on the computer and restitution payments are recorded and tracked by their receipt numbers. Since many accounts are on-going for several years, we require a consecutive numbering system that is open ended. What we are finding is a set of receipt books that start over with the same numbers upon the purchase of new books. If we could find a company that would do unlimited continuous receipts or, in the alternative, a company that would put the year in front of the receipt number (e.g. 02-1001) it would be much more helpful. Also, we are finding that this is much more expensive than purchasing unnumbered receipts from our local supply store.*
- C. *All incoming money for either court ordered restitution or bad check administrative charges are received in the form of money orders or cashiers check made payable to either "Prosecuting Attorney" or "Perry County". A stamp will be ordered to properly endorse the back of all money orders received and such money orders/cashier's checks will be endorsed immediately upon receipt.*
- D. *Restitution payments come into this office as little as once a week or as often as 20 times a week. Many payments are made for as little as \$5 or \$10, when the defendant may owe over \$1,000 to 10 or 12 different victims. Dividing each payment over the number of victims often*



*calls for excessive manpower to write the checks, as well as more expense on our part in issuing the checks and mailing them out (@ \$.34 per envelope). We try to pay out each victim as he/she is paid in full, and sometimes this takes quite a while; however, attempts will be made to pay out monies received in a more timely fashion.*

- E. *This matter has already been taken care of. My office issued a check to the "Unclaimed Funds Account" on or about October 12, 2001, for all checks that were outstanding for over one year. That check was delivered to Perry County Treasurer, Ronnie Hershey, along with information on each check as to name of defendant, file number, amount of restitution, etc. Ms. Hershey has been able to track down some of the victims, and she will be re-issuing checks to the victims out of that account. Regarding other checks that are outstanding less than one year, this office has contacted the victims and advised them of the large number of outstanding checks. They have been informed of our new procedure to turn these funds over to the "Unclaimed Funds Account" if their checks have not been negotiated within a one year period of time.*

This report is intended for the information of the management of Perry County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

PERRY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Perry County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. Budgets were exceeded and not properly amended, and a few amendments caused budgeted fund balances to become deficit.
- C. Other available resources, where applicable, were not included in the 1996 budget.
- D. Annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Require the County Clerk to prepare or obtain budgets for all county funds and file them with the State Auditor's office as required by state law.
- B. Adequately monitor actual disbursements compared to budgeted amounts and not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, deficit fund balances should not be budgeted.
- C. Include all beginning available resources on future budgets.
- D. Include all county funds in the published financial statements.

Status:

- A. See our audit report on Perry County, Missouri, for the two years ended December 31, 1998 (report number 99-111).

- B. Partially implemented. The county amends their budgets; however this is done at year end. See MAR finding number 1.

C&D. Implemented.

2. Federal Financial Assistance

- A. The county did not have a written policy or drug-free awareness program in place.
- B. The County overpaid an individual \$20,000 when they failed to reduce the purchase price of a piece of property acquired in the flood buyout program by the entire amount of the flood insurance payment.

Recommendation:

The County Commission:

- A. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act. The drug-free workplace policy and programs should be adequately communicated to all county employees who perform functions associated with federal funds.
- B. Continue in its efforts to recoup the \$20,000 and remit this to the funding agency.

Status:

- A. Implemented.
- B. Not implemented; however, all agencies involved have agreed to cease efforts to recoup this money.

3. Prosecuting Attorney's Office Expenses

No distinction was made between county business and private business on the timesheets submitted to the county clerk. No written agreement existed between the county and Prosecuting Attorney distinguishing between the use of public and private resources.

Recommendation:

The County Commission enter into a written agreement with the Prosecuting Attorney outlining the specific arrangements regarding use of and reimbursement for use of his personal office for county business. The basis for the arrangements should be documented and retained. Appropriate and accurate time sheets should be submitted.

Status:

Partially implemented. The Prosecuting Attorney's office and the County Commission entered into a written agreement outlining the specific arrangements; however, the time sheet procedure has not changed. Although not repeated in our current MAR, our recommendation remains as stated above.

4. Prosecuting Attorney's Records and Accounting Controls

- A. Accounting duties were not adequately segregated.
- B.1. The Prosecuting attorney's office did not sequentially number and account for bad check information forms as they were received.
  - 2. The Prosecuting Attorney did not remit bad check restitution and fees to the merchants or the County Treasurer on a timely basis.
- C.1. Receipt slips issued by the Prosecuting Attorney's office for restitution ordered by the courts were rediform receipts rather than official prenumbered receipts slips.
  - 2. Receipts were not deposited on a timely basis.
  - 3. A listing of liabilities (open items) was not prepared.
  - 4. The office procedure was to accumulate partial payments on restitution cases until all monies had been received prior to making distribution to the victim.
  - 5. Money orders received for court ordered restitution were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties and document periodic reviews of the accounting records.
- B.1. Sequentially number and account for bad check information forms as they are filed.
  - 2. Establish procedures to ensure bad check restitution and fees received are transmitted on a timely basis.
- C.1. Issue official prenumbered receipt slips for all monies received.

2. Deposit receipts daily or when accumulated receipts exceed \$100.
3. Prepare an open items listing monthly and agree the listing to the reconciled cash balance.
4. Consider distributing restitution payments to victims as they are received.
5. Restrictively endorse all money orders immediately upon receipt.

Status:

A,B.1,  
& C.3. Implemented.

B.2. Partially implemented. The Prosecuting Attorney's personnel indicated they immediately notify the merchant upon the receipt of the restitution payment; however, the bad check fees are not turned over to the County Treasurer timely. See MAR finding number 4.

C1-2, &  
C4-5. Not Implemented. See MAR finding number 4.

5. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monies in the Sheriff Reserve Fund were not held by the County Treasurer to allow the County Commission to authorize their use. The balance of this fund and it's intended use were not reported to the County Commission to assist in the preparation of the county budget.
- C. Profits made from the commissary sales were not turned over to the county, but instead were used to make miscellaneous purchases for the jail.

Recommendation:

The Sheriff:

- A. Adequately segregate the record keeping duties and document periodic reviews of the accounting records.
- B. Distribute the remaining balance in this fund to the County Treasurer to be placed in a special fund established by the County Commission. Expenditures required by the Sheriff from this fund should be made by duly authorized warrants.

- C. Discontinue the practice of maintaining commissary profits outside the county treasury and expending such monies. These profits should be turned over to the County Treasurer on a periodic basis.

Status:

A&B. Implemented.

- C. Partially implemented. A budget is prepared and approved by the County Commission for this fund; however, the account is still held by the Sheriff. Although not repeated in our current MAR, our recommendation remains as stated above.

6. Health Department's Accounting Controls and Procedures

- A.1. The method of payment was not always indicated on receipts slips issued by the health department.
  - 2. Receipts were not deposited on a timely basis.
- B. Indication of receipts of goods and services was not documented on invoices by the employee receiving the goods and services.
- C. The bond for the board treasurer and employees who handle health department monies was not adequate.
- D.1 The amount of collateral security pledged by one of the health department depository banks was insufficient by more than \$17,000
  - 2. The Health Department Board had not rebid its depository agreement with one of its depository banks.

Recommendation:

The Health Department Board of Trustees:

- A.1. Ensure the method of payment is recorded on all receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
  - 2. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Require acknowledgment of the receipt of goods and services prior to the approval of an invoice for payment.

- C.     Reevaluate current bond coverage and modify as necessary to adequately protect the health department funds.
- D.     Enter into a written depositary agreement with all banks which hold health department monies and ensure the collateral securities are pledged for all funds on deposit in excess of FDIC coverage as required by state law.

Status:

A.1,B,  
C&D. Implemented.

A.2.   Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.



## STATISTICAL SECTION

History, Organization, and  
Statistical Information

PERRY COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1820, the county of Perry was named after Oliver Perry, a naval hero of the War of 1812. Perry County is a county-organized, third-class county and is part of the 32nd Judicial Circuit. The county seat is Perryville.

Perry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Perry County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 988,145	30	1,006,833	31
Sales taxes	971,394	29	892,624	28
Federal and state aid	755,516	23	752,399	23
Fees, interest, and other	598,173	18	586,477	18
Total	\$ 3,313,228	100	3,238,333	100

The following chart shows how Perry County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,301,544	38	1,146,484	39
Public safety	733,278	21	648,372	22
Highways and roads	1,434,716	41	1,165,943	39
Total	\$ 3,469,538	100	2,960,799	100

The county maintains approximately 167 county bridges and 400 miles of county roads.

The county's population was 14,393 in 1970 and 17,173 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	121.3	119.4	53.6	37.2	18.9
Personal property		83.5	72.1	16.8	13.3	6.3
Railroad and utilities		23.7	22.0	13.7	14.7	8.6
Total	\$	228.5	213.5	84.1	65.2	33.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Perry County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$	.18	.18
Special Road and Bridge Fund*		.29	.29
Health Center Fund		.18	.18
Senate Bill 40 Board Fund		.09	.09
Mental Health Fund		.09	.09
Hospital Maintenance Fund		.09	.09

\* The county retains all tax proceeds from areas not within road districts. The county had one road district that receives four-fifths of the tax collections from property within the district, and the Special Road and Bridge Fund retained one-fifth. The road district also had an additional levy approved by the voters. This road district was dissolved by the voters on July 28, 1999. On September 23, 1999 the county received \$24,408 from the road district. The county did not assume any liabilities from the road district.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),		
	2001	2000
State of Missouri	\$ 64,373	66,679
General Revenue Fund	392,329	406,108
Special Road and Bridge Fund	611,161	634,278
Assessment Fund	84,009	86,958
Health Center Fund	375,489	389,808
Senate Bill 40 Fund	192,274	199,210
School districts	5,911,453	6,128,758
Library district	192,274	199,210
Interest	8,533	6,788
Levee District	133,490	137,153
Hospital Fund	192,274	199,210
Nursing Home Fund	19	213
Mental Health Fund	192,274	199,210
Cities	87,615	86,204
County Clerk	148	124
County Employees' Retirement	21,204	21,587
Commissions and fees:		
General Revenue Fund	131,215	135,975
Total	\$ <u>8,590,134</u>	<u>8,897,473</u>

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),		
	2001	2000
Real estate	97 %	97 %
Personal property	71	96
Railroad and utilities	100	100

Perry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Local Park Fund	.0050	2017	0

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Thomas H. Sutterer, Presiding Commissioner	\$	27,308	26,103
Dennis E. Lohmann, Associate Commissioner		25,308	24,103
Michael E. Yamnitz, Associate Commissioner		25,308	24,103
Randy Taylor, County Clerk		38,346	36,520
Thomas L. Hoeh, Prosecuting Attorney		47,124	44,880
Gary J. Schaaf, Sheriff		39,900	38,000
Veronica Hershey, County Treasurer		28,376	27,025
Herbert E. Miller, County Coroner		6,825	9,125
Jim Taylor, Public Administrator *		13,922	13,050
Rodney J. Richardet, County Collector, year ended February 28 (29),	38,730	36,573	
Larry W. White, County Assessor **, year ended August 31,		37,737	36,373
Ken Baer, County Surveyor ***		0	0

\* Includes fees received from probate cases.

\*\* Includes \$900 annual compensation received from the state.

\*\*\* Compensation on a fee basis.

State-Paid Officials:

Becky A. Paulus, Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
Michael Bullerdieck, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds (1)	3	4
County Clerk (2)	3	0
Prosecuting Attorney	3	0
Sheriff (3)	27	0
County Treasurer	0	0
County Coroner	0	0
Public Administrator	0	0
County Collector (4)	2	0
County Assessor (2)	5	0
County Surveyor	0	0
Associate Division	0	3
Probate Division	0	1
Road and Bridge	13	0
Health Center (5)	17	0
Total	<u>73</u>	<u>8</u>

- (1) Includes one part-time employee for the county.
- (2) Includes two part-time employees.
- (3) Includes six part-time employees.
- (4) Includes one part-time employee.
- (5) Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Perry County's share of the 32nd Judicial Circuit's expenses is 18.34 percent.

Revenue Bonds dated 1997, 1998, and 1999 were issued in the original amount of \$5,785,000, \$3,970,000, \$685,000 respectively, for the purpose of constructing the multi-purpose building. Bond principal is due annually on May 1 for all three sets of Bonds. Interest is due semi annually on May 1 and November 1 for all three sets of Bonds. At December 31, 2000, Perry County had \$5,235,000 for the 1997 Bonds, \$3,955,000 for the 1998 Bonds, and \$660,000 for the 1999 Bonds outstanding.

In April 1991 the County entered into a lease purchase agreement for \$275,000 to purchase the administration building. At December 31, 2000 the agreement had a balance of \$18,959.

In July 1999, the County entered into a lease purchase agreement for \$431,326 to purchase the building for health services. The County entered an agreement with the Health Center Board and the Mental Health Center Board for lease payments to cover the lease purchase agreement amounts. At December 31, 2000 the agreement had a balance of \$394,100.





**VILLAGE OF HANLEY HILLS, MISSOURI  
YEAR ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-08  
January 29, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

The following problems were discovered as a result of an audit conducted by our office of the Village of Hanley Hills, Missouri.

---

Receipts were not deposited intact on a timely basis. The village accepts cash, checks, and money orders for payment of trash and sewer fees, occupancy permits, village stickers, pet tags, building permits, and other miscellaneous receipts. Prior to April 2001, monies were generally deposited about three times a week; however, some monies were held and not deposited for up to two weeks. From April to May 14, 2001, only seven deposits were made and no monies were deposited from May 14, 2001 to June 20, 2001. On June 30, 2001, the village had approximately \$51,785 of monies on hand. Village receipt records are not reconciled to deposits and from April to June 2001 some receipt records were not maintained. Additionally, some daily cash register tapes could not be located and some receipts were not posted to the computer. As a result, there is no assurance all monies received were deposited.

Trash service receipts are deposited into the General Fund and disbursements are made monthly from the General Fund for trash pick-up and hauling services. The current fee is \$142 annually per household. The fees collected from village residents have exceeded disbursements for pick-up and hauling by approximately \$26,900 for the three years ended June 30, 2001. The village has not identified any other costs, such as administrative costs, related to trash service. Trash fees should be set at a level to cover the cost of providing a particular service and should not be used to pay for general operating expenses of the village.

The village does not perform periodic reconciliations of total billings, payments received, and delinquent amounts for trash and sewer service, nor does it adequately monitor or pursue the collection of delinquent trash and sewer bills and has not established formal procedures regarding the collection of delinquent accounts.

Disbursements are not approved by the board. Two board members sign checks and review invoices; however, the board does not review and approve a list of all disbursements at each board meeting. Additionally, some purchases were not properly authorized as required by village ordinance. The village does not have formal written agreements with several companies or individuals providing services.

Several checks totaling \$630 were made payable to cash. To reduce the risk of misuse of monies, the practice of writing checks payable to cash should be prohibited.

(over)

YELLOW SHEET

The village board has historically terminated the services of all village employees after the new board takes office in April each year. This has caused the village to spend money imprudently and various duties and responsibilities were not performed or not performed timely.

For example, from April 2000 through July 2000, the village paid the former Village Clerk a total of \$17,493. This included salary, contract payments, two weeks vacation and two months severance pay. If the village had maintained the clerk's employment throughout this time, the salary to the former Village Clerk would have been \$9,342.

The village has not established a separate fund or separate accounting for the state motor vehicle-related receipts and disbursements and does not monitor the use of these funds to ensure compliance with the Missouri Constitution. During the year ended June 30, 2001, the village deposited \$107,405 in state motor vehicle-related receipts into the General Fund. The Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only, including policing, signing , lighting, and cleaning of the roads and streets.

The village's municipal court division's accounting duties are not adequately segregated. The Court Clerk and Village Clerk each have the authority to receive and record fine and court cost payments. The Village Clerk prepares and make the deposits; however, no one independent of the receipt process compares receipt slips to deposits. This condition was noted in a prior report by our office. Additional concerns were noted regarding controls over the municipal court receipts.

The audit also includes some matters related to board meeting postings, budgets and financial statements, personnel policies and procedures, and property records and procedures, upon which the village should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

VILLAGE OF HANLEY HILLS, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-25
<u>Number</u>	<u>Description</u>
1.	Accounting Records and Procedures .....5
2.	Trash and Sewer Service .....7
3.	Disbursement Procedures.....9
4.	Personnel Policies and Procedures.....12
5.	Board Meetings, Minutes, and Ordinances .....16
6.	Restricted Revenues .....18
7.	License Fees and Village Stickers.....19
8.	Budgets and Financial Reporting.....20
9.	Property Records and Procedures .....21
10.	Municipal Court Division .....22
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	26-29

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Chairman  
and  
Board of Trustees  
Village of Hanley Hills, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Hanley Hills, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended June 30, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the village of Hanley Hills, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 5, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Tom J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Karen A. Lenk, CPA
Audit Staff:	A. Dailey

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



VILLAGE OF HANLEY HILLS, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Accounting Records and Procedures</b>
-----------	------------------------------------------

The village accepts cash, checks, and money orders for payment of trash and sewer fees, occupancy permits, village stickers, pet tags, building permits, and other miscellaneous receipts.

- A.1. Receipts were not deposited intact on a timely basis. Prior to April 2001, monies were generally deposited about three times a week; however, some monies were held and not deposited for up to two weeks. From April 1 to May 14, 2001, only seven deposits were made and averaged approximately \$4,000. No monies were deposited from May 14, 2001 to June 20, 2001, or 26 business days. On June 30, 2001, the village had approximately \$51,785 of monies on hand.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

This condition was noted in our prior report.

2. Village receipt records are not reconciled to deposits and from April 2001 to June 2001 some receipt records were not maintained. Some daily cash register tapes could not be located and some receipts were not posted to the computer. As a result, there is no assurance all monies received were deposited. In addition, the village was unable to categorize the receipts during this period. From April to June 2001, we noted at least \$250 of cash receipts that could not be traced to a deposit.

To adequately account for all monies received and recorded, and to help ensure all receipts are properly deposited, the village should reconcile the amount and composition of monies recorded on the receipt records to the amount and composition of monies deposited.

As noted in MAR 4., the turnover in village employees during the period from April to June 2001 contributed to this problem.

- B. The village does not issue prenumbered receipt slips. The village uses a computer system and cash register; however, the computer system does not have the capability to generate prenumbered receipt slips and the numerical sequence of the cash register receipts is not accounted for properly. The village board has indicated they are planning to purchase a new computer system that will generate prenumbered receipt slips in the future.

To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received and the numerical sequence of receipt slips should be accounted for properly.

- C.1. Accounting duties are not adequately segregated. The Village Clerk prepares trash and sewer bills, receives, records, and deposits payments and other receipts, and prepares monthly receipt reports. The Court Clerk can also receive and record monies. Neither the Village Treasurer nor other personnel provide independent reviews of the work performed by the Village Clerk. The village utilizes an outside accountant to prepare the monthly bank reconciliations and Treasurer's report.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from preparing bills and recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliation between amounts billed, receipts, and deposits.

This condition was noted in our prior report.

2. There is no supporting documentation or independent approval of credit adjustments posted to the computer system. The Village Clerk has the ability to record credit adjustments to the computer system without obtaining prior independent approval.

To ensure that all credit adjustments are valid and properly approved, someone independent of receipting and recording functions should review all credit adjustments and proper supporting documentation should be maintained of such adjustments.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100. In addition, receipt records should be maintained and the composition of receipts should be reconciled to the composition of bank deposits.
- B. Require prenumbered receipt slips be issued for all monies received, and ensure the numerical sequence of receipt slips issued is accounted for properly.
- C.1. Segregate the accounting duties of the Village Clerk. At a minimum, there should be a documented, independent review of the reconciliations between amounts billed, receipts, and deposits.

2. Require someone independent of the receiving and recording functions to review and approve all credit adjustments and ensure adequate documentation is retained of such adjustments.

### **AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *This is being done properly now.*
- B. *The Finance Clerk will find out how to get the prenumbered receipt slips on the computer system. She is keeping track of receipts with the invoices, but we should find a way to get the prenumbered receipt slips. She is now reconciling receipts to the cash register tape.*
- C.1. *The duties are now segregated; we will begin the independent review of the reconciliations.*
- C.2. *Small adjustments are being made by the part-time person with approval by the Finance Clerk; large adjustments will be approved by the appropriate commissioner.*

**2.**

### **Trash and Sewer Service**

- A. Trash service receipts are deposited into the General Fund and disbursements are made monthly from the General Fund for trash pick-up and hauling services. The current fee is \$142 annually per household. The fees collected from village residents have exceeded disbursements for pick-up and hauling by approximately \$26,900 for the three years ended June 30, 2001. The village has not identified any other costs, such as administrative costs, related to trash service.

Trash fees should be set at a level to cover the cost of providing a particular service and should not be used to pay for general operating expenses of the village. The administrative costs of providing this service should be calculated and documented and a separate accounting of trash revenues and expenses should be maintained.

- B. The village does not perform periodic reconciliations of total billings, payments received, and delinquent amounts for trash and sewer services. Periodic reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made and to facilitate independent reviews.

- C. The village does not adequately monitor or pursue the collection of delinquent trash and sewer bills and has not established formal procedures regarding the collection of delinquent accounts. As of June 30, 2001, delinquent fees totaled approximately \$145,000 and date back to 1995. Annual bills mailed to residents do not include delinquent amounts still owed. The village has tried other methods to collect the accounts including implementing an amnesty program from November 2000 to January 2001 and not giving residents with delinquent balances occupancy permits or village stickers. However, the balance of the delinquent accounts remains high. The village has considered placing a lien on the owner's property or turning the account over to a collection agency, but has not adopted these methods.

Since some residents are paying timely for this service, it does not appear equitable to allow other residents to receive the same services for free. To help ensure prompt collection of trash and sewer bills, the village should establish formal procedures regarding the collection of delinquent accounts and monitor the balances due.

- D. The village has a computerized billing system; however, the system does not automatically assess late fees on delinquent trash bills. Late fees are computed manually when the customer is ready to make a payment. Late fees on some trash payments were not properly charged and the exemptions were not supported by board approval. Failure to consistently charge the late fee to all individuals results in inequitable treatment of customers.

**WE RECOMMEND** the Board of Trustees:

- A. Identify all costs, including administrative costs, of providing trash service, and set the fee at a level sufficient to cover the cost of the service without generating excess revenues. The board should maintain a separate accounting of all trash revenues and expenses.
- B. Perform periodic reconciliations of the amounts charged to amounts collected and delinquent accounts.
- C. Establish formal collection procedures related to delinquent trash and sewer bills and monitor the delinquent accounts.
- D. Ensure late fees are consistently charged and review and approve any late fee exemptions.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *With the next billing cycle, we will put the money into a separate account.*

- B. *This is in process now.*
- C. *The staff is in the process of pursuing these bills. We will include the delinquent amounts and late charges with the new bills.*
- D. *This has been set up in the computer but it is not working right. Hopefully, we will have it done with the new billing cycle.*

<b>3.</b>	<b>Disbursement Procedures</b>
-----------	--------------------------------

- A.1. Disbursements are not approved by the board. Two board members sign checks and review invoices; however, the board does not review and approve a list of all disbursements at each board meeting. Invoices applying to a specific area are generally approved by the applicable board member

Good business practices require all disbursements to be reviewed by the board or someone independent of the disbursement process and properly authorized before the disbursement occurs. In addition, an independent reconciliation should be performed of the invoices, approved listing of bills, and actual checks written. Failure to properly review all invoices and other supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring and not being detected on a timely basis.

- 2. Some purchases were not properly authorized as required by village ordinance. Village Ordinance, Section 127.170, gives the Treasurer authority to contract for supplies not to exceed \$100 total cost per order. Although each board member serves as an officer or a commissioner over an area of service offered by the village, the village ordinances do not give the officers or commissioners specific authority to purchase items. However, several purchases, such as sewer work (\$13,375), newsletter preparation, printing, and distributing (\$1,856), and tree trimming (\$575), were authorized by officers or commissioners without board approval. In addition, several items purchased by the Treasurer, such as office equipment for the former Village Manager (\$1,779) exceeded \$100 and were not authorized in advance by the board as specifically required by village ordinance.
- B. The following items were purchased during the year ended June 30, 2001, without documentation of bids and/or advertisements:

<u>Item</u>	<u>Cost</u>
Sewer repair	\$13,375
Newsletter preparation	1,125
Lawn care	5,805
Videotaping	<u>1,440</u>
Total	\$ 21,745

While the village indicated other vendors were solicited for the sewer repair and newsletter costs, no documentation was maintained. In addition, per the board minutes, a board member solicited and obtained sealed bids for tree trimming totaling \$20,100, but did not open the bids in the presence of the Board of Trustees, as required by the village purchasing ordinance.

Village Ordinance, Section 110.160, requires expenditures that will exceed \$500 to be advertised or solicited for bids. Furthermore, Village Ordinance, Section 127.080, requires advertising for bids for all purchases of goods and services in the amount of \$5,000 or more.

In addition to complying with village ordinances, competitive bidding helps ensure the village receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the village's business. In addition, complete documentation should be maintained of all bids received. If other than the lowest bid is selected, the reasons should be adequately documented.

- C. The village does not have formal written agreements with several companies or individuals providing services. The following disbursements were made without written contracts for the year ended June 30, 2001:

<u>Item</u>	<u>Cost</u>
Maintenance	\$ 47,022
Accountant	8,400
Lawn care	5,805
Housing inspections	4,180
Court services	3,063
Videotaping	1,440
Newsletter preparation	1,125
Tree trimming	575

The village did have a written agreement for maintenance services, but that agreement expired in August 2000 and the village continued to pay for the service at the rates stated under the old contract. Section 432.070, RSMo 2000, requires political subdivisions' contracts be in writing. Formal written agreements are necessary to document each party's duties and responsibilities.

- D. Several checks totaling \$630 were made payable to cash. To reduce the risk of misuse of monies, the practice of writing checks payable to cash should be prohibited.
- E.1. Invoices to support monthly payments for maintenance work, accounting services and village manager services are not adequately detailed to support the work performed.

All disbursements should be supported by paid receipts and/or complete vendor-provided invoices to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds. The village should require detailed invoices for all services which include the number of hours worked each day, the work performed, and the rate charged.

2. Invoices and other supporting documentation are not always initialed or dated by a village employee to indicate receipt and acceptance of the goods or services. In addition, the invoices are not always canceled upon payment. Two disbursements totaling \$500 were made for newspaper preparation without supporting documentation.

To ensure that goods and services have been properly received by the village, all invoices and other supporting documentation should be properly initialed or signed by a village employee upon receipt. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the village. In addition, all disbursements should be supported by contracts or vendor-provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

- F. Three members of the board of trustees are authorized to sign checks, with dual signatures required on each check. However, the board members are not bonded. Failure to properly bond individuals who have access to funds exposes the village to risk of loss.

**WE RECOMMEND** the Board of Trustees:

- A.1. Review and approve the disbursement of village funds prior to disbursements being made. In addition, the approved listing of bills should be compared to checks written.
2. Comply with the Village Ordinance regarding purchasing authority.
- B. Ensure bids are solicited for all applicable purchases in accordance with village ordinances. Documentation of the bidding process should be maintained in all cases. If the village believes that it is not practical to obtain bids on certain purchases, documentation explaining why bids were not obtained should be maintained.
- C. Enter into written agreements for all services.
- D. Prohibit the practice of making checks payable to cash.
- E. Require all invoices be initialed or signed by a village employee to indicate acceptance of the goods or services, and all invoices be canceled when paid. All

disbursements should be supported by vendor-provided invoices which contain an adequate description of the goods or services received.

- F. Consider obtaining bond coverage for all individuals handling village monies.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A.1. *This is being done.*
- A.2. *This is being put in place.*
- B. *This process is being developed.*
- C. *We are in the process of doing this.*
- D. *This has been done.*
- E. *This is being done. We now get the invoices prior to making the payments.*
- F. *This is being done.*

<b>4. Personnel Policies and Procedures</b>
---------------------------------------------

- A. The village board has historically terminated the services of all village employees after the new board takes office in April each year. This practice does not take into consideration the need for continued service to the village residents and the need to have the job duties and responsibilities of the employees performed. Inadequate plans for carrying out the duties and responsibilities of the village employees has caused the village to spend money imprudently and various duties and responsibilities were not performed or not performed timely, as noted in MARs 1, 7 and 10. The following examples of inadequate planning were noted:
- The former Village Clerk was terminated in April 2000; however, the board was unable to fill the position and hired this former village clerk as a contract consultant on a temporary basis at \$20 per hour. In August 2000, after determining that they needed someone in the position full time, the board re-hired this individual as a village employee at her previous salary.

From April 2000 through July 2000, the village paid the former Village Clerk a total of \$17,493. This included salary of \$3,504, contract payments of \$8,150, two weeks vacation pay upon termination of \$1,168, and two months



severance pay of \$4,671. If the village had maintained the former village clerk's employment throughout this time, the salary would have been \$9,342.

- The former Court Clerk was terminated in April 2000 and no one performed these duties until the end of May 2000. At that time, the village hired a service to do limited court work until a full time Court Clerk was hired in July 2000.
- The former Village Clerk was terminated again in April 2001. The duties of the Village Clerk were to be performed by the former Court Clerk; however, the former Court Clerk indicated that she was not adequately trained in those responsibilities and did not have the ability to perform the duties of both positions. The former Court Clerk was terminated in June 2001.

The board should ensure adequate plans are in place to maintain village services when considering the termination of village employees. In addition, village employees should be adequately trained and supervised to perform the necessary duties.

B. The village has an informal policy to contribute up to \$2,000 a year per employee for health insurance and/or an Individual Retirement Account (IRA). The following concerns were noted related to this policy:

1. The village is prohibited by state law from establishing its own retirement plan. The Missouri Constitution, Article 6, Section 25, states that political subdivisions can only provide pensions for its employees when such authority is given to the political subdivisions by the General Assembly. No statutory authority has been given for villages to provide their own retirement plan. In addition, Section 70.615, RSMo 2000, stipulates that after October 13, 1967, a political subdivision shall not commence coverage of its employees under another system other than the Missouri Local Government Employees' Retirement System (LAGERS).
2. The village does not track the total cost of medical insurance per employee and amounts paid for medical insurance premiums exceeded the \$2,000 annual amount allowed for each employee. The employees are not required to reimburse the village for the excess cost. The benefits provided should be monitored to ensure they are in compliance with village policies.
3. There is not a formal written policy regarding medical insurance. Formal, written policies are needed to better ensure that procedures are equitable and are being uniformly practiced in all departments of the village.

C. Timesheets are prepared twice a month but are not always signed by a supervisor. During the period January 1, 2000 to March 15, 2001, only three of the former

Village Clerk's timesheets were signed by a supervisor and one timesheet was missing. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

- D. The village does not document the accumulated balances of vacation or sick leave. In addition, a formal written policy regarding the payment of accumulated vacation upon termination has not been established. In April 2000, the former Village Clerk and the former Court Clerk were paid for two weeks of accumulated vacation upon their termination without records to support the accumulated balances.

Adequate documentation of leave earned, taken and accumulated is necessary to ensure employees are properly compensated for accumulated leave and to ensure time used or paid is not in excess of time accumulated.

- E. The village does not have adequate policies and procedures regarding the hiring and termination of village employees. There was no documentation maintained in the personnel files or noted in the board minutes authorizing the hiring or termination of the employees. In addition, some employees were hired and began working in the village before they were approved by the Board of Trustees.

Formal, written policies are needed to better ensure that procedures are equitable and are being uniformly practiced in all departments of the village. Such policies should specify who is directly responsible for hiring and terminating employees of the various departments, any other necessary levels of approval, procedures for posting notice of available positions, and grievance procedures available to terminated employees. Documentation of the hiring and terminations of village employees is necessary to prevent misunderstandings and document actions taken by the village.

- F. Salaries for village trustees, officers and employees have not been established by ordinance as required by Village Ordinance, Section 115.017. While the village establishes a budget ordinance each year which reflects salaries for elected officials, appointed officials, and village employees, some salaries are not individually shown on the budget.

Compensation rates set by ordinance document the approved amounts to be paid and reduce potential misunderstandings regarding the amount of pay each elected and appointed village official and employee is to receive. In addition, ordinance hearings provide for public input and information concerning the salaries paid.

**WE RECOMMEND** the Board of Trustees:

- A. In the future, establish a method for the duties and responsibilities of the village employees to be performed adequately before terminating any employees.
- B.1. Review the legality of the village's retirement plan.
- 2. Monitor the benefits provided to employees to ensure the expenses do not exceed the village's policy. The board should request reimbursement for excess benefits provided to employees.
- 3. Establish written policies and procedures regarding medical benefits for village employees.
- C. Ensure timesheets are maintained and signed by a supervisor.
- D. Ensure records are maintained for all employees to document vacation and sick leave earned, taken, and accumulated on a monthly basis. In addition, the board should establish a formal written policy regarding accumulated leave paid upon termination.
- E. Establish written policies and procedures regarding the hiring and termination of all village employees. In addition, the board should ensure the authorization for all hirings and terminations is adequately documented.
- F. Establish by ordinance the salaries or pay rates and applicable terms of office for all officials and employees.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *A procedures manual is to be established for all positions.*
- B.1. *We will investigate the legality of the current plan.*
- B.2. *This will be reviewed and a proper policy will be included in the personnel manual.*
- B.3. *This is being prepared for the personnel manual.*
- C. *This is done now.*
- D. *This is done on the pay checks. The policy on leave will be reviewed.*
- E. *This will be included in the personnel manual.*

F. *An ordinance is being prepared.*

**5.**

**Board Meetings, Minutes, and Ordinances**

- A. Notices of the date, time, and agenda of open and closed board meetings are not published or publicly posted as required by law.

Section 610.020, RSMo 2000, requires all public governmental bodies to give advance notice of their meetings. This notice is to include the time, date, and place of the meeting, as well as the tentative agenda. The notice is required to be posted at the principal office of the village or the building in which the meeting is to be held.

- B. The Board of Trustees does not always vote to approve the meeting minutes. The board minutes indicate motions are made by two board members to accept the minutes but an actual vote is not always taken.

The Board of Trustees should vote to approve the minutes to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- C. A review of closed meetings noted the following concerns:

1. Closed meetings are recorded on tape; however, several tapes could not be located and formal written minutes are not maintained for closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Trustees.

Formal written minutes for closed meetings result in a better record of village transactions, proceedings, and decisions. In addition, minutes help the village demonstrate that closed discussions or business relate to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo.

2. Open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting, the specific reasons for closing the meeting and actions taken by the board in closed meetings.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other

business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

3. Some items discussed by the Board of Trustees in closed session, such as trustee access to records and tree trimming, do not appear to be allowed under the provisions of the Sunshine Law.

Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

D. The village ordinances are not complete and up-to-date.

- The village has not adopted ordinances to address various fees, such as trash services (\$142), trash late fees (\$5 per month after July 1<sup>st</sup>), building inspections (\$30), building re-inspections (\$25) and occupancy permit changes (\$5).
- The village does not charge residents age sixty-five and older for automobile (\$3) and truck (\$5) stickers. Village Ordinance, Section 390.150, requires every person residing within the village to pay an annual fee for vehicles owned, leased or in their permanent possession. This ordinance does not allow for residents age sixty-five and older to receive the vehicle stickers free of charge.
- Village Ordinance, Section 125.290, appears to be outdated. This ordinance indicates the Court Clerk position is part time; however, the Court Clerk position is currently full time.
- In June 2001, the Board of Trustees created a Financial Clerk position which is not included in the village ordinances.

Since the ordinances represent the legislation passed by the Board of Trustees to govern the village and its residents, it is important that the village's ordinances be maintained in a complete, well-organized, and up-to-date manner.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure notices of the board meetings are posted in accordance with state law.
- B. Vote to approve the board minutes to attest to their completeness and accuracy.

- C.1. Ensure written minutes are prepared for all closed meetings.
- 2. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session.
- 3. Ensure only allowable, specified subjects are discussed in closed session as required by state law.
- D. Pass ordinances to address the charges for the various fees and update the ordinance relating to the various employee positions.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

A, B,  
C&D. *These are being done now.*

<b>6. Restricted Revenues</b>
-------------------------------

- A. The village has not established a separate fund or separate accounting for the state motor vehicle-related receipts and disbursements and does not monitor the use of these funds to ensure compliance with the Missouri Constitution. During the year ended June 30, 2001, the village deposited \$107,405 in state motor vehicle-related receipts into the General Fund. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including policing, signing, lighting, and cleaning of roads and streets.

To ensure compliance with the Missouri Constitution, the village should maintain a separate fund or separate accounting of motor vehicle-related receipts and ensure these receipts are used only for the purposes allowed by the constitution. The unspent balance of street revenues should be accounted for separately along with future receipts.

- B. The village has not established a separate fund or separate accounting to ensure law enforcement training receipts are expended only for the purpose of local law enforcement training. During the year ended June 30, 2001, the village received approximately \$2,000 of local law enforcement training fees from the municipal division and approximately \$900 of Peace Officer Standards and Training Commission (POSTC) monies from the state. These monies are to be used solely for the purpose of local law enforcement training. The village contracts with the

St. Louis County Police Department for police services; however, training costs are not specifically identified in the contract.

**WE RECOMMEND** the Board of Trustees separately account for restricted receipts to ensure funds are spent in accordance with applicable laws and regulations.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated procedures will be established.*

<b>7. License Fees and Village Stickers</b>
---------------------------------------------

- A. Village personnel incorrectly calculated the amount of some business license fees. Village Ordinance, Section 605.010, requires businesses operating within the village limits to purchase a business license. The ordinance establishes the fee for these licenses at \$1 on each \$1,000 of sales plus an additional \$1 on each \$1,000 of retail sales over \$200,000 or \$.25 on each \$1,000 of wholesale sales over \$200,000. The fee can not be less than \$25. Two licenses were assessed the proper amount of total sales but did not include the additional assessment for sales over \$200,000. As a result, the village calculations were short by a total of \$334. In addition, one license was assessed and paid \$25 with no sales information to support the rate. Village personnel indicated the \$25 license rate was based on what was paid in previous years.

In addition, village personnel incorrectly calculated the amount of a liquor license fee. Village Ordinance, Section 600.020, requires businesses selling intoxicating liquor within the village limits to purchase a liquor license. The village collected \$100 for a license for which a \$450 fee should have been assessed and collected. Village personnel indicated the \$100 license rate was based on what was paid in previous years.

The village personnel that calculated the business and liquor licenses indicated that they were not adequately trained to perform these functions, as noted in MAR 4. The village should adequately train and monitor personnel to ensure village ordinances are properly administered.

- B. The village issues residents prenumbered stickers for automobiles and trucks; however, the numerical sequence of stickers is not accounted for properly. The list of sticker numbers, and the residents the stickers were issued to for the year ended December 31, 2001, was not prepared after January 9, 2001. The list for the year ended December 31, 2000, was not accurate. Several sticker numbers on the list did not correlate with the actual sticker issued to the resident.

To ensure village stickers are accounted for properly, an accurate list of village stickers issued to residents should be maintained. The list should be periodically reviewed by an independent person and reconciled to receipts and deposits.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure license fees are calculated correctly in accordance with village ordinances.
- B. Maintain an accurate list of village stickers issued and reconcile the list to receipts and deposits.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *They are in the process of implementing this.*
- B. *This is being done.*

<b>8. Budgets and Financial Reporting</b>
-------------------------------------------

- A. The budgets for the years ended June 30, 2002 and 2001, did not include the actual and estimated beginning and ending cash and resources available. In addition, the budget for the year ended June 30, 2002, did not include a budget message and the prior two years actual amounts. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. The village does not publish semiannual financial statements. Section 80.210, RSMo 2000, requires the chairman of the board of trustees to prepare semiannual statements of receipts and disbursements of the village and publish statements in a newspaper printed in the village or post the statements in six of the most public places in the village.



**WE RECOMMEND** the Board of Trustees:

- A. Prepare budgets that contain all information as required by state law.
- B. Publish semi-annual financial statements as required by state law.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *This will be done with the next budget year.*
- B. *This is being done.*

<b>9. Property Records and Procedures</b>
-------------------------------------------

- A. The village does not maintain records to account for all property owned by the village. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the village should conduct annual inventories.

Adequate general fixed asset records are necessary to secure better internal control and safeguard village assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on village property.

- B. The village has not established a formal written policy regarding the distribution of donated paint to residents. A local paint supplier donated approximately 45 gallons of paint to the village to be distributed to village residents. One board member distributes the paint and maintains a list of residents that have received the paint. The board member has established an informal policy that residents have to provide proof of low income and have a village occupancy permit; however, this policy has not been formally approved by the Board of Trustees.

A formal written policy will help ensure that all residents receive equitable treatment.

**WE RECOMMEND** the Board of Trustees:

- A. Ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, the village should properly tag, number, or otherwise identify all applicable village property and conduct an annual inventory.
- B. Establish a formal written policy regarding the distribution of paint to residents.

**AUDITEE'S RESPONSE**

*The Board of Trustees indicated:*

- A. *They will establish and initiate a procedure.*
- B. *We are considering a policy for adoption at our next board meeting.*

**10.**

**Municipal Court Division**

- A. Accounting duties are not adequately segregated. The Court Clerk and Village Clerk each have the authority to receive and record fine and court cost payments. The Village Clerk prepares and makes the deposits; however, no one independent of the receipt process compares receipt slips to deposits.

The Court Clerk also receipts and records all bond collections, transmits bond money daily to the Village Clerk for deposit, prepares bond account checks and performs monthly bank reconciliations for the bond account. There is no independent reviews of the bond work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliation between receipts and deposits and an independent review of bank statements and bank reconciliations.

This condition was noted in our prior report.

- B. The Court Clerk does not reconcile receipt slips to amounts deposited. The reconciliation of receipt slips to deposits should include agreeing the composition of receipt slips (i.e. cash, checks, and money orders) to the composition of deposits.

To adequately account for all monies received and recorded, and to help ensure all receipts are properly deposited, the Court Clerk should reconcile the amount and composition of monies recorded on the receipt slips to the amount and composition of monies deposited.

This condition was noted in our prior report.

- C. Only two formal bank reconciliations were prepared for the municipal division's bond account during the year ended June 30, 2001 and a checkbook balance is not maintained. As of June 30, 2001, the open items (liabilities) listing exceeded the cash balance by approximately \$580.

To ensure all differences between the bank and book balances are noted in a timely manner, formal bank reconciliations should be performed monthly and a running balance should be maintained in the checkbook register. In addition, monthly listings of open items should be reconciled to the bank and book balances to ensure proper accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities.

A similar condition was noted in our prior report.

- D. The municipal division has not implemented procedures to follow up on bonds held for over one year. As of June 30, 2001, the balance of the village's bond escrow account included bond receipts totaling approximately \$545 which have been held in excess of one year.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid over to the village treasury as provided by Section 479.210, RSMo 2000. For those bonds which relate to closed cases, Sections 447.500 through 447.595, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- E. Closed case files from 1999 with last names L through P could not be located. While case information could be obtained from the court computer system, the case files should be retained. Supreme Court Rule 8 requires all municipal ordinance case files be maintained for three years after the date of filing and financial records be maintained for five years or upon completion of an audit.
- F. The Court Clerk does not file a monthly report with the village of all cases heard in court. Section 479.080.3, RSMo 2000, requires the Court Clerk to prepare a monthly listing of all cases heard in court or prepaid at the Traffic Violations Bureau (TVB), including all fines and court costs collected, to be verified by the clerk or Municipal Judge and filed with the village's governing body.

- G. The municipal division does not account for all summonses issued and the ultimate disposition. The Court Clerk maintains a list of summonses assigned to officers and records the summonses issued on a computer; however, no one reviews this information for missing summonses numbers.

Without a proper accounting of the numerical sequence and dispositions of summonses issued, the municipal division cannot be assured all summonses issued were properly submitted to the municipal division for processing, voided, or not prosecuted. A record of the ultimate disposition of each summons should also be maintained to ensure all summonses have been accounted for properly.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Municipal Division:

- A. Segregate the accounting duties of the Court Clerk. At a minimum, there should be a documented, independent review of the reconciliations between receipts and deposits and of bank statements and bank reconciliations.
- B. Ensure the composition of receipt slips is reconciled to the composition of bank deposits.
- C. Ensure monthly bank reconciliations are prepared and the checkbook balance is maintained for the bond account. In addition, the bond account should be reconciled monthly to the open items listing and the difference noted above should be investigated and any shortages reimbursed.
- D. Follow-up on all bonds held for more than one year and dispose of bonds in accordance with state law. Procedures should be established to routinely follow up on cash bonds remaining on hand over a period of time.
- E. Retain all tickets and case information in accordance with Supreme Court Rule 8.
- F. Prepare monthly reports of court actions, including fines and costs collected, and file these with the village's governing body in accordance with state law.
- G. Account for the numerical sequence and ultimate disposition of all summonses issued.

**AUDITEE'S RESPONSE**

*The Judge and the Board of Trustees indicated:*

*A&B. These are already being done.*

- C. The Finance Clerk is already reconciling these statements.*
- D. This will be done.*
- E. This procedure will be established.*
- F. The docket will be used as the monthly report and will be given to the Village Clerk.*

This report is intended for the information of the management of the village of Hanley Hills, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

VILLAGE OF HANLEY HILLS, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The village of Hanley Hills is located in north St. Louis County. The village was incorporated in 1948. The population of the village in 2000 was 2,124.

The village government consists of a nine member board of trustees. The trustees are elected in staggered elections for two-year terms. The chairman is appointed by the board from the members. The village officials and other principal officials at June 30, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Actual Compensation for The Year Ended June 30, 2001</u>
Roger Mason, Chairman	April, 2002	\$ 2,100 (1)
Louise Krueger, Treasurer (2)	April, 2003	340 (3)
Julia Bowen, Parks & Tree Commissioner	April, 2003	2,040 (1)
Stanley Taylor, Public Works Commissioner (2)	April, 2003	340 (3)
Diane L. Heinicke, Public Relations Commissioner (4)	April, 2002	2,040 (1)
Leonard Bess, Police Commissioner	April, 2002	2,040 (1)
Telitha Rogers, Health Commissioner (5)	April, 2002	2,040 (1)
Jim Thomeczek, Street Commissioner (2)	April, 2003	340 (3)
Tom Rusan, Building Commissioner (2)	April, 2003	340 (3)
<u>Other Principal Officials</u>		
Dorris Carter, Village Clerk (6)		500
Deanna Jones, Financial Clerk (7)		240
Vacant, Court Clerk (8)		NA
Steven Fluhr, Village Attorney and Prosecuting Attorney (9)		2,000
Steven Clark, Village Judge		7,200
Rajesh Vora, Village Bookkeeper (10)		8,400

- (1) Includes \$240 expenses.
- (2) Replaced Cheryl Collins, Veta Moore, Darryl Moore and Kretia McMillan in the April 2001 election.
- (3) Includes \$40 expenses.
- (4) Resigned in October 2001. Julia Clark was appointed to this position in November 2001.
- (5) Resigned in July 2001. Mike Krueger was appointed to this position in July 2001.
- (6) Theresa Jackson served in this position until April 2001. Dorris Carter was hired in June 2001.
- (7) This position was created June 27, 2001.
- (8) Dionne Davidson served in this position until June 2001. LaJohna Ross was hired in June 2001 and started employment in August 2001.
- (9) Replaced Eric T. Tolen in April 2001.

- (10) The bookkeeping services were terminated in September 2001. The Financial Clerk will perform these services.

Assessed valuation and tax rate information for tax year 2000 are as follows:

ASSESSED VALUATION

Real estate	\$ 7,697,582
Personal property	<u>2,367,337</u>
Total	<u>\$10,064,919</u>

TAX RATE PER \$100 ASSESSED VALUATION

General Revenue Fund	\$ .33
----------------------	--------

The village has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration</u> <u>Date</u>
General	\$ .01	None

A summary of the financial activity of the village of Hanley Hills for the year ended June 30, 2001, is presented below:



	General Fund	Sewer Fund	Municipal Court Bond Fund	Total
<b>RECEIPTS:</b>				
Property taxes	\$ 27,752	0	0	27,752
Sales and use taxes	215,756	0	0	215,756
Utility franchise taxes	28,877	0	0	28,877
Gasoline tax	45,718	0	0	45,718
Cigarette tax	7,175	0	0	7,175
Garbage and rubbish	76,802	0	0	76,802
Court costs and bond forfeitures	45,789	0	0	45,789
Bonds	0	0	6,454	6,454
Sewer fees	0	26,697	0	26,697
Licenses, permits and inspections	8,361	0	0	8,361
Interest	4,099	3,094	0	7,193
Automobile stickers	2,478	0	0	2,478
Road grant	9,270	0	0	9,270
Uncategorized (1)	264,893	0	0	264,893
Transfers in	6,797	4,475	0	11,272
Total receipts	743,767	34,266	6,454	784,487
<b>DISBURSEMENTS:</b>				
Salaries and fringe benefits	88,278	0	0	88,278
Office supplies	28,473	0	0	28,473
Cleaning and maintenance	497	0	0	497
Police	201,978	0	0	201,978
Maintenance, tree and lawn services	74,336	0	0	74,336
Utilities	17,938	0	0	17,938
Garbage service	124,221	0	0	124,221
Insurance	9,987	0	0	9,987
Legal and professional service	56,640	0	0	56,640
Newspaper	2,120	0	0	2,120
Inspections	4,180	0	0	4,180
Telephone	6,102	0	0	6,102
Sewer maintenance and repair	0	15,177	0	15,177
Equipment	5,778	0	0	5,778
Crime victims compensation	3,777	0	0	3,777
Ordinance codification	3,476	0	0	3,476
Other	3,954	146	2,742	6,842
Transfers out	4,475	0	6,797	11,272
Total disbursements	636,210	15,323	9,539	661,072
Receipts over (under) disbursements	107,557	18,943	(3,085)	123,415
Cash Balance, July 1, 2000	216,827	68,709	5,004	290,540
Cash Balance, June 30, 2001	\$ 324,384	87,652	1,919	413,955

(1) The village employees were not able to categorize some receipts from March to June 2001.



**TOWN OF CARROLLTON, MISSOURI  
YEAR ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-07  
January 24, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**The following problems were discovered as a result of an audit conducted by our office of the Town of Carrollton, Missouri.**

---

A major change in the normal operations of the Carrollton Municipal Utilities during the summer of 2000 was not formally approved by the town's Board of Public Works. During the summer of 2000, the town generated almost all of its own electricity instead of purchasing it as is normally done. This change appears to have been a cause of a 59 percent increase in customers' electricity bills during the summer of 2000 compared to summer 1999. While the base rate for kilowatt hour usage did not increase during this period, fuel adjustments, which are added to customers' electricity bills when the town generates its own electricity, increased substantially causing the overall increase in electric bills.

Our review noted the following concerns with the town's decision to generate all of its electricity:

- This decision was not formally approved by the Board of Public Works. Officials and employees indicated the matter was informally discussed by the board, but the board did not document formal approval.
- The town did not perform a formal cost benefit analysis to compare the costs of generating electricity to the costs of purchasing electricity.

The audit also includes some matters related to utility bidding and payroll procedures, fuel card and vehicle policies, and budgeting upon which the city should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

YELLOW MOTHS SHEET

TOWN OF CARROLLTON, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-13
<u>Number</u>	<u>Description</u>
1. Utility Rates .....	5
2. Utility Bidding Policy .....	7
3. Utility Payroll Procedures .....	8
4. Fuel Card and Vehicle Policies .....	9
5. Budgets .....	12
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....	14-16

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Town Council  
Town of Carrollton, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Town of Carrollton, Missouri. The town had engaged Kimberly A. Ritchhart, Certified Public Accountant (CPA), to audit the town for the year ended December 31, 2000. The town had also engaged Williams Keepers LLC, Certified Public Accountants & Consultants, to audit the Carrollton Municipal Utilities for the year ended December 31, 2000. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of the CPA firms. The scope of our audit of the town included, but was not limited to, the year ended December 31, 2000. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the town.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the town's management and its audited financial reports and was not subjected to the auditing procedures applied in the audit of the town.

The accompanying Management Advisory Report presents our findings arising from our audit of the Town of Carrollton, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 27, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Beeler

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



TOWN OF CARROLLTON, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Utility Rates</b>
-------------------------

- A. A major change in the normal operations of the Carrollton Municipal Utilities during the summer of 2000 was not formally approved by the town's Board of Public Works. During the summer of 2000, the town generated almost all of its own electricity instead of purchasing it as is normally done. While there appeared to be legitimate reasons to support this action, this change appears to have been a cause of a 59 percent increase in customers' electricity bill during the summer of 2000 compared to the summer of 1999. While the base rate for kilowatt hour usage did not increase during this period, fuel adjustments, which are added to customers' electricity bills when the town generates its own electricity, increased substantially causing the overall increase in electric bills.

The town normally purchases most of its electricity from Kansas City Power and Light (KCPL). However, during the peak summer months, the town must generate some electricity to keep up with the demand because its connection to KCPL cannot handle the increased load. The town charges a standard rate per kilowatt hour used. If any electricity is generated by the municipal utilities, the rate structure includes a fuel adjustment added to the customers' bills to recoup the cost of the fuel used to generate the electricity.

According to municipal utilities employees, during the summer of 1999 to the spring of 2000, KCPL would regularly curtail the town's electricity supply by drastically increasing the rates charged to the city. During those times, the town had to generate its own electricity or pay increased rates set by KCPL. According to KCPL officials, an explosion to one of its boilers reduced its capacity for generating electricity so it needed to raise the cost of electricity provided to Carrollton and other cities which purchase electricity from KCPL. Additionally, significant increases in KCPL's fuel adjustment charges were necessary to compensate for increased fuel costs. Therefore, municipal utility employees believed it would be less costly to generate all of its own electricity from mid-July through mid-September 2000. However, employees indicated significant increases in fuel prices resulted in increased generating costs, and the town spent more by generating its electricity than purchasing electricity from KCPL.

Our review noted the following concerns with the town's decision to generate all of its electricity:

1. This decision was not formally approved by the Board of Public Works. Officials and employees indicated the matter was informally discussed by the board, but the board did not document formal approval. The Board of

Public Works is the governing body of the utilities and major changes to the operation of the utilities should be formally approved by the board.

2. The town did not perform a formal cost benefit analysis to compare the costs of generating electricity to the costs of purchasing electricity. While the uncertainty of fuel prices may have made such an analysis difficult, formal documented analyses are necessary to ensure the town can justify major operating and policy changes to its customers.
- B. During July 2000, it appears the town undercharged its electric customers by approximately \$42,000. The fuel adjustment rate charged to customers in July 2000 was \$.008 per kilowatt hour used. However, documentation for this fuel adjustment calculation was not retained. When employees attempted to re-create the calculation, it appears the adjustment should have been \$.02 per kilowatt hour, not \$.008 per kilowatt hour (as was charged). Additionally, there is no independent review of fuel adjustments to help ensure rates are calculated correctly.
  - C. The municipal utilities had operating losses of \$168,395 and \$156,062 during 2000 and 1999, respectively. During 2000, a rate study was completed by an outside engineering firm at a cost of approximately \$3,000 to determine the level of water and electricity rates needed to break even. The rate increases recommended in the study have been implemented by the board. However, it appears the municipal utilities is still operating at a loss during 2001.

The board needs to review the overall operations of the utilities and consider increasing rates or reducing costs to attempt to stop the overall operating losses. An additional rate study may be necessary to consider all current factors and ensure any rate increases will cover operating costs. In addition, Section 67.042, RSMo 2000, requires the preparation of a statement of costs to support any increase in fees to support a particular service.

**WE RECOMMEND** the Board of Public Works:

- A. Perform formal costs benefit analyses prior to making any major operating or policy changes which could affect the cost of providing services, and ensure all major decisions are formally approved by the board.
- B. Ensure supporting documentation of fuel adjustment calculations is maintained. Additionally, an independent review of these adjustments should be performed to help ensure accuracy.
- C. Review current utility operations and take action to stop the operating losses, and consider obtaining an additional study to determine how utility rates should be set.

## **AUDITEE'S RESPONSE**

- A. *Cost analysis prior to making operating changes that would affect customer service will be brought before the Board of Public Works. The superintendent will make recommendations as to what needs to be done and have documentation. If the superintendent or the board believes additional information needs to be available, then we will consult with professional services.*
- B. *The superintendent and office personnel will review all calculations on fuel adjustments. Professional and legal assistance is available if needed. Unfortunately the current natural gas bill was not available when our electric bills were sent to our customers, so a miscalculation was experienced during July 2000.*
- C. *An in-depth review of operating losses will take place to see how each department can cut costs. It is the superintendent's opinion that rates will have to be gradually raised to offset fuel and operating costs in both the water and electrical departments.*

<b>2. Utility Bidding Policy</b>
----------------------------------

There is no documentation that the Board of Public Works followed its purchasing policies in 2000 and prior years. The board has adopted the town's bidding policy which requires competitive bids for all expenditures over \$500. Board minutes in 2000 and prior years indicate bids were solicited for certain purchases, but utility employees were unable to locate any bid documentation. It appears bid documentation has been retained by the current Superintendent since his appointment in March 2001. The following large expenditures were noted during 2000 for which no bidding documentation was apparently retained:

Various chemical purchases	\$ 87,966
Well maintenance	73,269
Fencing	29,700
Concrete work	13,805
Various supplies	8,182
Chemicals for water plant	7,300
Parts for engines	6,682
Inspection	6,296

Formal bidding procedures for major purchases provide a framework for economical management of town resources and help ensure the town receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the town's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

**WE RECOMMEND** the Board of Public Works adhere to the board's policy of soliciting bids for all expenditures over \$500. Additionally, documentation should be retained of all bids or proposals received and justification for the bid selected.

### **AUDITEE'S RESPONSE**

*Formal bidding procedures with documentation have been implemented since March 2001. Included in these records are the companies' names, material to be purchased, and amount. Three bids are required on purchases above the amount of \$500, although more bids are taken if available. The superintendent will show the final bids to the Board of Public Works for documentation. In case of an emergency where materials or parts have to be ordered, the superintendent will show his reason for the purchase to the board at its next regular meeting. Independent contractor agreements have also been implemented since March 2001. Long form bids are usually handled through engineering services with assistance from the superintendent.*

<b>3. Utility Payroll Procedures</b>
--------------------------------------

- A. Time sheets are not prepared by any of the twenty municipal utilities employees. Salary costs for some employees are allocated to the electric and water funds, but there is no documentation to support these allocations. Time sheets are necessary to document hours actually worked and substantiate payroll expenditures and the allocation of payroll expenditures to the electricity and water funds. The municipal utilities should require all employees to prepare detailed time sheets and these time sheets should be approved by the appropriate supervisors.
- B. The Board of Public Works holds closed meetings in December of each year to discuss employee raises. Board members indicated they informed the former superintendent of the approved salary amounts, and that he then informed the office manager of the employee raises that were approved by the board. However, there is no documentation of board approval of specific salary amounts. Although minutes are prepared for most closed meetings, minutes of the closed meetings to discuss employee salaries are not prepared.

Board approval of employee salaries should be documented to ensure all salaries are properly authorized. Although minutes of closed meetings are not specifically required by law, minutes help show that the closed discussions or business related to the specific reason announced for closing the meeting comply with the Sunshine Law, Chapter 610, RSMo 2000.

- C. Municipal utilities employees receive a Christmas bonus every year amounting to \$15 for every year of service. In 2000, bonuses totaling \$4,860 were paid to employees. These bonuses appear to represent additional compensation for services previously rendered and violate Article III, Section 39 of the Missouri Constitution. Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and

laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered.”

**WE RECOMMEND** the Board of Public Works:

- A. Require time sheets be completed for each employee showing the actual hours worked for each department along with hours taken off, and ensure all time sheets are signed by the employee and approved by the appropriate supervisor.
- B. Ensure minutes are maintained to document the matters discussed in the closed meetings. Additionally, the board should document approval of all employee salaries.
- C. Discontinue the practice of giving Christmas bonuses to employees.

**AUDITEE'S RESPONSE**

- A. *Department heads have always kept a type of record on the employees' time at work. If an employee was absent, then he/she is required to come to the office and fill out the proper documents. We will start having department heads keep written time sheets to be turned into the office on a regular basis.*
- B. *The office manager always recorded the minutes of the meetings of the Board of Public Works. It has always been the practice of the board to excuse the office manager when raises were discussed; unfortunately no one recorded the minutes. If the superintendent was considered for a raise, he also was excused. The office manager found out later about the raises. It is the consensus of the board to change this procedure or have another board member record the minutes during this time.*
- C. *Added to the Company Policy Manual of the Carrollton Municipal Utilities (CMU), under compensatory time, it states, "All employees are compensated \$15 a year for every year they are employed at CMU". The word bonus no longer exists.*

<b>4. Fuel Card and Vehicle Policies</b>
------------------------------------------

The town uses 21 fuel credit cards for its various departments and the municipal utilities uses one fuel credit card for all of its vehicles. Employees must enter a personal identification number (PIN) at the fueling station when using the cards. The employees do not receive charge slips and are not required to enter the odometer readings when purchasing fuel. However, a detailed report of all fuel card transactions by department is received monthly and each department head reviews the fuel purchases for reasonableness. The town has twenty-one vehicles and it purchased fuel totaling \$13,704 in 2000 on its fuel cards. The municipal utilities has eight vehicles and a total of \$9,030 was charged on its fuel card in 2000. We noted the following concerns regarding fuel cards:

- A. The town does not have formal policies governing the use and assignment of the fuel cards. Some cards are carried by town employees and some are placed in specific vehicles, but there is no log or other record of the custody or assignment of fuel cards. In addition, some departments' procedures for fueling appears to create inefficient use of employees' time. For example, cards are not assigned to reserve police patrol vehicles and when a reserve patrol car needs fuel, it must meet another town vehicle at the gas station to fill up, using the fuel cards assigned to these other vehicles. The municipal utilities' fuel card is kept by the superintendent and approximately once a week, utilities employees meet the superintendent at the gas station to fill up the utilities' vehicles.

The town and municipal utilities should adopt formal policies and procedures for the assignment and use of fuel cards. Separate fuel cards should be assigned to each vehicle and no cards should be assigned to employees. This would allow the town and municipal utilities to better track fuel usage for each vehicle and provide a more efficient means for fueling each vehicle. In addition, the town and municipal utilities should consider obtaining fuel cards which require the employee to enter the odometer reading when purchasing fuel, and receiving the odometer readings on the detailed reports received from the credit card company. This would provide additional information to help ensure the reasonableness of fuel purchases.

- B. Some fuel cards are used by employees to fill their personal vehicles when used for town purposes. Additionally, other town employees and officials are reimbursed for fuel purchases for their personal vehicles when used for town purposes by submitting charge slips to the mayor's Administrative Assistant. No other documentation is required to receive reimbursement for fuel purchased for personal vehicles. This practice provides less assurance that town resources are used only for official town business.

The town should adopt a policy requiring all officials and employees to use town vehicles when available and practical. If employees and officials are required to use personal vehicles for town purposes, the town should pay a mileage rate and require employees and officials to submit reimbursement requests which include the date, purpose, location traveled to and from, and total miles traveled.

- C. The town and municipal utilities do not maintain usage and maintenance logs for several vehicles and equipment. Usage and maintenance logs are necessary to document appropriate use of the vehicles and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for town business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be periodically reconciled to applicable

expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges.

**WE RECOMMEND:**

- A. The Town Council and the Board of Public Works adopt formal written procedures regarding the use and assignment of fuel cards. These policies should include the assignment of separate fuel cards to each vehicle. In addition, the Town Council and Board of Public Works should consider obtaining cards which require odometer readings to be entered for each fuel purchase.
- B. The Town Council discontinue the practice of paying for fuel for personal vehicles when being used for town purposes. The council should establish a mileage reimbursement rate and require employees and officials to submit detailed mileage reimbursement requests which include the date, purpose, location traveled to and from, and total miles traveled.
- C. The Town Council and the Board of Public Works maintain mileage and maintenance logs for all town vehicles and equipment and ensure these logs are reviewed for reasonableness.

**AUDITEE'S RESPONSE**

*The Town Council provided the following response:*

*All departments for the Town of Carrollton are currently using fuel cards. Cards are kept in each vehicle with the exception of the Police Department (PD). The PD has cards in the three first responding vehicles. If a police reserve needs fuel, he/she must contact the officer on duty. Mileage and gallons purchased are being recorded at every fill up. Mileage will only be recorded at each fill up and when any special out of town trips are taken. There are no fuel cards in any one person's custody. Maintenance logs are kept for each vehicle in the separate departments. Some logs are kept in the offices of the departments and some are kept in the vehicle itself. The Town of Carrollton will adopt a written policy that should be complete and on record by the end of January 2002.*

*The Town of Carrollton is no longer paying for fuel in any personal vehicles. If special trips are taken, an expense report will be filed and mileage will be paid to the individual.*

*The Board of Public Works provided the following response:*

- A. *It is our recommendation that each department head will have a fuel card to be used for trucks, pumps, etc., in his care. PIN, odometer reading, and vehicle number will be used for future purchases.*

- C. *Maintenance logs for each truck will be kept. We will have the driver record each time the trucks are used, including date, mileage, truck number, and driver's name. Each department head will check and file each log sheet.*

<b>5. Budgets</b>
-------------------

- A. The town's budgets do not include some information required by state law. The budgets do not include a budget message or some required information regarding the town's debt. The budgets include actual revenues and expenditures for only the preceding year instead of two years, as required by law. Additionally, some funds are not budgeted, and the Board of Public Works does not prepare budgets for the operations of the municipal utilities.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds, including the funds of the municipal utilities. The budget should also include a budget message and information on interest, amortization, or redemption charges on debt.

- B. For the year ended December 31, 2000, the town approved expenditures in excess of the budgeted amounts for capital outlay in the street fund as follows:

Budgeted Amount	Actual Expenditures	Actual Over Budget
\$ 161,980	240,144	78,164

The street fund budget was not amended to reflect these additional expenditures. Additionally, a budget amendment was not prepared for a hazard mitigation grant that was received during 2000. Therefore, appropriations to spend these additional grant revenues were not approved by the Town Council.

Section 67.040, RSMo 2000, requires political subdivisions to keep expenditures within amounts budgeted. If there are valid reasons which necessitate excess expenditures, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for such.

**WE RECOMMEND:**

- A. The Town Council ensure all funds are budgeted and annual budgets include all relevant information, as required by state law. Additionally, the Board of Public Works should prepare annual budgets for the municipal utilities.



- B. The Town Council ensure expenditures are kept within budgeted amounts. If it is necessary to incur additional expenditures, a resolution setting forth the increase and reasons for such should be adopted.

**AUDITEE'S RESPONSE**

*The Town Council provided the following response:*

*The budget for the Town of Carrollton for the year 2002 will reflect all information required by law, specifically , actual revenues and expenditures for the two prior years, a budget message, and interest, amortization, and redemption charges on debt. If any changes are made to the budget, an amendment will be filed as soon as the change is expected.*

*The Board of Public Works provided the following response:*

- A. *The CMU will try to implement a budget for the ensuing year. With exuberant price fluctuation in fuel costs, purchasing power, and engine parts, it is sometimes difficult to stay on a budget, but one will be used for a guideline. We are sure it will be helpful.*

*The Board of Public Works provided the following overall response:*

*The Board of Public Works would like to thank the concerned citizens who signed the petition and the Office of the State Auditor for bringing to our attention these findings. The CMU will start immediately in correcting these indifferences and will be more responsive to our customers' concerns. It has always been our policy to provide electricity and water at reasonable rates to our customers and contribute back to the Town of Carrollton many municipal benefits.*

This report is intended for the information of the management of the Town of Carrollton, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

TOWN OF CARROLLTON, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Town of Carrollton, is located in Carroll County. The town was incorporated in 1833, and is a special charter town. The population of the town in 2000 was 4,122.

The town government consists of a mayor and a five-member town council. The members are elected for two-year terms from four wards with one at-large member. The mayor is elected for a two-year term, presides over the council, and votes only in case of a tie. The Mayor, Town Council, and other principal officials at December 31, 2000, were:

Elected Officials	Term Expires	Compensation Paid For the Year Ended December 31, 2000	Amount of Bond
Ervil Mann, Mayor (1)	April 2001	\$ 17,060	\$ 0
Quenten Harden, Councilman Ward 1	April 2002	3,480	0
L. Darrin Lake, Councilman Ward 2 (2)	April 2001	3,600	0
Steve Walden, Councilman Ward 3	April 2002	3,480	0
Charles Lancaster, Councilman Ward 4 (2)	April 2001	3,440	0
Jack Vantrump, Councilman At-Large	April 2002	3,480	25,000
Carol Pink, Town Clerk (2)	April 2001	2,960	25,000
Kevin Walden, Town Attorney (2)	April 2001	6,040	0
Patricia Gentry, Treasurer Ex-Officio/Collector (3)	April 2001	10	0
 Other Principal Officials			
Judith Hauser, Administrative Assistant (4)		30,832	25,000
Mary K. McGinness, Financial Assistant (4)		20,976	25,000
Carlos Edwards, Town Counselor		6,921	0
Donald King, Police Chief		28,144	0

- (1) Sharon Metz was elected mayor in April 2001.
- (2) Re-elected in April 2001.
- (3) No one ran for the Treasurer Ex-Officio/Collector position in April 2001 and this position remains vacant.
- (4) Judith Hauser resigned in July 2001. Mary K. McGinness was appointed Administrative Assistant and Verlon Persinger was appointed Financial Assistant in July 2001.

On December 31, 2000, the city employed 22 full-time and 2 part-time employees.

The town has a Board of Public Works composed of four members recommended by the Mayor and approved by the Town Council. This board oversees the operation of the municipal utilities (water and electricity). The Board of Public Works members and the Superintendent as of December 31, 2000, were:

Name and Title	Term Expires	Compensation Paid For the Year Ended December 31, 2000	Amount of Bond
Jean Belcher, Board President	October 2004	\$ 1,274	\$ 50,000
James Samples, Board Vice President (1)	October 2002	1,274	50,000
Maurice Miller, Board Member	October 2003	1,274	50,000
Terry Reimer, Board Member (2)	October 2001	1,274	50,000
Lowell Anderson, Superintendent (3)		113,880	50,000

- (1) Resigned in October 2001. Carl Mais was appointed to fill the unexpired term.
- (2) Donald Thomas was appointed to replace Terry Reimer in October 2001.
- (3) Lowell Anderson passed away in February 2001. James Paul was appointed Superintendent in March 2001.

At December 31, 2000, the Board of Public Works employed 20 full-time employees.

Assessed valuation and tax rates for 2000 were as follows:

#### ASSESSED VALUATION

Real estate	\$ 18,728,620
Personal property	6,399,262
Railroad and utility	779,618
Total	<u>\$ 25,907,500</u>

#### TAX RATES PER \$100 ASSESSED VALUATION

General	\$ 0.6635
Library	0.2614
Parks and recreation	0.2513
Total	<u>\$ 1.1762</u>

The city has the following sales tax; the rate is per \$1 of retail sales:

	Rate
General	<u>\$ 0.010</u>
Capital improvement	0.005
Total	<u>\$ 0.015</u>



**MANAGING STATE VEHICLES AT THE  
DEPARTMENT OF HEALTH**

**From The Office Of State Auditor  
Claire McCaskill**

*The Department of Health needs to improve policies to ensure fleet vehicles are reviewed for need, replaced timely and assigned properly.*

**Report No. 2002-06  
January 22, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

January 2002

**Audit finds questionable assignment of state vehicles to Department of Health employees and other areas for improvement in the department's fleet management**

This report is a detailed look at the Department of Health's use and management of 35 state vehicles. The review is an extension of the audit staff's September 2001 statewide review of vehicle fleet management.

**Vehicle assigned for emergency response often used for work commutes**

One administrator used his assigned Jeep Cherokee to respond to two emergencies during fiscal year 2000. The emergency response typically involves driving to the office to assemble with other responders. The vehicle is also used for commuting to work, which accounted for more than 54 percent of the mileage in fiscal year 2000 and 30 percent of the mileage in 2001. (See page 3)

**Cars logged low annual mileage**

Six of the department's 35 vehicles were driven less than 5,000 miles in a year. One vehicle assigned to a health care facility surveyor/inspector sat idle in the employee's driveway while the employee was on 5 months of administrative leave. Four of these vehicles were used for maintenance/delivery purposes between Jefferson City office locations. (See page 4)

**Vehicle information database is not complete**

Auditors found \$4,950 in repair costs that went unreported in the department's vehicle management database because of incomplete monthly operating cost documents. Department officials use this database to respond to requests for information, but the incomplete data results in the release of inaccurate information. Regular monitoring of the database information could help officials control the department's fleet size and condition. (See page 4)

*All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)*

YELLOW SHEET

**MANAGING STATE VEHICLES AT THE  
DEPARTMENT OF HEALTH**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
State Vehicles at the Department of Health Can Be Better Managed .....	2
Conclusions.....	5
Recommendations.....	6
 <b>APPENDIXES</b>	
I.    OBJECTIVES, SCOPE AND METHODOLOGY .....	7
II.   LIST OF VEHICLES, MILEAGE, AND JUSTIFICATION FOR ASSIGNMENT AND USE .....	8



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Ronald Cates, Acting Director  
Department of Health  
Jefferson City, Missouri

The State Auditor's Office audited management of the state vehicles owned by the Department of Health (the department). The objectives of the audit were to determine if (1) the department has adequate policies, procedures, controls, and records for the management of vehicles, and (2) opportunities exist for more efficient and effective use of its vehicles.

The audit disclosed that the department recently reduced the vehicle fleet by eliminating a pool of high-mileage vehicles. However, the department needs to improve policies and procedures to effectively and efficiently manage state vehicles. In addition, the department could improve the automated fleet management system and database.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

August 31, 2001 (fieldwork completion date)

The following auditors prepared this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Rosemarie Edwards



## **RESULTS AND RECOMMENDATIONS**

### **State Vehicles at the Department of Health Can Be Better Managed**

The Department of Health's (the department) vehicle management policy lacks certain attributes key to the efficient and effective management of a vehicle fleet. Consequently, vehicle replacement and permanent vehicle assignment policies were not adequate, retention of some vehicles in the fleet was questionable, and the vehicle management system was inaccurate. Better fleet management would ensure an appropriately sized fleet in which vehicles are properly monitored and assigned.

#### **The department policy lacked guidance in vehicle replacement and assignment**

The department cannot adequately ensure it maintains a cost-effective fleet without a written vehicle replacement policy. Fourteen of the 35 vehicles owned by the department as of June 30, 2001, had over 100,000 miles. *(See Appendix II, page 8, for a listing of all vehicles.)* As a policy decision, department officials decided not to maintain a fleet of pool vehicles for check out by employees for state business and during the 2 years ended June 30, 2001, disposed of 16 vehicles that averaged 124,180 accumulated miles. Their plan called for the use of rental vehicles rather than maintain a vehicle pool. Generally, high mileage vehicles experience higher maintenance and repair costs. The federal General Services Administration uses a range of optimal vehicle replacement thresholds of 80,000 miles for heavy-duty trucks, 60,000 miles for sedans and station wagons, 50,000 miles for light-duty trucks, and 40,000 miles for 4-wheel drive vehicles.

40 percent of  
fleet has over  
100,000 miles

Table 1.1 demonstrates the replacement criteria used by the federal General Services Administration and illustrates the average cost for maintenance and repair experienced by the department during fiscal year 2001 and 2000.

**Table 1.1: Average Maintenance and Repair Costs for Vehicles Over and Under the Replacement Mileage Criteria for Fiscal Years 2001-2000**

Vehicle Type	Replacement Mileage	Costs for Vehicles Over /Under Criteria			
		Fiscal Year 2001		Fiscal Year 2000	
		Over	Under	Over	Under
Heavy Duty Trucks	80,000	\$ 2,730	924	752	516
Sedans and Station Wagons	60,000	\$ 278	131	447	139
Light-Duty Trucks	50,000	\$ 780	113	1,052	151
4-Wheel Drive	40,000	\$ 351	58	318	222

Source: Department of Health Expense Records

As the table shows, the higher mileage vehicles incur higher maintenance costs. Department officials stated that funds to replace vehicles with over 100,000 miles have not always been approved in the budget. Department officials stated they plan to maintain a fleet of service and program specific vehicles. Thus, a written vehicle replacement policy is needed. Such a policy

will also help the department assess the appropriate break-even point for deciding to repair a vehicle or to purchase a new one.

The department policy does not clearly define how employees receive a permanently assigned vehicle. The policy does not provide a listing of the positions authorized to have permanent vehicle assignments and does not include written justification or explanation for these permanent vehicle assignments. Ten of the 35 vehicles are permanently assigned to a specific job function or employee. Department officials indicated they use the permanent vehicle assignment criteria contained in a 1997 report<sup>1</sup> issued by Missouri's Council on Efficient Operations (Council) as a guideline as follows:

Some vehicles  
are permanently  
assigned to  
individuals

- In general, vehicles should not be assigned except to appropriate individuals or for certain conditions.
- Assigned passenger vehicles should travel more than 15,000 miles per year while conducting official state business.
- A vehicle may be assigned to job functions/employees requiring specially equipped vehicles, (e.g. mounted radio equipment, emergency response, or other programmatic needs).
- A vehicle may be assigned to job functions/employees that require frequent transportation in the performance of their duties (e.g. mail and delivery vehicles, etc.).
- Permanently assigned vehicles are not to be used for commuting purposes, unless that employee works from his/her home, is on a 24-hour on-call status, or needs to operate a specially equipped vehicle.

Employees who work from their homes are assigned 7 of the 10 vehicles. These employees inspect and survey hospitals, skilled nursing facilities, laboratories and rural health departments. These vehicles averaged 15,500 miles in fiscal year 2001 and 16,700 miles in fiscal year 2000. The job function and the mileage meet the criteria suggested in the Council report. Of the remaining three vehicles, one vehicle is assigned to the department director; however, two other assignments are questionable.

The director of the Section for Environmental Public Health is assigned a vehicle to use to respond to after-hours emergencies. The employee stated that on emergency calls (of which there were only two during fiscal year 2000) he typically drives the Jeep Cherokee to the department office to assemble and join with other members of the emergency response teams. The employee drove the Jeep only 4,440 miles during fiscal year 2000, and over 54 percent of those miles were for personal commuting. This vehicle was driven only 4,052 miles during fiscal year 2001, and over 30 percent of those miles were for personal commuting. The remaining

---

<sup>1</sup> "Vehicle Management and Maintenance – Opportunities to Improve the State of Missouri's Vehicle Fleet Efficiency," issued by the Council on Efficient Operations, August 20, 1997.

mileage was used to participate in training and drills. The low business mileage makes it questionable as to whether this vehicle is efficiently used or needed.

The deputy director drove an assigned vehicle 13,329 miles during fiscal year 2001, and 9,307 miles during fiscal year 2000. Department officials indicated the deputy director is considered on-call and may use the vehicle to respond to any emergencies. However, the deputy director could not provide information regarding the number and types of emergencies to which he responded. Although the deputy uses the assigned vehicle for daily commuting, records did not show his annual commuting miles because the deputy only reports the number of commuting round trips.

### **Not all vehicles are used efficiently and some may not be needed**

Our review identified six vehicles that were driven less than 5,000 miles in a year:

- The previously mentioned vehicle for the director of the Section for Environmental Public Health was used sparingly and usually for commuting.
- A vehicle that was assigned to an employee working from home during fiscal year 2001 was driven only 4,855 miles. Many employees that survey and inspect hospitals, skilled nursing facilities, laboratories and rural health departments work from their home and are assigned vehicles. This employee was on administrative leave for 5 months during fiscal year 2001. During that time, the vehicle remained parked at the employee's residence instead of being transferred for use at another location. The individual is no longer employed at the department and the vehicle was transferred to the central office pool in July 2001. 

Vehicle remained idle for 5 months
- Four of the six-maintenance/delivery vehicles in Jefferson City were driven less than 5,000 miles in fiscal year 2001. The department's General Services division maintained four maintenance and delivery vehicles at Jefferson City locations. The department's Bureau of Vital Records had one delivery vehicle and the State Laboratory also had one delivery vehicle. With the exception of the large Chevrolet truck, each of the vehicles is used for short distance trips between various office locations in Jefferson City. Although the vehicles receive frequent use on a daily basis, the low annual mileage for four of the vehicles provides an opportunity for evaluating whether sharing of the vehicles is practical through better scheduling of trips. This change would allow for better usage patterns and possible disposition of some vehicles. 

Better scheduling could lead to vehicle disposal

### **The department needs to improve the accuracy of its vehicle management system database**

The database was inaccurate because various districts and divisions submitted inconsistent and incomplete data. Each division and district office submits monthly usage reports and operating cost information to the General Services division.

Auditors compared the monthly reports filed by the divisions and districts on all vehicles to supporting documentation and noted \$4,950 of maintenance and repair costs that were not recorded on the monthly reports and as a result not entered into the database. The \$4,950 represented 13.5 percent of the actual maintenance and repair costs for fiscal years 2000 and 2001.

Department officials indicated they maintain the database to provide information upon request from entities such as the legislature, the Council on Efficient Operations, auditors, etc. Due to the incomplete nature of the database, the department is providing inaccurate data.

### **Reconciliation of vehicles to state license plates**

In our statewide audit of state fleet management (*Report No. 2001-94, issued September 25, 2001*), we noted that state entity vehicle records did not agree with state license plate information at the Department of Revenue. For our audit of state vehicles at the Department of Health, we performed a detailed comparison to reconcile these records. In March 2000, the Department of Revenue provided the auditor's office with information showing the Department of Health had 52 state license plates. The department disposed of 5 vehicles in October and November 1999, and 8 vehicles in October 2000, but did not report these 13 dispositions to the Department of Revenue until December 2000. After returning these 13 state license plates to the Department of Revenue, the department had 39 license plates. As of June 30, 2001, the department's records included data for only 35 vehicles. The database does not account for four recreational vehicles which were donated to the department by non-profit organizations. These organizations use the vehicles as mobile dental or health screening units under joint programs with the department.

### **The database should be used as a fleet management tool**

Department officials do not regularly monitor information contained in the database. Periodic analysis of the database would aid in controlling both the size and condition of the vehicle fleet. By reviewing various utilization statistics (i.e., mileage, number of trips, number of people traveling, etc.), the department could make more effective decisions regarding fleet size and composition.

### **Conclusions**

The department needs to improve the policies and procedures to effectively and efficiently manage its vehicles. In addition, the department's database needs some improvement. As an alternative to permanently assigning vehicles to employees, that accumulate low mileage due to infrequent use, officials could reimburse employees for using personal vehicles for the occasional emergencies requiring the employees' response. The policies and procedures should include criteria and guidance for vehicle replacement, assignment, and overall care.

## **Recommendations**

We recommend the Director, Department of Health:

- 1.1 Improve the vehicle management policies and procedures to effectively and efficiently manage the department's vehicles.
- 1.2 Set standards for the type of information to be recorded in the database which should include all state licensed department vehicles and use the database as a fleet management tool.

## **Department of Health Responses**

- 1.1 *Your recommendations will be taken under consideration. The Office of Administration is in the process of drafting a policy for fleet vehicles and as soon as that is completed we will review it and adjust our vehicle policy accordingly. We will make appropriate changes where warranted and cost beneficial.*
- 1.2 *We will also review the database and make appropriate changes and consider your recommendations.*

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

The objectives of this audit were to determine if (1) the Department of Health has adequate policies, procedures, controls and records for the management of vehicles, and (2) opportunities exist for more efficient and effective use of its vehicles.

**Scope and Methodology**

To accomplish the audit objectives we:

- Reviewed the department's policies for key fleet management provisions and the consistent application of those policies to the fleet of vehicles.
- Interviewed department personnel to clarify policies and procedures.
- Reviewed information from the vehicle management system regarding vehicle operating costs, maintenance and repair history, and mileage.
- Compared information in the database to supporting documentation on maintenance and repairs.
- Reconciled the number of vehicles in the department's fleet to the state license plate information at the Department of Revenue.

## APPENDIX II

### LIST OF VEHICLES, MILEAGE, AND JUSTIFICATION FOR ASSIGNMENT AND USE

Section Assignment, Make and Model of Vehicle	Miles Driven in Fiscal Years		Cumulative Mileage	Justification for Assignment and Use
	2000	2001		
Department Director				
1996 Jeep Cherokee	12,251	12,597	74,670	Customary to provide a vehicle to the department director
Department Deputy Director				
1999 Ford Taurus	13,329	9,307	32,564	Customary to provide a vehicle to the department deputy director / on-call
Surveys and Inspections				
1993 Dodge Spirit	13,335	10,505	111,447	Assigned to employee performing facility licensing surveys and inspections
1993 Dodge Spirit	11,729	4,855	106,615	Assigned to employee performing facility licensing surveys and inspections
1994 Jeep Cherokee	14,856	13,840	108,290	Assigned to employee performing facility licensing surveys and inspections
1996 Oldsmobile Achieva	17,480	19,333	91,329	Assigned to employee performing facility licensing surveys and inspections
1996 Oldsmobile Achieva	16,273	15,710	81,811	Assigned to employee performing facility licensing surveys and inspections
1998 Ford Escort	29,452	27,244	78,977	Assigned to employee performing facility licensing surveys and inspections
1998 Ford Escort	14,079	16,815	49,194	Assigned to employee performing facility licensing surveys and inspections
Division of General Services				
1988 Chevrolet Cargo Van	3,507	4,126	68,213	Materials and supply delivery between Jefferson City locations
1991 Jeep Cherokee	2,348	2,435	35,211	Materials and supply delivery between Jefferson City locations
1992 Chevrolet Astro Van	19,212	24,265	112,653	Motor pool for central office in Jefferson City
1993 Chevrolet (large truck)	10,917	11,226	98,974	Warehouse delivery
1994 Ford Pickup	16,813	16,803	110,227	Mail delivery for all facilities in Jefferson City
1995 Jeep Cherokee	19,760	30,695	102,695	Motor pool for central office in Jefferson City
1996 Chevrolet Corsica	27,946	15,185	107,284	Motor pool for central office in Jefferson City
1998 Chevrolet Corsica	27,219	29,204	95,892	Motor pool for central office in Jefferson City
1998 Plymouth Neon	31,053	31,236	104,158	Motor pool for central office in Jefferson City
1998 Plymouth Neon	26,315	31,965	100,346	Motor pool for central office in Jefferson City
State Laboratory				
1993 Jeep Cherokee	1,153	1,900	108,992	Delivery of items to and from the laboratory
Bureau of Vital Records				
1992 Ford Aerostar	7,256	2,927	114,834	Two delivery trips daily plus other trips as necessary
Section for Environmental Public Health				
1987 Jeep Cherokee	4,440	4,052	129,483	Emergency response as needed. Director on-call 24 hours
1996 GMC Suburban	7,097	8,753	44,161	Emergency response as needed
1999 Chevrolet Van	8,649	7,172	20,655	Emergency response as needed
Division of Home Health				
1997 Ford Taurus	15,401	12,955	60,885	Home health surveys
1997 Ford Taurus	11,687	14,194	56,916	Home health surveys
Northeast District Office				
1999 Ford Taurus	19,840	19,424	45,152	District operations and motor pool
Northwest District Office				
1994 Jeep Cherokee	21,265	13,960	115,315	District operations and motor pool
2000 Ford Focus	*	16,171	16,844	District operations and motor pool
Southeast District Office				
1999 Ford Taurus	22,980	23,393	55,570	District operations and motor pool
Identifies the 6 vehicles that should be considered for evaluating feasibility of pooling trips and reducing fleet.				

## APPENDIX II

### LIST OF VEHICLES, MILEAGE, AND JUSTIFICATION FOR ASSIGNMENT AND USE

Section Assignment, Make and Model of Vehicle	Miles Driven		Cumulative Mileage	Justification for Assignment and Use
	in Fiscal Years			
	2000	2001		
Southwest District Office				
1999 Ford Taurus	28,538	28,951	67,638	District operations and motor pool
2000 Ford Focus	*	14,193	14,741	District operations and motor pool
2000 Ford Focus	*	18,161	18,693	District operations and motor pool
Eastern District Office				
1996 Chevrolet Cavalier	17,720	17,017	106,344	District operations and motor pool
1999 Ford Taurus	22,028	22,668	53,050	District operations and motor pool

\* Vehicle purchased in fiscal year 2001

Source: Vehicle management system database and results of interviews with officials.





**STATE LOTTERY COMMISSION  
THREE YEARS ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-05  
January 15, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**The following problems were discovered as a result of an audit conducted by our office of the State Lottery Commission.**

---

The State Lottery Commission's advertising and promotional expenditures were approximately \$10 million for years ended June 30, 2001 and 2000; however, a thorough study of advertising expenditures' effects on sales has not been performed.

The Missouri Lottery's advertising budget is comparable to other state lotteries that have the same ticket sales volume as Missouri. Additionally, it appears that advertisements to make the public aware of large jackpots and new promotions may help increase sales. However, much of the advertising done by the commission does not inform the public of either large jackpots or new promotions, and the commission could not provide us with evidence that this type of advertising increases sales. While reviewing other state lotteries, it was noted that the Massachusetts State Lottery has steadily decreased its advertising expenditures over the past eight years, while its sales have continued to increase.

A prior audit performed by our office recommended that the Lottery Commission have an independent review conducted to analyze the effectiveness of advertising. The commission contracted with the University of Missouri in the fall of 1998 to have an evaluation performed on the impact of advertising expenditures on sales of Lottery products. Because the Lottery Commission did not maintain data in a manner conducive to analysis, this evaluation, costing \$10,711, could not support its conclusions and was therefore determined to be inadequate.

A follow-up to the evaluation was done by the University of Missouri in the spring of 1999, costing \$1,200. This follow-up listed ways in which the commission could collect and maintain data so that studies could be performed in the future. The State Lottery Commission has begun collecting sales and expenditure data from the advertising agency in the manner prescribed by the follow-up done by the University.

The State Auditor recommended the Lottery Commission have an independent study made of its advertising program with the goal of possibly reducing its advertising expenditures without significantly reducing sales volume. Lottery Commission employees indicated that an evaluation is planned before the end of the fiscal year 2002; however, it has yet to be scheduled.

Adequate controls are not in place or not always enforced for prize check distribution in the regional offices. There is not always an independent verification of the accuracy of the checks. There were also numerous entries on the check register of illegible winner's

(over)

YELLOW SHEET

signatures, only initials were written, or nothing was indicated at all. Some checks listed as voided were not retained and an explanation of the reason for voiding some checks was not given. Additionally, some retained voided checks were not properly marked void.

The State Lottery Commission does not have a uniform procedure for managing or accounting for tickets received through sponsorship agreements and various individuals were responsible for different events. There is also no formal written policy regarding the use or tracking of tickets received.

As a part of its advertising program, the commission sponsors various sporting and entertainment events. These events include, but are not limited to, professional baseball and football, college football and basketball, concerts, and various minority and women's events and projects. According to the contract terms, the commission receives various forms of advertising during the events as well as other items, such as tickets to the events. During the year ended June 30, 2001, the Lottery Commission spent over \$3 million on sponsorships (up from just over \$2 million in 1999).

The commission's sponsorship program includes the purchase of ten season tickets each year for the St. Louis Rams football games through a personal seat license (PSL). The cost of purchasing these tickets for the 2001-2002 season was \$6,500. It is the commission's informal policy to give sponsorship and PSL tickets to commission retailers as incentives and sales promotions, believing this will encourage the retailers to increase their participation in lottery products. In contrast to the other tickets received, the State Lottery Commission does not receive any advertising exposure through the purchase of the PSL tickets except when used in player or retailer promotions. The state Lottery commission should reconsider the purchase of these season tickets. The State Lottery Commission has a fiduciary duty to ensure funds are expended in a manner that maximizes revenues, and therefore maximizes the amount of money transferred for education purposes.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# STATE LOTTERY COMMISSION

## TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT-STATE AUDITOR'S FINDINGS .....	4-13

<u>Number</u>	<u>Description</u>	
1.	Sponsorship Agreements .....	5
2.	Advertising Expenditures.....	8
3.	Prize Check Procedures .....	11
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....		14-19

### Appendix

A	Revenue and Expenditure Data Three Years Ended June 30, 2001 .....	17
B	Revenue and Expenditure Chart January 20, 1986 through June 30, 2001 .....	18
C	Revenue and Expenditure Graphs January 20, 1986 through June 30, 2001 .....	19

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
State Lottery Commission  
and  
James R. Scroggins, Executive Director  
State Lottery Commission  
Jefferson City, MO 65102

The State Auditor is required under Section 313.315(l), RSMo 2000, to audit the accounts and transactions of the State Lottery Commission. The commission had engaged Cochran, Head & Co., P.C., Certified Public Accountants (CPA), to perform annual audits of the State Lottery Commission for the years ended June 30, 2001, 2000, and 1999. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPAs. We reviewed the reports and substantiating working papers of the CPAs to satisfy ourselves as to the appropriateness of using their reports, and we accept them in partial fulfillment of our responsibility under Section 313.315(1), RSMo 2000. The additional objectives of this audit were to:

1. Review compliance with certain constitutional provisions, statutes, and attorney general's opinions as we deemed necessary or appropriate in the circumstances.
2. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we also examined the agency's financial and management records, made inquiries of agency employees, and examined other papers and documents as determined appropriate for the audit.

As part of our audit, we assessed the agency's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in our audit of the agency.

The accompanying Management Advisory Report presents our findings arising from our audit of the agency.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

August 24, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Lori Melton
	Tsetsegsaikhan Chadraabal

MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S FINDINGS



STATE LOTTERY COMMISSION  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

<b>1.</b>	<b>Sponsorship Agreements</b>
-----------	-------------------------------

The State Lottery Commission (SLC) does not have a uniform procedure for managing or accounting for tickets received through sponsorship agreements, and various individuals were responsible for different events. There is also no formal written policy regarding the use or tracking of tickets received.

As a part of its advertising program, the State Lottery Commission (SLC) sponsors various sporting and entertainment events. These events include, but are not limited to, professional baseball and football, college football and basketball, concerts, and various minority and women’s events and projects. According to the contract terms, the SLC receives various forms of advertising during the events as well as other items, such as tickets to the events. During the year ended June 30, 2001, the SLC spent over \$3 million on sponsorships (up from just over \$2 million in 1999). The SLC also purchases ten season tickets each year for the St. Louis Rams football games through a personal seat license (PSL). As discussed in part E, the cost of these PSL tickets for the 2001-2002 season was \$6,500. It is the SLC’s informal policy to give these sponsorship and PSL tickets to SLC retailers as incentives and sales promotions, believing this will encourage the retailers to increase their participation in lottery products. Our review of these tickets noted the following areas of concern:

- A. The SLC does not have a uniform procedure for managing or accounting for these tickets, and various individuals were responsible for different events. There were some events and tickets for which the SLC could not provide us with detailed documentation regarding who attended the event or how the tickets were distributed. Furthermore, there was no tracking of tickets for minority and women’s events. As a result, not all tickets were adequately accounted for or tracked. Specifically, we noted:
  - 1. Various SLC employees are responsible for receiving and accounting for sponsorship tickets. To ensure that all tickets received are properly accounted for, one employee should receive and track all tickets provided by sponsorship agreements. Additionally, since sponsorship events are handled by either the marketing department or minority and women business department, the employee appointed to be responsible for the tickets should be independent of these departments.
  - 2. Tickets for concerts and various miscellaneous promotions were not tracked for the year ended June 30, 1999, and most of the year ended June 30, 2000. SLC employees began tracking these tickets in the year ended June 30, 2001.

3. The SLC did not account for nearly 30 percent of the sports sponsorship tickets received during the three years ended June 30, 2001 (1,895 out of 6,395 tickets). In some cases, the number of tickets tracked for an event exceeded the number that SLC employees indicated had been received.

The disposition of the remaining 70 percent of the sports sponsorship tickets was documented in some fashion; however, the documentation was inadequate. Of the tickets that were given to retailers, the retailer identification was not indicated on 618 out of 4,127 tickets.

- B. There is no formal written policy regarding the use of the tickets received or the methods to track the tickets. The informal policy for minority and women's events and projects is that the tickets are used by employees working the event, or given to retailers or companies who have contracts with the SLC. The informal policy for all other sponsorships is that the tickets are given to SLC retailers. SLC employees are allowed to use the tickets for non-minority and women's sponsorships only if they are entertaining a SLC retailer.

While reviewing the distribution of the tickets, we noted that the informal policy was not strictly adhered to. For sponsorships (other than minority and women's events), there were 208 of 8,887 tickets accounted for that were given to an organization that was not a retailer and 81 of the tickets accounted for were given to a SLC commissioner, the executive director, or a SLC employee. These included 32 Cardinal tickets, 28 Rams tickets, eight Chiefs tickets, four Royals tickets, and nine tickets to miscellaneous events. If these tickets had been purchased on the open market, they would have been worth over \$2,500. Additionally, some of these games were sold out which meant the tickets may have had an intangible value in addition to the stated amount.

- C. The SLC could not always provide documentation, in the form of a retailer's signature, verifying that the retailer received the tickets indicated. The retailer's signature was only retained for 2% of tickets accounted for. Without a signature, a confirmation, or some other communication directly from the retailer verifying receipt of the tickets, the SLC cannot ensure that the retailer received the number or type of tickets indicated.
- D. The SLC does not retain all unused tickets. SLC employees noted that unused tickets for minority and women's events are not retained. Additionally, for all other sponsorships, we noted that 15 of 149 unused tickets could not be located. Without keeping the actual tickets, the SLC cannot verify that the tickets were not used.
- E. In 1995, the SLC purchased 10 personal seat licenses (PSLs) for the St. Louis Rams at a cost of \$45,000. These PSLs guarantee the SLC the ability to purchase season tickets for the St. Louis Rams for the same seats each year until 2025. SLC

employees indicated that these PSLs were purchased so that the SLC would have additional tickets to give to retailers. The costs of these tickets have been as follows:

<u>Season</u>	<u>Cost</u>
1999-2000	\$4,500
2000-2001	5,600
2001-2002	6,500

Playoff tickets are available at an additional cost. Each year, the SLC has opted to buy playoff tickets (if applicable). The cost of playoff tickets for the PSLs was \$1,753 in November 1999.

For each year of the audit period, the SLC could only account for six PSL season tickets. SLC employees indicated that the other four season tickets were given to a commissioner to act as an ambassador for the SLC. The commissioner received these tickets to entertain the retailers in the other six seats. While the use of one of these ticket is allowed by the informal policy of the SLC, there was no documentation retained indicating who used the three additional tickets given to the commissioner.

The number of sporting events sponsored by the SLC has continued to increase, and consequently, the number of tickets received through these sponsorships has increased (from 1,733 tickets in 1999 to 2,371 in 2001). As noted earlier, the cost of these sponsorships has also increased significantly from fiscal year 1999 to 2001. In contrast to the other tickets received, the SLC does not receive any advertising exposure through the purchase of the PSL tickets except when used in player or retailer promotions. The SLC has a fiduciary duty to ensure funds are expended in a manner that maximizes revenues, and therefore maximizes the amount of money transferred for education purposes. The SLC could not provide detailed documentation to indicate how the expenditures listed above resulted in increased revenue to the SLC.

**WE RECOMMEND** the SLC:

- A. Appoint one employee to track all tickets received through sponsorship agreements. This employee should be independent of the marketing department and the minority and women business department. Documentation should be retained to track the receipt and disposition of all tickets obtained through sponsorship agreements.
- B. Establish a formal written policy regarding the use and tracking of tickets received through sponsorship agreements. This policy should include specific guidelines regarding how these tickets are distributed to provide the opportunity for all eligible entities to receive the tickets and to prohibit the tickets from being distributed in an arbitrary manner.

- C. Obtain the signature or other verification of the retailer or other individual receiving any tickets obtained through sponsorship agreements.
- D. Retain all unused tickets obtained through sponsorship agreements.
- E. Reconsider the purchase of season tickets for the St. Louis Rams. The SLC should ensure costs incurred are necessary and reasonable, and provide a benefit to the SLC that justifies these additional costs.

### **AUDITEE'S RESPONSE**

*The Lottery concurs with all recommendations outlined for sponsorship agreements:*

- A. *Concur. Revised procedures for tracking tickets from sponsorship agreements were issued September 4, 2001. The secretary to the State Sales Manager was designated as the person to maintain records of ticket usage; we are currently reviewing this further to determine if some other position should be assigned this responsibility.*
- B. *Concur. Procedures issued September 4, 2001.*
- C. *Concur. Required in procedures issued September 4, 2001.*
- D. *Concur. Required in procedures issued September 4, 2001.*
- E. *Concur. Re-evaluation will be conducted. It should be noted that the demographics for Lottery products are virtually identical to those of major sporting events; sports sponsorships help insure that Lottery advertising messages appear in a venue with a receptive audience and thus attain maximum benefit. Sponsorship tickets, including PSL tickets, are used as retailer incentives and as prizes in sales promotions; each of these uses aids the Lottery in maximizing sales and thus net revenues.*

<b>2.</b>	<b>Advertising Expenditures</b>
-----------	---------------------------------

The SLC's advertising and promotional expenditures were approximately \$10 million for the years ended June 30, 2001 and 2000; however, a thorough study of advertising expenditures' effects on sales has not been performed.

The Missouri Lottery's advertising budget is comparable to other state lotteries that have the same ticket sales volume as Missouri. Additionally, it appears that advertisements to make the public aware of large jackpots and new promotions may help increase sales. Much of the advertising done by the SLC does not inform the public about a specific product or game, such as large jackpots or new promotions. Instead, the SLC's advertising appears to concentrate on general promotion of the lottery, such as "Luckytown". The SLC could not provide us with evidence that this form of advertising increases sales. While reviewing

other state lotteries, it was noted that the Massachusetts State Lottery has steadily decreased its advertising expenditures over the past eight years, while its sales have continued to increase. Since 1997, while the Missouri Lottery was spending \$10 million on advertising, the Massachusetts Lottery's advertising budget has been limited to \$400,000 which may only be spent on point-of-sale promotions and approximately \$3 million spent on agent incentive drawings. From 1997 through 2000, sales in Missouri increased from \$440 million to \$508 million (an increase of 15.5%) while sales in Massachusetts have increased from \$3.2 billion to \$3.7 billion (an increase of 15.6%). Part of Massachusetts' ability to increase sales while spending much less on advertising than Missouri may be due to the large payout rate in Massachusetts (75% of sales), as compared to Missouri's 55% payout rate. Therefore, it appears that advertising may not be the main determinant of sales.

A prior audit performed by our office recommended that the SLC have an independent review conducted to analyze the effectiveness of advertising. The SLC contracted with the University of Missouri in the fall of 1998 to have an evaluation performed on the impact of advertising expenditures on sales of Lottery products. The evaluation, costing \$10,711, indicated that an increase in advertising appeared to lead to an increase in sales. However, the letter provided to the SLC from the University of Missouri summarizing the evaluation did not include any support for the conclusions reached, nor did it provide the methodologies used to reach the conclusions. The letter indicated that the evaluation was inadequate because the SLC does not maintain data in a manner conducive to analysis. Therefore, no further analysis could be performed.

A follow-up to the evaluation was done by the University of Missouri in the spring of 1999 costing \$1,200. This follow-up listed ways in which the SLC could collect and maintain data so that studies could be performed in the future. The SLC has begun collecting sales and expenditure data from the advertising agency in the manner prescribed by the follow-up done by the university. SLC employees indicated that an evaluation using the new data will be planned during the year ended June 30, 2002. However, it has not been scheduled at this time.

The SLC spends a significant amount of money on advertising expenditures. Additionally, a thorough independent review of the effectiveness of the SLC advertising has not been done. To ensure these monies are used in the most effective manner possible, the SLC should have an independent review to determine to what extent and what type of advertising effects the sales of lottery products.

**WE RECOMMEND** the SLC have an independent reviewer conduct a study of the effectiveness of various types of advertising on the sales of lottery products with the goal of determining if it is possible to reduce advertising expenditures without significantly reducing sales volume.

## **AUDITEE'S RESPONSE**

*The Lottery concurs with the recommendation. Now that the type of review required by the recommendation has been agreed to and sufficient data has been collected, the review will be scheduled through the University of Missouri in the first half of calendar year 2002. This review, as agreed, will address the respective cost/benefits of various types of media for various lottery games and promotions.*

*As noted in the audit, the Missouri Lottery's current media advertising to sales ratio is comparable to other state lotteries with the comparable sales volume:*

	<u><b>Sales</b></u>	<u><b>Adv/Sales</b></u>
Indiana	\$582 million	1.5%
Kentucky	\$584 million	1.7%
Minnesota	\$397 million	1.9%
Washington	\$453 million	1.5%
Missouri Lottery	\$508 million	1.6%

*This advertising to sales ratio for Missouri of 1.6% is significantly less than the normal media advertising to sales ratio for many discretionary spending consumer goods products which typically run in the 2% to 6% range. For example:*

Amusement & Recreation Services	4.5%
Bottled & Canned Soft Drinks	5.3%
Cookies & Crackers	3.0%
Distilled & Blended Liquor	15.2%
Ice Cream & Frozen	3.6%
Motion Picture Theaters	2.0%
Tobacco Products	4.8%

*In addition, the effective buying power of the Lottery's media budget of \$8.25 million has been reduced to about \$6.0 million since the last budget increase in 1995 due to increased costs of media. Therefore Missouri's effective media advertising ratio is approximately 1.2 %.*

*Furthermore, we believe that the Massachusetts Lottery is an anomaly in the U.S. lottery industry for several reasons:*

1.	<i>Fiscal Year 2000 Prize Pay-Outs:</i>	
	Massachusetts	70% (highest for 38 U.S. lotteries)
	Missouri	55%
	Range	49% to 70% (for 38 U.S. lotteries)
	U.S. lottery industry average	55.2%

*A prize pay-out in Missouri comparable to Massachusetts would equate to an additional \$76 million in prizes at current Missouri sales levels.*

2. *Massachusetts' total sales for fiscal year 2000 were approximately \$3.7 billion. Missouri sales for fiscal year 2000 were \$508 million. Only two U. S. lotteries (Massachusetts and New York) had sales in excess of \$3 billion annually in fiscal year 2000. New York's annual sales for fiscal year 2000 were approximately \$3.6 billion and their advertising budget was in excess of \$66 million (an advertising to sales ratio of 1.8%). The U.S. lottery industry average is \$11.4 million for annual advertising media.*
3. *Massachusetts' sales are approximately 67% scratchers and 33% on-line including keno. Missouri sales are approximately 54% scratchers and 41% on-line. As noted in the audit "advertisements to make the public aware of large jackpots and new promotions may help increase sales." Missouri achieves a significantly greater percentage of annual sales from on-line games and the related benefits from jackpot advertising than Massachusetts.*
4. *Because of the tremendous scratcher sales volume in Massachusetts (\$2.5 billion in FY-2000) and their prize pay-out percentage (70%), Massachusetts is able to offer some individual scratcher games with jackpot-size top prizes (fifteen \$4 million prizes and thirty \$1 million prizes). Consequently, Massachusetts' advertising needs are cast in a totally different and less significant light. Missouri can not at current sales levels do games with this level of prize pay-out and thus must utilize advertising and sales promotions to a greater extent in order to achieve sales/revenue goals.*

*In conclusion, we believe Massachusetts is an anomaly in the U.S. Lottery industry and that Missouri's performance is more comparable to the other 36 of 38 U.S. lotteries.*

*Otherwise we do concur with the audit recommendation to complete the independent review of lottery advertising.*

<b>3. Prize Check Procedures</b>
----------------------------------

Adequate controls are not in place or not always enforced for prize check distribution in the regional offices. There is not always an independent verification of the accuracy of the checks. There were numerous entries on the check register of illegible winner's signatures, only initials were written, or nothing was indicated at all. Some checks listed as voided were not retained and an explanation of the reason for voiding some checks was not given. Additionally, some retained void checks were not properly marked void.

When a claimant brings a winning ticket to a regional office to claim a prize, the regional office may issue a check to the winner for an amount up to \$25,000, net of taxes. A SLC employee enters the claimant and ticket information into the check writing system. As the check is printed, a signature cartridge inserted in the computer automatically prints the required signatures on the check. A SLC employee initials near the signature line indicating that this employee has reviewed the accuracy of the check. In addition, another employee

must also verify the amount of the prize checks and initial near the signature line. The prize winner is required to sign a check register acknowledging receipt of the check.

- A. During our review of claims processing, we noted 19 out of 96 prize checks written in the regional offices (20 percent) had only one set of SLC employee initials near the signature line.

Since the checks are immediately distributed to the prize winners, a second employee should verify the amount of the prize checks before the checks are distributed. This verification process should also be documented by initialing on the signature line. Without this verification, internal control policies over the distribution of checks are weakened because there is no independent verification of the accuracy of the checks.

- B. A ticket claimant is an individual who completes the back of a winning ticket or a claim form for a winning ticket. The SLC will distribute prize checks to someone other than the claimant if that person is in possession of the winning ticket; however, the check must still be made payable to the claimant. The individual is supposed to sign his or her name on the check register indicating receipt. There were numerous entries on the check register in which the prize winner's signature was illegible, only initials were written, or nothing was indicated. For these checks, we could not verify the name of the individual receiving the check or if the check was mailed to the claimant; therefore, we were unable to determine that the checks were properly distributed. To alleviate this problem, the individual receiving the prize check should sign and print his or her name on the check log to indicate receipt of the check. If the check is mailed or otherwise distributed, this should also be documented.
- C. We scanned two months of the check register for all of the regional offices for any checks that had been marked as void. There were a total of 29 checks that had been indicated as void on the check registers. An explanation for why these checks were voided was not given for any of the 29 checks. Without an explanation the reasonableness of the voided checks can not be determined.
- D. During our review of voided checks, we noted that 10 out of 29 voided checks were not retained or not properly marked void. Without retaining the actual, mutilated check, the SLC cannot ensure that the check was voided and will not be cashed.

**WE RECOMMEND** the SLC:

- A. Ensure all checks processed in the regional offices are reviewed for accuracy by two employees. In addition, the SLC should ensure this review is documented by initialing on the signature line of each check.
- B. Ensure the name of the individual receiving the prize check is documented in a legible manner, if it is someone other than the claimant. If the check is mailed or otherwise distributed, this should also be documented.



- C. Ensure a reason is indicated on the check register for all checks that are voided by the regional offices.
- D. Ensure voided checks are properly mutilated and retained.

**AUDITEE'S RESPONSE**

*The Lottery concurs with all the recommendations outlined for prize check procedures.*

*The Lottery has long-standing procedures in place to address all these issues. The audit findings result from failure of some field office personnel to follow these established procedures in all instances.*

*Appropriate disciplinary action has and will be taken, as necessary, to ensure compliance. Headquarters staff will conduct periodic internal audits to determine compliance.*

*It should be noted that the incidents cited did not result in any financial loss to the state.*

This report is intended for the information of the agency's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## STATE LOTTERY COMMISSION HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The State Lottery Commission was created June 11, 1985, by Senate Bill No. 44, First Regular Session, 83rd General Assembly. That action followed voter approval of a lottery amendment to the Missouri Constitution at the November 1984 general election. The State Lottery Commission began selling instant game tickets on January 20, 1986.

Section 313.321, RSMo 2000, provides that money received from the sale of lottery tickets shall be divided as follows: A minimum of 45 percent shall be awarded as prizes; administration, advertising, promotion, and retailer compensation costs shall be paid as appropriated by the General Assembly; and the remainder shall be transferred to the Lottery Proceeds Fund to be appropriated solely for institutions of elementary, secondary, and higher education.

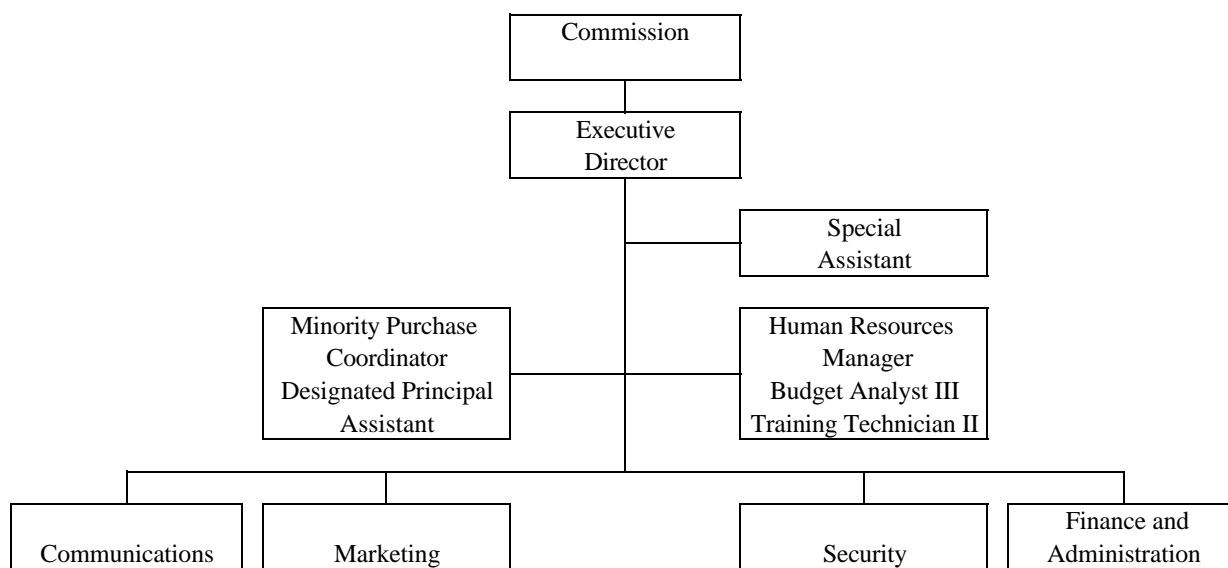
A five-member lottery commission is appointed by the governor with the advice and consent of the Senate. The commission must meet at least quarterly. The commission has the authority to promulgate rules as it deems necessary and desirable to fully implement the lottery as mandated by the people in Article III of the Missouri Constitution. It appoints a director to act as secretary of the commission and keep all books and records of the commission. The director of the lottery oversees the commission's operation and administration. At June 30, 2001, James R. Scroggins served as the Executive Director. At June 30, 2001, the members of the commission were as follows:

<u>Commissioner</u>	<u>Term Expires</u>
William E. James, Chairman	September 7, 2001*
Kenneth R. Hensley	September 9, 1998*
Robert J. Mayfield	September 7, 2000*
Barbara H. Pickering	September 7, 2002
Sue Carrol Terry	September 7, 2002

\* Commissioners continue to serve until a replacement is named.

The State Lottery Commission staff is organized into four divisions. Each division is headed by a director who coordinates activities to meet the commission's objectives. At June 30, 2001, the State Lottery Commission employed approximately 175 individuals. An organization chart follows.

STATE LOTTERY COMMISSION  
ORGANIZATION CHART  
JUNE 30, 2001

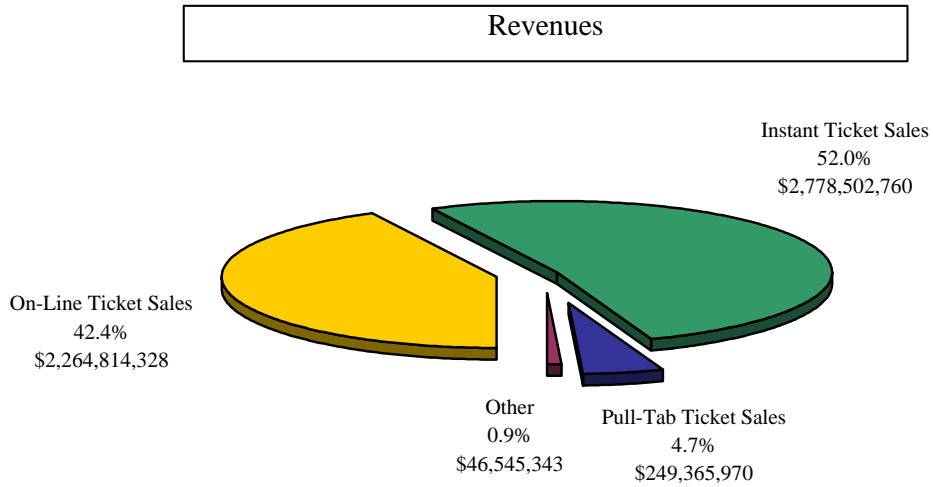


## Appendix A

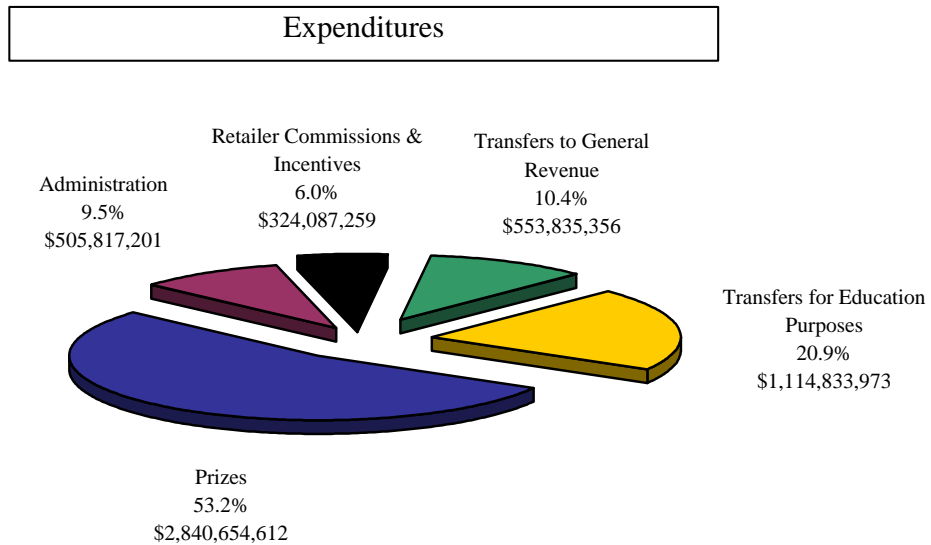
STATE LOTTERY COMMISSION  
REVENUE AND EXPENDITURE DATA  
THREE YEARS ENDED JUNE 30, 2001

	Year Ended June 30,		
	2001	2000	1999
Revenues			
Instant ticket sales	\$ 272,658,386	266,708,105	248,510,434
On-line sales	209,064,079	212,437,187	235,500,040
Pull-tab sales	26,578,639	28,700,294	29,240,982
Other	15,297,172	1,767,426	3,115,918
Total	<u>\$ 523,598,276</u>	<u>509,613,012</u>	<u>516,367,374</u>
Expenditures			
Transfers for Education	\$ 153,914,731	154,018,327	158,562,488
Prizes	293,218,540	280,506,198	282,306,452
Administration	44,035,234	42,699,958	43,220,049
Retailer Commissions and Incentives	32,429,771	32,388,529	32,278,385
Total	<u>\$ 523,598,276</u>	<u>509,613,012</u>	<u>516,367,374</u>

STATE LOTTERY COMMISSION  
REVENUE AND EXPENDITURE CHARTS  
JANUARY 20, 1986 THROUGH JUNE 30, 2001

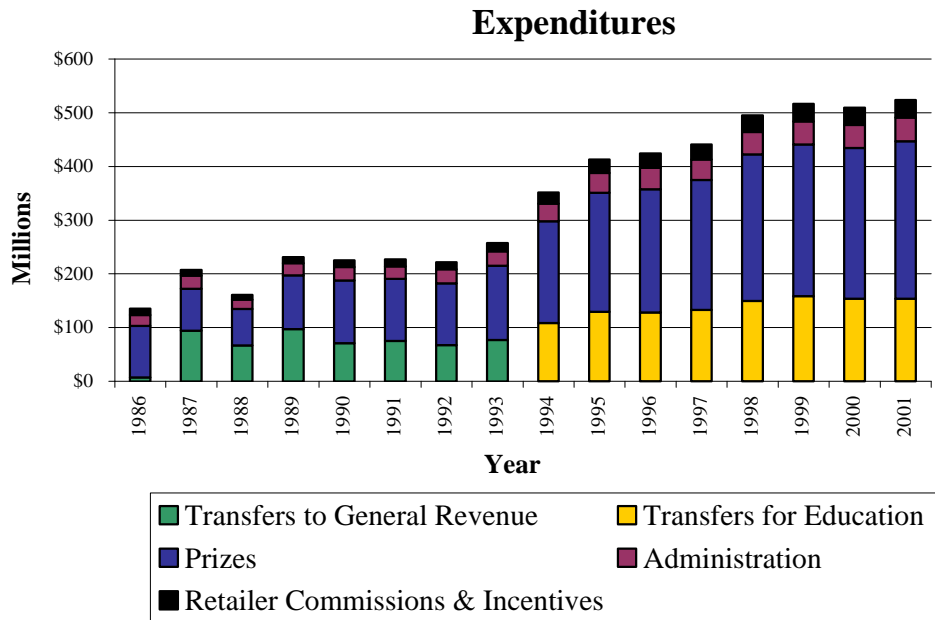
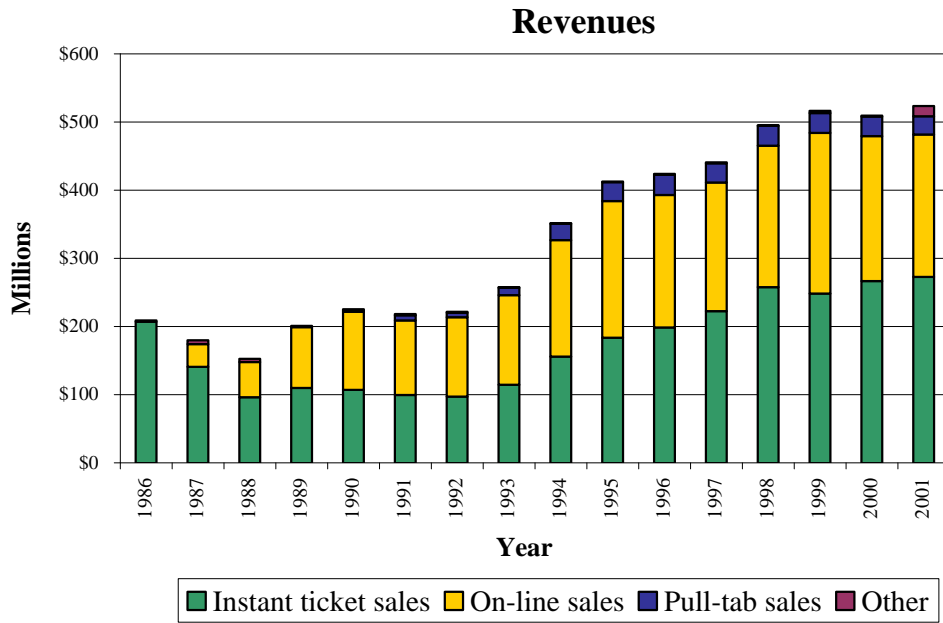


Total Revenues: \$5,339,228,401



Total Expenditures: \$5,339,228,401

STATE LOTTERY COMMISSION  
REVENUE AND EXPENDITURE GRAPHS  
JANUARY 20, 1986 THROUGH JUNE 30, 2001



\* \* \* \* \*



**MARIES COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-04  
January 14, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Maries, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Maries County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries county voters under provisions of Section 67.505, RSMo 2000. The county has collected \$64,810 of excess property tax revenues as of December 31, 2000.
- The county's Road and Bridge Fund has been financing the purchase of equipment at increasing amounts over the course of the past several years resulting in outstanding lease and loan balances of approximately \$768,000 at December 31, 2000. Due to two large balloon payments scheduled in 2003, it appears the county will need to expend approximately 60-70% of estimated fund revenues to make the required payments. In addition, the county does not maintain records documenting payments made and balances due on ten lease and loan agreements.
- In anticipation of the decline of the financial condition of the county, the County Commission submitted to the voters of Maries County a one-half of one percent sales tax levy for the purpose of general operations. This sales tax was approved by the voters in November 2001. With this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum allowed by Section 67.547 RSMo, 2000.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1998 Maries County's Associate County Commissioners salaries were each increased approximately \$2,200 according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

- As a result of the county not updating its listing of fixed assets since 1996, the county did not ensure all equipment was covered by insurance and were unable to recover the market value totaling approximately \$30,000 for a tractor and brush cutter that was damaged by fire. In addition, at the time of the above loss the County Commission performed a review of its insurance coverage and discovered three other pieces of equipment valued at approximately \$227,000 had not been insured.

Also included in the audit are recommendations related to county expenditures and revenues, budgetary and financial reporting practices, county official's compensation and bonds, and property tax system and computer controls. The audit also suggested improvements in the procedures of the Sheriff, License office, Public Administrator, Prosecuting Attorney, County Clerk, and Associate Circuit Division.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

MARIES COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-15
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-15
Notes to the Financial Statements .....	16-19
Schedule: .....	20-24
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	21-24
<u>Number</u>	
00-1.	Property Tax Reduction Due to Sales Tax .....21
00-2.	Road and Bridge Capitalized Lease Obligations .....22
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	25-26

MARIES COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	28-50
<u>Number</u>	<u>Description</u>
1.	County Expenditures and Revenues .....30
2.	County's Financial Condition and Sales Tax .....32
3.	Budgets and Financial Reporting.....34
4.	County Officials' Compensation and Bonds .....36
5.	Property Tax System and Computer Controls .....38
6.	General Fixed Assets .....39
7.	Sheriff's Records and Procedures .....41
8.	License Office Records and Procedures .....44
9.	Public Administrator's Procedures.....45
10.	Prosecuting Attorney's Records and Procedures .....47
11.	County Clerk's Procedures .....48
12.	Associate Circuit Division Procedures .....49
Follow-Up on Prior Audit Findings .....	51-61
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	63-68

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Maries County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Maries County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 18, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Maries County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

September 18, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Crawford, CPA
In-Charge Auditor:	Patrick T. Devine, CPA
Audit Staff:	Mark Rodabaugh
	Nicolai Prasol





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Maries County, Missouri

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Maries County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 00-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Maries County, Missouri, we considered the county's internal control over financial

reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 18, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

MARIES COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 92,563	1,014,926	1,025,100	82,389
Special Road and Bridge	73,447	781,567	812,979	42,035
Assessment	(21)	94,535	94,262	252
Law Enforcement Training	6,404	3,831	2,893	7,342
Prosecuting Attorney Training	207	495	483	219
Prosecuting Attorney Bad Check	3,612	9,063	5,963	6,712
Children's Trust	234	336	0	570
Recorder's Record Storage	29,025	6,136	11,610	23,551
911	45,443	75,267	71,042	49,668
Courthouse Renovation	667	216,666	180,453	36,880
Sheriff's Special	2,257	11,261	5,527	7,991
Law Enforcement	234	28,433	28,420	247
Maries County Law Enforcement	678	53	0	731
Election Service	0	1,030	0	1,030
Law Library	648	5,598	6,132	114
Family Court	2,223	75	0	2,298
Circuit Clerk Interest	4,021	459	20	4,460
Associate Circuit Division Interest	27	37	5	59
Total	\$ 261,669	2,249,768	2,244,889	266,548

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MARIES COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 68,339	875,251	851,027	92,563
Special Road and Bridge	67,257	822,556	816,366	73,447
Assessment	10,827	79,846	90,694	(21)
Law Enforcement Training	4,363	4,428	2,387	6,404
Prosecuting Attorney Training	364	554	711	207
Prosecuting Attorney Bad Check	47	5,942	2,377	3,612
Children's Trust	1,022	412	1,200	234
Recorder's Record Storage	23,293	5,732	0	29,025
911	56,591	63,668	74,816	45,443
Courthouse Renovation	854	212,319	212,506	667
Sheriff's Special	0	7,004	4,747	2,257
Law Enforcement	224	10	0	234
Maries County Law Enforcement	247	1,173	742	678
Water District Block Grant	0	19,969	19,969	0
Law Library	272	4,754	4,378	648
Family Court	2,150	73	0	2,223
Circuit Clerk Interest	3,726	295	0	4,021
Associate Circuit Division Interest	20	41	34	27
Total	\$ 239,596	2,104,027	2,081,954	261,669

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,117,908	2,214,083	96,175	1,950,436	2,078,895	128,459
DISBURSEMENTS	2,296,675	2,210,312	86,363	1,840,797	2,057,573	(216,776)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,767)	3,771	182,538	109,639	21,322	(88,317)
CASH, JANUARY 1	253,838	253,838	0	233,428	233,428	0
CASH, DECEMBER 31	75,071	257,609	182,538	343,067	254,750	(88,317)
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	250,650	251,846	1,196	226,733	237,482	10,749
Sales and use taxes	396,700	432,846	36,146	355,000	380,764	25,764
Intergovernmental	46,435	36,084	(10,351)	26,775	31,768	4,993
Charges for services	148,750	145,103	(3,647)	130,513	141,925	11,412
Interest	5,500	6,733	1,233	7,000	5,404	(1,596)
Loan proceeds	0	50,000	50,000	0	0	0
Other	40,231	42,814	2,583	20,772	27,019	6,247
Transfers in	50,500	49,500	(1,000)	84,203	50,889	(33,314)
Total Receipts	938,766	1,014,926	76,160	850,996	875,251	24,255
DISBURSEMENTS						
County Commission	55,179	55,039	140	53,688	53,590	98
County Clerk	49,762	48,875	887	46,299	50,331	(4,032)
Elections	50,985	48,478	2,507	13,390	11,107	2,283
Buildings and grounds	69,790	51,906	17,884	37,992	42,380	(4,388)
Employee fringe benefits	80,129	94,450	(14,321)	75,975	72,447	3,528
County Treasurer	23,891	23,683	208	22,229	22,596	(367)
County Collector	58,787	57,974	813	54,151	80,677	(26,526)
Circuit Clerk and Ex Officio						
Recorder of Deeds	21,072	20,435	637	16,716	16,280	436
Associate Circuit and Probate Courts	12,610	8,764	3,846	9,181	8,163	1,018
Court administration	5,903	5,989	(86)	3,250	5,239	(1,989)
Public Administrator	7,754	9,010	(1,256)	5,575	4,927	648
Sheriff	238,017	237,897	120	170,101	159,538	10,563
Jail	120,750	119,642	1,108	103,848	99,040	4,808
Prosecuting Attorney	51,811	51,134	677	49,815	49,935	(120)
Juvenile Officer	20,761	20,761	0	29,141	18,881	10,260
County Coroner	10,063	9,566	497	11,145	7,894	3,251
License Office	23,749	23,728	21	27,414	22,955	4,459
Public health and welfare services	8,900	6,424	2,476	7,000	6,811	189
University extension	20,000	20,004	(4)	19,500	19,500	0
Insurance	31,000	32,612	(1,612)	20,869	30,392	(9,523)
Other	60,074	51,251	8,823	29,034	65,161	(36,127)
Transfers out	23,300	27,478	(4,178)	13,542	3,183	10,359
Emergency Fund	27,046	0	27,046	25,530	0	25,530
Total Disbursements	1,071,333	1,025,100	46,233	845,385	851,027	(5,642)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(132,567)	(10,174)	122,393	5,611	24,224	18,613
CASH, JANUARY 1	92,563	92,563	0	68,339	68,339	0
CASH, DECEMBER 31	(40,004)	82,389	122,393	73,950	92,563	18,613

## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	150,100	155,108	5,008	141,469	151,490	10,021
Sales taxes	75,000	71,862	(3,138)	61,000	69,606	8,606
Intergovernmental	434,600	434,879	279	434,450	433,013	(1,437)
Interest	3,000	2,931	(69)	3,600	3,459	(141)
Lease proceeds	100,000	100,000	0	0	135,000	135,000
Other	12,050	16,787	4,737	29,800	29,988	188
Total Receipts	774,750	781,567	6,817	670,319	822,556	152,237
<b>DISBURSEMENTS</b>						
Salaries	202,960	198,723	4,237	210,000	191,129	18,871
Employee fringe benefits	37,878	44,354	(6,476)	39,890	34,050	5,840
Supplies	139,000	118,432	20,568	95,000	100,343	(5,343)
Insurance	0	0	0	4,000	15	3,985
Road and bridge materials	97,500	94,735	2,765	86,000	97,654	(11,654)
Equipment repairs	17,500	31,580	(14,080)	26,500	25,782	718
Equipment purchases	158,181	139,342	18,839	63,850	122,865	(59,015)
Construction, repair, and maintenance	7,500	11,821	(4,321)	5,000	7,010	(2,010)
Lease payments	116,084	142,297	(26,213)	121,334	203,708	(82,374)
Other	21,825	12,695	9,130	27,422	13,810	13,612
Transfers out	19,000	19,000	0	20,000	20,000	0
Total Disbursements	817,428	812,979	4,449	698,996	816,366	(117,370)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,678)	(31,412)	11,266	(28,677)	6,190	34,867
CASH, JANUARY 1	73,447	73,447	0	67,257	67,257	0
CASH, DECEMBER 31	30,769	42,035	11,266	38,580	73,447	34,867
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	78,420	69,761	(8,659)	72,470	78,420	5,950
Charges for services	540	1,136	596	0	545	545
Interest	752	281	(471)	200	796	596
Other	85	57	(28)	370	85	(285)
Transfers in	23,300	23,300	0	13,542	0	(13,542)
Total Receipts	103,097	94,535	(8,562)	86,582	79,846	(6,736)
<b>DISBURSEMENTS</b>						
Assessor	101,488	94,262	7,226	97,409	90,694	6,715
Total Disbursements	101,488	94,262	7,226	97,409	90,694	6,715
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,609	273	(1,336)	(10,827)	(10,848)	(21)
CASH, JANUARY 1	(21)	(21)	0	10,827	10,827	0
CASH, DECEMBER 31	1,588	252	(1,336)	0	(21)	(21)

## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	1,200	897	(303)	740	1,252	512
Charges for services	2,900	2,619	(281)	2,500	2,962	462
Interest	150	315	165	150	214	64
Total Receipts	4,250	3,831	(419)	3,390	4,428	1,038
DISBURSEMENTS						
Sheriff	4,000	2,893	1,107	3,750	2,387	1,363
Total Disbursements	4,000	2,893	1,107	3,750	2,387	1,363
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	938	688	(360)	2,041	2,401
CASH, JANUARY 1	6,404	6,404	0	4,363	4,363	0
CASH, DECEMBER 31	6,654	7,342	688	4,003	6,404	2,401
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	545	483	(62)	500	545	45
Interest	0	12	12	10	9	(1)
Total Receipts	545	495	(50)	510	554	44
DISBURSEMENTS						
Prosecuting Attorney	545	483	62	495	711	(216)
Total Disbursements	545	483	62	495	711	(216)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	12	12	15	(157)	(172)
CASH, JANUARY 1	207	207	0	364	364	0
CASH, DECEMBER 31	207	219	12	379	207	(172)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Intergovernmental	0	4,378	4,378	0	0	0
Charges for services	5,500	4,464	(1,036)	5,000	5,889	889
Interest	0	221	221	500	53	(447)
Total Receipts	5,500	9,063	3,563	5,500	5,942	442
DISBURSEMENTS						
Prosecuting Attorney	7,115	5,963	1,152	5,500	2,377	3,123
Total Disbursements	7,115	5,963	1,152	5,500	2,377	3,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,615)	3,100	4,715	0	3,565	3,565
CASH, JANUARY 1	3,612	3,612	0	47	47	0
CASH, DECEMBER 31	1,997	6,712	4,715	47	3,612	3,565



## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CHILDREN'S TRUST FUND</u></b>						
RECEIPTS						
Charges for services	400	320	(80)	300	375	75
Interest	0	16	16	30	37	7
Total Receipts	400	336	(64)	330	412	82
DISBURSEMENTS						
Domestic violence shelters	400	0	400	500	1,200	(700)
Total Disbursements	400	0	400	500	1,200	(700)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	336	336	(170)	(788)	(618)
CASH, JANUARY 1	234	234	0	1,022	1,022	0
CASH, DECEMBER 31	234	570	336	852	234	(618)
<b><u>RECORDER'S RECORD STORAGE FUND</u></b>						
RECEIPTS						
Charges for services	4,600	4,837	237	4,500	4,606	106
Interest	900	1,299	399	750	1,126	376
Total Receipts	5,500	6,136	636	5,250	5,732	482
DISBURSEMENTS						
Ex Officio Recorder of Deeds	0	11,610	(11,610)	200	0	200
Total Disbursements	0	11,610	(11,610)	200	0	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,500	(5,474)	(10,974)	5,050	5,732	682
CASH, JANUARY 1	29,025	29,025	0	23,293	23,293	0
CASH, DECEMBER 31	34,525	23,551	(10,974)	28,343	29,025	682
<b><u>911 FUND</u></b>						
RECEIPTS						
Charges for services	61,000	72,420	11,420	60,000	60,890	890
Interest	2,500	2,847	347	1,500	2,778	1,278
Total Receipts	63,500	75,267	11,767	61,500	63,668	2,168
DISBURSEMENTS						
Salaries	9,000	12,219	(3,219)	7,500	10,256	(2,756)
Office expenditures	2,000	5,200	(3,200)	2,000	3,556	(1,556)
Equipment	29,000	18,274	10,726	34,000	25,920	8,080
Mileage and training	300	0	300	300	0	300
Other	2,000	4,849	(2,849)	1,000	4,195	(3,195)
Transfers out	30,466	30,500	(34)	41,000	30,889	10,111
Total Disbursements	72,766	71,042	1,724	85,800	74,816	10,984
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,266)	4,225	13,491	(24,300)	(11,148)	13,152
CASH, JANUARY 1	45,443	45,443	0	56,591	56,591	0
CASH, DECEMBER 31	36,177	49,668	13,491	32,291	45,443	13,152

## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COURTHOUSE RENOVATION FUND</u></b>						
RECEIPTS						
Sales taxes	215,000	215,427	427	200,000	211,463	11,463
Interest	0	579	579	50	856	806
Lease proceeds	0	0	0	60,000	0	(60,000)
Other	0	660	660		0	
Total Receipts	215,000	216,666	1,666	260,050	212,319	(47,731)
DISBURSEMENTS						
Engineering	13,000	14,983	(1,983)	7,000	0	7,000
Construction	8,000	0	8,000	45,600	71,056	(25,456)
Lease payments	185,000	146,491	38,509	0	119,085	(119,085)
Interest payments	9,000	15,509	(6,509)	16,000	13,915	2,085
Other	0	3,470	(3,470)	28,000	8,450	19,550
Total Disbursements	215,000	180,453	34,547	96,600	212,506	(115,906)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	36,213	36,213	163,450	(187)	(163,637)
CASH, JANUARY 1	667	667	0	854	854	0
CASH, DECEMBER 31	667	36,880	36,213	164,304	667	(163,637)
<b><u>SHERIFF'S SPECIAL FUND</u></b>						
RECEIPTS						
Charges for services	6,500	10,968	4,468	6,000	6,889	889
Interest	100	293	193	0	115	115
Total Receipts	6,600	11,261	4,661	6,000	7,004	1,004
DISBURSEMENTS						
Sheriff	6,600	5,527	1,073	5,915	4,747	1,168
Total Disbursements	6,600	5,527	1,073	5,915	4,747	1,168
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,734	5,734	85	2,257	2,172
CASH, JANUARY 1	2,257	2,257	0	0	0	0
CASH, DECEMBER 31	2,257	7,991	5,734	85	2,257	2,172
<b><u>LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Interest				9	10	1
Total Receipts				9	10	1
DISBURSEMENTS						
Sheriff				0	0	0
Total Disbursements				0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				9	10	1
CASH, JANUARY 1				224	224	0
CASH, DECEMBER 31				233	234	1

## Exhibit B

## MARIES COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>MARIES COUNTY LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services				0	1,160	1,160
Interest				0	13	13
Total Receipts				0	1,173	1,173
<b>DISBURSEMENTS</b>						
Sheriff				247	742	(495)
Total Disbursements				247	742	(495)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(247)	431	678
CASH, JANUARY 1				247	247	0
CASH, DECEMBER 31				0	678	678

The Accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

MARIES COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Fund	2000
Maries County Law Enforcement Fund	2000
Election Service Fund	2000
Water District Block Grant Fund	1999
Law Library Fund	2000 and 1999
Family Court Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1999
Special Road and Bridge Fund	1999
Prosecuting Attorney Training Fund	1999
Children's Trust Fund	1999
Recorder's Record Storage Fund	2000
Courthouse Renovation Fund	1999
Maries County Law Enforcement Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the General Revenue Fund for the year ended December 31, 2000.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Water District Block Grant Fund	1999
Law Library Fund	2000 and 1999
Family Court Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Taxes

Through December 31, 2000, Maries County collected \$64,810 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Maries County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Schedule



MARIES COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>00-1.</b>	<b>Property Tax Reduction Due to Sales Tax</b>
--------------	------------------------------------------------

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2000:

		Year Ended December 31,	
		2000	1999
Actual Sales Tax Revenues	\$	215,285	197,308
Required percentage of revenue reduction	X	50 %	50 %
Required property tax revenue reduction		107,643	98,654
Assessed Valuation		76,216,159	72,659,802
General Revenue Fund tax levy reduction (per \$100 assessed valuation)	X	0.15	0.13
Actual property tax revenue reduction		114,324	94,458
Excess property tax revenues collected		(6,681)	4,196
Excess property tax revenues collected for prior years		71,491	67,295
Excess through December 31,	\$	64,810	71,491

While the rollback for 1999 was insufficient as compared to that year's sales tax collections, the rollback for 2000 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. Additional reductions will need to be made in future years to offset the balance of prior years excess property tax revenues collections. Based on assessed valuation and sales tax revenue for the first six months of 2001, and to account for prior years' excess property tax revenues collected, the County Commission should have reduced the General Revenue Fund tax levy in 2001 by 21.36 cents. The County Commission only reduced the levy in 2001 by 15 cents which would reduce the estimated balance of the prior years' excess property tax revenue collections to approximately \$50,000 at December 31, 2001.

This condition was noted in our prior three reports.

**WE RECOMMEND** the County Commission continue to reduce the property tax levy adequately to meet the sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

**AUDITEE'S RESPONSE**

*The County Commission plans to continue to gradually decrease the General Revenue Fund's property tax levy. In addition, Maries County unintentionally rolled back the Road Districts 1 and 2 levies in 1996, therefore, shorting the Road District #1 of \$14,140 and Road District #2 of \$15,731, for a total of \$29,871. The County Commission plans to credit this overage against the above balance when they set the levies in August 2002.*

<b>00-2. Road and Bridge Capitalized Lease Obligations</b>
------------------------------------------------------------

- A. The county's Special Road and Bridge Fund has been financing the purchases of equipment such as loaders, brush cutters, dump trucks, and road graders at increasing amounts over the course of the past several years. The following shows the balance of these lease and loan agreements:

Year ended December 31,	Outstanding lease and loan balances
1994	\$263,063
1996	\$580,351
1998	\$703,207
2000	\$768,318

The County Commission indicated that it is more cost effective to periodically trade road and bridge equipment in on new equipment to save on labor and repair costs. However, the County Commission has not prepared a formal cost/benefit analysis comparing the labor and repair costs saved to the cost of interest incurred by refinancing this equipment.

The increased debt has translated into increased annual principal and interest payments. The following shows the annual principal and interest payments during the two years ending December 31, 2000 and required future payments through the year ending December 31, 2003:

Year ended December 31,	Total principal And interest
1999	\$203,708
2000	\$142,297
2001	\$161,662
2002	\$162,569
2003	\$480,668

Historically, the Special Road and Bridge Fund has made lease and loan payments of approximately 20% of total fund revenues; however, due to two large balloon payments scheduled in 2003 the county will need to expend approximately 60-70% of estimated revenues to make the above required payments. The County Commission indicated that this debt will either be refinanced or the related equipment will be used as trade-ins towards the purchase of new equipment in 2003. The County Commission needs to address this issue currently rather than deferring the increased principal and interest payments to the future. Additionally, the County Commission should evaluate the significant costs related to the purchase of new equipment and the inability to recoup the significant amount of depreciation that is lost during the first few years of ownership. The county needs to carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations.

- B. The county does not maintain records documenting payments made and balances due on ten lease and loan agreements. The county often made early principal and interest payments and was unable to document balances due on these leases. The county relies on the bank to provide these records. Due to the large amount of leases the county maintains, these records are necessary to ensure the County Commission is informed of the financial condition of the Special Road and Bridge Fund and to assist the County Commission in planning for upcoming expenditures.

**WE RECOMMEND** the County Commission:

- A. Carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations. The County Commission should perform a cost benefit analysis of repair cost saved in comparison to the cost of interest incurred by refinancing. In addition, the County Commission should evaluate the significant costs related to the purchase of new equipment and the inability to recoup the significant amount of depreciation that is lost during the first few years of ownership.
- B. Maintain records documenting the lease and loan payments made and balances due.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have been watching the principal and interest payments very closely. At the beginning of 2001, the county owned approximately \$1.5 million of road and bridge equipment and*

*property based on fair market value and had \$750,000 or 50% of equity in this equipment and property . We only had \$441,682 or 37% equity in the leased and loaned equipment reported above which was valued at a fair market value \$1,210,000. We believe that the action we have taken is in the best long term interest of the county. We will retain documentation of the costs/benefits of future equipment purchases.*

*B. We will implement this in January 2002.*

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MARIES COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on the applicable findings in our prior audit report issued for the two years ended December 31, 1998.

98-1. Property Tax Reduction Due to Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission continue to reduce the property tax levy adequately to meet sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Partially implemented. The county's rollback for 2000 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. See finding number 00-1.

98-2. Courthouse Renovation Project

Most of the change orders in the county's files were not signed by the county or the contractor and the work related to several change orders was completed before the change order was prepared and authorized. Two change orders were necessary due to errors or omissions in the original work specifications. In addition, the county's overall documentation related to the project change orders was not adequate.

Recommendation:

The County Commission ensure work specifications are complete and accurate and ensure change orders are prepared, signed and approved by both parties prior to the initiation of the related work.

Status:

Implemented. Change orders were properly handled through completion of this project in 1999. The county has not planned any future construction projects.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



MARIES COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 18, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Maries County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.****County Expenditures and Revenues**

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. The county apparently only bids major equipment and vehicle purchases. Recurring regular business purchases and unusual or used items were not bid as follows:

<u>Item purchased</u>	<u>Cost</u>
Diesel fuel (total paid for two years)	\$ 99,660
Gravel (total paid for two years)	81,587
Computer hardware and software	55,653
Concrete (total paid for two years)	23,897
Property insurance (total paid for two years)	19,975
Used tractor/loader	8,275
Metal culverts	6,610
Steel pipe	5,582
Railroad tank car shell (culvert)	4,550

Section 50.660, RSMO 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The county did not obtain or retain supporting documentation for some travel related expenditures. For example, the county prepaid the Sheriff's hotel bill for a training conference with out obtaining supporting documentation. At our request, the Sheriff obtained a copy of the hotel bill from the vendor which indicated \$59 was returned to the county; however, the sheriff nor the county had received the balance due. The

county contacted this vendor and subsequently received the refund. All expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds.

- C. Invoices are not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled.
- D. In November 1994, county voters approved a telephone tax to fund a 911 system. In May 1995, the county entered into a contract with an individual to coordinate the 911 effort and do rural addressing in the county. The contract provided that the county would pay the individual \$200 per month for May, June, and July 1995 and \$500 per month, beginning September 1, 1995, and until December 31, 1996 when all work was to be completed.

The work was not completed until March of 2001, and the county continued to pay this individual \$500 per month without an amended contract. While the County Commission periodically met with this individual, the county did not receive or maintain any documentation of actual services rendered or time spent each month to determine whether the amount paid was reasonable compared to the services rendered. The County Commission indicated delays in completion of the project were largely due to one telephone communications company's uncooperativeness. It appears that the county paid this individual approximately \$25,000 in excess of original contracted amount and extended the project over four years of the original completion date without requiring documentation of actual services rendered. Close monitoring of contracts and detailed documentation of services provided is necessary to demonstrate and ensure compliance with contract terms and evaluate the reasonableness of payments are compared to services rendered.

- E. During the two years ended December 31, 2000, the county requested reimbursements of \$2,703 in direct federal financial assistance. The Drug-Free Workplace Act requires recipients, as a condition of receiving direct federal funds, to certify that they will provide a drug-free workplace.

Although the county's personnel manual has a general policy statement prohibiting bringing drugs to the workplace or using them while on duty, the policy does not include specific statements about the actions that will be taken against violators. In addition, there was no evidence that an ongoing awareness program exists. The county should develop a drug-free workplace policy and an awareness program in compliance with federal requirements.

- F. The county did not receive 911 surcharge fees due from a telecommunications company in March of 1999 totaling \$2,552. At our request, the County Treasurer contacted the telecommunications company and determined that this check had been lost. A check was reissued to the county on September 25, 2001. To ensure all receipts are collected, the County Treasurer should monitor receipts received for recurring amounts due.

Conditions similar to Parts A, C, D, and E. were noted in our prior reports.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure adequate documentation is received and maintained to support all expenditures.
- C. Ensure invoices are properly cancelled upon payment.
- D. Require detailed documentation of the services provided to ensure payments are reasonable. In the future, the county needs to develop contracts which clearly specifies the services to be provided to the county in exchange for compensation.
- E. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.
- F. And the County Treasurer monitor receipts received to ensure recurring amounts due are collected.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*A&B. These will be implemented as of January 2002.*

*C. This has been implemented.*

*D. It was a bigger job than planned, and the individual hired did not realize the extensive size of the project. We believe this individual did a good job for the county. Compared to surrounding counties, we believe this money was well spent.*

*E. We will update the personnel policy by June 2002.*

*The County Treasurer provided the following response:*

*F. I will immediately ensure recurring receipts are received.*

<b>2. County's Financial Condition and Sales Tax</b>
------------------------------------------------------

Although the General Revenue Fund cash balances as of December 31, 2000 and 1999 were \$82,389 and 92,563, respectively, the 2001 budget reflected an anticipated decline in the cash balance of approximately \$77,000 resulting in an estimated ending cash balance of approximately \$5,400 at December 31, 2001. At October 31, 2001 the cash balance was \$14,332.

In anticipation of the fund's declining financial condition, the County Commission submitted to the voters of Maries County a one-half of one percent sales tax for the purpose of general operations. This sales tax was approved by the voters in November 2001. Although the ballot did not specify a statutory reference, the County Clerk indicated that this sales tax was imposed under Section 67.547, RSMo 2000. However, the county has another one-half of one percent sales tax levy that was passed in April 1990 under this same law. The ballot for that sales tax indicated its purpose as funding general operations, road and bridge and law enforcement services.

With this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum allowed by Section 67.547. Furthermore, Attorney General's Opinion No. 61-89 states that a county cannot enact a sales tax that exceeds one half of one percent under Section 67.547, RSMo. The county needs to review the various sales taxes being imposed to determine which are valid. While the County Commission has tried to improve the financial condition of the county by imposing this sales tax, it may need to eliminate one of these sales taxes, consider passing a sales tax under another Section of RSMo, and/or not authorize the Department of Revenue to begin collecting the additional sales tax increase that was approved by the voters in November 2001. In addition, the County Commission should closely monitor the financial condition of the General Revenue Fund by reviewing disbursements and reducing discretionary amounts as much as possible.

**WE RECOMMEND** the County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes. In addition, the County Commission should consider passing a sales tax under another Section of RSMo. and closely monitor the financial condition of the General Revenue Fund.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*In the best interest of Maries County, the sales tax will be distributed as it was presented to the voters on the November 6, 2001 ballot. The voters passed this tax by an overwhelming margin. The Statute number was not printed on the ballot. The 1990 sales tax has been and will continue to be distributed as it was presented to the voters.*

<b>3. Budgets and Financial Reporting</b>
-------------------------------------------

- A. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2000	1999
General Revenue	\$ N/A	5,642
Special Road and Bridge	N/A	117,370
Prosecuting Attorney Training	N/A	216
Children's Trust	N/A	700
Recorder's Record Storage	11,610	N/A
Courthouse Renovation	N/A	115,906
Maries County Law Enforcement	N/A	495

The county did not adequately monitor budgeted amounts to actual results during the year ended December 31, 1999. In addition, in late December 2000, the County Commission amended budgets for numerous county funds to reflect increased expenditures made during the year. Our review indicated the following concerns related to these budget amendments:

- 1) Public hearings were not held prior to the adoption of the budget amendments.
- 2) Prior to the amendment of these budgets, expenditures had already exceeded the original budget for several funds. For example, on December 21, 2000 an amendment was filed for the Special Road and Bridge Fund increasing expenditures by \$128,000; however, prior to amending the budget, expenditures had already exceeded the original budget by \$123,551.
- 3) Valid reasons which necessitated excess disbursements were not provided to support these amendments as required by law.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

It appears these amendments were made just to attempt to present a balanced budget in accordance with state law. It does not appear as if the budget was used as a monitoring tool throughout the year. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- B. Formal budgets were not prepared for various county funds for the years ended December 31, 2000 and 1999. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- C. The county's annual published financial statements did not include the financial activity for some county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. Section 50.800 and 50.810, RSMo 2000, require county financial statements to be prepared and published in a local newspaper and must show actual receipts or revenues, disbursements or expenditures and beginning and ending balances for each county fund.
- D. The 2000 General Revenue Fund budget was amended to allow for \$108,005 in additional costs associated with various elected officials offices. However, the budget was only amended for additional revenue sources totaling \$27,246 and did not include other available resources to offset the deficit budget balance. Since the estimated ending fund balance of the General Revenue Fund was only \$40,755, the County Commission approved a budget deficit of \$40,004 for the General Revenue Fund for the year ended December 31, 2000. Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. Deficit budgeting must be avoided to ensure the county operates within its available means.

Conditions similar to Parts A-C. were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Implement procedures to ensure budgets are properly amended if necessary, expenditures are kept within budgetary limits, and ensure budget amendments are properly made prior to incurring the actual expenditures, ensure valid reasons which necessitate excess disbursements are provided, and public hearings are held prior to adopting budget amendments as required by state law
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.
- D. Discontinue deficit budgeting.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *This will be done immediately.*
- B&C. *These will be done in 2002.*
- D. *We will not budget deficit balances in the future.*

<b>4. County Officials' Compensation and Bonds</b>
----------------------------------------------------

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1998 Maries County's Associate County Commissioners salaries were each increased approximately \$2,200 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.



Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,600 for the three years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. County officials received a two and a half percent cost of living adjustment (COLA) in both January 1999 and 2000. The Salary Commission met in October of 1997, and discussed COLA increases; however, the salary commission minutes did not clearly document the approval of the COLA. In addition, the Salary Commission approved an increase in elected officials' salaries by ten percent of the difference between the current salaries and the statutory maximum, effective for terms of office beginning in 1999. There was not adequate information in the salary commission minutes or written legal opinions from the Prosecuting Attorney to support these increases and the method used to calculate them. Future salary commission minutes should clearly document all decisions regarding salary issues.
- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- D. The entire cost of the County Treasurer's and County Collector's bonds were paid from the School Fines Fund. Section 54.160, RSMo 2000, provides for a portion of the County Treasurer's bond covering school monies be paid from the common school funds. The portion of the bond cost related to county funds was \$255 and should have been paid from the General Revenue Fund. Additionally, Section 52.020, RSMo 2000, provides for the \$818 cost of the County Collector's bond to be paid by the General Revenue Fund.

Conditions similar to Parts C and D. were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure all salary commission minutes clearly document all decisions made and obtain written legal opinions from the Prosecuting Attorney to support their decisions.
- C. Acquire a bond for all county employees handling assets.
- D. Authorize the transfer of \$1,073 from the General Revenue Fund to the School Fines Fund and, in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. We plan to wait to make a decision based on future court decisions.*
- B. In the future, the salary commission minutes will clearly document all decisions made, and legal opinions will be obtained from the Prosecuting Attorney.*
- C. We will look into obtaining a blanket bond in January 2002.*
- D. We believe that most monies collected are for the schools and that these bonds should be paid from the school funds.*

<b>5. Property Tax System and Computer Controls</b>
-----------------------------------------------------

- A. Controls over property tax additions and abatements are not adequate. The County Collector makes changes to the tax books after receiving information from the County Assessor for additions and abatements occurring throughout the month. The County Collector is responsible for preparing court orders for additions, abatements and supplements to be approved by the County Commission; however, there is no subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files or to amounts reflected on the County Collector's annual settlement.

The County Commission, in allowing the County Collector to make changes to the property tax books and also collect the taxes, is weakening controls over the collection of taxes by preventing proper segregation of duties from occurring. Furthermore, Section 137.260, RSMo 2000, requires that the tax book only be changed by the Clerk of the County Commission under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax data files.

- B. The Assessor's office does not always retain the original forms prepared to support the changes to the property tax data files for real estate additions, abatements, and supplements. To ensure the accuracy of the data being entered in to the property tax system, supporting documentation for all additions, abatements, and supplements should be retained.

- C. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited by the County Collector each year is complete and accurate and can be used by the County Commission to verify the County Collector's annual settlements.

This condition was noted in our prior report.

- D. The county clerk did not prepare the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstracts for 1999 and 2000. The Department of Revenue sent notices to the County Clerk indicating that these reports had not been filed with their office. Section 137.295, RSMo 2000, provides for the County Clerk to prepare these reports and forward them to the Department of Revenue and the State Tax Commission.
- E. The county has computer systems, which are utilized by the County Assessor, County Collector, County Treasurer, and the County Clerk. Passwords which restrict employee access to computer files are used by these offices; however, they are not changed periodically to prevent unauthorized access to computer files.

**WE RECOMMEND** the County Commission:

- A. Revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.
- B. Ensure the Assessor's office maintains supporting documentation of all real estate additions, abatements, and supplements.
- C. Ensure the County Clerk establishes and maintains an account book with the County Collector for the County Commission to use to verify the accuracy of the County Collectors' annual settlements.
- D. Ensure the County Clerk prepares and files the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstract with the Department of Revenue and State Tax Commission as required.
- E. Ensure the County Assessor, County Collector, County Treasurer, and County Clerks' offices passwords are changed periodically and remain confidential.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*A&C. The County Clerk will implement these in March 2002.*

*B. This has been implemented by the Assessor's office with the new property tax system.*

*D. The County Clerk is currently updating these.*

*E. This will be implemented in January 2002.*

<b>6. General Fixed Assets</b>
--------------------------------

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, the listing has not been updated for property acquired or disposed of since June 1996. As a result, the county did not ensure all equipment was covered by insurance and were unable to recover the market value totaling approximately \$30,000 for a tractor and brush cutter that was damaged by fire. In addition, at the time of the above loss the County Commission performed a review of their insurance coverage and discovered three other pieces of equipment valued at approximately \$227,000 had not been insured.

In addition, quarterly inspections of county owned land and buildings are not performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all land and buildings. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior report.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. The County Commission should ensure adequate insurance coverage is obtained for all county assets. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed on all fixed assets immediately upon receipt.

### **AUDITEE'S RESPONSE**

*The County Commission believes this tractor and brush cutter was only worth \$25,000 at the time of the loss and believed that it was insured. However, the insurance company had another tractor and brush cutter listed. The county has purchased a new inventory program and plan to have it updated by June 2002. Quarterly inspections will be made starting in January 2002, and property tags will be purchased as soon as a reasonable vendor is found.*

<b>7. Sheriff's Records and Procedures</b>
--------------------------------------------

The Sheriff's office is designated by the judge to collect the criminal fines and costs from the Associate Circuit Division. The Sheriff's office also handles various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. During the year ended December 31, 2000, the Sheriff's office collected and deposited fines and costs, bonds, jail bills, fees, and other miscellaneous receipts totaling approximately \$174,000. Our review noted the following concerns:

- A. The Sheriff's office maintains two bank accounts where balances were held at December 31, 2000. Monthly listings of open items (liabilities) are prepared by the Sheriff's bookkeeper; however, we noted the following concerns related to these listings:
- The bond account open items list includes more than \$3,700 that have been held for several years, with at least one bond dating back to 1988. At our request, the Associate Circuit Division reviewed these cases. Twenty of these cases were closed and eleven case files could not be located for review. In addition, the December 31, 2000 cash balance in the bond account exceeded the total open items balance by approximately \$417.
  - An open items listing is not prepared for the regular bank account because the Sheriff's bookkeeper indicated the remaining balance in the account should be interest earnings. However, undistributed interest earnings exceeded the cash balance by \$141 at December 31, 2000.

The Sheriff's office should adopt procedures to periodically follow up on old open items, including bringing them to the Associate Circuit Division Judge's attention and

disposing of them in accordance with statutory provisions. As a result of the above excess and short balances, any differences between open items and the reconciled bank balance should be investigated for each account and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. Monthly listings of open items should be prepared and reconciled for all accounts to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities.

A similar condition was noted in our prior report.

- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the Sheriff's bookkeeper. For example, on June 18, 2001 the Sheriff's office had six checks totaling \$863 on hand which had not been restrictively endorsed. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Receipts are deposited approximately once a week. For example, on June 18, 2001 the Sheriff's office had \$851 that had been held since June 14 and had not been deposited. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100
- D. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- E. Civil fees totaling \$6,889 and \$10,968 were turned over to the Treasurer annually in 1999 and semi-annually in 2000, respectively. The Sheriff's bookkeeper indicated this was the Sheriff's office policy. Section 50.370, RSMo 2000, requires county officials to turn fees over to the County Treasurer monthly and to file monthly reports of fees with the County Commission.
- F. At December 31, 2000, fifteen checks written on the Sheriff's office three accounts totaling \$399 had been outstanding for over one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.
- G. The Sheriff's office purchases fuel at several local gas stations for county patrol cars; however, mileage and fuel usage logs are not maintained. During the two years ending December 31, 2000 and 1999, the county expended approximately \$12,900 and \$9,300, respectfully, for fuel. To ensure the reasonableness of fuel expenditures, the Sheriff's office should maintain records of mileage and fuel usage and reconcile

them to fuel purchased. Failure to account for fuel purchases could result in the loss, theft or misuse of county assets going undetected.

- H. During the years ending December 31, 2000 and 1999, the county expended approximately \$15,000 and \$10,000, respectively, on food costs for the jail. The sheriff did not maintain records to document the number and the average cost of meals served to inmates. To properly account for all meals and the average cost of meals served, these records should be maintained.

**WE RECOMMEND** the Sheriff:

- A. Establish procedures to routinely follow-up on open items remaining over a period of time to determine the proper disposition. Investigate differences between the open-items listing and the reconciled bank balance and if applicable, any unidentified monies should be disposed of in accordance with state law. In addition, monthly listings of open items should be prepared and reconciled to the cash balance for all accounts.
- B. Restrictively endorse checks immediately upon receipt.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- E. Turn over all fees monthly to the County Treasurer and prepare and file monthly reports of fees received, as required by state law.
- F. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- G. Require mileage and fuel usage logs to be maintained and reconciled to the amount of fuel purchased. In addition, documentation of these reconciliations as well as all mileage and fuel logs should be properly retained. Any significant differences should be investigated and resolved.
- H. Ensure records are maintained to account for the number and average cost of meals served to inmates.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *We are attempting to resolve these old open items and will resolve any differences between the accounts by March 2002.*

- B, C,  
& E. *These have been implemented.*
- D. *This will be done immediately.*
- F. *We are attempting to do this and will implement it by March 2002.*
- G. *This will be implemented by January 1, 2002.*
- H. *This was done in the past, but records were not retained. Records will now be retained.*

<b>8. License Office Records and Procedures</b>
-------------------------------------------------

The county serves as the fee agent for the Department of Revenue (DOR) and receives fees for providing licensing services to the residents of the county. The license office collected county fees in 2000 and 1999 of approximately \$34,400 and \$32,100, respectively. The license office maintains a county fee account and another account controlled by DOR in which DOR fees are deposited. Our review noted the following concerns:

- A. During our review of county fees received on December 29, 2000, we noted \$619 was collected by the license office, but only \$519 was deposited into the county fee account. The license office manager indicated that the \$100 shortage was caused by the office's failure to collect the correct amount of DOR licensing fees from a citizen, and any shortage of DOR fees are normally withheld from the county fees. The County Commission only receives reports prepared by the license office which document the amount of fees deposited into the county fee account. This report does not document the amount of fees charged; therefore, this shortage was not identified or reviewed by the County Commission. To ensure all fees charged and collected are properly accounted for, the County Commission should reconcile county fees charged and collected to amounts deposited into the county fee account, and any differences should be investigated.
- B The license office waived county fees for county employees and relatives of employees of the license office. The county's personnel policy does not address whether employees of the county are to receive a waiver of these fees. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings. In addition, the waiving of county fees for relatives of employees of the license office should be discontinued.
- C. Accurate balances are not maintained in the check register and bank reconciliations were not properly reconciled to the check book register. In addition, the license office manager performs all duties of receiving, recording, and depositing receipts and also prepares bank reconciliations. Without maintaining accurate records of cash balances and accurately preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and



recorded or that bank or book errors will be detected and corrected in a timely manner. In addition, proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of depositing receipts from reconciling receipts. If proper segregation cannot be achieved, at a minimum, periodic documented supervisory review of the records should be performed.

- D. The method of payment is not always indicated on the DOR receipt forms which include the county agent fees. To ensure receipts are handled properly, the method of payment should be indicated on each receipt form and the composition (cash and checks) should be reconciled to the composition of the monies being deposited.

**WE RECOMMEND** the County Commission:

- A Reconcile county fees charged and collected by the license office to amounts deposited into the county fee account, and any differences should be investigated.
- B. Review whether county employees' county license fees should be waived and if necessary, update the personnel policy. In addition, the county should discontinue waiving fees for relatives of license office employees.
- C. Ensure the license office prepares accurate check registers and bank reconciliations , and any errors are corrected. In addition, adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Ensure the license office indicates the method of payment on DOR receipt forms, and reconciles the composition of receipts to the composition of the monies being deposited.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*A,B,  
& D. These have already been implemented.*

*C. We will start reviewing bank reconciliations January 1, 2002.*

<b>9. Public Administrator's Procedures</b>
---------------------------------------------

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2000, the Public Administrator handled approximately fourteen cases.

- A. Twenty of the annual settlements or annual status reports that were required to be filed by the Public Administrator during the two years ending December 31, 2000 were not filed in a timely manner. For example, one annual settlement was not filed by the public administrator until ten months after the anniversary date.

During our review of these annual settlements, numerous notices to file annual settlements were issued by the Associate Circuit Court. In addition, the Associate Circuit Judge also issued contempt of court orders to the Public Administrator for failure to file annual settlements timely.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements and annual status reports are necessary to allow the court to properly oversee the administration of these estates.

- B. The Public Administrator did not file an inventory and appraisal for two of her estates in a timely manner. For example, an inventory and appraisal was not filed until seven months after the Public Administrator was appointed. Section 473.233, RSMo 2000, states that the personal representative shall prepare an inventory and appraisal of all property of the decedent within thirty days after letters are granted.
- C. The Public Administrator held monthly retirement checks totaling \$1,927 that had accumulated over a sixteen month period before depositing them into one estate's bank account. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The Public Administrator did not always pay bills in a timely manner. For example, pharmacy bills totaling approximately \$2,400 were not paid from August 1999 through April 2000 for one estate which resulted in finance charges to the estate of \$118. Funds were available to cover these bills. Failure to pay bills promptly exposes clients to potential loss of sometimes critically needed medication and care services.
- E. Real estate owned by one client was not accounted for on the annual settlements. For annual settlements to accurately present the activity and status of a particular case, all assets should be properly reflected on the annual settlements.

While the Associate Circuit Judge and Associate Circuit Court issued numerous notices and contempt of court orders to file annual settlements timely, a thorough review of each estate's annual settlement is necessary to ensure the Public Administrator is depositing receipts and disbursing monies in a timely manner and to ensure all assets are properly reflected.

Conditions similar to Parts A and B. were noted in our prior report.

**WE RECOMMEND:**

- A&B. The Associate Circuit Judge require the Public Administrator to file the annual settlements and/or status reports in a timely manner, and file inventories and appraisements within statutory timeframes for all cases.
- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100.
- D. The Public Administrator pay all bills when due.
- E. The Public Administrator list any real estate as assets on the annual settlements.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge provided the following response to the above recommendations:*

*A&B. Courts enforce orders through the contempt powers and we did that.*

*The Public Administration provided the following response to the above recommendations:*

*C,D,*

*&E. I realized these things were late, but found it difficult to do things in a timely manner while working a full time job to support my family. The salary for the Public Administrator was far less than \$10,000 per year. This is the reason I chose not to run for re-election. The Public Administrator position required long hours with very low compensation.*

<b>10. Prosecuting Attorney's Records and Procedures</b>
----------------------------------------------------------

The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2000 and 1999 of approximately \$61,400 and \$55,300, respectively. The Prosecuting Attorney's collection procedures require payment to be made in the form of a money order. Our review noted the following concerns:

- A. Money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the administrative assistant. For example, on June 6, 2001, two checks totaling \$307 were on hand in the Prosecuting Attorney's office and had not been restrictively endorsed. To reduce the risk of loss or misuse of funds, money orders should be restrictively endorsed immediately upon receipt.
- B. Deposit are made approximately once a week. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- C. The Prosecuting Attorney occasionally reduces the amount of bad check fees charged to the bad check writer without documenting his approval in the case file. The Prosecuting Attorney's administrative assistant documents the fees that were reduced in the case file. To ensure bad check fees are properly charged and collected, the Prosecuting Attorney should document his approval for all reductions of bad check fees.
- D. The duties of receiving, recording, and depositing monies are all preformed by the Prosecuting Attorney's administrative assistant. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Restrictively endorse money orders immediately upon receipt.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Document the reductions of bad check fees charged.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.

**AUDITEE'S RESPONSE**

*The current Prosecuting Attorney provided the following responses:*

- A. *We are making an attempt to do this.*
- B. *Receipts are currently being deposited when they exceed \$100 when possible.*
- C. *Currently bad check fees are not being waived, but if it occurs in the future I will document my approval.*
- D. *This has been implemented.*

**11.****County Clerk's Procedures**

The County Clerk collects monies for liquor licenses, auctioneer's licenses, notary fees, and other miscellaneous receipts. The County Clerk does not maintain a bank account for these fees, but transmits them to the County Treasurer periodically. The County Clerk collected receipts totaling approximately \$5,900 and \$6,000 in 2000 and 1999, respectively. Our review noted the following concerns:

- A. Fees collected by the County Clerk are not turned over to the County Treasurer on a timely basis. For example, fees totaling \$3,307 collected in June of 2000 were not turned over to the County Treasurer until October of 2000. Section 50.360, RSMo 2000, requires all fees be turned over to the County Treasurer at least monthly. This section further requires that an itemized list of fees collected should be filed with the County Commission monthly.
- B. The method of payment is not indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of the monies transmitted to the County Treasurer.
- C. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time of transmittal. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

Conditions similar to Parts A and B. were noted in our prior report.

**WE RECOMMEND** the County Clerk:

- A. Turn over all fees to the County Treasurer on a monthly basis as required by state law.
- B. Indicate the method of payment on all receipts, and reconcile the composition of receipts to the composition of the monies transmitted to the County Treasurer.
- C. Restrictively endorse checks immediately upon receipt.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following responses:*

- A. *This has been implemented.*
- B. *This will be done by January 1, 2002.*
- C. *This is currently being done.*

12.

**Associate Circuit Division Procedures**

The Associate Circuit Division Judge designated the Sheriff's office to collect the criminal fines and costs from the Associate Circuit Division. However, the Associate Circuit Division issues unnumbered receipt slips to defendants which document the amount due. The defendants take these receipt slips to the Sheriff's office to make their payments. The Sheriff's office deposits the receipts into their account and returns the original receipt slips to the Associate Circuit Division which indicate the amount and date fines and costs were received by the Sheriff's department. The Associate Circuit Division maintains records to account for amounts due from the defendants. To adequately account for all receipts and reduce the risk of loss, theft, or misuse of funds, prenumbered receipt slips should be issued by the Associate Circuit Division and their numerical sequence should be accounted for properly and reconciled to deposits.

**WE RECOMMEND** the Associate Circuit Division issue prenumbered receipt slips for all monies received and account for their numerical sequence.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge disagrees with this recommendation because it is not cost effective for his court to implement.*

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

MARIES COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Treasurer's Controls and Procedures

- A. Deposits were not made on a timely basis.
- B. The Treasurer did not always issue receipt slips as money was received, did not indicate the method of payment on the receipt slips, and did not reconcile the composition of receipts to the amounts deposited.
- C. The County Treasurer had \$1,148 in outstanding checks that were over one year old and had not established procedures to investigate old outstanding checks.

Recommendation:

The County Treasurer:

- A. Deposit receipts daily or whenever accumulated receipts exceed \$100.
- B. Issue receipt slips immediately upon receipt, record method of payment on the records, and reconcile the composition of receipts to amounts deposited.
- C. Investigate old outstanding checks and reissue if payees can be located. If the payees cannot be located, the monies should be disposed of in accordance with the applicable statutory provisions. Procedures to routinely investigate checks that remain outstanding over a specified time should be established.

Status:

A&C. Implemented.

- B. Not implemented. The treasurer issues receipt slips as she has time or at the time of deposit. The Treasurer's computerized receipt slips do not indicate the method of payment; however, the method of payment is recorded on the cash receipt report at the time the computerized receipt slip is issued. Although not repeated in the current report our recommendation remains as stated above.



2. Budgets and Financial Reporting

- A. Actual disbursements exceeded approved budgeted amounts for various funds.
- B. Formal budgets were not prepared for various county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And other elected officials refrain from incurring expenditures in excess of budgeted amounts. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.
- B. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

Not implemented. See MAR No. 2.

3. County Expenditures

- A.1. Bids and/or price quotes were not always advertised, obtained, or adequately documented for some purchases.
- 2. The county purchased a patrol car from a deputy with out soliciting bids. In addition, this car was originally purchased through the county, and the deputy did not have to pay sales tax. Another deputy purchased a patrol car from the county for \$13,458 in 1994, but the title was not changed from the county's name to this individual's name until July 1995. At this time the vehicle was valued at \$9,000, and the deputy only paid sales tax on the \$9,000 rather than the original price of the vehicle.
- B. The county did not properly solicit and document proposals for engineering services. In addition, the county paid engineering costs in excess of eight percent of planned costs as outlined in the original engineering contract.

- C. The County Commission approved some payments to vendors without requiring approval from the applicable county official or the acknowledgment of receipt of goods or services. In addition, invoices were not always marked paid.
- D. The county did not receive or maintain any documentation of actual 911 services rendered or time spent by an individual each month to determine whether the contracted amount paid was reasonable. In addition, the county did not report payments to this individual on Form 1099-Miscellaneous as required by Sections 6041 through 6051 of the Internal Revenue Code.
- E. The county did not have adequate drug-free workplace policies and awareness programs sufficient to comply with the requirements of the Drug-Free Workplace Act.

Recommendation:

The County Commission:

- A. Solicit bids in accordance with state law. Documentation of these bids, the bid evaluation, and the selection process should be retained. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented. In addition, the county needs to ensure purchases are only for county use and not to benefit individuals or circumvent state sales and personal property tax laws.
- B. Solicit and document proposals for professional services. In addition, the county needs to closely monitor engineering fees for reasonableness and contract compliance.
- C. Require documented approval for purchases by the appropriate county official and acknowledgment of receipt of goods and/or services prior to payment, and ensure all invoices and supporting documentation are canceled when paid.
- D. Require detailed documentation of the services provided to ensure payments are reasonable. If the services of this individual are still necessary, the county needs to develop a current contract which clearly specifies the services to be provided to the county in exchange for this monthly compensation. In addition, a Form 1099-Miscellaneous should be issued for all related payments.
- E. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.

Status:

A&E. Not implemented. See MAR No. 1.

- B. Implemented.
- C. Partially implemented. The County Commission now requires the approval from the applicable county official or the acknowledgment of receipt of goods or services before approving payments; however, invoices are not always marked paid. See MAR No. 1.
- D. Partially implemented. The county reported payments to this individual in accordance with the Internal Revenue Code; however, the county did not receive or maintain documentation of 911 services rendered. See MAR No.1.

4. Property Tax Reduction Due to Sales Tax

See our audit report on Maries County, Missouri, for the two years ended December 31, 1998 (report number 99-100).

5. Apportionments to School Districts.

- A. The County Clerk did not correctly apportion 1994, 1993, and 1992 railroad and utility tax collections to the various school districts. While the County Clerk did correctly apportion the 1996 and 1995 railroad and utility tax collections to the various school districts, she did not make the necessary adjustments for these prior years' errors.
- B. The County Clerk did not correctly apportion fines and civil penalties received in 1996, 1994, and 1993 to the various school districts.

Recommendation:

The County Clerk:

- A. Consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct the past errors.
- B. Consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct the past errors. In addition, the County Clerk should ensure future penalties, forfeitures, and fines are apportioned in accordance with applicable statutory and constitutional provisions.

Status:

- A. Partially implemented. While the County Clerk did correctly apportion railroad and utility tax collections to the various school districts from 1995 to present and attempted to correct these past errors, she did not make all the necessary adjustments for the prior years' errors. As a result, \$8,156 is due to the Rolla 31 school district

and \$8,156 is due from Maries County R-II school district. Although not repeated in the current report our recommendation remains as stated above.

B. Implemented.

6. Bonds and Personnel Procedures

- A. The entire cost of the County Treasurer's and County Collector's bonds were paid from the School Fines Fund rather than a portion from the General Revenue Fund.
- B. County employees who collect monies were not bonded.
- C. The county received various notices from the Internal Revenue Service indicating the county failed to deposit federal payroll taxes timely. In addition, the county did not understand why the deposits were considered late and did not contact the Internal Revenue Service for an explanation of the penalties.

Recommendation:

The County Commission:

- A. Authorize the transfer of \$1,960 from the General Revenue Fund to the School Fines Fund and, in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C. Ensure payroll taxes are deposited timely to avoid unnecessary penalties and interest charges. In addition, any questionable penalties should be adequately investigated.

Status:

- A-B. Not implemented. See MAR No. 4.
- C. Implemented.

7. General Fixed Asset Procedures and Controls

- A. The County Clerk did not properly update the general fixed asset record and did not periodically reconcile general fixed asset record additions to equipment expenditures.
- B. Some fixed assets were not properly numbered, tagged, or otherwise identified as county-owned property.

Recommendation:

The County Clerk:

- A. Maintain the general fixed assets on a current basis, recording all additions and dispositions as they occur. In addition, additions to the general fixed asset records should be periodically reconciled to equipment purchases.
- B. Properly number or tag all fixed assets.

Status:

Not implemented. See MAR No. 6.

8. County Collector's Procedures and Controls

- A.1. The County Collector recorded additions in the tax books; however, the payments received were held in an envelope in the cash drawer and only deposited monthly after a court order was prepared and submitted to the County Commission. In addition, if a taxpayer paid by check, the County Collector deposited the check and retained an equal amount of cash from other receipts.
- 2. Property tax collections were not deposited intact.
- B. The County Collector did not make any adjustments to the statements of monthly collections and tax distributions for insufficient funds checks received.
- C. Tax receipts marked paid by the County Collector did not indicate the method of payment received.
- D. Checks and money orders were not restrictively endorsed until the deposit was prepared.
- E. The County Collector failed to adjust Proposition C ratios for amended tax levies for various school districts, and as a result, approximately \$1,800 and \$1,300 was due to the various school districts from the General Revenue Fund and Assessment Fund, respectively.

Recommendation:

The County Collector:

- A. Deposit all property tax addition monies as received and deposit all property tax collections intact.

- B. Make adjustments to the statements of monthly collections and tax distribution for insufficient funds checks. The tax books should be marked as unpaid, interest and penalties should be assessed, and costs of collection, if any, should be recouped and deposited into the General Revenue Fund.
- C. Indicate the method of payment on each tax receipt issued and reconcile cash, checks, and money orders received to the composition of bank deposits.
- D. Restrictively endorse checks and money orders immediately upon receipt.
- E. Consider recomputing commissions and assessment withholdings related to the various school districts and making corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. In addition, the County Collector needs to ensure future Proposition C commissions are computed properly.

Status:

A-D. Implemented.

E. Partially implemented. The County Collector computed Proposition C ratios properly during the two years ending February 28, 2001; however, the prior County Collector did not recompute commissions and assessment withholdings related to the various school districts and did not make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund during 1996. Although not repeated in the current report, our recommendation remains as stated above.

9. County Clerk's Procedures and Controls

- A. Receipt slips were not issued for monies received unless requested by the payor, and the method of payment was not indicated on any receipt records.
- B. The County Clerk did not transmit receipts to the County Treasurer on a timely basis.
- C. The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk:

- A. Issue prenumbered receipt slips for all monies received, indicate the method of payment on all receipts, and reconcile total cash and checks to monies remitted to the County Treasurer.

- B. Transmit all monies received to the County Treasurer at least monthly. In addition, receipts should be kept in a secure location until transmitted and documentation should be maintained to indicate which receipts are included in each transmittal.
- C. Establish and maintain an account book with the County Collector for the County Commission to use to verify the accuracy of the County Collector's annual settlements.

Status:

- A. Partially implemented. The County Clerk issues prenumbered receipt slips; however, the method of payment is not indicated on all receipt slips. See MAR No. 11.
- B. Not implemented. See MAR No. 11.
- C. Not implemented. See MAR No. 5.

10. Sheriff's Procedures and Controls

- A. Listings of open items (liabilities) were not prepared on a monthly basis. In addition, the Sheriff's office had several bonds that were held for more than three years, with at least one bond dating back to 1988.
- B. Procedures for the collection of board of prisoner billings to other counties were not adequately segregated
- C. The Sheriff's department did not maintain records to account for traffic tickets issued or the ultimate disposition of all traffic tickets issued.

Recommendation:

The Sheriff:

- A. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, procedures should be adopted to routinely follow-up on open items remaining over a period of time to determine the proper disposition. Any bonds remaining unclaimed for one year after final disposition of the case should be turned over to the state's Unclaimed Property Section.
- B. Provide for an adequate segregation of duties for board of prisoner functions. In addition, the Sheriff should ensure billing statements stipulate that payments be made directly to the County Treasurer.

- C. Ensure records are maintained to account for the numerical sequence and the ultimate disposition of all traffic tickets.

Status:

- A. Not implemented. See MAR No. 7.

B&C. Implemented.

11. Public Administrator

- A. The Public Administrator did not file settlements annually for most of her estates.
- B. The Public Administrator did not file an inventory and appraisal for many of her estates.
- C. The Public Administrator did not submit to the County Commission a list of fees received from the individual estates.

Recommendation:

The Associate Circuit Judge require the Public Administrator:

- A&B. To file settlements and/or status reports annually, and file inventories and appraisements within statutory timeframes for all cases.
- C. To submit a report of fees to the County Commission.

Status:

- A&B. Not implemented. See MAR No. 9.

C. Implemented.

12. Ex Officio Recorder of Deeds Procedures and Controls

- A. The Ex Officio Recorder of Deeds did not always deposit receipts intact and sometimes used cash receipts to make refunds to individuals whose check amounts exceeded the recording fees. In addition, there was no documentation to support these noncheck disbursements.
- B. Receipts from individuals making copies were transmitted once a month to the County Treasurer rather than being deposited in the Ex Officio Recorder of Deed's



bank account. In addition, some cash was withheld from these transmittals of copy receipts to make change.

- C. Checks and money orders were not restrictively endorsed until the deposit was prepared.

Recommendation:

The Ex Officio Recorder of Deeds:

- A. Deposit all recording fee receipts intact. In addition, all refunds should be made by check or documentation should be maintained to properly support all noncheck disbursements.
- B. Transmit all copy receipts to the County Treasurer or deposit them in the Ex Officio Recorder of Deed's bank account. If a change fund is needed, it should be established and maintained at a constant dollar amount.
- C. Restrictively endorse checks and money orders immediately upon receipt.

Status:

Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

MARIES COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1855, the county of Maries was named after the two principal streams flowing through the county, the Big and Little Maires Rivers. Maries County is county-organized, third class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Vienna.

Maries County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Maries County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 406,954	23	388,972	23
Sales and use taxes	504,708	28	450,370	27
Federal and state aid	470,963	27	464,781	28
Fees, interest, and other	394,868	22	373,684	22
Total	\$ 1,777,493	100	1,677,807	100

The following chart shows how Maries County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 586,100	32	515,739	31
Public safety	439,000	24	335,288	21
Highways and roads	793,979	44	796,366	48
Total	\$ 1,819,079	100	1,647,393	100

The county maintains approximately 20 county bridges and 398 miles of county roads.

The county's population was 6,851 in 1970 and 7,967 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	46.6	43.9	22.0	11.4	9.2
Personal property		17.3	15.4	5.5	4.4	3.0
Railroad and utilities		13.4	13.4	9.5	7.2	2.9
Total	\$	77.3	72.7	37.0	23.0	15.1

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Maries County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$	0.3200	0.3400
Special Road and Bridge Fund #1 *		0.2600	0.2600
Special Road and Bridge Fund #2 *		0.2300	0.2300

\* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and one-fifth is retained in the Special Road and Bridge Fund. Maries County has two common road districts which comprise the county Special Road and Bridge Fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 23,213	22,254
General Revenue Fund	246,403	249,002
Special Road and Bridge Fund	160,454	153,139
Assessment Fund	32,492	30,832
Special Road Districts	28,215	28,392
Library	122,901	117,863
School Districts	2,305,514	2,187,821
Ambulance Districts	166,945	159,235
Fire Protection District	35,035	27,353
Cities	13,536	14,420
County Clerk	108	111
County Employees' Retirement	18,838	19,560
Commissions and fees:		
General Revenue Fund	50,275	48,656
Total	\$ 3,203,928	3,058,640

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	93 %	93 %
Personal property	87	87
Railroad and utilities	100	100

Maries County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	50
General	0.005	None	None
County Courthouse Renovation	0.005	3/31/01	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
James Kleffner, Presiding Commissioner	\$	19,027	18,563
Glenn Dressendofer, Associate Commissioner		16,926	16,513
Ed Fagre, Associate Commissioner		16,926	16,513
Rhonda Brewer, County Clerk		27,771	27,094
John Garabrant, Prosecuting Attorney		31,996	31,215
Douglas DiNatale, Sheriff		31,771	30,996
Rhonda Slone, County Treasurer		18,811	18,352
David H. Martin, County Coroner		5,264	5,135
Paula E. Fannon-Meyer, Public Administrator*		8,434	4,401
Jayne Helton, County Collector,	28,306	27,616	
year ended February 28 (29),			
Judy Logan, County Assessor **, year ended		31,620	30,871
August 31,			
* Includes \$2,130 and \$251, respectively, of fees received from probate cases.			
** Includes \$900 annual compensation received from the state.			
State-Paid Officials:			
Leo Thompson, Circuit Clerk and			
Ex Officio Recorder of Deeds		46,127	44,292
John Clayton, Associate Circuit Judge		97,382	87,234

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk (1)	2	0
Prosecuting Attorney	1	0
Sheriff (2)	14	0
County Collector (3)	2	0
County Assessor (4)	6	0
Associate and Probate Division	0	2
Road and Bridge	13	0
Building and Grounds	1	0
License Office (1)	3	0
Total	<u>43</u>	<u>4</u>

- (1) Includes one part time employee
- (2) Includes seven part time employees
- (3) Includes two part time employees
- (4) Includes three part time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Maries County's share of the Twenty-Fifth Judicial Circuit's expenses is 7.52 percent.

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2000, the principal balance of the leases total approximately \$768,000. Principal and interest payments are made from the Special Road and Bridge Fund.

The county has entered into a lease purchase agreement for renovating the county courthouse. At December 31, 2000, the principal balance of the lease totals approximately \$127,000. Principal and interest payments are made from the Courthouse Renovation Fund.

In November 2001, Maries County voters passed a one-half cent General Revenue Fund sales tax for a period of five years, for the purpose of maintaining and improving the services provided to the citizens of Maries County.





**SULLIVAN COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-03  
January 11, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Sullivan, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Sullivan County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Sullivan County's Associate County Commissioners salaries were each increased approximately \$8,500 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,000 for the two years ended December 31, 2000, should be repaid.

- 911 board meeting minutes were not available for several months and those located were not usually signed by the 911 Coordinator and Board Chairman to indicate approval. Adequate documentation to support salary reimbursements to the Special Road and Bridge Fund for a 911 employee is not maintained and no written agreement exists between the county and the 911 board documenting who pays the various 911 employees. The audit also noted weaknesses in the areas of cash receipts, time keeping, fixed assets and other contractual relationships.
- The Health Center needs to improve controls over cash receipts, bidding procedures, board meetings and minutes and the monitoring of contractual costs.

(over)

SHEET  
MOTLEY  
YELLOW

Additionally, the audit includes some matters related to budgets and financial statements, computer controls, property records and procedures and personnel and payroll policies, which the county should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

SULLIVAN COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-16
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2000 .....8
A-2	Year Ended December 31, 1999 .....9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999 ..... 10-16
Notes to the Financial Statements .....	17-20
Schedule: .....	21-22
Schedule of Findings, Years Ended December 31, 2000 and 1999 .....	22
Follow-Up on Prior Audit Findings .....	23-24
<hr/> <u>SECTION ON OTHER MATTERS</u> <hr/>	
Letter on Other Matters .....	26-29

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Sullivan County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Sullivan County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 13, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 13, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	George Atkinson
	Julie Vollmer





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Sullivan County, Missouri

We have audited the special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Sullivan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Sullivan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Sullivan County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

September 13, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

SULLIVAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 207,552	931,271	966,195	172,628
Special Road and Bridge	415,226	646,529	716,488	345,267
Assessment	0	92,868	92,868	0
Law Enforcement Training	1,814	2,575	3,905	484
Prosecuting Attorney Training	261	771	862	170
Prosecuting Attorney Delinquent Tax	208	323	433	98
Prosecuting Attorney Bad Check	5,622	6,153	6,328	5,447
Child Support Enforcement	108	78,987	77,443	1,652
Sheriff/Law Enforcement	7,353	16,452	13,282	10,523
Victims of Domestic Violence	0	305	0	305
Recorder User Fee	10,567	3,850	502	13,915
Local Emergency Planning Training	7,074	3,230	614	9,690
Sullivan County Memorial Hospital	0	121,559	121,486	73
Health Center	341,815	366,108	447,556	260,367
911 Board	109,295	217,259	174,915	151,639
Law Library	5,373	5,296	3,599	7,070
Community Development Block Grant	0	88,606	88,606	0
Election Service Fund	0	2,691	1,178	1,513
Total	\$ 1,112,268	2,584,833	2,716,260	980,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SULLIVAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 221,511	929,313	943,272	207,552
Special Road and Bridge	436,713	624,283	645,770	415,226
Assessment	4,265	101,202	105,467	0
Law Enforcement Training	1,282	2,286	1,754	1,814
Prosecuting Attorney Training	516	563	818	261
Prosecuting Attorney Delinquent Tax	1,045	399	1,236	208
Prosecuting Attorney Bad Check	6,582	5,378	6,338	5,622
Child Support Enforcement	1,708	82,724	84,324	108
Sheriff/Law Enforcement	2,201	11,808	6,656	7,353
Victims of Domestic Violence	10	345	355	0
Recorder User Fee	7,599	2,968	0	10,567
Local Emergency Planning Training	0	10,246	3,172	7,074
Health Center	348,171	420,479	426,835	341,815
911 Board	211,898	214,404	317,007	109,295
Circuit Clerk Interest	1,268	43	1,311	0
Associate Division Interest	2,240	368	2,608	0
Law Library	132	8,932	3,691	5,373
Community Development Block Grant	36	4,609	4,645	0
Total	\$ 1,247,177	2,420,350	2,555,259	1,112,268

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 2,945,774	2,488,240	(457,534)	3,003,161	2,406,398	(596,763)
DISBURSEMENTS	3,151,326	2,622,877	528,449	3,412,693	2,543,004	869,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(205,552)	(134,637)	70,915	(409,532)	(136,606)	272,926
CASH, JANUARY 1	1,106,895	1,106,895	0	1,243,501	1,243,501	0
CASH, DECEMBER 31	901,343	972,258	70,915	833,969	1,106,895	272,926
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	170,400	155,157	(15,243)	162,500	168,871	6,371
Sales taxes	400,000	419,454	19,454	370,000	383,013	13,013
Intergovernmental	8,200	10,915	2,715	26,288	6,929	(19,359)
Charges for services	129,500	140,536	11,036	121,900	174,786	52,886
Interest	21,000	20,554	(446)	15,000	20,466	5,466
Other	67,000	62,445	(4,555)	49,250	51,507	2,257
Transfers in	146,000	122,210	(23,790)	203,517	123,741	(79,776)
Total Receipts	942,100	931,271	(10,829)	948,455	929,313	(19,142)
DISBURSEMENTS						
County Commission	80,320	78,759	1,561	78,320	77,350	970
County Clerk	74,840	72,546	2,294	60,573	72,145	(11,572)
Elections	62,800	56,131	6,669	13,000	19,318	(6,318)
Buildings and grounds	74,050	105,970	(31,920)	130,000	128,674	1,326
Employee fringe benefits	44,500	40,540	3,960	35,000	41,517	(6,517)
County Treasurer	47,929	45,215	2,714	43,234	52,655	(9,421)
County Collector	5,000	2,971	2,029	5,500	8,009	(2,509)
Circuit Clerk	31,500	30,243	1,257	28,500	28,710	(210)
Court administration	5,944	5,950	(6)	6,075	5,542	533
Public Administrator	16,650	15,319	1,331	20,050	15,454	4,596
Sheriff	317,505	294,298	23,207	371,625	273,632	97,993
Jail	44,600	53,408	(8,808)	44,300	49,522	(5,222)
Prosecuting Attorney	57,461	57,440	21	56,875	56,602	273
Juvenile Officer	12,316	7,733	4,583	44,282	20,148	24,134
County Coroner	5,870	8,319	(2,449)	5,790	5,543	247
Child Support Enforcement	1,054	510	544	434	465	(31)
Other	69,030	71,573	(2,543)	56,900	59,662	(2,762)
Transfers out	24,000	19,270	4,730	49,630	28,324	21,306
Emergency Fund	36,000	0	36,000	35,100	0	35,100
Total Disbursements	1,011,369	966,195	45,174	1,085,188	943,272	141,916
RECEIPTS OVER (UNDER) DISBURSEMENTS	(69,269)	(34,924)	34,345	(136,733)	(13,959)	122,774
CASH, JANUARY 1	207,552	207,552	0	221,511	221,511	0
CASH, DECEMBER 31	138,283	172,628	34,345	84,778	207,552	122,774

## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Intergovernmental	940,000	566,391	(373,609)	1,180,000	544,950	(635,050)
Charges for services	33,290	41,417	8,127	40,000	41,831	1,831
Interest	30,000	27,714	(2,286)	25,000	30,987	5,987
Other	4,500	5,007	507	30,000	2,365	(27,635)
Transfers in	6,000	6,000	0	4,150	4,150	0
Total Receipts	1,013,790	646,529	(367,261)	1,279,150	624,283	(654,867)
DISBURSEMENTS						
Salaries	119,000	118,685	315	114,000	113,033	967
Employee fringe benefits	15,230	12,232	2,998	38,800	14,329	24,471
Supplies	8,600	5,775	2,825	7,500	6,165	1,335
Insurance	4,000	8,331	(4,331)	4,600	3,087	1,513
Road and bridge materials	240,000	248,700	(8,700)	210,000	233,967	(23,967)
Equipment repairs	10,000	10,598	(598)	7,000	9,683	(2,683)
Equipment purchases	15,000	0	15,000	30,000	10,185	19,815
Construction, repair, and maintenance	620,700	279,048	341,652	795,000	239,384	555,616
Other	34,200	33,119	1,081	57,000	15,937	41,063
Transfers out	30,000	0	30,000	30,000	0	30,000
Total Disbursements	1,096,730	716,488	380,242	1,293,900	645,770	648,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,940)	(69,959)	12,981	(14,750)	(21,487)	(6,737)
CASH, JANUARY 1	415,226	415,226	0	436,713	436,713	0
CASH, DECEMBER 31	332,286	345,267	12,981	421,963	415,226	(6,737)
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	77,585	76,296	(1,289)	87,722	85,269	(2,453)
Charges for services	813	543	(270)	615	1,284	669
Interest	725	559	(166)	700	348	(352)
Transfers in	14,000	15,470	1,470	14,718	14,301	(417)
Total Receipts	93,123	92,868	(255)	103,755	101,202	(2,553)
DISBURSEMENTS						
Assessor	93,123	92,868	255	108,020	105,467	2,553
Total Disbursements	93,123	92,868	255	108,020	105,467	2,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,265)	(4,265)	0
CASH, JANUARY 1	0	0	0	4,265	4,265	0
CASH, DECEMBER 31	0	0	0	0	0	0

## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,500	2,506	6	3,000	2,240	(760)
Interest	70	47	(23)	100	46	(54)
Other	0	22	22	0	0	0
Total Receipts	2,570	2,575	5	3,100	2,286	(814)
DISBURSEMENTS						
Sheriff	4,300	3,905	395	4,300	1,754	2,546
Total Disbursements	4,300	3,905	395	4,300	1,754	2,546
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,730)	(1,330)	400	(1,200)	532	1,732
CASH, JANUARY 1	1,814	1,814	0	1,282	1,282	0
CASH, DECEMBER 31	84	484	400	82	1,814	1,732
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	750	771	21	700	563	(137)
Total Receipts	750	771	21	700	563	(137)
DISBURSEMENTS						
Prosecuting Attorney	1,000	862	138	1,000	818	182
Total Disbursements	1,000	862	138	1,000	818	182
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(91)	159	(300)	(255)	45
CASH, JANUARY 1	261	261	0	516	516	0
CASH, DECEMBER 31	11	170	159	216	261	45
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	500	323	(177)	200	399	199
Interest	20	0	(20)	30	0	(30)
Total Receipts	520	323	(197)	230	399	169
DISBURSEMENTS						
Prosecuting Attorney	700	433	267	1,000	1,236	(236)
Total Disbursements	700	433	267	1,000	1,236	(236)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180)	(110)	70	(770)	(837)	(67)
CASH, JANUARY 1	208	208	0	1,045	1,045	0
CASH, DECEMBER 31	28	98	70	275	208	(67)



## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	5,200	5,821	621	5,000	5,145	145
Interest	300	332	32	300	233	(67)
Total Receipts	5,500	6,153	653	5,300	5,378	78
DISBURSEMENTS						
Prosecuting Attorney	11,000	6,328	4,672	10,000	6,338	3,662
Total Disbursements	11,000	6,328	4,672	10,000	6,338	3,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	(175)	5,325	(4,700)	(960)	3,740
CASH, JANUARY 1	5,622	5,622	0	6,582	6,582	0
CASH, DECEMBER 31	122	5,447	5,325	1,882	5,622	3,740
<b><u>CHILD SUPPORT ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	94,000	70,808	(23,192)	89,570	76,157	(13,413)
Interest	100	158	58	100	67	(33)
Other	6,400	4,221	(2,179)	0	0	0
Transfers in	10,000	3,800	(6,200)	10,000	6,500	(3,500)
Total Receipts	110,500	78,987	(31,513)	99,670	82,724	(16,946)
DISBURSEMENTS						
Salaries	76,900	63,079	13,821	68,520	68,964	(444)
Office expenditures	11,000	6,437	4,563	12,200	6,273	5,927
Equipment	3,300	2,175	1,125	2,650	1,964	686
Training	7,400	1,952	5,448	6,200	1,523	4,677
Transfers out	11,900	3,800	8,100	11,000	5,600	5,400
Total Disbursements	110,500	77,443	33,057	100,570	84,324	16,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,544	1,544	(900)	(1,600)	(700)
CASH, JANUARY 1	108	108	0	1,708	1,708	0
CASH, DECEMBER 31	108	1,652	1,544	808	108	(700)
<b><u>SHERIFF/LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	1,900	2,267	367	0	1,901	1,901
Charges for services	7,000	11,793	4,793	4,200	9,472	5,272
Interest	200	588	388	400	133	(267)
Other	400	1,804	1,404	0	302	302
Total Receipts	9,500	16,452	6,952	4,600	11,808	7,208
DISBURSEMENTS						
Sheriff	16,000	13,282	2,718	6,000	6,656	(656)
Total Disbursements	16,000	13,282	2,718	6,000	6,656	(656)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	3,170	9,670	(1,400)	5,152	6,552
CASH, JANUARY 1	7,353	7,353	0	2,201	2,201	0
CASH, DECEMBER 31	853	10,523	9,670	801	7,353	6,552

## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	400	305	(95)	490	345	(145)
Total Receipts	400	305	(95)	490	345	(145)
DISBURSEMENTS						
Shelter	400	0	400	500	355	145
Total Disbursements	400	0	400	500	355	145
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	305	305	(10)	(10)	0
CASH, JANUARY 1	0	0	0	10	10	0
CASH, DECEMBER 31	0	305	305	0	0	0
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	3,000	3,116	116	3,500	2,608	(892)
Interest	500	734	234	500	360	(140)
Total Receipts	3,500	3,850	350	4,000	2,968	(1,032)
DISBURSEMENTS						
Recorder	14,000	502	13,498	11,000	0	11,000
Total Disbursements	14,000	502	13,498	11,000	0	11,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,500)	3,348	13,848	(7,000)	2,968	9,968
CASH, JANUARY 1	10,567	10,567	0	7,599	7,599	0
CASH, DECEMBER 31	67	13,915	13,848	599	10,567	9,968
<b><u>LOCAL EMERGENCY PLANNING TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	2,500	2,800	300	2,000	2,485	485
Interest	300	430	130	300	238	(62)
Transfer in	0	0	0	7,524	7,523	(1)
Total Receipts	2,800	3,230	430	9,824	10,246	422
DISBURSEMENTS						
Local Emergency Planning Commission	7,000	614	6,386	7,000	3,172	3,828
Total Disbursements	7,000	614	6,386	7,000	3,172	3,828
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,200)	2,616	6,816	2,824	7,074	4,250
CASH, JANUARY 1	7,074	7,074	0	0	0	0
CASH, DECEMBER 31	2,874	9,690	6,816	2,824	7,074	4,250

## Exhibit B

## SULLIVAN COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SULLIVAN COUNTY MEMORIAL HOSPITAL FUND</u></b>						
RECEIPTS						
Sales taxes	130,000	121,321	(8,679)			
Interest	500	238	(262)			
Total Receipts	130,500	121,559	(8,941)			
DISBURSEMENTS						
Capital Improvements	130,000	121,486	8,514			
Total Disbursements	130,000	121,486	8,514			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	73	(427)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	73	(427)			
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property taxes	55,000	60,707	5,707	60,000	60,875	875
Intergovernmental	168,626	119,216	(49,410)	124,995	147,537	22,542
Charges for services	183,000	142,421	(40,579)	132,000	176,511	44,511
Interest	20,000	21,417	1,417	12,000	20,285	8,285
Other	5,295	22,347	17,052	8,400	15,271	6,871
Total Receipts	431,921	366,108	(65,813)	337,395	420,479	83,084
DISBURSEMENTS						
Salaries	394,000	379,149	14,851	364,000	354,991	9,009
Office expenditures	33,500	31,223	2,277	54,000	40,743	13,257
Equipment	2,500	1,819	681	5,000	1,596	3,404
Mileage and training	18,300	14,812	3,488	19,200	17,320	1,880
Other	10,000	20,553	(10,553)	18,000	12,185	5,815
Total Disbursements	458,300	447,556	10,744	460,200	426,835	33,365
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,379)	(81,448)	(55,069)	(122,805)	(6,356)	116,449
CASH, JANUARY 1	341,815	341,815	0	348,171	348,171	0
CASH, DECEMBER 31	315,436	260,367	(55,069)	225,366	341,815	116,449

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 BOARD FUND</u></b>						
RECEIPTS						
Sales taxes	191,600	209,762	18,162	200,850	202,610	1,760
Interest	6,300	7,267	967	5,642	9,063	3,421
Other	400	230	(170)	0	2,731	2,731
Total Receipts	198,300	217,259	18,959	206,492	214,404	7,912
DISBURSEMENTS						
Project management	0	0	0	7,200	11,239	(4,039)
Signs and hardware	6,000	4,967	1,033	1,000	6,864	(5,864)
Installation cost	38,500	37,434	1,066	116,075	142,320	(26,245)
Remodeling	0	0	0	0	9,331	(9,331)
Office equipment and supplies	3,000	5,577	(2,577)	3,000	2,902	98
Training	3,000	1,587	1,413	3,500	5,529	(2,029)
Radio improvements	0	0	0	20,000	0	20,000
Other	3,080	940	2,140	5,000	16,531	(11,531)
Transfers out	143,324	124,410	18,914	168,240	122,291	45,949
Total Disbursements	196,904	174,915	21,989	324,015	317,007	7,008
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,396	42,344	40,948	(117,523)	(102,603)	14,920
CASH, JANUARY 1	109,295	109,295	0	211,898	211,898	0
CASH, DECEMBER 31	110,691	151,639	40,948	94,375	109,295	14,920

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

SULLIVAN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	1999
Associate Division Interest Fund	1999
Law Library Fund	2000 and 1999
Community Development Block Grant Fund	2000 and 1999
Election Service Fund	2000

Warrants issued were in excess of budgeted amounts for the Prosecuting Attorney Delinquent Tax Fund and Sheriff/Law Enforcement Fund in 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	1999
Associate Division Interest Fund	1999
Law Library Fund	2000 and 1999
Community Development Block Grant Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county and the Health Center have adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*,

disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance, by commercial insurance provided through a surety bond, or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's and 911 Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the applicable board's name.

### Investments

The only investment of the various funds at December 31, 2000 and 1999, was a repurchase agreement owned by the Health Center with a reported amount of \$38,000 and \$69,000, respectively (which approximated fair value).

This investment represents an uninsured and unregistered investment for which the securities were held by the Health Center's custodial bank in the Health Center's name.



Schedule

SULLIVAN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Follow-Up on Prior Audit Findings

SULLIVAN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## SECTION ON OTHER MATTERS

SULLIVAN COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 13, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Sullivan County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1.     Budgets and Financial Statements

Budgets were not prepared for various county funds for the two years ended December 31, 2000. The county's annual published financial statements did not include the financial activity of some county funds.

2.     Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed county salary commissions meeting in 1997 to provide mid-term salary increases for Associate County Commissioners elected in 1996. The motivation behind this amendment was the fact that Associate County Commissioners' terms had been increased from two to four years. Based on this statute, in 1999 Sullivan County's Associate Commissioners salaries were each increased approximately \$8,500 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of that statute. The Supreme Court held that this section of law violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,000 for the two years ended December 31, 2000, should be repaid.

The County Commission indicated these raises were taken in good faith and were approved by the Salary Commission based on existing state law.

3. Computer Controls

Passwords are used by county employees, but are not changed on a periodic basis to ensure confidentiality. Passwords are assigned by the employees themselves, rather than management. Although a system is in place to detect and stop incorrect log-on attempts after three tries, a log of incorrect attempts is not maintained. Backup disks of information for the county's financial computer system are not stored at an off-site location.

4. Property Records and Procedures

The county's fixed asset records are not adequate and complete. Property tags are not always attached to assets designating them as county property and written authorization is not obtained prior to disposing of assets. The county did not conduct annual physical inventories during the two years ended December 31, 2000. Usage logs are not maintained for Sheriff Department and Road and Bridge vehicles.

The County Commission indicated a new computer system has been purchased to track fixed assets and they intend to have the information and records updated by mid-2002.

5. Personnel and Payroll Policies

The 911 Coordinator calculates the total hours worked by each 911 employee from the employees' time cards. After preparing January 2000 payroll, the County Clerk's office detected a miscalculation in which two employees were overpaid approximately \$185. The County Clerk's office did not adjust payroll in a subsequent month to correct for the error, and the money has not been repaid to the county.

The county does not have written personnel policies. Not all employees submit timesheets to the County Clerk's office. Child Support Enforcement employees' timesheets indicate eight hours are worked each day, when only seven hours are actually worked. Other county employees do not all work the same number of hours per day. Supervisors do not always sign employees' timesheets to document approval. Centralized leave records are not maintained for compensatory time.

6. 911 Board

Minutes were not available for several months and based on the documentation maintained, it was not determinable whether meetings were held. For two of the months, the 911 Coordinator stated a meeting had been held but minutes were not retained. Minutes that were available did not clearly indicate when the next meeting would be held, or which month's minutes were being approved. The 911 Board minutes are usually not signed by the 911 Coordinator and Chairman to indicate preparation and approval.

An employee is paid approximately \$18,000 annually from the Special Road and Bridge Fund. During the years ended December 31, 2000 and 1999, approximately 32% and 22%, respectively, of the salary was reimbursed by the 911 Fund. Neither the county or the 911 Board maintains documentation to support the amount of salary reimbursed by the 911 Fund.

No written agreement exists between the county and the 911 Board which documents who will pay the salaries for the 911 employees. Currently, the county pays the salary for one dispatcher and the 911 Board pays for all other 911 employees' salaries.

Receipt slips are only issued upon request. Receipts are not deposited daily or when accumulated receipts exceed \$100.

Time cards are not signed by employees or approved by their supervisor. Payments to the county for the dispatchers' and the 911 Coordinator's payroll are not supported by adequate documentation. The 911 policy regarding maximum accruals of sick and vacation leave is not formally documented.

The 911 Board does not have contracts with the cities and other political subdivisions that receive 911 services; in addition, it does not charge these entities for the services.

Some fixed asset purchases were not recorded on the fixed asset records. The 911 Board did not conduct annual physical inventories during the two years ended December 31, 2000. Property tags are not always attached to assets designating them as 911 property.

7. Health Center

Receipt slips are not issued for all monies received and are not always issued in numerical sequence and accounted for properly. When the bookkeeper is out of the office, receipts are not deposited daily or when accumulated receipts exceed \$100.

In 1999, the Health Center paid \$3,382 to a local family practice for a certified family nurse practitioner to attend family planning clinics. The sole owner of this practice is a member of the Health Center Board. Because these services were not bid, these payments may represent a conflict of interest. In addition, the Health Center was unable to locate a contract with that business. Health Center board members indicated this nurse practitioner performed these services for several years prior to the owners election to the board and that she is now paid for these services directly by the board.

Minutes were not prepared to document the matters discussed in closed meetings of the Health Center Board. Decisions made, or not made, during closed session were not disclosed in the Health Center Board public minutes. The Health Center Board minutes are generally not signed by the Health Center Board's Secretary and Chairman to indicate the preparation and approval of the minutes. Health Center board members occasionally sign checks in advance.

The Health Center does not monitor the average cost per client of providing Comprehensive Family Planning (CFP) services to ensure compliance with state contract, which requires the average cost per client be at least \$150. During our review of CFP expenditures for the federal fiscal year ended September 30, 1999, the Health Center calculated an average cost of approximately \$126 per client.



This Letter on Other Matters is intended for the information of the management of Sullivan County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.



THIRTY-SIXTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2002-02  
January 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2002

The following audit report presents our findings and recommendations for certain municipal divisions of the Thirty-Sixty Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

**City of Poplar Bluff** *pages 5-6*

**City of Qulin** *pages 6-8*

*All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)*

YELLOW SHEET

THIRTY-SIXTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-8
<u>Number</u>	<u>Description</u>
	Municipal Divisions:
1.	City of Poplar Bluff .....5
2.	City of Qulin .....6
FOLLOW-UP ON PRIOR AUDIT FINDINGS .....	9-12
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....	13-16

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Presiding Judge  
and  
Municipal Judges  
Thirty-Sixth Judicial Circuit

We have audited certain operations of the municipal divisions of the Thirty-Sixth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the municipal divisions' two fiscal years ended 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the various municipal divisions.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the municipal divisions on findings in our prior audit report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents, and interviewed various personnel of the municipal divisions.

As part of our audit, we assessed the controls of the various municipal divisions to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Thirty-Sixth Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

October 4, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Rosemarie Edwards
Audit Staff:	Liang Xu

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



THIRTY-SIXTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>City of Poplar Bluff Municipal Division</b>
-----------	------------------------------------------------

- A. The duties of receiving, recording, and depositing fines collected by the municipal division are not adequately segregated. Currently, the three court administrators perform these duties. In addition to receiving, recording, and depositing fines, one court administrator also reconciles the court bank account. Although the city finance director reviews the bank reconciliations prepared by this individual, an independent review is not performed to ensure that receipts are properly recorded and deposited intact.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of receipt slips issued to amounts deposited.

- B. The police department employees collect bond monies; however, these employees are not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to the risk of loss.

**WE RECOMMEND** the city of Poplar Bluff Municipal Division:

- A. Segregate the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of receipt slips issued to amounts deposited.
- B. Request the city consider obtaining bond coverage for all persons handling municipal division monies.

## **AUDITEE'S RESPONSE**

*The Municipal Judge and the Court Administrator provided the following responses:*

- A. *We agree; because of limited court personnel, we are unable to physically segregate the receiving, recording and depositing. However, daily reconciliations are prepared jointly by at least two clerks at the time of deposit. Further, photocopies of original receipt records (one-write) are provided to the City Collector so that she can audit daily deposits independently of the court. We will apprise the city of this recommendation and discuss possible implementation.*
- B. *Circumstances demand that police officers and office personnel collect bond monies, and the court agrees that such personnel should be bonded. However, management of police employees is beyond the function of the municipal division and therefore the court cannot mandate these bonds.*

*It should be noted that all monies received by the police department for bonds are immediately receipted on a carbon bond form and deposited in a securely locked box that only the court can access. The court administrators reconcile monies received with the original bond forms on a daily basis, independent of the police department.*

*We will apprise the city of this recommendation and discuss possible implementation.*

<b>2. City of Qulin Municipal Division</b>
--------------------------------------------

- A. The municipal division allows defendants to pay fines and costs over a period of time; however, the Court Clerk does not maintain a control listing of cases with balances due. Additionally, it was noted that some tickets had not been paid nor had warrants been issued.

Adequate procedures and records are necessary to ensure proper and timely follow-up action is taken on amounts due the municipal division. This helps to maximize municipal division revenues and provides equitable treatment for those citizens who are paying fines and court costs when due. The municipal division should prepare an accounts receivable listing on a monthly basis and use the listing to ensure appropriate action is taken on all cases with balances due the court.

- B. Although a violation bureau (VB) has been established by city ordinance, a court order has not been issued to formally establish the VB.

Supreme Court Rule No. 37.49 requires a VB be established by court order, a VB clerk be designated, and a schedule be established indicating the amount of fines and costs to be imposed for each offense.

- C. The court does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo 2000, requires the Court Clerk to prepare a monthly

listing of all cases heard in court, including fines and court costs collected, to be verified by the Clerk or Municipal Judge and filed with the City Clerk.

- D. Receipts are not kept in a secure location. Prior to deposit, cash is kept in an unlocked drawer and checks are kept in a box on the Court Clerk's desk. Additionally, receipt books are kept on the counter in the clerk's office.

To adequately safeguard receipts and reduce the risk of loss or theft, monies received and receipt books should be maintained in a secure location.

- E. The duties of receiving, recording, and depositing fines collected by the municipal division are not adequately segregated. Currently, the Court Clerk performs all of these duties.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited.

- F. The municipal division assesses court costs of \$20. Section 488.012.3, RSMo 2000, limits court costs to \$12 for municipal court costs and \$15 for municipal ordinance violations filed before an associate circuit judge.

Conditions similar to A, B, C, and E were also noted in our prior report.

**WE RECOMMEND** the city of Qulin Municipal Division:

- A. Maintain a control listing of amounts due the court and follow-up on delinquent amounts.
- B. Prepare a court order to authorize the establishment of a VB and to designate a VB clerk.
- C. Prepare monthly reports of cases heard in court and file these with the city in accordance with state law.
- D. Maintain monies received and receipt books in a secure location.
- E. Segregate the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of receipt slips issued to amounts deposited.
- F. Assess court costs in accordance with state law.

### **AUDITEE'S RESPONSE**

*The Court Clerk provided the following responses:*

*A&*

*C. Within 60 days, I will implement these recommendations.*

*The Associate Judge provided the following response:*

*B. The Associate Judge and the city of Qulin will review the organization of the court and decide whether to issue a violation bureau order or discontinue the violation bureau.*

*The Court Clerk provided the following response:*

*D. We will maintain monies received and receipt books in a desk drawer.*

*The Court Clerk and the Mayor provided the following responses:*

*E. When court monies are collected, the Mayor reconciles the monies received to the deposit slip and initials the deposit slip.*

*F. Within 60 days, we will meet with the city attorney and discuss this situation.*

This report is intended for the information of the management of the various municipal divisions of the Thirty-Sixth Judicial Circuit and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## FOLLOW-UP ON PRIOR AUDIT FINDINGS

THIRTY-SIXTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the municipal divisions of the Thirty-Sixth Judicial Circuit on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

1. City of Poplar Bluff Municipal Division

- A. The method of payment of fines, costs, and bonds indicated on the one-write ledger did not always agree to the actual receipts which were deposited.
- B. A control ledger accounting for the balance due from each defendant was available, however, payment agreement forms and court dockets were not periodically reconciled to the control ledger to ensure its accuracy.
- C. The balance of the bonds in the municipal division account exceeded the open items balance, resulting in an unidentified balance of \$2,005.
- D.1. Neither the police department nor the municipal division maintained adequate records to account for all traffic tickets assigned and issued, and their ultimate disposition.
- 2. Neither the municipal division nor the animal control division maintained adequate records to account for all animal control tickets issued and their ultimate disposition.
- E. The municipal division did not maintain a time sheet indicating the date, hours worked, and the work performed by defendants allowed to perform community service.

Recommendations:

The city of Poplar Bluff Municipal Division:

- A. Ensure the composition of monies received is recorded correctly in the one-write ledger and reconcile the composition of monies received to the composition of monies deposited.
- B. Periodically reconcile the payment agreement forms and the court dockets to the control ledger.

- C. Reconcile the monthly open items listing to monies held in trust. The municipal division should attempt to identify to whom the \$2,005 belongs, and disburse the funds appropriately. If this cannot be determined, the unidentified bond monies should be turned over to the state's Unclaimed Property Section in accordance with Section 447.595, RSMo 1994.
- D.1. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic tickets assigned and issued.
- 2. Work with the animal control division to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all animal control tickets assigned and issued.
- E. Require that supporting documentation be provided before community service credit is applied.

Status:

Implemented.

2. City of Qulin Municipal Division

- A.1. Receipts were not deposited intact. Court receipts were commingled with city receipts. Additionally, it was noted that the City Clerk/Court Clerk cashed personal checks from city receipts.
- 2. Prenumbered receipt slips were not issued for some city monies received and therefore the composition of monies received could not be reconciled to the composition of monies deposited into each bank account.
- 3. Checks and money orders were not restrictively endorsed until deposits were prepared.
- 4. The duties of receiving, recording and depositing fines collected by the municipal division were not adequately segregated.
- B. The Court Clerk did not maintain a control listing of cases with balances due.
- C. A court order had not been issued to formally establish the Traffic Violations Bureau (TVB).
- D. The court did not file a monthly report with the city of all cases heard in court.
- E. Crime Victims' Compensation (CVC) fees were not collected on cases paid at the TVB.

Recommendations:

The city of Qulin Municipal Division:

- A.1. Discontinue the practice of cashing personal checks and deposit all receipts intact.
- 2. Issue prenumbered receipt slips for all monies received and reconcile the composition of monies received to the composition of monies deposited.
- 3. Restrictively endorse all checks and money orders immediately upon receipt.
- 4. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B. Maintain a control listing of amounts due the court and follow-up on delinquent amounts.
- C. Prepare a court order to authorize the establishment of a TVB and to designate a TVB clerk.
- D. Prepare monthly reports of cases heard in court and file these with the city in accordance with state law.
- E. Assess the CVC fee in accordance with state law.

Status

A.1,  
A.3  
& E. Implemented.

A.2 Partially implemented. All monies received by the court are deposited to the city's General Revenue account on a separate deposit ticket, and therefore, court receipts can be reconciled with court deposits. However, some city receipts are still not receipted. Although not repeated in the current MAR, our recommendation remains as stated above.

A.4,  
B, C,  
& D. Not implemented. See MAR finding number 2.



HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

THIRTY-SIXTH JUDICIAL CIRCUIT  
MUNICIPAL DIVISIONS  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

Organization

The Thirty-Sixth Judicial Circuit is composed of Butler and Ripley counties. The Honorable W. Robert Cope serves as Presiding Judge. There are two municipal divisions within the Thirty-Sixth Judicial Circuit.

The municipal divisions are governed by Chapter 479, RSMo 2000 and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality, the county, or the state of Missouri, as applicable.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. City of Poplar Bluff

Organization

The Court Administrator, assisted by two deputy court administrators, is responsible for recording court transactions, as well as handling collections and disbursements. The municipal division maintains two bank accounts. Fines, court costs, bonds, and other payments are deposited into one bank account. Fines and court costs are disbursed to the city weekly. Payments mandated by the court prior to this audit period are disbursed to the city's Crime Reduction Fund periodically. One dollar of every twelve collected for court costs is transferred to a separate court bank account maintained for the Judicial Education Fund up to the maximum jurisdictional limit. This account is used for judicial educational training of court personnel. Bonds remain in the court bank account pending their disposition. Municipal court is held once a week with an additional court on the second and fourth Tuesday. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Matthew D. Richardson
Court Administrator	Deana Teague
Deputy Court Administrator	Sherry Jenkins
Deputy Court Administrator	Brenda Hayes

### Financial and Caseload Information

	<u>Year Ended September 30,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$410,274	400,221
Number of cases filed	7,495	8,279

## 2. City of Qulin

### Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions, as well as handling collections and disbursements. Fines and court costs are deposited directly into the city treasury. Court is held once a month in Butler County. Although a VB has been established by city ordinance, a court order has not been issued to formally establish the VB. The VB receives payments of fines and court costs at times other than during court. The Associate Circuit Judge of Butler County hears city of Qulin Municipal Division cases as assigned to him; however, he has no responsibility for VB cases and has no involvement in the daily operations of the Court Clerk.

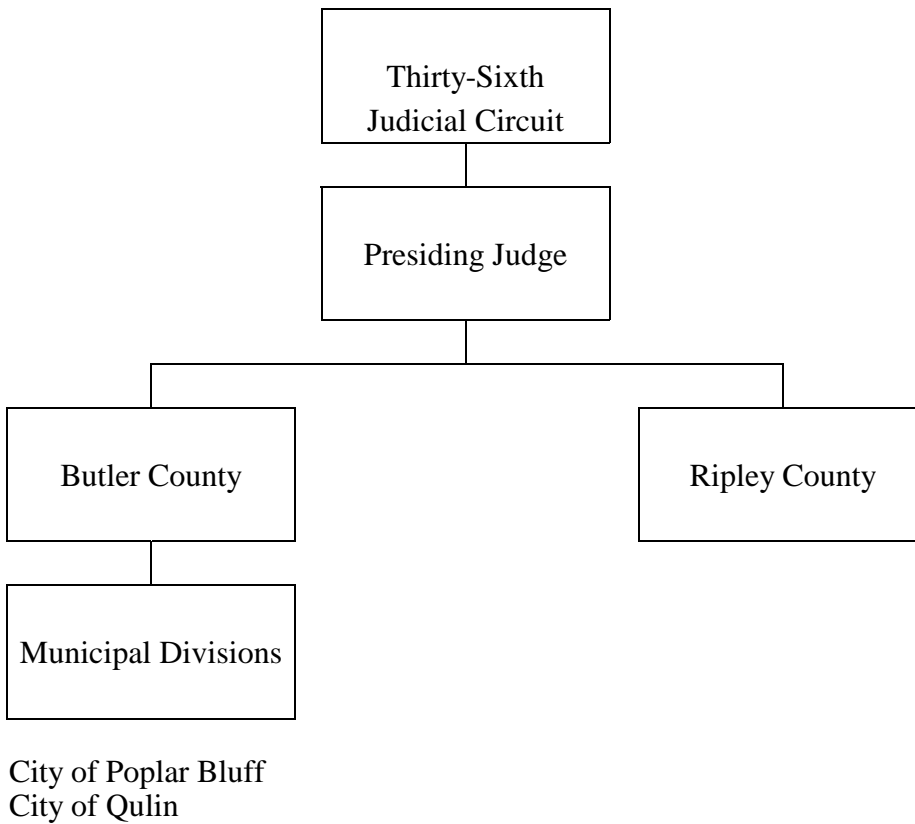
### Personnel

Associate Circuit Judge	John Bloodworth
City Clerk/Court Clerk	Roberta Fain

### Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$613	1,515
Number of cases filed	6	11

THIRTY-SIXTH JUDICIAL CIRCUIT  
ORGANIZATION CHART



\* \* \* \* \*



**SOLVENCY OF THE MISSOURI UNEMPLOYMENT  
COMPENSATION TRUST FUND**

**From The Office Of State Auditor  
Claire McCaskill**

*Action is needed to ensure the long- term solvency of the  
Unemployment Compensation Trust Fund.*

**Report No. 2002-01  
January 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

January 2002

**State unemployment benefits fund will be insolvent in 2003, forcing state officials to borrow money and employers to bear the cost**

Benefit payments from the state's Unemployment Compensation Trust Fund are expected to exceed revenues by \$414.4 million in calendar years 2001 and 2002, leading to the fund's insolvency. If insolvency occurs, state officials will borrow money from the federal government to keep paying benefits, which will likely increase employer costs.

This audit reviewed the status of this trust fund to define the factors causing its current instability. Auditors found four main factors causing the insolvency: low unemployment tax rates, no requirement that each employer contribute to the fund, low taxable wage base, and increased benefit payments with no rise in revenue. The recommendations focus on the legislative changes needed to restore the fund's financial stability and long-term solvency.

**Fund has faced insolvency twice before**

Missouri's trust fund became insolvent during both the 1983 and 1992 recessions. In the 1992 insolvency, the state had to borrow \$81.5 million from the federal government to cover unemployment benefits. Employers had to repay the loan plus \$3.4 million in accrued interest. As a result, legislators changed state labor laws to keep the fund balance at an acceptable level. These legislative changes resulted in an eight-fold increase in the fund from \$57 million in 1993 to \$491 million in 1998. But the new laws also restrict the fund balance growth once it reaches \$500 million, which did not allow continual fund growth during good economic times. (See page 2)

**State's key indicator of fund solvency falls well below national average**

To evaluate the fund's solvency, both state and federal officials use a figure, known as a "average high cost multiple," which represents the number of years a state's trust fund can pay benefits without additional revenue. In early 2001, Missouri's multiple decreased to .28, indicating the state could only pay benefits for 3.36 months before needing more revenue. The national average multiple is 1.12 and seven of the eight states bordering Missouri also have higher multiples. (See page 4)

YELLOW SHEET

### **Employer unemployment tax rates are too low**

Missouri ranked 40<sup>th</sup> in the nation in the average unemployment tax rate levied on employers in 2000. State laws require employers pay a basic tax rate of 2.7 percent, not to exceed 6 percent. The minimum tax rate can further decrease if the employer has few unemployment claims during a year. In addition, the maximum tax rate does not always cover some employers' use of the fund. One employer now at the maximum 6 percent rate has paid \$100 million to the fund since it first became an employer, but its former employees have filed \$167 million in claims during the same time period. (See page 5)

### **Some employers do not contribute to fund**

State law allows employers whose employees file very few unemployment claims to eventually pay no state unemployment taxes. In 2000, 23 percent of the employers did not pay unemployment taxes. If state officials required all employers to pay taxes at a minimum level, the fund would increase with little burden to the employer. For example, a .1 percent tax rate charged to the employers not paying unemployment taxes would generate an extra \$1.9 million a year. (See page 7)

### **State's taxable wage base is lowest allowed**

Missouri's \$7,000 taxable wage base is the lowest federal law will allow. The taxable wage base is the portion of employee earnings on which an employer pays unemployment taxes. Missouri is one of 11 states with this minimum taxable wage base. Sixteen states have indexed their taxable wage base to average wages, which allows the base to increase as average wages increase. These 16 states have been more successful in maintaining adequate fund balances. (See page 7)

**SOLVENCY OF THE MISSOURI UNEMPLOYMENT  
COMPENSATION TRUST FUND**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATE AUDITOR’S REPORT .....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS.....</b>	<b>2</b>
Action Is Needed to Ensure the Solvency of the Unemployment Compensation Trust Fund.....	2
Conclusions.....	9
Recommendations.....	9
 <b>APPENDIXES</b>	
I.    OBJECTIVE, SCOPE AND METHODOLOGY .....	11
II.   NATIONAL DATA ON KEY UNEMPLOYMENT FUND INDICATOR.....	12





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Catherine Leapheart, Director  
Department of Labor and Industrial Relations

The State Auditor's Office audited whether state statutes ensure the solvency of the Unemployment Compensation Trust Fund (the fund). We concluded state statutes do not ensure the solvency of the fund and as a result, the fund is expected to be insolvent in 2003. The General Assembly should consider adjusting unemployment tax rates for liable employers and making other changes necessary to restore the fund to sound fiscal condition and ensure its future solvency.

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill  
State Auditor

November 16, 2001 (fieldwork completion date)

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Assistant Director:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
In-Charge Auditor:	Robert E. Showers, CPA

## **RESULTS AND RECOMMENDATIONS**

### **Action Is Needed to Ensure the Solvency of the Unemployment Compensation Trust Fund**

Missouri's Unemployment Compensation Trust Fund (the fund), which is used to pay unemployment benefits, will become insolvent in 2003. This situation is occurring because benefit payments are expected to exceed fund revenues by a projected total of \$414.4 million for calendar years 2001 and 2002. Restrictive state laws have contributed to this condition by (1) limiting the state's ability to increase employer unemployment tax rates, (2) allowing some liable employers to avoid paying into the system, (3) allowing a minimum wage base of \$7,000, and (4) increasing benefits without increasing revenue. Once the fund becomes insolvent, the state will have to borrow funds from the federal government which will likely increase costs to employers. Changes are needed in state labor laws to restore financial stability to the fund and assure the long-term solvency of the fund.

### **History of the fund**

The Missouri Department of Labor and Industrial Relations (the department) administers Missouri's Unemployment Compensation Trust Fund, which provides temporary financial assistance to eligible unemployed workers and serves as an economic stabilizer. To meet this need, states initially administered forward-funded systems in which unemployment funds grew in good economic times and fell during distressed economic times. However, many states, including Missouri, have adopted a "pay-as-you-go" system, which matches unemployment taxes (revenue) with benefits paid during the year and reduces the tax burden on employers.

The benefits paid to unemployed workers are funded almost exclusively through payroll taxes paid by Missouri employers. Per state statutes, Missouri employers presently pay unemployment taxes on a percentage (the contribution rate) of the first \$7,000 earned (the taxable wage base) by each employee per year. States are required by the federal government to maintain a minimum taxable wage base of \$7,000. An employer's contribution rate fluctuates annually based on its use of the unemployment system. The department monitors the fund balance, as well as all employer contribution rates and employee benefit claims. Department personnel also perform fund balance projections with the primary variable being the rate of unemployment.

Missouri's trust fund became insolvent during the 1983 and 1992 recessions. Due to the 1992 insolvency, legislators attempted to keep the fund stable by increasing the contribution rate adjustment thresholds to their current levels. In 1994, another change in state labor laws increased the employer tax rate. In addition, the taxable wage base was temporarily increased by statute to \$8,500 for 1994, 1995, 1996 and 1998, and set at \$8,000 for 1997. As a result of these changes, the fund balance increased eight-fold, from \$57 million at the end of 1993 to \$491 million at the end of 1998. However, the fund balance did not continue increasing in favorable economic times because the statute mandates reduction in the fund's growth when it reaches \$500 million.

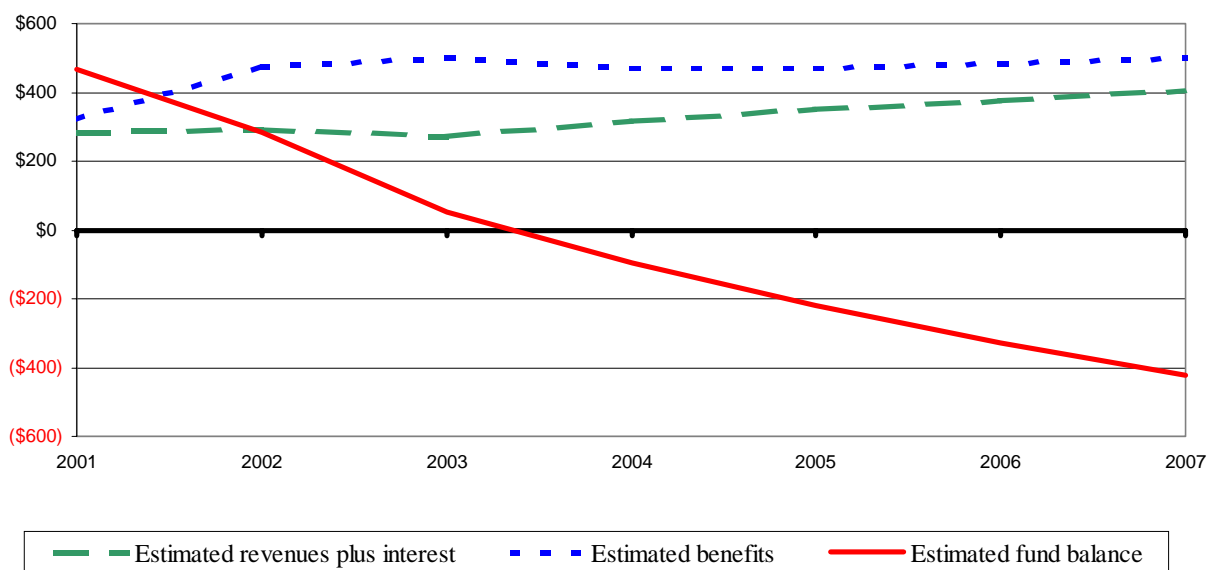
## Audit procedures

We performed fieldwork at the department and reviewed fund balances from calendar year 1997 through August 2001. In addition to reviewing relevant state labor statutes, we reviewed department fund balance information and projections. We also used United States (U.S.) Department of Labor data to compare the fiscal condition of Missouri's fund with other states. We did not conduct a detailed review of claims paid by the department. *(See Appendix I, page 11, for additional information.)*

## Fund insolvency expected by 2003

Department personnel predict that the fund will become insolvent in early calendar year 2003 because benefit payments are projected to exceed revenues. Figure 1 depicts the projected fund balance over the next 5 years, based on U.S. Department of Labor projected unemployment rates and no change in current state labor laws.

**Figure 1: Projected Fund Balance and Unemployment Rates Based on Current Law**  
(Dollars in millions)



Source: October 2001 department projections

Department data indicates benefit payments exceeded fund revenues in calendar year 2000, creating a fund shortfall of \$41.9 million, despite very good economic conditions. Using October 2001 department data, additional shortfalls of \$183.3 million in 2001 and \$231.1 million in 2002 are projected, partly due to an increase in projected unemployment during those periods. As depicted in Figure 1, department personnel expect this deficit trend to continue through 2006 unless changes are made to factors that affect fund revenues.

### **Business association representatives recognize need for change**

Representatives of the Associated Industries of Missouri, Missouri Chamber of Commerce, and National Federation of Independent Business (industry representatives) expressed concern over the fiscal condition of the fund and acknowledged that corrective action is needed to ensure the long-term solvency of the fund. However, the industry representatives also expressed concern that department personnel may have contributed to the problem of insolvency by approving invalid unemployment claims related to discharge issues such as misconduct and excessive absenteeism.

We did not assess the validity of claims paid by department personnel. However, department officials estimate that about 20 percent of the total claims approved involved discharge issues for calendar year 2000. These cases totaled \$58.8 million of the \$355.1 million, or 17 percent, in total claims paid.

### **Key indicator shows Missouri's fund balance is not adequate**

State and federal labor personnel use an "average high cost multiple" to help evaluate the solvency of the fund. This multiple represents the number of years a state's trust fund would be able to pay benefits with no additional revenue by assuming payouts equivalent to the average of its three historically highest cost years. Therefore, the multiple is an attempt to measure trust fund adequacy by comparing the fund balance to potential liabilities. Missouri's multiple of .55 is well below the national average multiple of 1.12 for the fourth quarter of calendar year 2000.<sup>1</sup> As of the first quarter of calendar year 2001, Missouri's multiple had decreased to .28, which indicates the fund would only be able to pay benefits for approximately 3.36 months,<sup>2</sup> assuming no revenues, according to department personnel.

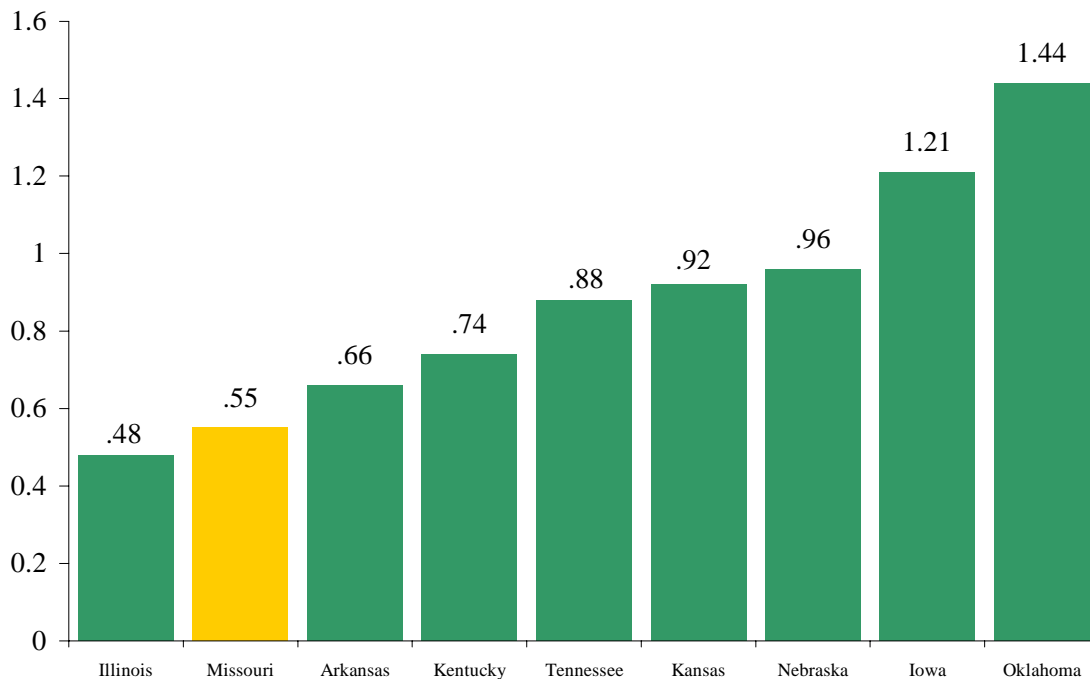
Missouri's average high cost multiple is compared to those of eight bordering states in Figure 2 on page 5. Only five states nationwide, including one of Missouri's bordering states, had a lower multiple than Missouri. The U.S. Department of Labor recommends a multiple of 1.0, which would require a fund balance of approximately \$1.3 billion, according to department personnel. *(See Appendix II, page 12 for information on other states.)*

---

<sup>1</sup> Based on U.S. Department of Labor data.

<sup>2</sup> This figure is calculated by multiplying 12 months by the average high cost multiple of .28.

**Figure 2: Average High Cost Multiple Ratio For States Bordering Missouri  
Fourth Quarter 2000**



Source: U.S. Department of Labor data

### **Several factors contribute to fund shortages**

Several factors directly impact the fund balance: the contribution rate paid by employers, the taxable wage base, and benefits paid to unemployed individuals. These factors are controlled by state statutes and can only be changed by the state legislature. Each factor is discussed, as follows.

#### **Employer unemployment tax rates are too low**

State statutes set the rates used to determine amounts that employers pay into the fund and the basic tax rate liable employers must pay is 2.7 percent. However, state statutes allow the unemployment tax rate to decrease over time if the employer experiences few unemployment claims. For example, liable employers experienced an average rate of 1.2 percent for calendar year 2000 and contributed an average of approximately \$97 per employee to the fund, according to department data. Missouri ranked 40<sup>th</sup> out of 50 states and the District of Columbia in average unemployment tax rate levied on employers for calendar year 2000, according to U.S. Department of Labor data. Department officials stated increasing the tax rates would generate additional revenue for the fund. According to department data, every 0.1

State statutes  
allow tax rate  
reduction

percent increase in the tax rate<sup>3</sup> would generate approximately \$15.3 million in revenue each year.

State statutes also set the maximum unemployment tax rate at 6 percent. Department officials believe the maximum rate is too low to cover some employers' use of the fund because claims have more than offset what those employers paid into the fund. For example, one employer currently at the maximum rate of 6 percent has paid a total of approximately \$100 million into the fund since it first became an employer in Missouri. However, former employees of that employer have filed \$167 million in claims against the system over that same time period. A small business industry representative expressed concern over such “deficit employers” and the financial drain caused when the value of claims filed consistently exceeds revenue some employers have paid into the fund. The representative stated that these employers are not paying enough into the program. Increasing the maximum tax rate paid by deficit employers would increase revenue, according to department data. For example, every 0.1 percent increase to the 6 percent rate would generate approximately \$500,000 in additional revenue each year.

Tax rate is capped too low

State labor laws establishing fund balance thresholds are outdated. These thresholds trigger increases or decreases to the unemployment insurance tax rate paid by liable employers. The Missouri Revised Statutes<sup>4</sup> include provisions to decrease the employer contribution rates if, on October 1 of any given year, the average fund balance for the past calendar year exceeds \$500 million. The statutes<sup>5</sup> include similar provisions to increase the employer contribution rate if the average fund balance falls below \$400 million.

Fund balance thresholds are inadequate

The state legislature established the current threshold levels when the fund became insolvent during the 1992 recession and these thresholds have not changed. The current threshold levels attempt to maintain a yearly fund balance of \$400 to \$500 million. However, according to a department official responsible for the oversight of the fund, a fund balance of \$1.3 billion is necessary to assure fund solvency and to meet U.S. Department of Labor recommendations. Thus, increasing fund balance thresholds would allow the fund balance to accumulate during good economic times, according to the official.

Other states, according to U.S. Department of Labor personnel, have tied tax rate adjustments to factors other than the dollar balance of the fund. For example, a number of states have tied tax rate adjustments to the “average high cost multiple,” which measures the fund’s ability to pay potential liabilities. Using the average high cost multiple as a trigger to change the tax rate allows the fund balance to automatically adjust

<sup>3</sup> Based on the current taxable wage base of \$7,000 and assumes that the 0.1 percent would be added to the rate paid by the employer. Excludes employers that have a zero rate and those having the maximum rate of 6 percent.

<sup>4</sup> Section 288.122, RSMo 2000.

<sup>5</sup> Section 288.121, RSMo 2000.

to fluctuations in the labor market and the economy, and eliminates the need to have dollar value thresholds periodically increased by the legislature.

Missouri law allows employers with good experience ratings to earn a zero contribution rate and pay no state unemployment taxes. For calendar year 2000, 23 percent of liable employers did not pay unemployment taxes to the state. Missouri law includes provisions to adjust an employer's contribution rate based on the employer's use of the unemployment insurance system. For example, if none of an employer's former employees file an unemployment claim during a year, that employer's "experience rating" improves and the business is assigned a reduced contribution rate for the next calendar year. Missouri is one of six states that allow employers to have a zero tax rate, according to U.S. Department of Labor personnel.

Some  
employers do not  
contribute

Department personnel stated the majority of employers earning a zero tax rate are small businesses with few employees. According to department data, employers currently at the zero tax rate pay approximately 11 percent of the state's taxable wages. If all employers were required to participate, at least at a minimal level, it would increase the fund and not impose an undue burden on employers, according to department personnel. For example, every 0.1 percent charged to an employer would generate an additional \$7 per employee, per year, in revenue.<sup>6</sup> If a tax rate of 0.1 percent was charged to all current zero rate employers, it would generate approximately \$1.9 million per year in additional revenue, according to data provided by department personnel.

### **Missouri's taxable wage base is minimum allowed**

Federal laws do not allow a taxable wage base of less than \$7,000, and Missouri is one of 11 states that currently maintains this minimum base. The taxable wage base is the portion of each employee's earnings on which an employer must pay unemployment taxes. An increase in the taxable wage base would generate additional fund revenue, according to department personnel. For example, department data shows every \$1,000 increase in the wage base would generate approximately \$35 million each year.<sup>7</sup>

State labor laws also include provisions to adjust taxable wages based on fund balance thresholds.<sup>8</sup> If the fund balance exceeds \$450 million on September 30 of a given year, the taxable wage base must be *reduced* \$500 for the next calendar year. If the fund balance is less than \$300 million, the taxable wage base must be *increased* \$500 for the next calendar year. Increasing those thresholds would trigger an increase or decrease to the taxable wage base at higher fund balances which help keep the fund solvent, according to department personnel.

Indexing the taxable wage base to average wages would allow the base to increase as average wages increase in the state and eliminate the need for periodic legislative

<sup>6</sup> Assumes a current wage base of \$7,000.

<sup>7</sup> Assumes no change to current unemployment tax rates paid by employers.

<sup>8</sup> Section 288.036, RSMo 2000.

changes to the taxable wage base. U.S. Department of Labor personnel stated 16 states indexed the taxable wage base to average wages, for calendar year 2001, and those states have been more successful in maintaining adequate fund balances.

### **Benefit payments have increased without offsetting increases in revenue**

Benefits paid to unemployed individuals have increased since 1997, but revenue has not. The benefit is the amount paid to unemployed individuals who have filed a valid claim. State labor laws include provisions that prorate the benefit based upon the level of regular wages each individual earned while employed. In Missouri, the maximum weekly benefit amount is currently \$250 per week. The legislature incrementally increased the maximum weekly benefit from \$180 in 1997 to \$250 in 2001, increasing total fund outlays over that period. However, while fund outlays were increasing, the legislature did not change the statutes to increase fund revenues. The lack of additional revenue, combined with increased unemployment experienced in 2001, has resulted in fund outlays exceeding revenues. As shown in Figure 1, page 3, this trend is projected to continue through the year 2006 unless an adjustment is made to Missouri labor laws.

According to the Employment Policy Foundation, a nonprofit public policy research and educational foundation, many states' inadequate unemployment reserves are due to excessive duration of benefit payments and high weekly benefit amounts. However, neither of these factors apply to Missouri's trust fund difficulties. Missouri paid benefits for an average of 13.3 weeks during calendar year 2000, which is slightly below the national average of 13.4 weeks. Further, Missouri's average weekly benefit of \$186 during calendar year 2000, ranked 44th of 50 states and the District of Columbia.

### **An insolvent fund will increase costs to businesses**

When the fund becomes insolvent, the state will be forced to borrow funds from the U.S. Department of Labor in order to continue to pay unemployment benefits. State law prohibits the state from using other state funds or borrowing from any source other than the federal government for the purposes of paying unemployment benefits.<sup>9</sup> Interest is due on any federal borrowings if the balance cannot be paid off by the following September 30. According to a department official responsible for oversight of the fund, any additional costs associated with repaying such interest are passed on to employers, which could take place during a recession when employers could least afford it. For example, during the 1992 fund insolvency, the state was forced to borrow approximately \$81.5 million from the federal government in order to continue to pay unemployment benefits. Employers were required to fund the repayment of the loan amount in addition to approximately \$3.4 million in accrued interest. Based on current projections, industry representatives acknowledged that Missouri business owners will have to bear the burden of increased contribution rates to pay for another federal bailout of the fund.

Insolvency will  
force state to  
borrow funds

According to United States Code Title 26(c) Section 3302, the state legislature must take action to resolve the insolvency of the fund within 2 years of becoming insolvent or the U.S.

---

<sup>9</sup> Section 288.330, RSMo 2000.



Department of Labor would incrementally reduce the federal unemployment tax rate credit<sup>10</sup> (worth approximately \$900 million) provided to liable employers until cancellation.

## **Conclusions**

Based on current projections, Missouri's Unemployment Compensation Trust Fund will become insolvent during 2003. While Missouri's pay-as-you-go approach has minimized the tax burden on employers during good economic times, this approach has not sustained the fund. Current state statutes have limited contributions by liable employers and have not allowed the flexibility to generate additional revenue. Once insolvency occurs, Missouri employers will not only bear the cost to borrow any federal funds, but will also be assessed higher unemployment taxes in order to reestablish the fund balance. These additional costs could be assessed during an economic downturn, when employers can least afford them. Corrective action by the state legislature is needed to ensure the long-term solvency of the fund.

## **Recommendations**

We recommend the General Assembly consider (1) increasing tax rates charged to all employers, including those currently at the maximum unemployment tax rate, (2) tying tax rate adjustments to the average high cost multiple, (3) requiring all liable employers to contribute to the trust fund, and (4) increasing the taxable wage base and indexing it to average wages.

## **Department of Labor and Industrial Relations' response**

The department agreed with the recommendations and responded as follows.

*The Department of Labor and Industrial Relations has reviewed the draft report of the audit of the Solvency of the Missouri Unemployment Compensation Trust Fund. We appreciate the thoroughness of the report and concur with the conclusion that the trust fund will become insolvent during 2003. The Department has been concerned about trust fund solvency for several years but has not had the support of the business community in seeking solutions to avoid insolvency.*

*The Department concurs in your recommendation that the General Assembly consider legislation to increase the tax rates charged to all employers and to require that all liable employers contribute to the fund. The recommendations for legislation that ties the tax rate adjustment to the average high cost multiple and increasing the taxable wage base and indexing it to the average annual wage are both possibilities to reduce the future need to constantly adjust trust fund financing. However, these are not the only possibilities. The Department would support legislation that includes the recommendations you proposed as well as other alternatives that avoid insolvency. The Department has met with business and labor leaders to discuss the lack of solvency of the fund.*

---

<sup>10</sup> Employers are eligible for a reduction of the federal unemployment tax rate because Missouri has enacted unemployment compensation statutes.

*The Department is immediately available to work with any legislator to draft legislation that would overcome the insolvency problems. The Department is available to provide factual information to any party seeking to draft legislation. The Department will evaluate any proposed legislation and report on the projected impact on the fund. Implementation of this plan would be complete when corrective legislation is adopted.*

**OBJECTIVE, SCOPE AND METHODOLOGY**

**Objective**

The primary objective was to determine whether state statutes ensure the solvency of the Unemployment Compensation Trust Fund (the fund).

**Scope and Methodology**

Auditors conducted an audit at the Missouri Department of Labor and Industrial Relations – Division of Employment Security.

To accomplish the audit objective, auditors did the following:

- Focused audit efforts on fund balance information for calendar year 1997 through 2002.
- Reviewed fund trend information from 1990 through 2002.
- Reviewed relevant statutes.
- Interviewed Department of Labor and Industrial Relations personnel responsible for managing and monitoring the fund.
- Interviewed U.S. Department of Labor personnel regarding the validity of the model used by the department for fund projections.
- Interviewed representatives of several employer interest groups to obtain opinions as to the solvency of the fund.
- Reviewed projections of fund solvency and projections of potential changes necessary to ensure fund solvency.
- Reviewed the projection model in detail in order to ensure the validity of these projections.
- Obtained data regarding unemployment trust funds of other states from the U.S. Department of Labor for comparative and evaluative purposes.

To obtain the views of industry representatives, auditors met with representatives from the Associated Industries of Missouri, Missouri Chamber of Commerce, and National Federation of Independent Businesses.

Auditors did not review the validity of unemployment claims paid by department personnel.

## NATIONAL DATA ON KEY UNEMPLOYMENT FUND INDICATOR

Table II.1 shows there are only five states with lower average multiples than Missouri.

**Table II.1: Distribution of Average Multiples**

<b>Location</b>	<b>Average High Cost Multiple</b>
Texas	.26
North Dakota	.28
New York	.30
Illinois	.48
West Virginia	.51
Missouri	.55
Minnesota	.58
Ohio	.62
Alabama	.64
Arkansas	.66
Pennsylvania	.66
Michigan	.72
Kentucky	.74
California	.76
South Dakota	.82
Rhode Island	.87
Tennessee	.88
North Carolina	.89
Indiana	.92
Kansas	.92
Maryland	.92
Connecticut	.94
Nebraska	.96
Washington	.97
Massachusetts	.98
Alaska	1.02
Washington, D. C.	1.03
Colorado	1.04
Nevada	1.05
Wisconsin	1.05
New Jersey	1.11
Iowa	1.21
South Carolina	1.25
Virginia	1.30
Louisiana	1.33
Maine	1.38
Florida	1.39
Oklahoma	1.44
Montana	1.45
Oregon	1.45
Indiana	1.53
Hawaii	1.54
Utah	1.57
Wyoming	1.59
Arizona	1.63
Georgia	1.73
Mississippi	1.92
New Hampshire	1.95
Delaware	1.99
Vermont	2.48
New Mexico	2.76
<b>Average</b>	<b>1.12</b>

Source: U.S. Department of Labor data